

swisscom

ESG DISCLOSURE

Samuel Keiling





Company Description



Company Disclosure



Performance Evaluation



Comparisons



Risks and Opportunities



Conclusion

Largest telecommunication company in Switzerland

Italy's second-biggest telecom company **FASTWEB**



Communications



Entertainment



IT

5G+

99% coverage with 5G

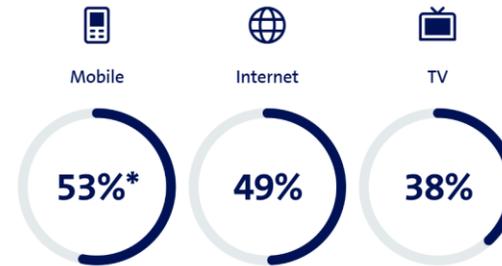
81% with even faster 5G+

CHF 2.3 billion

Investment in 2023

CHF 11,072 Million

Revenues



Swisscom Market Share

Global Standards:

- The international Global Reporting Initiative (GRI) framework
- The Sustainability Accounting Standards Board (SASB)
- Science Based Targets initiative (SBTi)
- Task Force on Climate-related Financial Disclosures (TCFD) guidelines.





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Environment

Carbon offsetting

Achieved **Climate neutrality (Fastweb)**

Optimizing and replacing
outdated network components and platforms

Net zero target
for 2035 for GHG Emissions

Energy Management System

Sources **100%** of purchased electricity from Renewable Sources (Fastweb)

Development of Photovoltaic Plants
(Italy)

15GWH of electricity saved in 2023





Company Description



Company Disclosure



Performance Evaluation



Comparisons

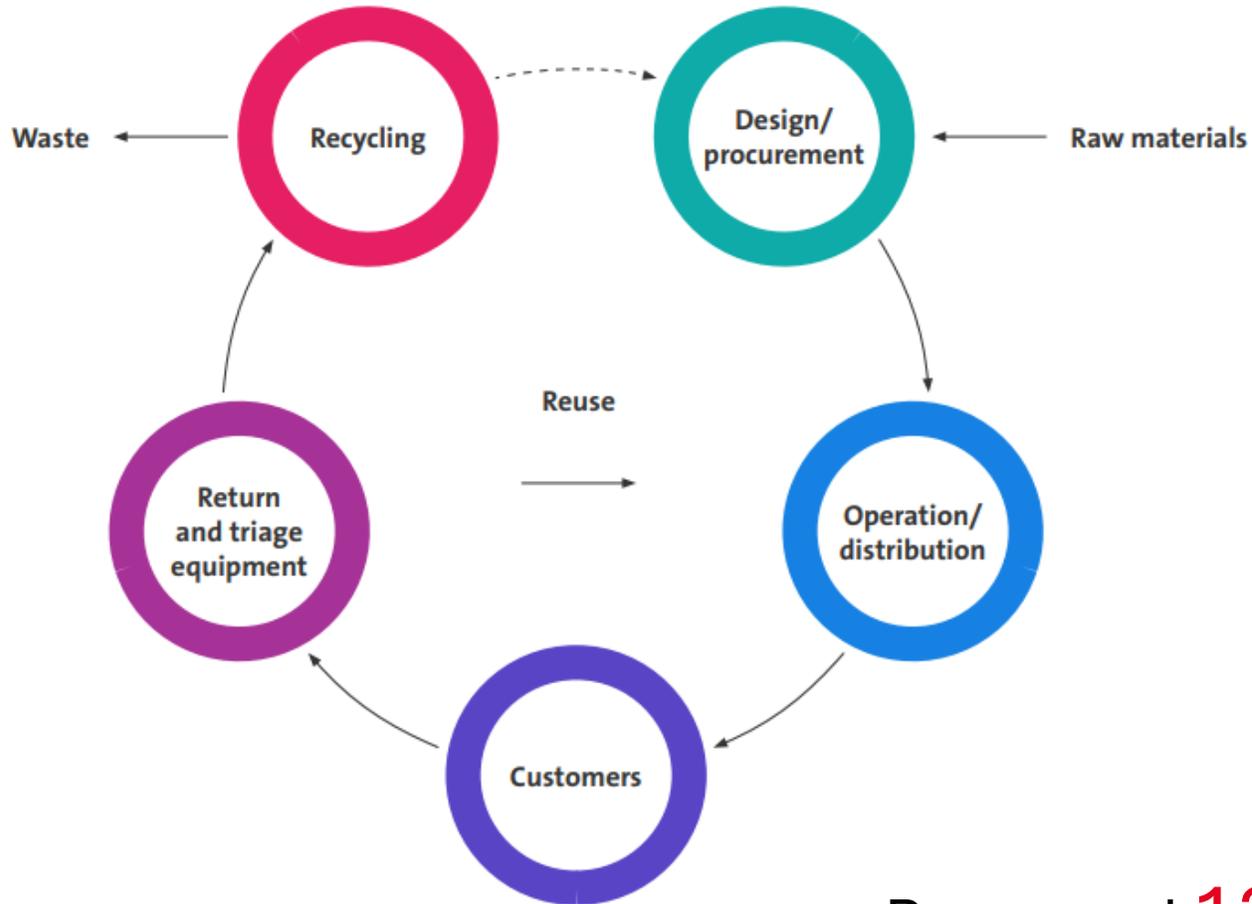


Risks and Opportunities



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Circular Economy



Swisscom Box 21 (launched in 2021)

22.6 kWh/year



TV-Box 5 (launched in October 2023)

65% recycled plastic in the casing

53% smaller

14.25 kWh/year

- Buyback program for Old Smartphones
- Second hand offering

Recovered **1337 Tons** of recycled materials in 2023





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Company Disclosure



Performance Evaluation



Comparisons



Risks and Opportunities



Conclusion

Social

Employee matters:

- ✓ Initiatives to enhance digital Skills of Employees
- ✓ Establishing Comprehensive Skills Management system
- ✓ Apprenticeship program for young talent

Diversity: Swisscom: 14,4% / Fastweb: 60%

Committed to close **Gender Gap**

Network Access:

- ✓ Continuous expansion and modernisation of network
- ✓ Annual investment of Approx 1.7 billion in infrastructure

Fiber optic coverage objective : **75%** end of 2025

5G+ mobile network will cover : **90%** of Swiss population

Governance

Data Security and Protection:

- ✓ 87% of employees had cyber security training in 2023
- ✓ Enhancement of customer information standards and increase transparency regarding data usage





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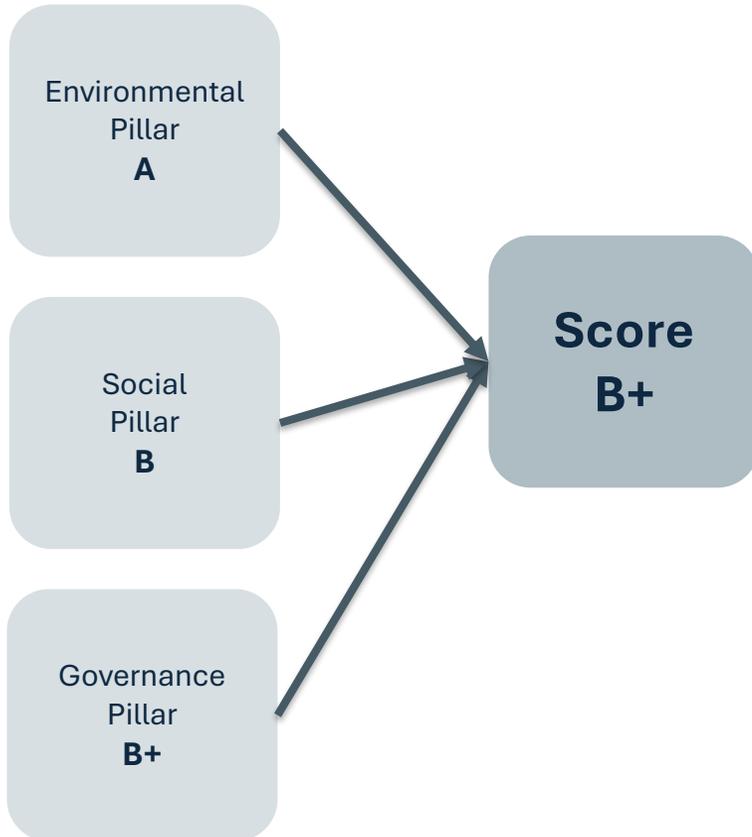


Risks and Opportunities



Conclusion

Eikon Refinitiv



Sustainalytics

ESG Risk Rating **COMPREHENSIVE** ?

15.7 Low Risk



Last Full Update: Jan 13, 2023 ?

Last Update: Feb 17, 2024 ?

Ranking

Industry Group (1st = lowest risk)

Telecommunication Services 11 out of 235

Universe

Global Universe 2114 out of 16236

Morningstar

ESG Risk Rating Assessment



Highest Controversy Level (1 = Low, 5 = Severe)

3 Significant

Incidents: Customer





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Comparisons

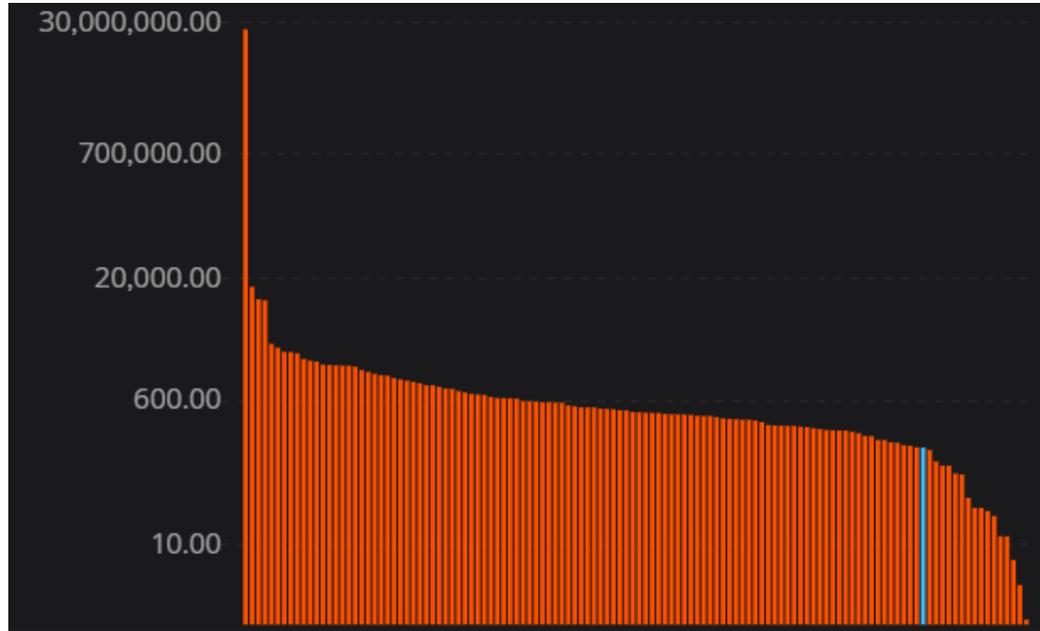


Risks and Opportunities



Conclusion

The total energy use/million in revenue ratio



Source: Eikon

- Benchmark: Telecommunication services
- Swisscom

Greenwashing Scandals

SWI swissinfo.ch

Swiss perspectives in 10 languages

[Multinational companies >](#)

Swisscom, Coca-Cola and others accused of greenwashing

➔ **Misleading "climate neutral" claims** ←

Swiss Consumer Protection Foundation (SKS)
July 2023





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Company Disclosure



Performance Evaluation



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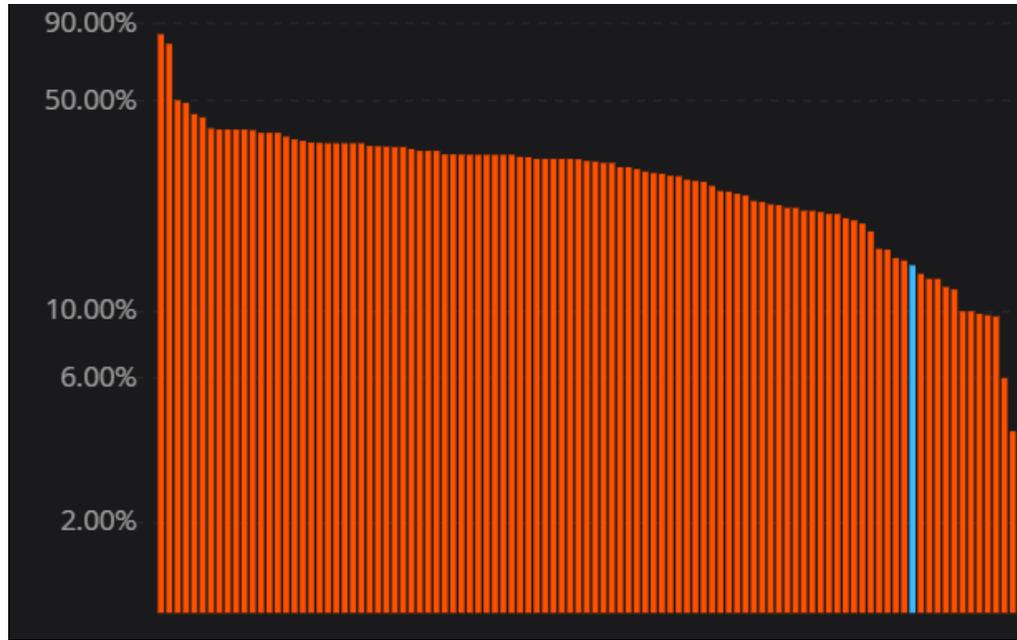


Risks and Opportunities



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Woman managers percentage



Source: Eikon

- Benchmark: Telecommunication services
- Swisscom

Penalties

Anti-competition practice

- Excessive** service costs
- misuse** of TV broadcasting rights
- Dominance** the optical fibre network
- broadband access for business clients
- limit** Internet connections between corporate sites



➔ **Under court investigations** ←





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Performance Evaluation



Comparisons



Risks and Opportunities



Conclusion

Peers' comparison

Peers	ESG Score	Combined Score	E	S	G
Swisscom	71,58	60,27	86,59	66,29	70,68
Telefonica	80,54	50,17	79,36	94,5	53,45
Vodafone	87,85	68,4	65,8	83,95	91,37
Orange	77,32	77,32	80,31	90,54	53,45
Deutsche Telecom	82,3	80,73	82,06	92,04	62,95
Telenor	66,96	66,96	49,14	71,54	71,46
Average peers	78,994	68,716	71,334	86,514	66,536

Source: Eikon

- ➔ **Environment:** Strong commitment to sustainability
- ➔ **Social:** need for significant improvement
- ➔ **Governance:** some areas for improvement
- ➔ **Controversies:** the biggest competitive disadvantage





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Performance Evaluation



Comparisons



Risks and Opportunities



Conclusion

Materials Issues

Environment

Waste management

Product lifecycle

Energy efficiency

Climate protection and GHG emission

Social

Access and affordability

workforce health and safety

Development and training

Network expansion and dismantling

Diversity

Governance

Corporate ethics

Regulatory compliance

CSR strategy

Privacy protection

Data security





Company Description



Company Disclosure



Performance Evaluation



Comparisons



Risks and Opportunities



Conclusion

Financial Impact of ESG Factors

ESG Factor	Risk/Opportunity	Exemple	Items in Financial Model	Rational for Inclusion	Financial Impact
Affordability and Access	Risk	regulatory/legal: Abuse of Market Dominance	Provision	swisscom under investigation for abuse of market dominance	+200 bps
Bussiness Ethics	Risk	regulatory/legal: Anti-competition practices	Provision	Under different court investigations for anti competition practices	+1000 bps
GHG emissions	Risk	Reputational : Compensation CO2 certificate	Provision	Swisscom's climate claims, based on dubious effectiveness of CO2 offsets, face skepticism despite its emissions reduction efforts.	+800 bps
Network Expansion	Risk	No diminution of energy Consumption	Capex, Opex	Despite reduction measures, Swisscom's electricity consumption increased slightly in the reporting year due to the constant expansion of its network infrastructure.	+500 bps; +100bps
	Opportunity	Expansion of network Infrastructure	Revenue	Expand the customer base, increase loyalty of existing clients	+45 bps





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Performance Evaluation



Comparisons



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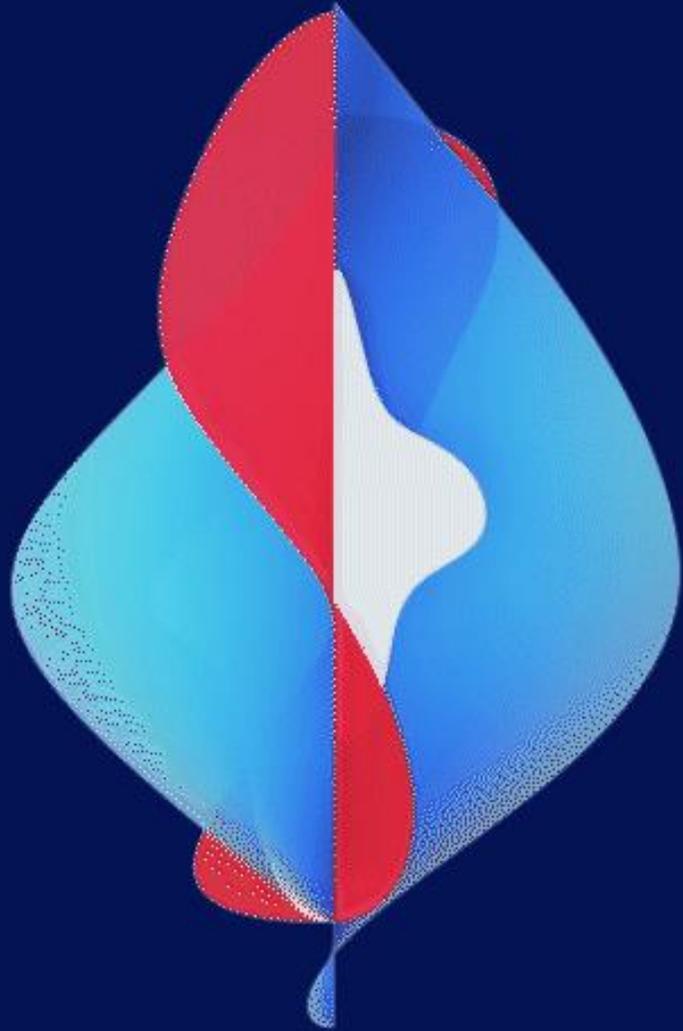


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Financial Impact of ESG Factors

Waste Management	Opportunity	Circular economy	Opex	Efficient waste management can reduce costs and environmental impact.	-50 bps
Workers health and safety	Opportunity	Investment in security awareness programs and trainings	Capex; Opex	Effective training implementation can reduce injuries which will lead to lower costs	+100bps ; -40 bps
Data security	Risk	Reputational : IA and Technology advancement , blackmails	Revenue	Cyberattack can lead a decrease of consumer trust, so affect the reputation of Swisscon	-50 bps
	Opportunity	Implementation of adjustments regarding data security	Capex ,Opex	Strong security can act as competitive advantage	+100 bps; -20bps





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Thank You

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Performance Evaluation



Comparisons



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Conclusion

Appendix

Main Recommendations

[Affordability and Access:](#) more flexible pricing models.

[Business Ethics:](#) Strengthen governance frameworks to ensure compliance with fair competition laws.

[Workers Health and Safety:](#) Invest in advanced safety equipment and comprehensive training programs, promote a safety-first culture,

[Focus on S pillar](#) external rating sources put highest weight on the social pillar, + Articles confirmed the finding that the most important pillar for telecom companies is the S. => As Swisscom is prioritizing their environmental practices, we recommend that they should intensify the focus on the social aspects of its





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Company Disclosure



Performance Evaluation



Comparisons



Risks and Opportunities



Conclusion

Competitors	ESG Score	Combined score	E	S	G
Swisscom	71,58	60,27	86,59	66,29	70,68
Mobilezone	35,62	35,62	39,3	26,53	51,02
Telecom Italia	81,38	49,55	77,75	88,31	70,28
Vodafone	87,85	68,4	65,8	83,95	91,37
Average	68,283	51,19	60,95	66,26	70,89

2. Competitors comparison

Source: Eikon (2022)





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Performance Evaluation



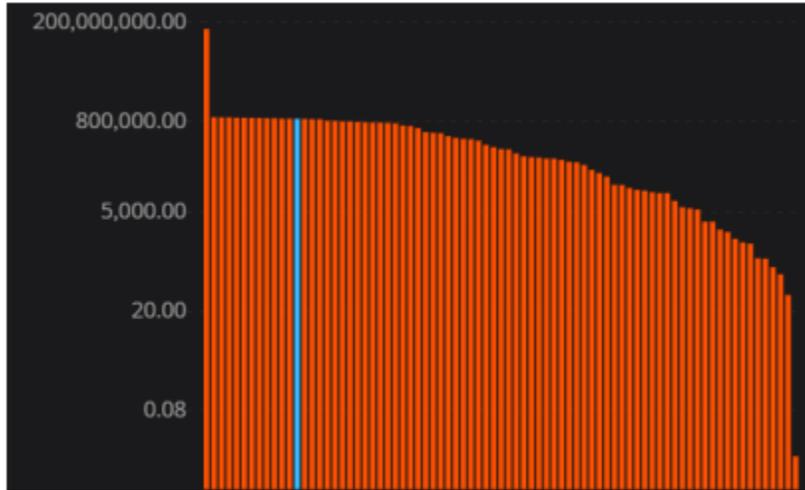
Comparisons



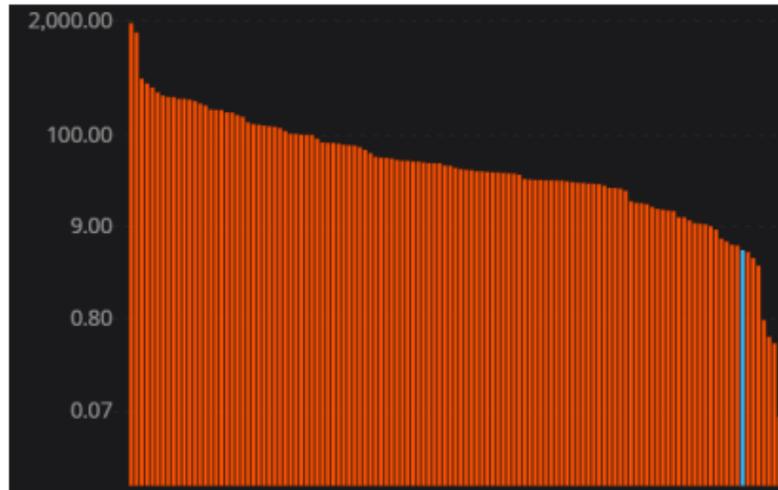
Risks and Opportunities



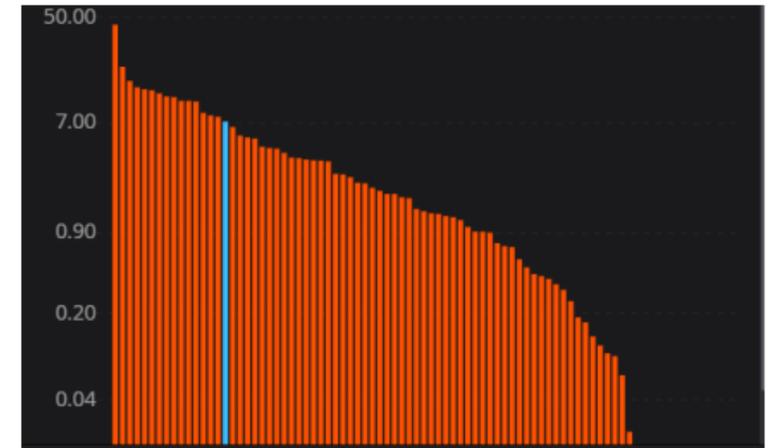
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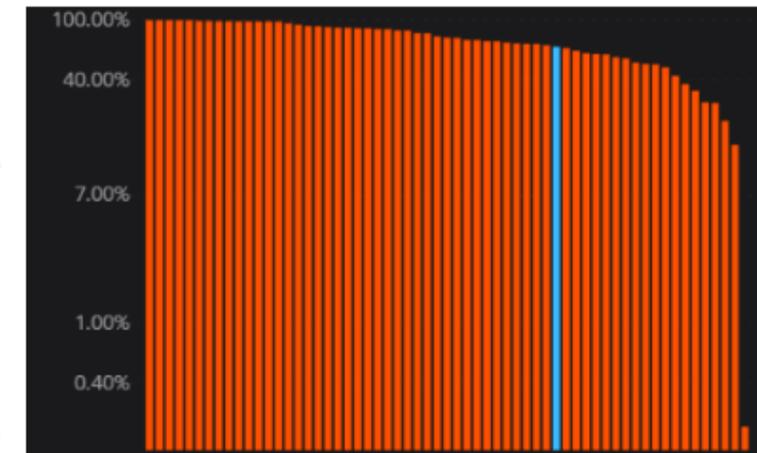
15. Total renewable energy/energy use in millions



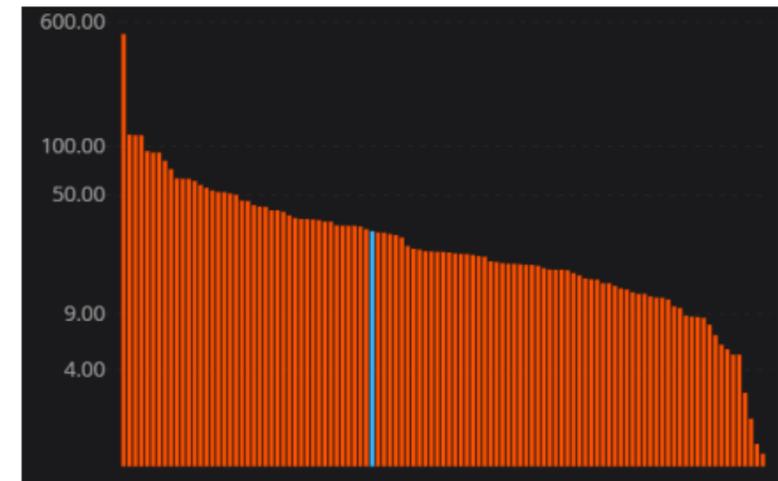
16. Total CO2 emissions/million in revenue \$



20. Total injury rate employees



17. Total waste ratio



21. Average training hours



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Comparisons



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Provisions Related to Regulatory and Competition law Proceedings in CHF million

	2023	2022	2021	2020	2019	2018
Provision end of year	200	283	176	233	206	166
Provision used during the year	18	19	148	15	–	–
Added provision	15	164	63	8	40	10

1. Provisions Related to Regulatory and competition law proceedings

