

**Corporate Report
2015**



Key Events 2015

February

On February 6, Sunrise starts trading on the SIX Swiss Exchange.

MTV mobile becomes the main sponsor of five open-air events in the summer.

Sunrise signs a cooperation agreement for the roll-out of several hundred 4G antenna locations in various cities in Switzerland.

March

Sunrise equips all Zurich airport taxis with free WiFi.

May

Sunrise enters into a strategic partnership with Microsoft and begins offering Microsoft OneDrive for Business as a cloud solution for companies.

June

Sunrise expands its access to the fiber networks of St.Gallisch-Appenzellische Kraftwerke AG, ftth fr AG Fribourg and IWB Basel.

July

Lorne Somerville is named the new Chairman of the Board of Directors after Dominik Koechlin passes away unexpectedly.

September

MTV mobile launches the Youniverse Channel by students for students.

Sunrise introduces the new Sunrise Internet Box, which supports speeds of up to 1 Gbit/s, setting new standards in the Swiss market.

Sunrise wins first place in the Private TV and Mobile Business Customer categories in a customer survey by Swiss magazine Bilanz.

Sunrise streamlines its organization and strengthens its customer focus.

October

Sunrise is awarded the Golden Headset in the Employee Focus category and comes in second place in the Customer Focus category.

November

Sunrise launches Sunrise Smart TV with over 230 channels, a recording function with 1,200 hours of storage capacity, Live Pause, ComeBack TV Agent and Mobile TV.

Europe's leading telecom magazine connect names Sunrise the telecommunications company with the best customer care in Switzerland.

Sunrise introduces Roger Games by Sunrise, the first-ever mobile phone game series featuring tennis champion Roger Federer.

December

Sunrise is rated number one in mobile telephony by connect for the second year in a row.

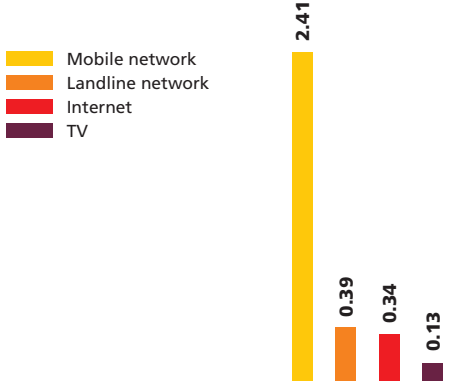
Overview

CHF million	2015	2014	CHANGE IN %
Financial KPIs			
Mobile services	1,304	1,350	(3.4)
Landline services (incl. voice)	472	521	(9.4)
Landline internet and TV	200	204	(1.8)
Total revenue	1,976	2,075	(4.8)
Adjusted EBITDA	627	638	(1.8)
Earnings per share (in CHF)	(2.62)	-	
Cash flow from operating activities	434	356	22.0
Capex	(276)	(356)	(22.5)
Net debt	1,639	2,905	(43.6)
Net debt/adj. EBITDA ratio	2.6x	4.6x	
Operational KPIs			
ARPU (CHF)			
Mobile postpaid (excl. installment)	47.6	52.3	(9.0)
Mobile postpaid (incl. installment)	54.1	53.8	0.6
Mobile prepaid	15.2	16.2	(6.0)
Landline retail voice	35.0	39.8	(12.0)
Landline internet	36.9	39.5	(6.4)
Landline internet and IPTV	45.9	46.5	(1.4)
Subscription base (in 000)			
Mobile postpaid	1,400	1,320	6.0
Mobile prepaid (3-month rule)	1,014	1,145	(11.4)
Mobile prepaid (12-month rule)	1,663	1,912	(13.0)
Landline retail voice	394	398	(0.8)
Landline internet	342	327	4.5
<i>thereof coupled to IPTV</i>	<i>134</i>	<i>107</i>	<i>25.0</i>
<i>thereof without IPTV</i>	<i>208</i>	<i>220</i>	<i>(5.5)</i>
Churn			
Mobile postpaid	14.2 %	14.6 %	
Landline total	13.7 %	18.3 %	
Employees			
FTEs	1,701	1,874	(9.3)
Apprentices	108	111	(2.7)
Customer recommendation rate (index, 2013 = 100 %, average)			
Customer experience development (NPS)	132.4 %	114.9 %	15.1

Facts & Figures

Customers by subscription type

(in millions)



3.283 MILLION

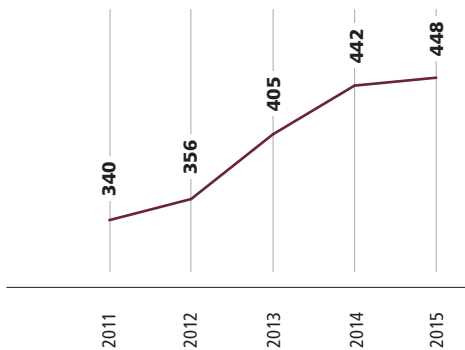
Customers

With almost 3.3 million customers, Sunrise is the leading alternative telecom provider in Switzerland, both in the mobile and landline network sectors. Additionally, Sunrise is the third largest provider of landline network, Internet and TV services.

connect test results for Sunrise

(in points)

Every year the independent telecom magazine connect tests mobile networks in Germany, Austria and Switzerland.



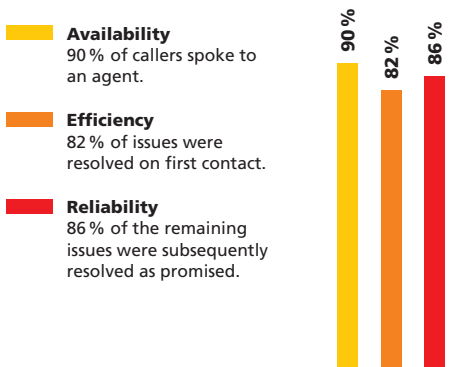
1,701

Employees

30 % of the total number of 1,762 Sunrise employees (1,701 FTEs) are women. Approximately 41 % of Sunrise employees are citizens of countries other than Switzerland. Sunrise trains about 110 apprentices for positions in four apprenticeship programs.

Customer service

Key performance indicators from January 1 to December 31, 2015.



90

Offices and retail stores

With 83 retail locations, Sunrise has a presence in all regions of Switzerland. The company is headquartered in Zurich and has additional business offices in Prilly, Kloten, Geneva, Bern, Basel and Lugano.

24/7

The reliable partner

Sunrise is there for its customers around the clock. The profiles of four of the company's customers demonstrate that Sunrise is an important part of their everyday lives: Rebecca Aellig, delivery staff, Post CH Ltd, a large Business Sunrise customer (see page 9); the Schafer family from Schattdorf, private customers who get all their telecom services from Sunrise (see page 19); Enes Biqkaj from Bülach, who benefits from special terms because he is under 30 (see page 25), and Martin Hauser, owner of Studio Martin Hauser, an entrepreneur who relies on Sunrise for his personal and professional telecom needs (see page 33).

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Message to Shareholders



Libor Voncina
Chief Executive Officer (left)

Lorne Somerville
Chairman of the Board (right)

Dear Readers,

A commitment to quality and customer focus enabled Sunrise to maintain contracted customer growth last year in a competitive environment. In mobile postpaid, Sunrise recorded 80,000 net new customers (+6.0 %) and the number of TV subscribers increased by 27,000 year over year (+25.0 %). Revenue declined to CHF 1.976 billion, while EBITDA decreased to CHF 616 million, reflecting the impact in our highly competitive market of both the lower cost of our new tariffs and the significantly strong Swiss franc.

A Momentous Year

2015 was a momentous year for Sunrise, defined by our initial public offering (IPO) on February 6. CVC Capital Partner's (CVC) decision to list Sunrise on the SIX Swiss Exchange has increased both international awareness of the company and the strength of our brand in our home market. As a result, we were able to strengthen our market position throughout the course of the year, and were delighted to welcome Roger Federer on board as our Brand Ambassador. Although it was a year of change, our key values haven't changed: fairness, transparency and customer orientation are at the heart of our organization and will continue to drive our activities.

Our former Chairman Dominik Koechlin sadly passed away unexpectedly in July. He was the first independent member to join the board when CVC made its investment in Sunrise in October 2010. He served as our Chairman until last year, and successfully led Sunrise through its IPO. His passing is a tragic loss for us all, and we extend our most sincere condolences to his family.

Demanding Economic Environment

The economic landscape was challenging in 2015. In particular, the removal of the Swiss franc/euro exchange rate cap had significant consequences for the Swiss export industry in general and for Sunrise in specific which experienced a decline in hardware and hubbing revenue as a result. However, this also created an opportunity for Sunrise, as many businesses were reassessing their telecommunications costs and putting contracts out for bid again.

Changing Market Environment

For several years now, the rapidly growing popularity of smartphones has dominated the global mobile phone market, a trend also fueled by a continuous expansion of the product range. In Switzerland, data traffic volume has roughly doubled every year. In addition, users increasingly favor bundled offers that combine TV, mobile, landline and internet services, making convergent providers such as Sunrise an attractive option. Customers now look for simple, easy-to-use, comprehensive solutions. As such, we have continued to consolidate our residential and commercial product offers to include combined TV and broadband packages with flat rates.

Award-winning Customer Focus

Throughout 2015, Sunrise received wide recognition for its strong customer focus and won a significant number of notable awards in this area:

- The Swiss business magazine Bilanz assessed Sunrise in the areas of quality, innovation and flexibility and rated the company as the best mobile network and TV provider in Switzerland.
- In its December 2015 issue, the independent magazine connect published a provider service test which showed that Sunrise has the best customer service hotline of all mobile providers in Switzerland.
- This year, connect again gave the Sunrise mobile phone network a rating of “very good.” And, for the second year running, we received recognition for having the best network for mobile telephony in the German-speaking countries (DACH region).
- The Swiss Contact Center Association honored Sunrise with a Golden Headset Award in the Employee Focus category and a certificate in Customer Focus.

Strong Customer Growth

Sunrise customers showed high levels of satisfaction with our products. The mobile postpaid customer base rose 6.0 % (equaling 80,000 net customer gains), and we ended the year with a total of 1.4 million subscribers. Sunrise Freedom continues to be our primary growth driver, and 756,000 Sunrise postpaid customers already opted for a Sunrise Freedom contract by the end of the year. Our new Sunrise Smart TV is also playing an important role in the company’s success during the year. At the end of 2015, 134,000 customers had Sunrise TV subscriptions, with Christmas sales boosting the figure, which represents a net growth of 27,000 subscriptions (+25.0 %) in 2015. The landline sector had a strong year, with the total number of subscriptions leveling out in favor of a growing trend toward convergent offers. Our 4P customer base grew 16.8 % compared to the previous year.

2015 was a successful year for Business Sunrise. We have partnered with several leading companies, including Cofely, Strabag and SR Technics.

”

2015 WAS A SIGNIFICANT YEAR FOR SUNRISE, DEFINED BY THE IPO IN FEBRUARY.

LORNE SOMERVILLE,
CHAIRMAN OF THE BOARD

”

IN 2015, SUNRISE RECEIVED WIDE RECOGNITION FOR ITS STRONG CUSTOMER FOCUS.

LIBOR VONCINA,
CHIEF EXECUTIVE OFFICER



Data Growth Driving Network Investments

With changing customer behavior and growing data volumes, operators must ensure that they have a first-rate network by aligning their landline and mobile phone infrastructures with high-speed broadband services. In 2015, Sunrise continued to invest in the expansion and improvement of its network infrastructure and is providing LTE to 98 % of the Swiss population. Thanks to our cooperation with Swiss Fibre Net AG, the joint venture of local energy providers in Switzerland, and local utilities and Swisscom, we offer fiber-to-the-home service to our customers.

Simplification through Digitalization

Sunrise embarked on a large-scale organizational transformation in 2015. As a consequence, the company reduced its headcount by 160. Our efforts are ultimately aimed at effectively streamlining and digitalizing the company's activities, making them easier to navigate and more intuitive for our customers.

2015 was a significant and successful year for Sunrise thanks to the unwavering trust of our customers and the loyalty of our stakeholders. We would also like to thank all Sunrise employees for their commitment to the company's vision and values, and for putting them into action every day.

Lorne Somerville
Chairman of the Board

Libor Voncina
Chief Executive Officer

Corporate Report

In response to a challenging economic environment, Sunrise has continued to adjust and refine its corporate strategy. With new and innovative products and a sustained network infrastructure expansion, Sunrise has been able to position itself as the leading, full-service competitor in the Swiss market.

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Business Activities

Sunrise provides mobile voice and data, landline voice and landline internet and IPTV (Internet Protocol Television) services to residential customers, business customers and other carriers across Switzerland through an integrated nationwide landline and mobile network.

Residential Customers

Sunrise offers residential customers mobile telephony, landline, internet and TV services from a single source. Mobile voice and data services are provided on both a postpaid and prepaid basis. Sunrise offerings are tailored to meet the demand for high-speed connectivity while offering competitive, easy-to-use products, such as plug and play solutions and bundling options for retail voice, internet, IPTV and mobile products.

Business Customers

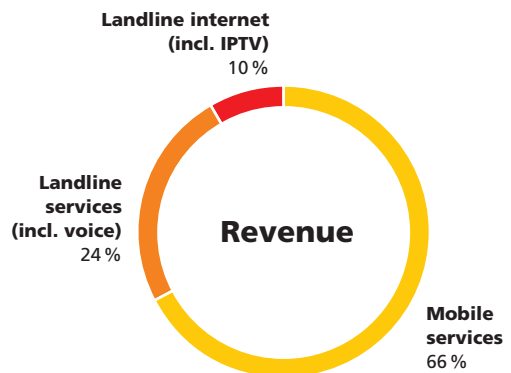
For business customers, Sunrise offers a comprehensive range of products and services, from mobile offerings to landline voice, internet and data services, system integration and managed services. The specific needs of corporate customers are met with tailor-made offerings which provide added flexibility.

Wholesale

Wholesale operations provides mobile voice and data and internet services to other national and international carriers. Sunrise offers voice hubbing services based on excess capacity on the proprietary landline network.

Revenue

By subscription type



Sunrise Strategy

The Sunrise strategy is to leverage its strong market position as the leading fully integrated private provider in order to drive growth and create value through a combination of the following five key strategies.

1 Increase market share

Achieve market share gains by leveraging the multi-brand strategy, competitive positioning and attractive offerings

Sunrise expects its successful multi-brand strategy to win over residential customers across the quality mass market (with the core Sunrise brand), and the young and youth (MTV mobile), budget and ethno market segments (yallo, Ortel and Lebara).

Sunrise is targeting the residential market in general through segmented and customized product offerings. Given the distinct appeal that the Sunrise brand and the well-recognized MTV mobile (the only youth-specific brand in the Swiss market), yallo, Ortel and Lebara brands have demonstrated in their respective segments, Sunrise is strongly focused on developing these brands by further expanding their differentiating characteristics as well as their market share. This strategy is complemented by a mobile virtual network operator and reseller approach (such as ALDI SUISSE mobile), which allows Sunrise to address further niche segments.

Sunrise supports its competitive positioning by offering innovative services that address the preferences of Swiss consumers. The current marketing strategy aims at showcasing the Sunrise brand as “your partner for simple and smart telecom solutions” based on the three pillars of the brand, the company values of fairness, transparency and customer orientation, reflecting its commitment to delivering a best-in-class convergent experience.

Sunrise has been investing in marketing to support its brand positioning, which has generated strong momentum for the Sunrise brand and all brand drivers. To help accelerate the brand strategy, Roger Federer was named Sunrise Brand Ambassador in 2014. Since then Sunrise has significantly improved its brand consideration and recognition.

The business segment is also targeted with the core Sunrise brand but with a customized product portfolio and distribution strategy for each type of business based on its needs. Sunrise is leveraging and developing its services effectively to strengthen the product portfolio and serve the needs of enterprises. The value proposition will be enhanced by creating a clear and lean service portfolio to launch targeted marketing initiatives and optimize the distribution footprint. Sunrise is driving growth in small and home offices and small enterprises by leveraging the visibility and strength of the medium and large enterprise business.

2 Focus on convergence

Secure and leverage the existing customer base with integrated convergent offerings

In line with Swiss consumer preferences, Sunrise is focusing on convergence for growth and profitability. Sunrise capitalizes on its position as a full-service, integrated provider of mobile, landline, internet and IPTV (Internet Protocol Television) services in the Swiss market by continuing to cross-sell and upsell these products and services through transparent, easy-to-understand and flexible convergent offerings.

For business customers, the company is leveraging its combined mobile, landline and integration service offerings to increase the number of digital value-added services.

3 Strengthen the foundation for growth

Deliver high-quality service and a superior customer experience supported by digital initiatives to strengthen the foundation for the company's sustainable growth

As a customer-centric organization, Sunrise maintains a high level of customer satisfaction. It strives to increase customer loyalty and strengthen customer relationships through a superior customer experience.

Sunrise will continue to evaluate the feedback it receives on all interactions with customers and the personal feedback from employees, and make structural improvements through customer feedback as a key part of its strategy to further improve the quality of its services and customer experience. Sunrise aims to maintain its focus on customer care by working with key partners, investing in training and coaching, upgrading service levels for all customers and providing differentiated customer care for high-value and business customers.

To meet increasing customer expectations in a digitalizing world, Sunrise will significantly improve its digital capabilities. Current digital initiatives are aimed at increasing market share and profits while providing the best digital customer service experience by deploying state-of-the-art self-directed services to simplify its customers' digital journeys.

4 Maintain state-of-the-art infrastructure

Leverage the superior frequency spectrum position and continue to invest in a state-of-the-art network infrastructure to maintain a competitive advantage and capitalize on future growth opportunities

Sunrise will continue to leverage and maintain a state-of-the-art mobile and landline network infrastructure in order to provide customers with a reliable high-speed network throughout Switzerland, ensure a best-in-class customer experience and capitalize on future growth opportunities in convergence and data.

In the landline area, Sunrise will build on its own infrastructure with a strong LLU (Local Loop Unbundling) and backbone transmission to provide customers with innovative, fast and high-quality voice and data transmission. Sunrise will continue to leverage its LLU network in Switzerland to develop its asset-light landline strategy and increase VDSL (Very High Speed Digital Subscriber Line) and fiber coverage through partnerships with Swisscom, local utilities and Swiss Fibre Net AG, the joint venture of local energy providers in Switzerland.

5 Increase profitability and cash flow

Enhance profitability and cash flow by adhering to lean and cost-effective management of the company

Sunrise improves its profitability and cash flow by optimizing operating costs and, by normalizing capital expenditures and reducing financing costs after the initial public offering. Operating costs will be optimized through a number of measures, such as strict controls on cash outflows, improved distribution capabilities, more rigorous price and sales management, tighter management of subscription acquisition and retention costs and increased control of workforce expenditures supported by a continuous assessment of further outsourcing opportunities.

24/7 Connected everywhere

7:30 AM

All relevant and up-to-date delivery information relating to my round (e.g. forwarding orders) is uploaded to my scanner on a daily basis.



7:15 AM

My delivery team works in several different locations, so our team leader is giving the briefing via telephone today.



8:45 AM

A customer confirms receipt of her letter via the scanner.



9:10 AM

I record the registered parcel using the scanner before delivery.



10:50 AM

I scan the barcode on the mailbox to confirm that I have emptied it.

1:00 PM

Back at the post office – just before I finish work – I enter the changes of address directly into the scanner.

10:10 AM

My district is rural Bäretswil and its hamlets in Zurich Oberland. The Sunrise network enables me to be contacted even in the furthestmost corners of my journey.



Thanks to Sunrise, my scanner is always online when I am out on my route. “The scanner is one of my most important work tools. It needs to be ready for use and connected at all times. It tells Swiss Post which mailboxes I’ve emptied or which registered letters I’ve delivered. I can pass on address corrections directly via my scanner. Sunrise accompanies me when I deliver mail to every valley, over every hill and in every hamlet – six days a week and in all weather conditions. I rely on the network, and I know I’m in good hands with Sunrise.”

Rebecca Aellig, delivery staff, Post CH Ltd, Bäretswil

Since the beginning of 2015, Swiss Post has been gradually switching its landlines and mobile phones to the Sunrise network. The delivery staff’s mobile devices now also operate via Sunrise.

Swiss Post uses Sunrise Business voice, a Sunrise service for medium and large companies, for its landline telephones. The PostMobile subscription is a mobile phone solution specifically tailored to the company. The same goes for data traffic via tablets with the Swiss Post tablet subscription. The mail carriers’ scanners are equipped with Swiss Post Scanner Data. Swiss Post Scanner Voice is also envisaged for use in future.



SWISS POST SCANNER DATA

The Swiss Post Scanner Data subscription enables scanners to be connected to the Sunrise high-speed internet at all times and practically anywhere in Switzerland. Sunrise is supporting Swiss Post’s digitalization efforts by using the Internet of Things.



SUNRISE BUSINESS VOICE

Swiss Post AG uses Sunrise Business voice for landline calling. The product is a customized solution that connects Swiss Post’s IP phone system to the Sunrise network.

Environment

The increase in the Swiss franc's value in January of 2015 and the resulting economic slow-down have created challenging market conditions. Nevertheless, the quality of telecommunications services in Switzerland remains very strong.

Economic Environment

The 2015 macroeconomic situation in Switzerland was mainly driven by the pronounced strengthening of the Swiss franc in January following the removal of the currency peg by the Swiss National Bank. As of December 31, 2015, the CHF had strengthened 9.5 % against the EUR and weakened –0.8 % against the USD year-over-year (Deutsche Bank, London Branch).

The company's predominantly CHF-denominated residential subscription base limits its exposure to exchange rate volatility. Nevertheless, changes in exchange rates must be taken into account, as certain business activities are conducted in cooperation with international operators effecting revenues, cost of goods and services and operational and capital expenditure. These activities include roaming and other international fee-based services as well as the purchase of hardware, network and other technological equipment and services. Exchange rates also have an impact on customer decisions to buy mobile devices abroad or in Switzerland and as such can impact Sunrise mobile phones revenue. Sunrise reduced its currency exposure in February 2015 by having refinanced its debt in CHF versus EUR previously. Swiss gross domestic product growth was solid at around 1 % in 2015 but lower than the 1.9 % growth achieved in 2014 (IMF World Economic Outlook – October 2015 – projection for 2016). With Switzerland being an export-oriented country, the stronger CHF was one of the main reasons for this tempered growth.

Regarding inflation, currency appreciation led to a –1.1 % decline in consumer prices in 2015 compared to no change in 2014. Deflation is expected to continue into 2016. (IMF World Economic Outlook – October 2015 – projection for 2016).

Industry and Competitive Environment

In February 2015, following approval from the Federal Communications Commission, Apax Partners sold Orange Switzerland to NJJ Capital (Xavier Niel's holding company). In April the company was rebranded to Salt.

The largest mobile network operator (MNO) in Switzerland is Swisscom (publicly traded and 51.0 % owned by the Swiss Confederation as of December 2015) followed by challengers Sunrise and Salt. Each of the three MNOs has its own nationwide network infrastructure with a spectrum license granted until 2028. In addition to the MNOs, there are branded wholesale resellers on all three mobile networks. Other market participants, so-called mobile virtual network operators, use the infrastructure of MNOs for their services.

Mobile network quality in Switzerland is of a high standard, with the network of all three MNOs rated "very good" by independent network tester connect. In 2015 Sunrise achieved the strongest network improvement. The Sunrise network was ranked best in the subcategory "mobile voice telephony."



Sunrise has a state-of-the-art mobile network that is being continuously expanded with the customer in mind.

Landline voice is based primarily on the analog and digital access lines of the telephone network and the access lines of cable network operators. Swisscom is the largest provider of landline voice telephony in Switzerland, followed by upc cablecom. Unbundling has made access lines available to providers including Sunrise.

In September 2015, the Swiss magazine Bilanz ranked Sunrise as the top landline telephony provider among the companies mentioned above.

In Switzerland, landline broadband internet connections can be established via various access technologies, including DSL (Digital Subscriber Line), cable modem and fiber. Swisscom leads the Swiss broadband internet market, followed by upc cablecom and Sunrise.

Sunrise is the largest LLU (Local Loop Unbundling) provider in Switzerland with approximately 85 % household coverage through its own network of more than 600 points of presence. To meet increasing demand for higher bandwidth services and IPTV (Internet Protocol Television), Sunrise additionally renewed an agreement with Swisscom which allows Sunrise to have cost-effective access to all fiber- and copper-based access technologies, i.e., VDSL (Very High Speed Digital Subscriber Line). Sunrise also has partnerships

with Swiss Fibre Net AG, the joint venture of local energy providers in Switzerland, and local utilities providing the company with access to their fiber networks. The Swiss magazine Bilanz ranked Sunrise ahead of Swisscom and upc cablecom in the Internet Service Provider category in September 2015.

Cable remains the most widely used multi-channel TV distribution platform in Switzerland, although its market share has declined in recent years. upc cablecom and Swisscom are the two leaders in the Swiss television market, serving slightly more than half the market. The rest of the market remains fragmented between local cable companies, satellite and DTT (Digital Terrestrial Television) providers. Having entered the TV market as recently as 2012, Sunrise successfully launched an improved IPTV offering in November 2015. The Swiss magazine Bilanz ranked Sunrise as the best TV product in Switzerland in September 2015.

Products, Services and Sales Channels

For Sunrise, innovation is the way to maintain customer satisfaction and ensure success in an environment of changing needs and demands. Sunrise pursued this philosophy throughout 2015, launching innovative products based on the three pillars of the brand: fairness, transparency and customer orientation.

Mobile Offerings

Mobile service offerings include mobile voice and data services and other value-added services such as international telephony, roaming and device insurance as well as access to Sunrise TV products via mobile devices. Sunrise also offers mobile phones, tablets and other hardware devices.

Sunrise Freedom

The Sunrise Freedom portfolio targets the mass market, which represents the highest-value customers. With the launch of the Sunrise Freedom rate plans in April 2014, Sunrise introduced uncoupled service and mobile phone plans without a fixed contract term. Customers can adjust their subscriptions at no cost any time their needs change. Sunrise Freedom fully supports the three Sunrise brand pillars by providing fairness, transparency and customer orientation. Sunrise was the first mobile network operator (MNO) to launch this concept in the Swiss market.

With high-usage customers in mind, the company launched Sunrise Freedom super max in August 2015, a transparent product that offers unlimited calling and texting, not just in Switzerland, but abroad as well, with unrestricted high-speed 4G data in Switzerland and 1 GB of free monthly data usage abroad.

Sunrise Freedom Share Data

To meet the growing demand for mobile internet access, Sunrise launched Freedom share data in February 2015, allowing customers to use the high-speed data volume included in their Freedom mobile subscription on another device equipped with a second SIM card for CHF 5 per month. Customers can also sign up for an additional hardware plan for a second device. This innovative product is unique in the Swiss market.

MTV mobile

In September 2010, Sunrise successfully launched the MTV mobile rate plans based on an agreement with MTV. MTV mobile provides relevant products to the young and youth segment up to the qualifying age of 30 and is the only youth-specific telecommunications brand in the Swiss market. MTV mobile Freedom follows the same flexible principles as Sunrise Freedom and has been highly successful. The offer is attractively positioned in all postpaid youth segments and is supported by attractive benefits relevant to the age group, such as favorable terms for the use of WhatsApp and the Swiss Half-Fare Card on the SBB railway system.

In response to the increasing demand for higher volumes of data for mobile internet use in the young & youth market, MTV mobile Freedom max was launched in August 2015. The plan offers unlimited high-speed data use, including unlimited calls to all networks in Switzerland, unlimited SMS and MMS, unlimited calls to Europe and North America and 200 MB of internet surfing abroad plus 200 MB of WhatsApp usage abroad.

Roaming

Sunrise offers a wide range of fair and flexible roaming solutions that allow customers to pay for roaming only when they actually need it and keep costs under control with the Sunrise Roaming Cockpit.

In April 2015, Sunrise launched a comprehensive and attractive range of products and services for travelers. In addition to significant price reductions on all travel data packages and travel talk options, roaming options were extended with Sunrise travel days, all-inclusive packages (for 7 or 30 consecutive days) with unlimited calls/SMS and large data volumes.

yallo Postpaid Plans

In March 2015, Sunrise relaunched yallo postpaid plans in response to increasing smartphone penetration and data consumption in the budget and ethno markets. Each of the three rate plans is specifically tailored to cover the needs of its respective target group.

Innovation in harmony with company values

All product innovations are based on the values of fairness, transparency and customer orientation.

yallo Flat includes unlimited calls to all networks in Switzerland and to 41 European countries as well as 1 GB data at 4G speed. This rate plan is also available as yallo PostPaid, which offers extra benefits and is available exclusively at Swiss post offices. yallo Europe includes unlimited calls to 41 European countries and 500 MB data at 4G speed. yallo Balkan includes unlimited calls to all networks in Switzerland, 1 GB data at 4G speed and 200 minutes to European and select Balkan countries.



In 2015, Sunrise launched its first marketing campaign with Roger Federer as its new Brand Ambassador. He is the ideal representative for Sunrise, with his sense of fairness and sportsmanship perfectly expressing the company values.



In November 2015, the company launched Sunrise Smart TV with more than 230 channels, including a recording function, Live Pause, ComeBack TV Agent, and mobile TV for up to five hardware devices.

Prepaid Offerings

Prepaid subscribers may choose from rate plans that allow for the prepaid credit to be deducted on a per-unit, per-day or per-month basis. Sunrise offers prepaid voice and data services under a broad range of brands (Sunrise, MTV, ALDI SUISSE mobile, yallo, Ortel and Lebara) to appeal to different market segments and their varying needs. With all brands, the company offers a wide range of customized options, including calling, SMS, data and roaming as well as combinations thereof for a basic monthly fee. With increasing smartphone penetration and data consumption, prepaid is declining and there is a shift from pre- to postpaid subscriptions.

In August 2015, Sunrise and MTV mobile launched new prepaid offerings with a cost-control feature dubbed airbag and two new prepaid options. With the new Sunrise Prepaid airbag plan, customers pay only for the first two minutes of a call, and with MTV mobile WhatsApp pre, they pay a maximum of 75 cents per day for mobile internet usage. The two new prepaid options Sunrise Prepaid budget 10 and Sunrise Prepaid budget 15 are particularly appealing to regular users, providing a certain number of calls, SMS messages to all Swiss networks and megabytes of mobile internet surfing at 4G speeds.

Devices and Accessories

Sunrise offers its customers a broad selection of mobile devices and related accessories sourced from a number of well-known suppliers and distributors, including Apple,

Samsung, HTC, Huawei, Beats, etc. Sunrise continuously seeks to improve the quality and range of its mobile devices and accessories offerings to take advantage of new technological developments and mobile device features.

Landline Voice, Internet and IPTV Offerings

Sunrise provides landline voice, internet and Internet Protocol Television services (IPTV) to both residential and business customers. Sunrise provides these services through its LLU (Local Loop Unbundling) infrastructure or indirectly through the Swisscom CPS (Carrier Preselection), VDSL (Very High Speed Digital Subscriber Line) and fiber networks or via Swiss Fibre Net AG and local utilities for fiber access. It is thus able to provide a full product portfolio to meet the demand for high-speed connectivity.

Landline Voice

Sunrise offers local, national, landline-to-mobile, international and advanced voice services (such as Integrated Services Digital Network access (ISDN)) to residential and business customers throughout Switzerland. Sunrise provides public switched telephone network access and ISDN access throughout Switzerland.

Internet and IPTV

Sunrise Home and MTV home are flexible, modularly structured products that allow customers to choose the best combination of landline voice, internet and TV services for their specific needs. Sunrise Home fully supports the brand pillars of fairness, transparency and

customer orientation by allowing customers to pay only for services they actually use and that make sense for them. Each customized product package can be quickly modified at no cost any time the customer's needs change.

With Sunrise TV, 2012 saw the launch of the latest generation of TV entertainment. Since then, Sunrise TV has provided customers with a number of innovative services that have transformed television into a completely new experience. These include such popular time-shifting features as ComeBack TV and Live Pause. Sunrise TV offers a large variety of TV channels including HD. In April 2015, Sunrise TV added Hot from the US, an exciting feature that lets users watch the most popular American TV hit series just 48 hours after their initial broadcast in the US.

Sunrise Smart TV offers a host of new features. With the new Sunrise TV app, the whole family can now watch different channels on TV and on up to five smartphones or tablets at the same time – at home or on the move. Even while abroad, Sunrise TV gives you access to all ComeBack TV content and stored recordings via Wi-Fi. With the Sunrise TV app, users can quickly and easily find their favorite shows and transfer them straight to their television sets via the Push2TV function. The cloud-based recording function also lets you record any ComeBack TV shows you may have missed over the past seven days. The new Sunrise ComeBack TV Agent is a unique search function that helps users easily find shows that suit their interests from the wide selection of programming on ComeBack TV.

Sunrise continues to win over business customers

In 2015, Sunrise continuously gained new customers in the business segment. Sunrise has identified two main reasons for this positive trend:

- innovative, customized products with a very strong price/performance ratio
- strong customer focus supported by very high Net Promoter Scores (NPS)

In 2015, Sunrise began providing comprehensive telecommunications services for Cofely, Coop Rechtsschutz, the Geneva cantonal police, Strabag and SR Technics. These new additions show the progress Sunrise is making in gaining market share in the business-to-business segment. The list of new customers also includes companies such as Maestrani, Flumroc, Rhätische Bahn, SBB and organizations like UNICEF and IATA.

In 2014, Sunrise won a bid from the Swiss Post to provide all mobile and traditional landline network voice services. To make the operational transition as smooth as possible, Sunrise and Post management agreed to implement the project in phases.

Plans call for landline connections at all Post locations in Switzerland to be switched to the Sunrise network.

Additionally, 15,000 mobile phones will be migrated to Sunrise, and 22,000 scanners will be equipped with SIM cards. Effective August 10, 2015, PostBus Switzerland Ltd switched all employee mobile phones to Sunrise. Inter-vehicle communications, including free Wi-Fi and the operations control system, will be migrated at a later date.

PostFinance was so impressed by the quality of service offered by Sunrise that it decided to equip all its tablets with Sunrise services as well.

The University of Basel has put Sunrise in charge of its future telephony infrastructure. Sunrise won the public bid for the project and is installing a new, IP-based telephony solution. Landline calls at the University, which has about 4,000 voice ports (telephone lines), will be routed over the institution's existing LAN network.

Microsoft has named Business Sunrise a Gold competency partner in the Unified Communications segment. In addition, Business Sunrise has repeatedly been awarded Premium Partner Status by Alcatel-Lucent Enterprise and Gold Partner Status by Cisco. Also, Sunrise was named Collaboration Partner of the Year for 2015 by Cisco.

Business Offerings

Business Sunrise offers business customers a complete range of mobile, landline network, internet and data services. Its customers include small and medium-sized businesses as well as large-scale companies.

For the small office/home office (SoHo) segment, Sunrise offers the standard Sunrise Office portfolio with flexible, modular products that allow customers to select the best combination of landline voice and internet services for their specific needs. For more demanding business requirements, Sunrise also offers advanced corporate data services provided in addition to the standard services. These include direct internet access, security, messaging and other value-added services for business customers (IP VPN, customized M2M solutions, etc.).

The ISO 9001-certified Integrations department at Business Sunrise offers customized solutions in the areas of voice, data and security to large-scale customers.

Mobile offerings for business customers follow a flat-rate approach. A broad set of options allows contracts to be tailored to a customer's specific needs. The standard Sunrise Freedom portfolio is geared mainly toward the SoHo segment. The specific needs of larger companies are met by Business flat rate offerings or Business mobile evolution, a customizable package that provides added flexibility.

In April 2015, Microsoft OneDrive for Business was launched as an innovative solution to one of the most important issues associated with the cloud: security. OneDrive for Business (as a component of Office 365) is a storage location where working files are stored, synchronized and shared. The product is offered in cooperation with Microsoft and is an example of the modular approach Business Sunrise takes: Customers can select the services that precisely meet their needs, so they only pay for what they really need.

Through its strategic partnership with Microsoft, Sunrise offers its business customers products from the Office 365 portfolio along with a comprehensive cloud solution that meets the highest requirements and standards.

ISO certified services

The Sunrise information security management system is certified (ISO 27001) and so is its Integrations department quality management system (ISO 9001).

Sunrise has dedicated account management teams for its medium and large enterprise customers, while SoHo and small enterprise customers are mainly supported by sales partners (indirect channels) and the company's own retail stores.

Microsoft has named Business Sunrise a Gold competency partner in the Unified Communications segment. In addition, Business Sunrise has repeatedly been awarded Premium Partner Status by Alcatel-Lucent Enterprise and Gold Partner Status by Cisco. Also, Sunrise was named Collaboration Partner of the Year for 2015 by Cisco.

Sales Channels

Sunrise distributes its products and services through direct and indirect channels. Direct distribution occurs through self-branded company stores, self-branded mobile centers, websites, web chat, mobile app, direct mail and telephone sales via call centers (inbound and outbound). As of December 31, 2015, Sunrise had 94 self-branded points of sale.

Indirect channels range from nationwide chains such as Mobilezone (the largest independent telecommunications retailer in Switzerland), Swiss Post, Media Markt, Interdiscount and Fust to regional Sunrise Premium Partners and dealers. Indirect channels provide approximately 2,500 points of sale throughout Switzerland.

A comprehensive and target-segment-specific distribution network with approximately 1,500 points of sale offers services for the Ethno segment under the Lebara, Ortel and yallo brands.

Information Security

The Sunrise ISO 27001 certification (information security management system) ensures company-wide information security which includes all offices, employees and operational processes handling customer information and communications as well as the technology infrastructure and services used for the processing, storing and transmission of customer information and communication. The certification includes residential and business customer data.

24/7

Full convergence at home

8:00 AM

I am not going to work today, so I take my time having breakfast and read the newspaper on my tablet.



11:30 AM

I call my girlfriends while I'm cooking and straightening up the house.



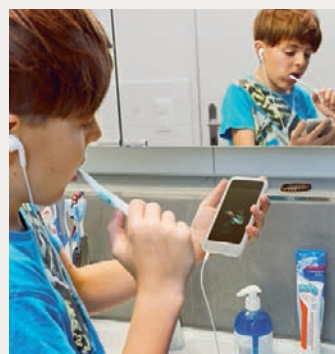
12:15 PM

A ski race is on television, so we make an exception and eat in front of the TV set to root for our favorite skiers.



5:00 PM

Climbing class is over. We send our parents an SMS to pick us up.



8:30 PM

Every night I pick out a three-minute song from YouTube. This helps me brush my teeth long enough.



9:30 PM

Once the kids are in bed, I do some work and pay bills with e-banking.



12:47 PM

We spend a lot of time outdoors – either walking, biking or skiing. We take pictures on our outings and then share them with friends on Facebook.

Sunrise always offers us exactly what we need and want. “Although our two kids still don’t regularly use mobile phones, this will soon change. Sunrise gives us the flexibility, which is perfect for our household. We can sign up for products that are designed to meet our own personal needs. We only use and pay for what we need at the time. This helps our household budget, as does the combination discount for mobile subscriptions and landline network products.”

Nils, Melanie, Lena and Kilian Schafer

The Schafer family values the flexibility of Sunrise products. Since there are no minimum contract durations, they can always change their current subscriptions to suit their needs.

The four of them share three mobile phones. When they are on the go, they mostly make calls and surf with Sunrise Freedom start. Or, they make calls with Sunrise phone comfort from their landline phone. To send SMS messages, the Schafers also use yallo. Nils got a tablet with the Take Away start subscription as a present from his godfather. At home the Schafer family uses Sunrise internet start to surf the Internet at up to 20 Mbit/s. When they watch TV with Sunrise TV start, everyone finds a channel they like.



TV START

Their television subscription includes 230+ channels, 30 hours of ComeBack TV, 60 hours of Cloud Recording, Live Pause, program information, Video on Demand and more than 70 radio stations. Sunrise TV can be used on up to five hardware devices at the same time.



PHONE COMFORT

Sunrise phone comfort, the landline network subscription, allows unlimited calls to all landline and mobile networks in Switzerland.



YALLO PREPAID

yallo prepaid provides maximum cost control for calls, SMS messages, roaming and mobile surfing in Switzerland. Calls to other yallo numbers are at a discounted rate.

Customer Orientation

Sunrise embraces three pivotal values that clearly make it unique: Fairness, transparency and customer orientation. Not only does Sunrise, along with all of its employees, live by these values in its day-to-day business, it also incorporates them into the design and innovation of its products and the expansion of its network, as well as into the continuous improvement of its customer service.

Customer Experience Program

In 2013, Sunrise launched a company-wide, multi-year program dedicated to substantially improving the customer experience across multiple customer touch points. Through the Net Promoter Score (NPS) program, Sunrise was able to continuously identify areas in need of improvement and ensure the successful implementation of improved customer service. NPS is a powerful and simple metric for measuring customer loyalty and advocacy. The NPS score is obtained through a simple customer survey administered immediately after defined customer interactions take place with Sunrise and is supported through follow-up measures such as direct calls to customers to identify specific issues and causes for customer dissatisfaction. Sunrise has substantially improved its NPS score for its customer touch points as well as its products and services.

Superior Customer Satisfaction

Customer orientation is also reflected in customer service that is focused on operational excellence. Sunrise offers support across all products and services including sales, administration, dealer support and technical support for both mobile and landline products. The customer care organization provides services through dedicated call centers and written correspondence as well as an online chat service. A centralized customer care unit has in-house capabilities but also outsources certain services. In-house capabilities are used primarily where specialized knowledge and back-office functions are necessary.

The Sunrise customer service accessibility and resolution rates have substantially improved. Since February 2014, performance indicators on Sunrise call centers that are updated weekly are available on the company's website. Sunrise was the first operator in the Swiss market to make this type of data available.

As evidence of the quality of its customer service, the December 2015 edition of connect, Europe's leading telecommunications magazine, named the Sunrise customer care hotline the best among all Swiss mobile network operators.

In October 2015, Sunrise was recognized for its efforts in customer care at the Swiss Contact Day Awards Night, where it won the Golden Headset Award – the highest accolade given by the Swiss Contact Center Association – in the Employee Focus category, along with a certificate in the Customer Focus category behind winner Nestlé.

That makes sense

Sunrise embraces three pivotal values that clearly make it unique:

Fairness

Transparency

Customer orientation

Network

The network infrastructure is the foundation of all Sunrise services. In order to meet the growing demand for broadband services and further increase customer satisfaction, Sunrise made continuous and sizeable investments in this network to enhance and expand it.

Network Infrastructure

Sunrise provides mobile services over its own network using GSM/GPRS/EDGE, UMTS/HSPA and LTE/LTE-A technologies. On the landline side, Sunrise leverages more than 600 points of presence in its fully-invested local loop unbundled network (LLU), covering approximately 85 % of households in Switzerland. Sunrise benefits from a 10,800km long, Swiss-wide, state-of-the-art fiber optic network. The company has full access to the most advanced, next-generation fiber optic technologies such as vectoring, fiber-to-the-street, fiber-to-the-building and fiber-to-the-home thanks to its long-term agreement with Swisscom and the strategic collaboration with Swiss Fibre Net AG (SFN), the joint venture of local energy providers in Switzerland, as well as with the local utilities.

In 2015, Sunrise focused its efforts on supporting, managing and developing its network infrastructure. Specific investments were carried out to further improve network quality, availability, stability and security. Expansion of LTE technology continued, with coverage of 98 % reached by the end of 2015. Growing data traffic and demand for mobile and landline broadband services as well as maintaining and expanding the customer experience are key drivers for the company's network activities.

Mobile

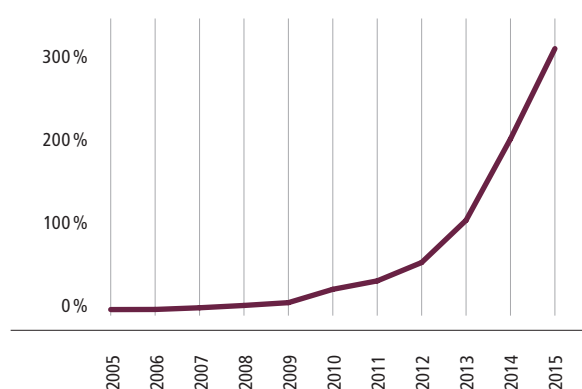
To improve its infrastructure, Sunrise has partnered with Huawei, one of the leading technology companies in the world. Huawei supports Sunrise with its latest technology as a showcase for the European market. To accommodate the exponential growth in data traffic, Sunrise is continuously enlarging its bandwidth capacities. In the area of mobile infrastructure, Sunrise significantly increased its 4G/LTE coverage over the last year from 85 % to 98 % by

the end of 2015 allowing Sunrise to provide customers with mobile bandwidths of up to 150 Mbps. Sunrise already introduced LTE Advanced with speeds of up to 225 Mbps.

Together with Salt, Sunrise conducted a pilot project that included an analysis of how network sharing could potentially work.

Data traffic in %

Immense increase in data traffic over the past ten years.



Sunrise further expanded its 3G network and maximized indoor coverage by using the lower 900 MHz frequency. Sunrise also introduced the very latest features such as crystal voice and optimizations in call setup procedures, leading to improvements in speech quality and call setup time.

A network app launched in May 2015 allows Sunrise customers to provide direct feedback about their experience with the Sunrise mobile network. The input is forwarded immediately to the network planning and optimization department, allowing Sunrise to respond to problems in real time. By the end of 2015, Sunrise had received 5,200 feedback submissions and 25,100 pro-actively triggered Speedtest submissions from customers, from which various improvements were implemented.

For the second time in a row, the independent magazine connect recognized Sunrise, Switzerland's largest private telecommunications provider, as having the best network for mobile telephony. In the mobile telephony category, Sunrise outperformed not just the other Swiss mobile operators but all providers in Germany and Austria as well. The Sunrise mobile network earned an overall score of "very good" in the three-country comparison, landing in second place closely behind Swisscom.

Sunrise 4G/LTE coverage

(as of December 2015)



The strong focus on network expansion means that Sunrise now provides 98 % of Swiss residents with 4G high-speed internet for mobile usage.

Our customers as mobile network testers

Our customers continuously help enhance our mobile network through use of the mobile network app.

Landline

Sunrise significantly increased its fiber optic footprint in 2015 by strengthening its strategic collaborations with SFN, ewz Zurich and iwB Basel. By using the partners' infrastructure to complement its own network, Sunrise is able to provide fiber optic access across Switzerland with ever-growing coverage. By harmonizing and centralizing processes and platforms with SFN and local utilities, Sunrise has reduced lead times and increased customer satisfaction and loyalty. Thanks to the availability of all access technologies (copper, fiber and vectoring), Sunrise is able to provide all internet and TV services throughout Switzerland.

Core

By further upgrading its core network with the latest technology, Sunrise is ensuring a future-ready end-to-end network for its customers. Its core network is the "intelligence" or "brain" behind its mobile and landline services. Migration of the network to All IP and the merging of two separate Core Network technologies into a single one supporting all mobile and landline services were key focus areas. Sunrise introduced the IP Multimedia System (IMS) solution to replace its legacy core platforms. IMS supports various access modes and offers an array of different security functions, ensuring a highly reliable, geo-redundant solution for both Sunrise residential and business customers. All Sunrise landline and virtual IP PBX (Private Branch Exchange) business customers have been seamlessly migrated to the IMS solution.

24/7

Online all the time

6:45 AM

As soon as I wake up in the morning, I check my WhatsApp messages.



12:30 PM

I check my e-mails several times a day.



1:10 PM

My Mom calls to find out if I will be home for dinner.



5:10 PM

When I am on the go, I watch movies on YouTube.

8:00 PM

I often meet my friends online and we play video games together.

10:00 PM

I use the internet to teach myself how to play the piano. I also like to make electronic music, which I publish online.



Sunrise links me to the whole world.

"I can't imagine being without the internet, even for one day. I am constantly online on my smartphone. When I am on the go, I listen to music or watch movies. And of course, I'm in touch with my friends all the time. I am even using the internet to learn how to make music. Thanks to the Sunrise offers, my parents can rest assured that their month-end costs are not any higher than planned. And, I can always surf at the highest speed; even WhatsApp use abroad is included."

Enes Biqkaj, IT Specialist, Bülach

Since the Biqkaj family gets all their telecommunications services from Sunrise, they benefit from the Sunrise advantage: a 10% combination discount on all products.

Enes Biqkaj is under thirty, so he benefits from an MTV mobile subscription for his smartphone. At home, Sunrise internet comfort gives him the surfing speed he needs for his music projects and for playing games online. Thanks to his Sunrise Take Away subscription, he even qualifies for unlimited surfing on his tablet. His parents mainly use phone start on their landline telephone and Sunrise TV comfort to watch television.



MTV MOBILE FREEDOM SWISS

MTV mobile Freedom Swiss includes unlimited WhatsApp messaging, surfing, SMS/MMS messages to all Swiss networks, calls on Sunrise Mobile/MTV mobile and 100 MB for WhatsApp messaging abroad. It also includes an SBB half-tax subscription at a 50% discount.



SUNRISE TAKE AWAY CLASSIC

Take Away classic includes unlimited high-speed mobile surfing in Switzerland at speeds of up to 1 GB, plus 25 MB for surfing abroad (region 1).



INTERNET COMFORT

The landline network subscription for at home, with download and upload speeds of up to 100 Mbit/s.

Regulatory Environment

As a mobile and landline operator in Switzerland, Sunrise is subject to regulation and supervision by various Swiss national authorities, including The Federal Communications Commission (ComCom) and the Federal Office of Communications.

Regulatory Framework

The relevant regulatory framework is set forth primarily in the Swiss Federal Telecommunications Act (FMG) and associated regulations (such as the Swiss Federal Ordinance on Telecommunications Services, FDV), but also in the Swiss Cartel Act, the Swiss Federal Act on the Surveillance of Postal and Telecommunications Traffic (BÜPF), the Swiss Federal Radio and Television Act and related ordinances. There are some conceptual differences between Swiss and EU telecommunications regulations, the most important being ex-post regulation in Switzerland as opposed to ex-ante regulation applicable in the EU, the technology-based "last mile" system in Switzerland, which grants access at long run incremental cost (LRIC) conditions only to the incumbent's copper infrastructure, and the lack of regulation for end-consumer pricing on international mobile roaming in Switzerland.

The fact that EU regulations do not apply to Swiss operators has led certain operators in the EU to increase the termination rates charged to Swiss operators for voice traffic originating in Switzerland to price levels higher than those applicable to operators located within the EU; this is the subject of ongoing negotiations and arbitration.

Revision of the Swiss Telecommunications Act

The FMG sets forth the general framework for the transmission of information by means of landline and mobile telecommunications.

In 2012, the Swiss Federal Council (Bundesrat) announced that it would commission the administration to prepare a draft revision of the FMG. In December 2015, the Federal Council published its draft of the new FMG. In its first phase, the revision envisions changes such as youth and consumer protection requirements, transparency requirements regarding network neutrality as well as the introduction of an ex officio regime and elements of ex-ante. The revision also proposes facilitating the sharing of mobile networks through frequency pooling. The introduction of a technology-neutral access system will be addressed in a second phase. The consultation phase will end in March 2016. Sunrise requests the introduction of instruments for fiber access regulation already in the first phase of the revision. The Federal Council should cover the last-mile fiber optics market within the existing framework in the event the market fails to do so.

Revised Swiss Federal Ordinance on Telecommunications Services

Under Swiss law, last-mile access to the incumbent's copper infrastructure must be granted at cost-based prices. The provisions of the FDV were revised in 2013, with the changes becoming effective on July 1, 2014. The calculation is based on LRIC with replacement costs for modern equivalent assets. As of January 1, 2014, costs are based on a modern fiber and IP infrastructure (next generation

network and access). Pending legal cases based on the new legislation are expected to clarify a number of technical issues.

Microwave Transmission Fees

Microwave links are used to transmit mobile data between the antenna and the operator's station without the use of cable. Based on two political initiatives, the Federal Council approved the revision of the Ordinance on Fees in the Telecommunications Sector in October 2015. Fees paid by mobile telephony operators for using microwave frequencies will be reduced effective January 1, 2016.

Universal Service Requirements

The provision of universal services requires ComCom to grant a license for a limited time under specific conditions. Such a license was granted to Swisscom for the period from 2008 to 2017. The Swiss Federal Council resolved to double the required speed for uploads and downloads effective January 1, 2015. To date, Swisscom has not yet requested compensation for providing universal services, but the risk remains. A draft for the new period starting in 2018 was issued in September 2015 for consultation. The Federal Council is again proposing an increase in minimum required data speeds and maximum prices for various services.

Copyright Protection

In December 2015, the Federal Council submitted the draft of a new copyright protection law for consultation which focuses on providers' obligations to restrict access to websites illegally offering copyrighted content and to send warnings to customers sharing content through peer-to-peer services. The consultation phase will end on March 31, 2016.

Surveillance of Telecommunications Services

Telecommunications providers must comply with the BÜPF. They are required to maintain their own infrastructure for adequate surveillance and be capable of running surveillance operations at any time. An amendment expanding providers' obligations is currently pending in parliamentary deliberations. A revision of the Intelligence Agencies Act imposing comprehensive surveillance obligations has already been passed by parliament but is still subject to a referendum vote.

Clearly defined regulatory framework

Swiss telecommunications providers are subject to regulation and oversight by government authorities.

Environmental Protection from Radio Emissions

The Swiss Ordinance for Protection from Non-Ionizing Radiation requires Swiss operators to comply with stricter safety limits than in the European Union. In February 2015, upon request by political initiatives, the Federal Council issued a report on options for expanding capacity in mobile communication networks. Increasing safety limits and simplifying compliance procedures are two possible measures mentioned in the report. The parliament is in charge of recommending possible actions for improving the framework for future networks based on the findings of the report.

International Roaming

Switzerland does not regulate roaming. Two political motions requesting maximum rates for inbound and outbound calls, SMS messages and data transfers abroad were rejected by parliament in March 2015. However, measures such as increased transparency and instruments allowing the Federal Council to limit consumer prices were proposed in the 2015 draft of the new FMG.

Network Neutrality

In March 2015, the Parliament rejected a pending motion calling for the legal enforcement of network neutrality. In its 2015 draft of the new FMG, the Swiss Federal Council limits its proposal to the introduction of transparency requirements for differentiated services and subsequent monitoring of market developments to evaluate future regulation if necessary. Based on a code of conduct signed by Sunrise, Swisscom, Salt, upc cablecom and Suissedigital, the operators established a conciliation body effective September 2015.

Employees

As of December 31, 2015, Sunrise had 1,762 employees (1,701 full-time equivalents) in all areas of Switzerland. Although they are scattered across many Sunrise locations, what unites them is the unique Sunrise corporate culture anchored in the values of fairness, transparency and customer orientation.

As of December 31, 2015 Sunrise had 1,701 full-time employees in Switzerland. Compared with the previous year, the number of full-time positions decreased by 173. This reduction in workforce was primarily the result of the organizational changes announced on September 22, 2015. Employees are spread across the Zurich headquarters, business offices in Prilly, Kloten, Geneva, Bern, Basel and Lugano and 83 point of sale locations throughout Switzerland.

Women account for 30 % of the Sunrise workforce, with a higher proportion of female employees in the Corporate Center and Finance units. 16.5 % of employees hold management positions, 15 % of whom are women. Top management comprises approximately 104 employees, with women accounting for 14 %. The average age of Sunrise employees is 37.6 years. Employees work at Sunrise for an average of 6.2 years.

Approximately 41 % of Sunrise employees are citizens of countries other than Switzerland. This diversity is reflected in the company's daily operations, where multiple languages are spoken and an international, open-minded work environment prevails. Sunrise has chosen German and English as its corporate languages.

Employee Development

Sunrise trains about 110 apprentices for positions as business managers, retail associates, IT specialists and customer service professionals. In general, Sunrise offers continued employment to nearly 60 % of apprentices upon completion of their training.

When hiring new employees, Sunrise gives priority to candidates who have relevant expertise and who, in addition, uphold and support the Sunrise values of fairness, transparency and customer orientation. Thanks to a recently revised recruiting process, this concept has become an integral part of candidate selection.

Sunrise places great value on the continuing development of its employees and the organization. In this context, Sunrise focuses on corporate strategy, corporate values and management principles. The regular employee evaluation process allows Sunrise to manage and lead employees based on performance criteria. Employees receive regular feedback on their performance and progress and get the support they need to reach specific goals. To accomplish this, a company-wide process is in place. Personal employee development is divided into three pillars:

- Management development curriculum for management employees
- Project management training for employees working in a project-driven environment
- Various individual continuing education opportunities, such as language or IT training, for all employees

In addition, employees have access to a computer-based learning management system for in-house training and continuing education. Sunrise Academy, the company's Training and Development department, is continually developing new learning modules and training courses; most recently, it created a career path for employees in sales with clearly defined career steps.

If its in-house training resources do not meet employee training needs, Sunrise turns to external training programs.



Sunrise trains more than 100 apprentices for positions in four apprenticeship programs.

Occupational Safety and Health

In 2015, Sunrise adopted a company-wide occupational safety and health concept based on the directives of the Federal Coordination Commission for Occupational Safety. Sunrise revised its training concepts and safety devices for network locations, office buildings and Sunrise retail shops. Employee training included an emergency action plan for shop staff, first-aid training for office workers and climbing and rescue courses for network employees. In addition, Sunrise continues to review safety and climbing equipment at mobile sites and has adapted fire-fighting equipment to comply with new regulations issued in 2015.

Employees as shareholders

Approximately 30 % of the Sunrise employees benefit from the employee participation program launched as part of the IPO. This means they are part owners of the company.

Collective Bargaining Agreement (CBA)

Since January 1, 2013, Sunrise has had a collective bargaining agreement in place that covers the majority of its employees. The CBA enables Sunrise to implement work regulations that extend beyond legal minimum requirements. Sunrise has a positive and close working relationship both with employee representatives and with syndicom, the external trade union. Employee representatives and management discuss current topics during regular meetings and jointly review and implement collaborative solutions.

Initial Public Offering (IPO)

Sunrise places great value on an environment where employees feel a sense of shared responsibility for the company's performance. This is partly facilitated through the performance evaluation process, but is also strongly enhanced by the employee stock option plan launched as part of the IPO. In connection with the IPO in February 2015, all employees had the opportunity to purchase a limited number of company shares at a reduced price.

Values

At Sunrise, the corporate values of fairness, transparency and customer orientation are lived. Within their respective teams but also on a company-wide basis, employees regularly examine these values and discuss their practical implementation both inside and outside of the company.

Corporate Responsibility

Corporate responsibility is a priority at Sunrise. Ecological and social criteria based on principles of sustainability are factored into all of the company's business decisions.

Sustainability Management

In December of 2014, Sunrise adopted a Corporate Responsibility Guideline that established company-wide environmental and social responsibility standards. The supply chain was examined more closely in 2015, and a set of environmental and social responsibility criteria based on the Electronic Industry Citizenship Coalition Code of Conduct was incorporated into new supplier contracts. Alongside these principles, documentation and processes for supplier evaluations were developed. A system is in place for conducting on-site reviews of the social, ethical and environmental issues faced by suppliers exposed to high risks, and for implementing any necessary improvements.

Community

Sunrise supports a variety of local community initiatives. For example, employees participated in the national Clean Up Day in September 2015 by removing trash from the region around Lake Katzensee in Zurich.

Under an industry-wide agreement, Sunrise also actively supports youth media protection, focusing on preventive measures and awareness programs. An ongoing dialogue with various stakeholders allows these measures and programs to be continuously adapted to the fast-changing environment.

Environment

In the environmental sector, Sunrise focuses on energy and energy efficiency, and has been participating for over a decade in the voluntary energy efficiency program of the Swiss Federal government. By implementing energy-saving measures over the past three years, Sunrise has boosted its energy efficiency by almost 10%. Network operation accounts for more than 80% of total electricity consumption. Energy savings have been achieved in this sector particularly by installing more efficient heating, ventilation and air conditioning systems in data centers and by consolidating and increasing the efficiency of the hardware units in the mobile radio network. Sunrise supports the use of smart and efficient LED lighting technology in its buildings. Despite a tremendous increase in data usage and network performance, total energy consumption fell slightly over the past four years.

Sunrise is also actively involved in recycling. Following a successful six-month pilot phase, a take-back program for mobile phones and tablets was launched in the spring of 2015.

24/7

Always well-advised

8:10 AM

I am redesigning the interior of a home. I send the blueprints to the builder.



11:40 AM

The furniture manufacturer calls me from Italy to let me know that the sleeper sofa I designed will be delivered next week.



3:10 PM

At the construction site for my new showroom, I document any irregularities and send photos to the tradespeople.

4:45 PM

Since I save all construction site photos to the cloud, I can access them from everywhere.



5:10 PM

I use my old phone with a second SIM card as my construction site mobile phone.



7:20 PM

I talk with the builder about plans for the interior design concept of a new home.



2:00 PM

I design furniture and develop interior design concepts. Of course, I should always be reachable, even during the creative phase of a project.

Sunrise always has offers that meet my needs. “I am a self-employed entrepreneur, and I am happy that with Sunrise, I can get everything from a single source. For my personal as well as my business needs. The solutions keep pace with my requirements. I have several hardware devices; I am on the go a lot, and I travel internationally. The cloud solution for my data, for example, really gives me what I want. And when I have a question, I get fast and competent advice from the Sunrise call center.”

Martin Hauser, Studio Martin Hauser, Zollikon

Martin Hauser likes to have just one contact person when it comes to telecommunications. That's why he gets all his products from Sunrise. He contacts customer service for information on new offers and new ways to save money.

Martin Hauser relies on Sunrise – for his personal as well as his professional telecommunications needs. For most of the phone calls he makes, he relies on his Sunrise Freedom relax subscription, but he also has a landline network connection through Sunrise Office. Thanks to Sunrise Business DSL, his internet connection has a static IP address. This allows him to connect remotely to his server as well. When he has no WiFi access, he surfs on his tablet with Sunrise Take Away classic.



SUNRISE REWARDS

We at Sunrise like to say “thank you” to our customers, and they benefit: For example, from a free product option, such as travel talk. With travel talk, you can make calls throughout the world from outside of Switzerland – and that at reduced minute and SMS rates.



SUNRISE MULTICARD

The ideal offer for mobile users who use multiple hardware at once. Several SIM cards are tied to the same phone number, which means they can be used simultaneously.



SUNRISE INDOOR BOX

Barriers such as walls, buildings, trees, etc., between users and transmitting antennas can weaken the receiving signal. Since the Sunrise indoor box enhances the Sunrise mobile broadband network inside buildings, you get better reception at home.

Corporate Governance

Corporate governance at Sunrise Communications Group AG is ensured through the activities of the Board of Directors, the Chief Executive Officer and the Group Management Board in accordance with the Articles of Incorporation and the Organizational Regulations of Sunrise Communications Group AG. Sunrise Communications Group AG complies with all applicable legal requirements and discloses its corporate governance pursuant to the Corporate Governance Directive of September 1, 2014, issued by the SIX Swiss Exchange.

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Corporate Governance

1 Group Structure and Shareholders

1.1 Group Structure

Sunrise Communications Group AG is organized as a stock corporation with limited liability under Swiss company law. It was founded on January 13, 2015, and was registered on January 14, 2015, with the commercial register of the Canton of Zurich under the company registration number CHE-343.774.206. The registered office of Sunrise Communications Group AG is at Binzmühlestrasse 130, 8050 Zurich, Switzerland. Business operations are conducted through the Sunrise group companies listed in Note 31 of the Consolidated Financial Statements. Share capital and voting rights of all group companies are listed in Note 3.4 of the Statutory Financial Statements. Sunrise Communications Group AG is the group's holding company and directly or indirectly owns all Sunrise group companies. Sunrise Communications AG, based in Zurich, Switzerland, is the main operating entity of the group.

1.2 Significant Shareholders

As of December 31, 2015, Sunrise Communications Group AG was notified of the following shareholdings totaling 3% or more of the total share capital of Sunrise Communications Group AG:

NAME OF SHAREHOLDER	IN % OF TOTAL SHARE CAPITAL
CVC Capital Partners SICAV-FIS S.A., Luxembourg	25.27 %
Allianz SE, Munich	5.80 %
Hengistbury Investment Partners LLP, London	5.22 %
BNP Paribas S.A., Paris	3.28 %
Blue Mountain Credit Alternatives Masters Fund L.P., New York	3.17 %
Government of Singapore, Singapore	3.11 %

Disclosure notifications of significant shareholdings in Sunrise Communications Group AG that were filed in 2015 with Sunrise Communications Group AG and the SIX Swiss Exchange are available from the online publication platform of the SIX Swiss Exchange through the following database search page: www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

Sunrise Communications Group AG is not aware of any other person or institution which, as of December 31, 2015, directly or indirectly, on its own account or in concert with third parties, may have held 3% or more of the Sunrise Communications Group AG share capital.

1.3 Cross Shareholdings

As of December 31, 2015, Sunrise Communications Group AG had no cross shareholdings with any other company.

2 Capital Structure

2.1 Capital

As of December 31, 2015, the share capital of Sunrise Communications Group AG amounted to CHF 45,000,000 divided into 45,000,000 fully paid-in registered shares with a nominal value of CHF 1.00 per share.

2.2 Authorized Share Capital

Sunrise Communications Group AG has authorized share capital in an amount not to exceed CHF 350,000 through the issuance of up to 350,000 fully paid-in registered shares with a nominal value of CHF 1.00 at any time until January 22, 2017. These registered shares are reserved exclusively for the purpose of the participation of employees as well as members of the Board of Directors and the executive management of Sunrise Communications Group AG or its subsidiaries pursuant to one or more regulations adopted by the Board of Directors. The shareholders' pre-emptive right is excluded. Increases in partial amounts are permitted. Further, an increase through initial subscription of the new shares by Sunrise Communications Group AG is permitted in accordance with Article 659 et seq. of the Swiss Code of Obligations. The Board of Directors determines the date of issue of new shares, their issue price, which may be below the market price, the type of contribution and the time of dividend entitlement. Any newly registered shares are subject to registration restrictions under Article 5 of the Articles of Incorporation following their acquisition.

2.3 Conditional Share Capital

As of December 31, 2015, Sunrise Communications Group AG had no conditional share capital.

2.4 Changes in Share Capital

Sunrise Communications Group AG was founded on January 13, 2015, with an initial issued share capital of CHF 100,000 divided into 100,000 fully paid-in registered shares with a nominal value of CHF 1.00 per share.

On January 23, 2015, Sunrise Communications Group AG's share capital was increased from CHF 100,000 to CHF 25,000,000. In the capital increase, Sunrise Communications Group AG received by way of a contribution in kind and by way of a contribution to the reserves from capital contributions all 134,553,661 A ordinary shares in Mobile Challenger Intermediate Group S.A., Luxembourg, Grand-Duchy of Luxembourg, with a nominal value of CHF 0.01 each pursuant to a contribution agreement dated January 23, 2015, against issuance of 24,900,000 registered shares of Sunrise Communications Group AG with a nominal value of CHF 1.00 per share. On February 5, 2015, Sunrise Communications Group AG's share capital was increased from CHF 25,000,000 to CHF 45,000,000 in an ordinary capital increase of 20,000,000 registered shares of Sunrise Communications Group AG with a nominal value of CHF 1.00 per share against cash contributions in connection with the initial public offering of Sunrise Communications Group AG on February 6, 2015.

2.5 Shares

Sunrise Communications Group AG's shares are registered shares with a nominal value of CHF 1.00 per share and are fully paid-in. The shares are listed and traded on the SIX Swiss Exchange (Valor No. 26'729'122, ISIN CH0267291224, symbol: SRCG). The shares are issued as uncertificated securities (German: Wertrechte) within the meaning of Article 973c of the Swiss Code of Obligations and registered as intermediated securities (German: Bucheffekten) within the meaning of the Swiss Federal Intermediated Securities Act. Shareholders have no right to request the printing and delivery of share certificates or the conversion of the form in which shares are issued into another form. Shareholders may, however, at any time request from Sunrise Communications Group AG the delivery of an attestation certifying their current shareholdings.

2.6 Participation Certificates

As of December 31, 2015, Sunrise Communications Group AG had no participation certificates outstanding.

2.7 Profit-Sharing Certificates

As of December 31, 2015, Sunrise Communications Group AG had no profit sharing certificates outstanding.

2.8 Limitations on Transferability and Nominee Registrations

For as long as the shares are in uncertificated form (Wertrechte) and registered as intermediated securities (Bucheffecten), any transfer and collateralization of shares must be made in accordance with the Swiss Federal Intermediated Securities Act. If uncertificated shares are transferred by assignment, Sunrise Communications Group AG must be notified of the transfer in order for it to be considered valid. According to Article 5 (3) of the Articles of Incorporation, the Board of Directors may register nominees as shareholders with voting rights in the share register for up to a maximum of 3% of the total share capital outstanding at the time. Nominees are persons who in their registration request do not explicitly declare that they hold the shares for their own account and with whom Sunrise Communications Group AG has entered into a respective agreement. The Board of Directors may register a nominee as a shareholder with voting rights in excess of such registration limitation provided the nominee discloses the names, addresses, nationalities and shareholdings of the persons for whom it holds 0.5% or more of the total share capital outstanding at the time. In 2015, the Board of Directors registered Chase Nominees Ltd., London as a shareholder with voting rights in excess of such registration limitation.

2.9 Convertible Bonds and Options

As of December 31, 2015, Sunrise Communications Group AG had no convertible bonds or options regarding its shares outstanding. With respect to share-based compensation (including the right to receive a portion of the short-term incentive in the form of shares and the right to receive Performance Shares) please consult the Compensation Report (5 Group Management Board Compensation).

3 Board of Directors

3.1 Members of the Board of Directors

The Board of Directors currently consists of five non-executive members. No board member is or was a member of the management of Sunrise Communications Group AG or any of its subsidiaries throughout the last three financial years ending on December 31, 2015. There are no significant business relationships between any of the members of the Board of Directors and Sunrise Communications Group AG or any of its subsidiaries. The Board of Directors aims to nominate non-executive and independent members within the meaning of the Swiss Code of Best Practice for Corporate Governance to be elected by the Annual General Meeting as members of the Nomination and Compensation Committees. The Board of Directors may nominate members to be elected as members of the Nomination and Compensation Committees who are significant shareholders or represent significant shareholders of Sunrise Communications Group AG. According to Article 23 of the Articles of Incorporation, no member the Board of Directors may hold more than four additional mandates in listed companies and more than eight mandates in non-listed companies. For the purposes of such provision, mandates of a member of the Board of Directors in legal entities outside the Sunrise group which are under common control as well as mandates held by such a member in his or her capacity as a member of the supreme governing body or of the group management of a legal entity outside the Sunrise group or held upon instruction and on behalf of such a legal entity or legal entities controlled by it shall be deemed one mandate outside the Sunrise group.

The following mandates are not subject to these limitations:

- mandates in companies controlled by Sunrise Communications Group AG or which control Sunrise Communications Group AG
- mandates held at the request of Sunrise Communications Group AG or companies controlled by it, whereby no member of the Board of Directors may hold more than ten such mandates
- mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations, whereby no member of the Board of Directors may hold more than six such mandates.

“Mandates” within the meaning of Article 23 of the Articles of Incorporation are mandates in the supreme governing body of any legal entity that is required to be entered in the commercial register or corresponding foreign register of companies. No member of the Board of Directors exceeds any limits for additional mandates.

The composition of the Board of Directors during 2015 is set out on the following pages.

Lorne Somerville



Title and function
Chairman of the Board of Directors (since July 12, 2015)

Member of the Nomination and Compensation Committee

Non-Executive Member

Year of birth
1963

Nationality
British

Education

1995: MBA, International Institute for Management Development (IMD), Lausanne, Switzerland

1989: MA, Computer Science, University of Cambridge, UK

1986: BA, Computer Science, University of Cambridge, UK

Professional Background

Since 2008: CVC Capital Partners, London, UK (not listed), Partner and Global Head of TMT

2001–2008: UBS Investment Bank, Joint Global Head of Telecommunications and Head of the European Communications Group

1997–2001: Swisscom AG, Head of Swisscom International, Head of International Strategy & Acquisitions

Other activities and functions

Since 2014: Avast, Prague, Czech Republic (not listed), Member of the Board of Directors, Member of the Nomination and Compensation Committee

Since 2011: PT Link Net Tbk, Jakarta, Indonesia (listed), Member of the Board of Directors

Peter Schöpfer



Title and function
Vice-Chairman of the Board of Directors

Chairman of the Nomination and Compensation Committee

Non-Executive Member

Year of birth
1957

Nationality
Swiss

Education

2002: International MBA, University of Freiburg, Switzerland

Degree in Engineering and Information Technology, Bern University of Applied Sciences, Switzerland

Professional Background

Since 2006: Avaloq Group AG, Freienbach, Switzerland (not listed), Chief Marketing Officer

2000–2006: T-Systems, CEO and Country Manager, Brazil; CEO and Country Manager, Switzerland; CEO Multilink

1986–2000: Swisscom AG, Bern, Switzerland, Head of Operations, Swisscom International, several other positions

Other activities and functions

Since 2011: Avaloq Group AG, Freienbach, Switzerland (not listed), executive Member of the Board of Directors

Dr. Dominik Koechlin



Title and function
Chairman of the Board of Directors (until July 12, 2015)

Member of the Nomination and Compensation Committee (until July 12, 2015)

Non-Executive Member

Year of birth
1959

Nationality
Swiss

Dominik Koechlin passed away on July 12, 2015.

Education

1989: MBA, INSEAD, Fontainebleau, France

1988: Dr. iur., University of Bern, Switzerland

Professional Background

2001–2015: Independent member of the boards of various companies

1996–2000: Swisscom AG (previously Telecom PTT), Bern, Switzerland, Member of the Executive Committee

1990: Ellipson AG, Basel, Switzerland, Founder

1986–1988: Bank Sarasin, Basel, Switzerland, Financial Analyst

Other activities and functions

Since 2013: economiesuisse, Switzerland, Member of the Board of Directors

Since 2008: Clariant AG, Switzerland (listed), Member of the Board of Directors

Since 2006: Avaloq Group AG, Freienbach, Switzerland (not listed), Member of the Board of Directors

Since 2001: LGT Group Foundation, Liechtenstein (not listed), Member of the Board of Trustees

Jesper Ovesen



Title and function
Member of the Board of Directors

Member of the Nomination and Compensation Committee (since July 12, 2015)

Chairman of the Audit Committee

Non-Executive Member

Year of birth
1957

Nationality
Danish

Education
State Authorized Public Accountant, Denmark

1985: MSc in Finance, Copenhagen Business School, Denmark

Professional Background

2011–2014: Nokia Siemens Network Group, Finland/Germany, Executive Chairman

2008–2011: TDC Group, Denmark, Chief Financial Officer

2007–2008: Kirkbi Group, investment company & owner of the Lego Group, Denmark/Switzerland, Chief Executive Officer

2004–2007: Lego Group, Denmark/Switzerland, Chief Financial Officer

1998–2004: Danske Bank Group, Denmark, Chief Financial Officer

1993–1998: Novo Nordisk Group, Denmark, Finance Director

1992–1993: Baltica Bank (under restructuring), Denmark, Chief Executive Officer

1988–1992: Baltica Holding, Insurance & Finance Group, Denmark, Finance Director

1982–1988: PwC, Denmark, Auditor

Other activities and functions

Since 2015: Lundbeck a/s, Denmark (listed), Member of the Board of Directors and Chairman of the Audit Committee

Since 2004: Scandinavian Enskilda Bank, Sweden (listed), Vice-Chairman of the Board of Directors and Member of the Risk & Capital Committee

Siddharth Patel



Title and function
Member of the Board of Directors and the Audit Committee

Non-Executive Member

Year of birth
1977

Nationality
British

Education
1998: MA, University of Oxford, UK
1995: BA in Philosophy, Politics & Economics, University of Oxford, UK

Professional Background

Since 2010: CVC Capital Partners, London, UK (not listed), Senior Managing Director, TMT

2000–2010: Apax Partners, London, UK, Senior Principal

1998–2000: Monitor Company, London, UK, Consultant

Other activities and functions

Since 2014: Avast, Prague, Czech Republic (not listed), Member of the Board of Directors

Since 2011: Raet (Greenbird Holdings), Amersfoort, The Netherlands (not listed), Member of the Board of Directors

Dr. Daniel Pindur



Title and function
Member of the Board of Directors and Audit Committee

Non-Executive Member

Year of birth
1978

Nationality
German

Education
2006: Doctorate degree (Dr. rer. pol.) in Finance, University of Ulm, Germany

2002: Graduate in Business Administration (Diplom-Kaufmann), WHU Vallendar, Germany; Master in Finance, SSE Stockholm, Sweden; Diplôme de l'ESC, EM Lyon, France

Professional Background

Since 2005: CVC Capital Partners, Frankfurt, Germany (not listed), Senior Managing Director

2002–2005: Goldman Sachs, Frankfurt, Germany, M&A

Other activities and functions

Since 2015: Douglas AG (not listed), Chairman of the Board of Directors

3.2 Election and Term of Office

	YEAR OF FIRST ELECTION	YEAR OF LAST ELECTION	AGM YEAR OF END OF TERM
Lorne Somerville	2015	2015	2016
Peter Schöpfer	2015	2015	2016
Jesper Ovesen	2015	2015	2016
Siddharth Patel	2015	2015	2016
Daniel Pindur	2015	2015	2016

The Articles of Incorporation of Sunrise Communications Group AG provide for the Board of Directors to comprise at least four and not more than nine members, including the Chairman of the Board of Directors, and for the Nomination and Compensation Committee to comprise at least three members of the Board of Directors. All members of the Board of Directors, the Chairman of the Board of Directors as well as the Chairman and all members of the Nomination and Compensation Committee are elected annually and individually by the Annual General Meeting (AGM) for a term of office of one year until the end of the next Annual General Meeting. Re-election is possible. If the post of Chairman of the Board of Directors or Chairman of the Nomination and Compensation Committee is vacant, the Board of Directors shall appoint a new Chairman of the Board of Directors or Chairman of the Nomination and Compensation Committee for the remaining term of office. The terms of office of the members of the Board of Directors is set out in the table above.

3.3 Internal Organizational Structure

3.3.1 Allocation of Tasks within the Board of Directors

The Board of Directors has established a Nomination and Compensation Committee and an Audit Committee through the enactment of Organizational Regulations for the Board of Directors as well as Organizational Regulations for both the Nomination and Compensation Committee and the Audit Committee. In their respective areas, the Committees are responsible for establishing policies, periodically reviewing their implementation, supervising business activities and preparing and executing resolutions of the Board of Directors. Except for the election of the Chairman of the Board of Directors and the Chairman and members of the Nomination and Compensation Committee by the shareholders' meeting, the Board of Directors organizes itself. It appoints a Vice-Chairman of the Board of Directors, a Chairman and members of the Audit Committee following the Annual General Meeting for a term of office of one year until the end of the next Annual General

Meeting. Re-appointment is possible. The Audit Committee is composed of at least three members of the Board of Directors. The Chairman of the Board of Directors chairs the meetings of shareholders and presides over the Board of Directors. The Chairman has the following duties and powers: calling meetings of the Board of Directors and setting the agenda; supervising, complying with and implementing the resolutions of the Board of Directors; immediately informing all members of the Board of Directors in case of extraordinary events; handling information requests from other members of the Board of Directors; ensuring that, in urgent business matters where a regular Board resolution cannot be reasonably passed within the required time frame, all measures are taken to safeguard the interests of the Sunrise group; interacting with the CEO and other members of the Group Management Board outside of Board meetings; monitoring the implementation of measures decided by the Board of Directors; and representing the Board of Directors internally and externally. The Vice-Chairman assumes the powers and duties of the Chairman in the absence of the Chairman. The Chairman of the Nomination and Compensation Committee and the Chairman of the Audit Committee chair their respective Committees. The composition of the chair and Committees of the Board of Directors during 2015 was as follows:

CHAIRMAN AND VICE-CHAIRMAN	NOMINATION AND COMPENSATION COMMITTEE	AUDIT COMMITTEE
Lorne Somerville (Chairman since July 12, 2015, Vice-Chairman until July 12, 2015)	Peter Schöpfer (Chairman)	Jesper Ovesen (Chairman)
Peter Schöpfer (Vice-Chairman since July 12, 2015)	Lorne Somerville	Siddharth Patel
Dominik Koechlin (Chairman until July 12, 2015)	Jesper Ovesen (member since July 12, 2015)	Daniel Pindur
	Dominik Koechlin (member until July 12, 2015)	

3.3.2 Tasks and Areas of Responsibility of each Committee of the Board of Directors

The Nomination and Compensation Committee combines the functions of a nomination committee and a compensation committee and supports the Board of Directors in the fulfilment of its powers and duties as set forth in the law, the Articles of Incorporation and the Organizational Regulations with regard to the compensation and personnel policies of the Sunrise group. The Nomination and Compensation Committee prepares all relevant decisions of the Board of Directors related to the nomination, compensation and contracts of the members of the Board of Directors, the CEO and other members of the Group Management Board and defines the compensation and personnel policies of the Sunrise group. In particular, the Nomination and Compensation Committee has the following powers and duties:

- submitting proposals, in line with the maximum aggregate compensation limits approved by the shareholders' meeting, for individual compensation of the members of the Board of Directors based on their responsibilities and functions, for the CEO and, based on the CEO's proposal, for the other members of the Group Management Board along with respective performance metrics to the Board of Directors for approval
- on an annual basis, reviewing the performance of the CEO and assessing the performance of the other members of the Group Management Board as proposed by the CEO and, based on the evaluation, submitting proposals for respective individual compensation to the Board of Directors for approval
- proposing, on an annual basis, the maximum aggregate compensation amount in relation to each of the Board of Directors and the Group Management Board to be proposed to the Annual General Meeting for approval
- establishing the Sunrise group's compensation and personnel policies and performance criteria related to compensation with the goal of finding, encouraging and retaining employees of the Sunrise group and, by so

doing, ensuring the competitiveness and long-term success of the Sunrise group

- periodically reviewing the implementation of the compensation and personnel policies
- assessing the effectiveness, attractiveness and competitiveness of variable compensation, share compensation and pension plans and evaluating appropriate insurance plans for the members of the Board of Directors and the Group Management Board at least every two years
- reviewing the draft of the annual compensation report submitted by the Group Management Board
- succession planning, including planning and training for unforeseen and emergency situations
- determining the criteria for the selection of candidates for appointment to the Board of Directors, as Chairman of the Board of Directors or as Chairman or members of the Nomination and Compensation Committee by the shareholders' meeting, taking into account the criteria for the composition of the Board of Directors as set forth in the Swiss Code of Best Practice for Corporate Governance
- preparing the nomination of new members for the Board of Directors to be proposed to the shareholders' meeting for appointment, taking into account each proposed member's experience, independence, compatibility with other members, culture and other commitments
- evaluating candidates for the position of CEO and, together with the CEO, evaluating candidates for the Group Management Board other than the CEO
- reviewing mandates outside of the Sunrise group of members of the Board of Directors and the Group Management Board
- annually reviewing the independence of the members of the Board of Directors and its committees
- submitting compensation proposals for the Head of Internal Audit to the Board of Directors for approval

The Audit Committee supports the Board of Directors in the fulfilment of its powers and duties as set forth in the law, the Articles of Incorporation and the Organizational Regulations with regard to financial controls (monitoring of financial reporting, supervision of internal and external auditing), as well as supervision of persons entrusted with the management of the Sunrise group (internal control system). The Audit Committee has the following powers and duties in particular:

- assessing and proposing to the Board of Directors the consolidated financial statements, statutory financial statements and management report of Sunrise Communications Group AG to be proposed to the Annual General Meeting for approval
- reviewing the integrity of the financial reporting processes and internal controls and their compliance with applicable standards
- reviewing significant financial risk exposures and measures undertaken by management to monitor, control and report such exposures
- determining the audit plan for a period of several years as well as the scope of the internal and external audits
- discussing audit reports with internal and external auditors and management and monitoring the implementation of the auditors' findings
- assessing the performance and collaboration of internal and external auditors
- preparing the nomination of external auditors to be proposed to the Annual General Meeting for election
- annually reviewing the fees and independence of external auditors
- reviewing the independence of the Internal Audit department from the Group Management Board and the units to be audited
- reviewing and approving the guidelines, activities, budget, organizational structure and qualifications of the Internal Audit organization
- submitting proposals concerning the appointment, replacement and dismissal of the Head of Internal Audit to the Board of Directors for approval
- assessing and further developing the internal control system
- reviewing reports on risk assessment and risk management submitted by management
- reviewing processes undertaken by management to monitor significant risks
- monitoring and further developing corporate governance

3.3.3 Working Methods of the Board of Directors and its Committees

According to the Organizational Regulations, the Board of Directors convenes upon invitation by the Chairman or, in his/her absence, by the Vice-Chairman whenever required by business, ordinarily six to eight times a year. Meetings may also be called at the request of a member of the Board of Directors, the CEO or another member of the Group Management Board with explanation of the reasons for the request. The Board of Directors may pass resolutions if the majority of its members are in attendance. Attendance may also take place by telephone, video-conferencing or other electronic media. No quorum is required if only resolutions regarding the implementation of a capital increase and subsequent amendments to the Articles of Incorporation are to be passed. Except as provided by the Organizational Regulations, the Board of Directors passes resolutions with the majority of the votes cast. In the event of a tie, the Chairman of the meeting casts the deciding vote. Resolutions may also be passed by circular resolution, whether in writing, by facsimile or by e-mail, provided that no member requests deliberations in a meeting. The Board of Directors met eleven times in person in 2015. Daniel Pindur was excused from three meetings. Siddharth Patel, Daniel Pindur and Peter Schöpfer each attended one meeting by phone instead of in person. Physical meetings in general last for seven hours. Nine phone conferences were held in 2015 with no absences. Phone conferences in general last for one hour. Thirteen circular resolutions were passed in 2015.

The Nomination and Compensation Committee meets whenever required by business, but at least three times per year. The Nomination and Compensation Committee met two times in 2015 with no absences. Physical meetings in general last for three hours. One phone conference of one hour was held in 2015 with no absences. Four circular resolutions were passed in 2015.

The Audit Committee meets whenever required by business, but at least four times per year. The Audit Committee held four meetings in 2015. Siddharth Patel was excused from one meeting. Physical meetings in general last for four hours. No phone conferences were held and no circular resolutions were passed in 2015.

The meetings of the Nomination and Compensation Committee and the Audit Committee are called by the Chairman of the respective Committee or, in his/her absence, by the most senior member of the Committee. Meetings may also be called at the request of a member of the Committee with explanation of the reasons for the request. A committee may pass resolutions if the majority of its members are in attendance. Attendance may also take place by telephone, video-conferencing or other electronic media. Resolutions are passed by a majority of the votes cast. In the event of a tie, the Chairman of the meeting casts the deciding vote. Resolutions may also be passed by circular resolution, whether in writing, by facsimile or by e-mail, provided that no member requests deliberations in a meeting.

The CEO, the CFO and other members of the Group Management Board may be invited by the respective Chairman to participate in meetings of the Board of Directors, the Nomination and Compensation Committee and the Audit Committee on a consultative basis. The Audit Committee holds meetings exclusively with representatives of the internal and external auditors.

The Nomination and Compensation Committee reports to the Board on its activities on a regular basis and submits the necessary proposals and recommendations to the Board of Directors. It assists the Board of Directors in conducting an annual review and evaluation of the performance of the Board of Directors and its committees. The Audit Committee reports to the Board of Directors at each meeting of the Board of Directors on its activities and on matters that are within its area of responsibility and submits the necessary proposals and recommendations to the Board of Directors.

The Nomination and Compensation Committee reports to the Board of Directors at least once per year on succession planning, including planning and training for unforeseen and emergency situations, and management development for members of the Group Management Board.

Newly elected members of the Board of Directors receive orientation training appropriate to their functions. Existing members of the Board of Directors receive regular training with respect to their responsibilities as member of the Board of Directors and its committees.

3.4 Definition of Areas of Responsibility between the Board of Directors and Executive Management

The Board of Directors has delegated the executive management of the Company, unless otherwise provided by law, the Articles of Incorporation and the Organizational Regulations, to the CEO. As part of the executive management duties delegated to the CEO pursuant to the Organizational Regulations, the CEO is responsible for the Company's overall business and affairs and has final authority in all management matters not reserved for the Board of Directors under the law, the Articles of Incorporation and the Organizational Regulations. The CEO is responsible for implementing all resolutions of the Board and supervising all management levels in the company. The CEO must ensure the successful long-term market- and value-oriented management and development of the Sunrise group. The CEO acts as the head of the other members of the Group Management Board appointed and removed by the Board of Directors at the recommendation of the CEO and the Nomination and Compensation Committee. Within the Group Management Board, the CEO is the contact person for the Chairman and the other members of the Board of Directors. He represents and coordinates the positions of the Group Management Board vis-à-vis the Board of Directors. In matters requiring approval by the Board of Directors, the CEO submits corresponding proposals to the Board and ensures the implementation of the resolutions passed. The CEO provides information to the other members of the Group Management Board concerning the resolutions, suggestions and wishes of the Board of Directors. The CEO represents the Sunrise group, both internally and externally.

3.5 Information and Control Instruments vis-à-vis the Executive Management

In each meeting of the Board of Directors, the Board of Directors is informed by the CEO, the CFO and other members of the Group Management Board on the current state of the business, financial results, material developments and important business transactions affecting the company. This includes, but is not limited to, consolidated annual budgets, quarterly reports with budget comparison, profit and loss forecasts, quarterly financial projections, monthly key performance index reports and strategic risk management reports (annually with quarterly updates to the Audit Committee). The Audit Committee receives, and the Board of Directors approves, the quarterly financial results. The Audit Committee receives quarterly compliance, legal, regulatory and information security reports. Once a year, the Nomination and Compensation Committee receives information on the implementation of compensation and personnel policies by the Group Management Board as well as information on personnel development and corresponding measures at management levels below the Group Management Board. The Audit Committee has direct access to the Internal Audit department and may obtain information required by it within the Sunrise group and question the responsible employees. The Board carries out an annual review of the principles of compliance applicable to the Board of Directors, its Committees, the Group Management Board and the Sunrise group to determine whether such principles are sufficiently well known and consistently followed.

3.6 Internal Audit

The Internal Audit department provides the Audit Committee in particular and the Board of Directors and Group Management Board of Sunrise Communications Group AG in general with an independent review of the business processes and controls necessary to manage the risks of the company. It is an independent assurance function that examines and evaluates the adequacy and effectiveness of internal controls in line with the Internal Audit Charter approved by the Board of Directors. To

ensure its independence, the Head of Internal Audit reports administratively to the Chief Financial Officer and functionally to the Chairman of the Audit Committee.

Internal Audit provides an objective and effective value-added internal audit service through a systematic and disciplined approach by assisting management in controlling risks, monitoring compliance and improving the efficiency and effectiveness of internal control systems and governance processes. As part of its duties, it prepares an annual plan approved by the Audit Committee, carries out all the necessary activities to ensure that audits are conducted in an effective and professional manner, documents audit findings and monitors the implementation of corrective measures. Regular reports highlighting significant audit findings and recommendations and summarizing internal audit activities are provided to the management teams and Audit Committee meetings at least on a quarterly basis.

To achieve maximum assurance and avoid duplication of audit efforts, Internal Audit coordinates its annual audit plan and activities with those of the external auditors. External auditors have unrestricted access to the audit reports of Internal Audit.

Internal Audit adheres to standards of best professional practice such as the Standards of Professional Practice of Internal Auditing.

4 Group Management Board

The composition of the Group Management Board during 2015 is set out on the following pages.

No member of the Group Management Board carried out any tasks for Sunrise Communications Group AG or any of its subsidiaries before having been appointed as member of the Group Management Board, except for Libor Voncina who acted as advisor to the Board of Directors as of September 2012 before being appointed as CEO in January 2013.

According to Article 23 of the Articles of Incorporation, no member of the Group Management Board may hold more than one additional mandate in a listed company and more than five mandates in non-listed companies. For the purposes of such provision, mandates of a member of the Group Management Board of Sunrise Communications Group AG in legal entities outside the Sunrise group which are under common control as well as mandates held by such member in his or her capacity as a member of the supreme governing body or of the group management of a legal entity outside the Sunrise group or held by order and on behalf of such a legal entity or legal entities controlled by it shall be deemed one mandate outside the Sunrise group.

The following mandates are not subject to these limitations:

- mandates in companies controlled by Sunrise Communications Group AG or which control Sunrise Communications Group AG
- mandates held at the request of Sunrise Communications Group AG or companies controlled by it, whereby no member of the Group Management Board may hold more than ten such mandates and
- mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations, whereby no member of the Group Management Board may hold more than six such mandates.

“Mandates” within the meaning of Article 23 of the Articles of Incorporation are mandates in the supreme governing body of any legal entity that is required to be entered in the commercial register or corresponding foreign register of companies. Any mandate of a member of the Group Management Board in a legal entity outside the Sunrise group is subject to prior approval by the Board of Directors of Sunrise Communications Group AG, or, where delegated to it, the Nomination and Compensation Committee.

No member of the Group Management Board of Sunrise Communications Group AG exceeds any limits for additional mandates.

As of December 31, 2015, Sunrise Communications Group AG had not entered into management contracts with companies (or natural persons) not belonging to the Sunrise group.

Libor Voncina



Title and function
Chief Executive Officer
(CEO)

Year of birth
1963

Nationality
Slovenian

Education

1993: MBA, International Institute for Management Development (IMD), Lausanne, Switzerland

1989: Bachelor of Electrical Engineering, University of Ljubljana, Slovenia

Professional Background

Since 2013: Sunrise Communications AG, Zurich, Switzerland, Chief Executive Officer

2011–2013: Leaderman, Brussels, Belgium, Managing Director

2006–2011: KPN Group Belgium, Brussels, Belgium, Chief Executive Officer

2004–2006: Telekom Slovenije, Ljubljana, Slovenia, President of the Management Board

2000–2003: Avaya, Brussels, Belgium, Vice President of Services, Europe, Middle East and Africa (EMEA), Vice President, Western Europe

1996–2000: Lucent Technologies Enterprise Networks EMEA, Vienna, Austria, and Brussels, Belgium

1994–1996: IBM Central Europe & Russia Inc., Vienna, Austria

1990–1993: ITS Intertrade (IBM General Marketing and Sales Representative), Ljubljana, Slovenia

1989–1990: Iskra Avtomatika, R&D Institute, Ljubljana, Slovenia

André Krause



Title and function
Chief Financial Officer
(CFO)

Year of birth
1970

Nationality
German

Education

1996: BA in Economics, Bielefeld University, Germany

1992: Follmann GmbH & Co. KG, Minden, Germany, Industrial Management Training, SAP Implementation Project

Professional Background

Since 2011: Sunrise Communications AG, Zurich, Switzerland, Chief Financial Officer

2006–2011: O2 Germany GmbH, Munich, Germany, Chief Financial Officer

2004–2006: O2 Germany GmbH, Munich, Germany, Vice President, Strategy & Consulting

1999–2004: McKinsey & Company, Inc., Düsseldorf, Germany, Associate Principal and member of the TIME (Telecom, IT, Media) practice

1997–1999: Arthur Andersen, Düsseldorf, Germany, Assistant, Computer Risk Management and Auditing

Other activities and functions

Since 2014: Tele Columbus, Berlin, Germany (listed), Member of the Board of Directors and Chairman of the Audit Committee

Tim Degenhardt



Title and function
Chief Commercial Officer
(CCO)

Year of birth
1969

Nationality
Swiss/German

Education

1997: MSc in Marketing Management,
Nottingham Business School, UK

1995: Diploma in Marketing, Chartered
Institute of Marketing, London, UK

Professional Background

Since 2013: Sunrise Communications
AG, Zurich, Switzerland, Chief
Commercial Officer, Chief Marketing
Officer

2010–2011: Aizo Group AG, Schlieren,
Switzerland, Chief Executive Officer

2007–2010: E.ON AG, Düsseldorf,
Germany, Senior Vice President,
Marketing & Sales

2004–2007: Orange Communications
SA, Renens, Switzerland, Vice President,
Marketing & Solutions, Vice President,
Marketing & Communication

1995–2004: American Express
Switzerland, Chief Marketing Officer
Swisscard, Zurich, Switzerland; Director,
Marketing & Advertising, Global
Network Services, New York, USA;
Senior Marketing Manager,
Cardmember Acquisition Europe,
London, UK

Other activities and functions

Since 2013: iMusician Digital AG,
Zurich, Switzerland (not listed),
Member of the Board of Directors

Since 2013: Tessaro AG, Kilchberg ZH,
Switzerland (not listed), Member of the
Board of Directors

Elmar Grasser



Title and function
Chief Operating Officer
(COO)

Year of birth
1965

Nationality
Italian

Education

1992: Graduate degree (Dipl. Ing.) in
Computer Science, Vienna University of
Technology, Austria

Professional Background

Since 2013: Sunrise Communications
AG, Zurich, Switzerland, Chief
Operating Officer

2008–2013: Orange Austria
Telecommunication GmbH, Chief
Technical Officer

2006–2007: E-Plus Mobilfunk GmbH &
Co. KG, Düsseldorf, Germany, KPN
Mobile International, Brussels, Belgium,
Chief Technical Officer

2004–2006: tele.ring Telekom Service
GmbH, Vienna, Austria, Chief Technical
Officer

2000–2004: O2 Limited London/
O2 Germany, Munich, Germany, Vice
President, Product Development

1996–2000: Iridium Communications
Germany, GmbH, Düsseldorf, Germany;
Iridium Services Europe GmbH & Co.
KG, Executive Director, Engineering

1995: European Telecommunication
Standardization Institute, Sophia
Antipolis, France, Technical Expert, ETSI
GSM Standardization, Project Team 12

1993–1994: Siemens Stromberg
Carlsson, Boca Raton, FL, USA, Siemens
representative in the TIA
(Telecommunications Industry
Association) and ANSI (American
National Standards Institute)

1992–1993: Siemens AG, Vienna,
Austria, Program and Systems
Engineering, GSM Mobile Division

Markus Naef



Title and function
Chief Commercial Officer
Business (CCB)

Year of birth
1969

Nationality
Swiss

Education

1997: Master of Law (lic. iur. HSG)
1995: MSc in Economics (lic. oec. HSG)

Professional Background

Since 2014: Sunrise Communications
AG, Zurich, Switzerland, Chief
Commercial Officer of Business

2012–2014: 20th Century Fox,
Moscow, Russia, Country
Manager/Managing Director

2009–2014: 20th Century Fox, Zurich,
Switzerland, Country Manager/
Managing Director

2000–2008: Orange Communications
SA, different positions including:
2005–2008: Director of Marketing
2001–2008: Corporate Secretary
2002–2005: Deputy VP of Finance &
Administration/Chief Financial Officer
Orange
2001–2005: General Counsel
2000–2001: Senior Legal Counsel,
Deputy General Counsel

1999–2000: Consultancy work in
New York and Miami, co-founder of a
start-up/joint venture with the Zurich
Retail Association

1998–1999: Zürcher Blickenstorfer &
Widmer, Attorneys at Law (Zurich),
Legal Counsel

Other activities and functions

Since 2010: Zattoo Schweiz AG, Bäch,
Switzerland (not listed), Member of
the Advisory Board

Massimiliano Nunziata



Title and function
Chief Customer
Experience Officer (CCE)

Year of birth
1969

Nationality
Italian

Education

1992: MSc in Electrotechnical
Engineering with specialization in
Telecommunications, Swiss Federal
Institute of Technology (ETH), Zurich,
Switzerland

Professional Background

Since 2013: Sunrise Communications
AG, Zurich, Switzerland, Chief
Customer Experience Officer

2013: Meridiana Fly, Milan, Italy, Chief
Integration Officer

2005–2012: GE Capital, Milan, Italy,
Managing Director, Equipment
Financing & Fleet Services

2002–2005: GE Capital Equipment
Financing, London, UK, Program
Manager (Vendor Finance) – Europe

2000–2001: GE Capital Equipment
Financing, London, UK, Director of
Operations – Europe

1998–2000: GE Capital Equipment
Financing, London, UK, Quality (Six
Sigma) Leader – Europe

1996–1998: GE Capital, London, UK
and Tokyo, Japan, Director of Business
Development (M&A)

1995–1996: GE Corporate, Stamford,
CT, USA, Associate Auditor, Corporate
Audit Staff

1992–1995: Procter & Gamble,
European Technical Center, Brussels,
Belgium, Project Manager

Sebastian Prange



Title and function
Chief Sales Officer (CSO)

Year of birth
1973

Nationality
German

Education

2000: Master of Industrial Engineering, University of Karlsruhe (TU), Germany

1994: German Army, Lieutenant (Reserve Officer), Paratroopers, 3./251, Calw, Germany

Professional Background

Since 2013: Sunrise Communications AG, Zurich, Switzerland, Chief Sales Officer

2011–2012: Orange Communications SA, Zurich/Lausanne, Switzerland, Vice President, Consumer Sales

2006–2011: Telefónica O2, Munich, Germany, Vice President, O2 Shops

2003–2006: Telefónica O2, Munich, Germany, Executive Assistant to the CEO of O2 Germany

2000–2003: Gemini Consulting/Cap Gemini Strategic Consulting, Munich, Germany/London, UK/Bratislava, Slovakia, Senior Consultant

1999: Precision Laboratories Inc., Chicago, IL, USA, Marketing Manager

1998: Bosch Braking Systems S.A., Paris, France, Freelancer/Consultant

Detlef Steinmetz



Title and function
Chief Information Officer (CIO)
(until November 24, 2015)

Year of birth
1967

Nationality
German

Education

1990–1994: Electrical Engineering, Armed Forces University Munich

Professional Background

2013–2015: Sunrise Communications AG, Zurich, Switzerland, Chief Information Officer

2008–2013: Deutsche Telekom AG, Bonn, Germany:

2012–2013: T-Systems International GmbH, Senior Vice President, IT Solutions, GHS/ERP

2011–2012: Telekom Deutschland GmbH, Senior Vice President, IT Solutions, Rating & Billing

2010: Telekom Deutschland GmbH, Senior Vice President, IT Solutions, Portals & Sales

2008–2010: T-Mobile Deutschland GmbH, Senior Vice President, IT, Enablers

2000–2008: telegate AG, Munich, Germany: telegate group, Chief Technology Officer (CTO); datagate GmbH, Managing Director; telegate Auskunftsdienste GmbH, Managing Director; 11880 telegate GmbH Austria, Managing Director

1998–2000: NETnet, Munich, Germany, and Vienna, Austria, Area Director of Operations, Central Europe; NETnet Telekommunikationssysteme GmbH Germany, Managing Director of Operations; NETnet Telekommunikation GmbH Austria, Managing Director of Operations

1996–1998: TELiT, Munich, Germany, Project and Branch Manager

1995–1996: Pluskom GmbH, Schwieberdingen (Stuttgart), Germany, Project and Sales Engineer

1989–1995: Naval Officer, Munich, Germany, Deutsche Bundeswehr

5 Compensation, Shareholdings and Loans

For information regarding compensation, shareholdings and loans, please consult the Compensation Report.

6 Shareholder Rights

6.1 Voting Rights

Each share of Sunrise Communications Group AG carries one vote at a shareholders' meeting. Voting rights may be exercised only after a shareholder has been registered in Sunrise Communications Group AG's share register (German: Aktienbuch) as a shareholder with voting rights. Acquirers of shares are, upon request and presentation of evidence of the transfer, registered as shareholders with voting rights in the share register only if they explicitly declare that they hold the shares in their own name and for their own account. For this purpose, Article 5 of the Articles of Incorporation requires that Sunrise Communications Group AG maintain a share register listing the owners, usufructuaries and nominees of registered shares, including name, address and nationality (in case of companies with registered offices). The persons listed in the share register are deemed to be shareholders, usufructuaries or nominees in relation to Sunrise Communications Group AG. Sunrise Communications Group AG recognizes only one proxy per share. The Board of Directors has the power to delete entries in the share register retroactively as of the date of the entry if the entry was made on the basis of false information. Before deleting an entry, it may give the shareholder or nominee in question the opportunity to argue against the deletion. The shareholder or nominee in question will be informed of the deletion without delay. The share register is closed three trading days before the date of the Annual General Meeting, up to and including the day of the meeting. Nonetheless, deletions from the share register may be made during the period that the share register is closed.

6.2 Convocation of the Meeting of Shareholders

Shareholder's meetings of Sunrise Communications Group AG are announced by the Board of Directors through official publication in the Swiss Official Gazette of Commerce (German: Schweizerisches Handelsamtsblatt) no less than twenty days prior to the date of the meeting. Notices may also be mailed to the shareholders listed in the share register. One or more shareholders of Sunrise Communications Group AG together representing at least 3% of the total share capital outstanding at the time may request an

extraordinary shareholders' meeting in writing to the Board of Directors including indication of the agenda items and associated motions. Shareholders representing at least 1% of the total share capital outstanding at the time may request that items be included in the agenda. Such requests must be made at least 40 days prior to the meeting in writing and include a list of the items to be added to the agenda and the associated motions. The invitation to the shareholders' meeting states the day, time and place of the meeting, the agenda items as well as the motions of the Board of Directors and of the shareholders who requested the shareholders' meeting or the inclusion of an item in the agenda.

6.3 Representation at the Meeting of Shareholders

At shareholders' meetings of Sunrise Communications Group AG, shareholders may be represented by their statutory proxy, another shareholder with voting rights or the independent proxy elected by the Annual General Meeting. Shareholders may grant proxies electronically and instruct the independent proxy on both

- agenda items included in the invitation to the shareholders' meeting and
- new motions which were not disclosed in the invitation to the shareholders' meeting.

The independent proxy may only exercise the voting rights granted by the shareholder in accordance with the shareholder's instructions. Absent express voting instructions, the independent proxy is required to abstain from voting. The independent proxy is elected annually by the Annual General Meeting for a term of office of one year until the end of the next Annual General Meeting.

6.4 Statutory Quorum Requirements

The shareholders' meeting passes resolutions and carries out elections by absolute majority of the votes cast, excluding any abstentions, blank or invalid votes. However, in accordance with the specific quorum requirements under the Swiss Code of Obligations and the Articles of Incorporation, the following actions require the approval of shareholders holding at least two-thirds of the votes represented at such meetings:

- changes to the Company's purpose
- creation of shares with privileged voting rights
- restriction of the transferability of registered shares
- authorized or conditional capital increases
- increase of capital out of equity (German: Kapitalerhöhung aus Eigenkapital), against contributions in kind (German: Sacheinlage) or for the purpose of acquiring assets (German: Sachübernahme) and granting special benefits (German: Gewährung besonderer Vorteile)
- limitation or withdrawal of preemptive rights
- a change of registered offices of the Company and
- dissolution of the Company

The Articles of Incorporation do not provide for stronger majority requirements than envisaged by law.

7 Change of Control Provisions

7.1 No Opting Out, no Opting Up

Pursuant to the applicable provisions of the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act, SESTA), which with effect of January 1, 2016, has been replaced by the Federal Act on Financial Market Infrastructure and Market Conduct in Securities and Derivation Trading (Financial Market Infrastructure Act, FMIA), if a person acquires shares of a company listed on the SIX Swiss Exchange, whether directly or indirectly or acting in concert with third parties, which, when added to the shares already held by such person, exceed the threshold of $\frac{1}{3}$ of the voting rights (whether exercisable or not) of such company, that person must make a bid to acquire all of the listed shares of such a company. A company's articles of incorporation may either eliminate this provision of the SESTA/FMIA or may raise the relevant threshold to 49% ("opting out" or "opting up", respectively). Sunrise Communications Group AG's Articles of Incorporation do not contain applicable opting-out or opting-up provisions.

7.2 Change of Control

There are no change-of-control clauses benefiting members of the Board of Directors, members of the Group Management Board or other members of the Management of Sunrise Communications Group AG. Employment contracts given to members of the Group Management Board do not provide notice periods exceeding 12 months, commissions for the acquisition or transfer of enterprises or severance payments.

8 Auditor

8.1 Duration of the Mandate and Term of Office of the Lead Auditor

The Sunrise group's consolidated financial statements for the fiscal year ended December 31, 2015, have been audited by Ernst & Young AG, Zürich (since the incorporation of Sunrise Communications Group AG). Ernst & Young S.A., Luxembourg, has been the auditor of Sunrise Communications Holdings S.A. since fiscal year 2012. The auditor is elected annually by the Annual General Meeting of Sunrise Communications Group AG. The lead auditor is André Schaub (since 2015).

8.2 Audit Fees

The total audit fees for the fiscal year 2015 amount to CHF 796,000 (2014: CHF 638,000).

8.3 Additional Fees

The additional fees for audit-related services totaling CHF 582,000 (2014: 84,000) primarily comprise services in connection with comfort letter procedures related to the initial public offering. Additional fees for tax services totaling CHF 2.186 million (2014: 23,000) are related to services in connection with re-financing and reorganization of the Group structure.

8.4 Supervisory and Control Instruments Pertaining to Audits

The Board of Directors of Sunrise Communications Group AG meets with the auditor on a regular basis (at least four times a year) during the Audit Committee meetings. Once a year, the auditor presents to the Audit Committee a detailed report on the financial statement audit, including findings of significant financial accounting, reporting and internal control system issues. The auditor also confirms its independence from the Sunrise group in that report. Each year, the Audit Committee reviews the appropriateness of retaining Ernst & Young as the Sunrise group's auditor prior to proposing the reappointment of Ernst & Young to the Annual General Meeting. Audit fees

are ultimately approved by the Audit Committee. To ensure independence throughout the year, any additional and audit-related services provided by the auditor require the approval of the Audit Committee.

9 Information Policy

Sunrise Communications Group AG engages in transparent, open and regular communication with its shareholders, the capital market and the general public. Throughout the year, Sunrise Communications Group AG publishes its annual results and interim reports (half-yearly and quarterly) on the dates listed in the financial calendar published on the Sunrise Investor Relations website at www.sunrise.ch/ir. Press releases and ad-hoc publications containing potentially price-sensitive information are published regularly and in accordance with the rules of the SIX Swiss Exchange. All interim reports, company press releases and ad-hoc publications are also available on the Sunrise website, as are push subscription services for all such publications. Printed annual reports are available upon request. For further information please contact the investor relations department at phone number +41 58 777 96 86 or e-mail investor.relations@sunrise.net. For media enquiries please contact Corporate Communications at phone number 0800 333 000 (+41 58 777 76 66 from outside of Switzerland) or e-mail media@sunrise.net.

Important dates for 2016

Publication of the 2015 annual financial results: March 10, 2016

Annual General Meeting: April 15, 2016

Publication of 2016 half-year report: August 25, 2016

10 Subsequent Events after December 31, 2015

On February 19, 2016, Sunrise Communications Group AG was informed by Allianz SE that it holds 10.02 % of the voting rights and of the registered share capital of Sunrise Communications Group AG.

On March 10, 2016, Sunrise announced that Libor Voncina will be stepping down as CEO and be succeeded by Olaf Swantee as new CEO on May 9, 2016.

On March 10, 2016, Sunrise announced that the Board of Directors proposes to the Annual General Meeting on April 15, 2016, the re-election of all members of the Board of Directors, except for Dr. Daniel Pindur and Siddharth Patel who have declined re-election. Furthermore, the Board of Directors proposes the election of Dr. Peter Kurer, Michael Krammer and Robin Bienenstock as new members of the Board of Directors. The Board of Directors proposes the election of Dr. Peter Kurer as Chairman and as member of the Nomination and Compensation Committee.

Compensation Report

The Sunrise compensation framework is based on the company values fairness, transparency and customer orientation and is aligned with the company's strategy and financial goals. The Compensation Report is compliant with the Directive on Information Relating to Corporate Governance issued by SIX Swiss Exchange, along with the Ordinance against Excessive Compensation in Public Companies as well as the Swiss Code of Best Practice for Corporate Governance.

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Compensation Report

1 Introduction

The Sunrise compensation framework is based on the Sunrise values of fairness, transparency and customer orientation and is aligned with the Sunrise strategy and financial goals. It applies to all employees, including the Group Management Board, and aims at attracting, motivating and retaining talent. It rewards short- and long-term success, both in terms of the performance of the company as a whole as well as the individual's contributions to the business, thus fostering a culture of high performance. Compensation is subject to a formal annual performance management process with the purpose of aligning individual, team and organizational targets.

With the initial public offering (IPO) of February 6, 2015, the Sunrise compensation models were reviewed and new long-term incentive plans were introduced to balance short- and long-term commitment and compensation, as well as to ensure the continued alignment of the interests of management and employees, shareholders and other stakeholders. The long-term incentive plans offer Group Management Board and selected Other Top Management members the opportunity to invest a portion of their short-term incentive into shares as a way to participate in the long-term success of Sunrise.

In 2015 Sunrise achieved its qualitative goals and was successful in acquiring new residential as well as business customers, strengthening customer satisfaction and improving the quality of its infrastructure. Nevertheless, the company's financial targets were not fully achieved. This is reflected in the lower individual payout to Group Management Board members. In order to increase efficiency, further improve service delivery, boost customer satisfaction and set basis for growing customer base, a significant reorganization took place at the end of Q3 to prepare for strategic challenges and increased competitive market conditions.

The 2015 Compensation Report will be submitted for an advisory vote by the shareholders at the Annual General Meeting on April 15, 2016. Shareholders will thus have an opportunity to express their opinion on how the Board of Directors has determined actual payouts for business year 2015. While Sunrise believes that it has a well-balanced compensation system in place, the Company will carefully take into account any feedback received from shareholders as part of this advisory vote.

At the 2016 Annual General Meeting, shareholders will also be asked to approve the compensation of the Board of Directors for the period prior to the 2017 Annual General Meeting, as well as the maximum compensation amount for the Group Management Board for the business year ending December 31, 2017.

Sunrise is committed to providing shareholders with a real say-on-pay. Therefore, shareholders determine compensation budgets for future years and can voice their opinions on the use of these budgets in an advisory capacity each year.

The Compensation Report is subject to and is compliant with the Directive on Information Relating to Corporate Governance and its annex (Corporate Governance Directive) and the commentary issued by SIX Swiss Exchange, along with the Ordinance against Excessive Compensation in Public Companies (Compensation Ordinance) as well as the Swiss Code of Best Practice for Corporate Governance.

2 Compensation Governance

2.1 Rules regarding Compensation in the Articles of Incorporation

The Sunrise Articles of Incorporation (www.sunrise.ch/governance/principles) contain provisions regarding the approval of compensation by the General Meeting (Article 8), the powers and duties of the Nomination and Compensation Committee (Article 17), general principles of compensation (Article 20), approval of maximum compensation for the members of the Board of Directors and the Group Management Board (Article 21), additional amounts for new members of the Group Management Board (Article 22), agreements with members of the Board of Directors and the Group Management Board (Article 24) and loans and credits to members of the Board of Directors and the Group Management Board (Article 25).

2.2 Nomination and Compensation Committee

The Nomination and Compensation Committee (NCC) is entrusted with supervision and governance of Sunrise compensation programs and policies, compensation of the Group Management Board as well as the evaluation of new Group Management Board members as set out in Corporate Governance – Tasks and Areas of Responsibility of each Committee of the Board of Directors (page 44).

The NCC consists of at least three members of the Board of Directors. The members of the NCC and the Chairman of the NCC are elected individually each year by the respective General Meeting in accordance with the law and the Articles of Incorporation.

The powers and duties of the NCC related to compensation are outlined in the Organizational Regulations of the Board of Directors, Section 4.6 (www.sunrise.ch/governance/principles), the Organizational Regulations of the NCC, Section 2.2.4, and are in accordance with the Articles of Incorporation, Article 17 (www.sunrise.ch/governance/principles).

According to the Organizational Regulations of the Board of Directors, Section 4.6.3, the decision-making powers regarding the compensation of the members of the Board of Directors and the Group Management Board are outlined in the table below.

SUBJECT	NOMINATION AND COMPENSATION COMMITTEE	BOARD OF DIRECTORS	GENERAL MEETING
Compensation Report	A	E	E (consultative)
Compensation of the Board of Directors	A	A	E
Compensation of the Group Management Board	A	A	E
Additional amounts for new members of the Group Management Board	A	E	
Decision on individual compensation of the members of the Board of Directors	A	E	
Decision on individual compensation of the CEO and other members of the Group Management Board	A	E	

Legend: A = Applicant, E = Decision

2.3 Process for Determining Compensation

In general, the NCC evaluates and prepares the compensation guidelines and the applicable performance criteria with regard to compensation and submits corresponding proposals to the Board of Directors. Furthermore, the Board of Directors is regularly informed by the NCC on its activities. The NCC assesses the effectiveness, attractiveness and competitiveness of compensation plans at least every two years.

In accordance with these compensation guidelines, the NCC recommends remuneration for the Board of Directors for the period prior to the Annual General Meeting in the following year and for the Group Management Board for the following business year, in line with the maximum aggregate compensation and subject to approval by the General Meeting. Article 22 of the Articles of Incorporation (www.sunrise.ch/governance/principles) provides additional amounts for compensating members of the Group Management Board who are appointed after the maximum aggregate compensation is approved by the General Meeting.

Discussions and decisions by the Board of Directors or the NCC regarding the compensation of Group Management Board members are resolved in the presence of the CEO and the HR Director, who do not have voting rights.

2.4 NCC Meetings

As this was the first post-IPO year, the Board of Directors, NCC, CEO and the entire Group Management Board held regular discussions to ensure smooth decision-making.

In 2015 the NCC held two physical meetings and one telephone conference relating to compensation:

January 23, 2015: Meeting

Attendees: Peter Schöpfer (Chairman of the NCC), Lorne Somerville, Dominik Koechlin

In the first NCC meeting in preparation for the IPO, the NCC decided on its organization. The NCC also finalized all recommendations to the Board of Directors regarding the 2015 remuneration of the Group Management Board (base salary, short-term incentive, etc.), the Group Management Board master contract as well as individual contracts for each Group Management Board member, the plan rules for the Management Long-Term Investment Programs MLTIPZero and MLTIP (see 3.2.3.2), the nomination of participants in the MLTIPZero/MLTIP and the plan rules for the Employee Share Purchase Program (ESPP). The NCC also recommended the approval of the external mandates

of the Board of Directors and the Group Management Board. All recommendations were approved by the Board of Directors.

February 12, 2015: Circular resolution of the NCC

The NCC reviewed and recommended for approval via circular resolution to the Board of Directors the summary target achievement results for 2014 for individual Group Management Board members, the target achievement results for 2014 for the company as a whole as well as individual 2015 targets for Group Management Board members.

August 12, 2015: Telephone conference

Attendees: Peter Schöpfer (Chairman of the NCC), Lorne Somerville, Jesper Ovesen

The NCC finalized its recommendation to the Board of Directors regarding the Sunrise restructuring program and the adapted Corporate Governance meeting structure.

November 10, 2015: Meeting

Attendees: Peter Schöpfer (Chairman of the NCC), Lorne Somerville, Jesper Ovesen

The NCC gave guidance for the preparation of year-end processes for 2015/2016: 2015 target achievement results for Group Management Board members and guiding principles for setting targets for the company as a whole as well as individual targets for Group Management Board members for 2016.

The NCC meeting to finalize its recommendation regarding the 2015 target achievement results took place on January 28, 2016. During the same meeting, 2016 target setting recommendations for the Group Management Board were discussed.

The NCC held three meetings. All appointed members participated in these meetings. Due to the passing away of Dominik Koechlin in July 2015, Jesper Ovesen, member of the Board of Directors, was appointed as Dominik Koechlin's substitute until the completion of the next Annual General Meeting.

3 Compensation System

3.1 Principles

Sunrise has set itself the goal of paying all employees including the Board of Directors and the Group Management Board (GMB) by targeting the median compensation of relevant comparison groups. Compensation levels and structures are benchmarked on a regular basis.

With regard to compensation for the Board of Directors and Group Management Board, Sunrise obtained advice and benchmark data from PricewaterhouseCoopers (PwC) on companies in the Swiss Market Index SMIM (PwC also has tax advice and accounting mandates for Sunrise). A subset of particularly relevant companies was selected from the SMIM. This subset of SMIM companies, along with a direct competitor in the Swiss telco market (see list below), is considered the group of companies most comparable to Sunrise in terms of size, complexity and labor market¹.

¹ ams AG; Bâloise Holding AG; Georg Fischer AG; Logitech International AG; Nobel Biocare AG; OC Oerlikon Corp AG; PSP Swiss Property AG; Sonova Holding AG; Straumann Holding AG; Swiss Prime Site AG; Temenos Group AG; Swisscom AG.

Sunrise is mindful of the fact that pay level comparisons must also take into account differences in compensation structure. While, generally speaking, the companies in the SMIM differ in terms of their compensation structures, Sunrise considered their pay structures similar enough to allow for meaningful pay level benchmarking.

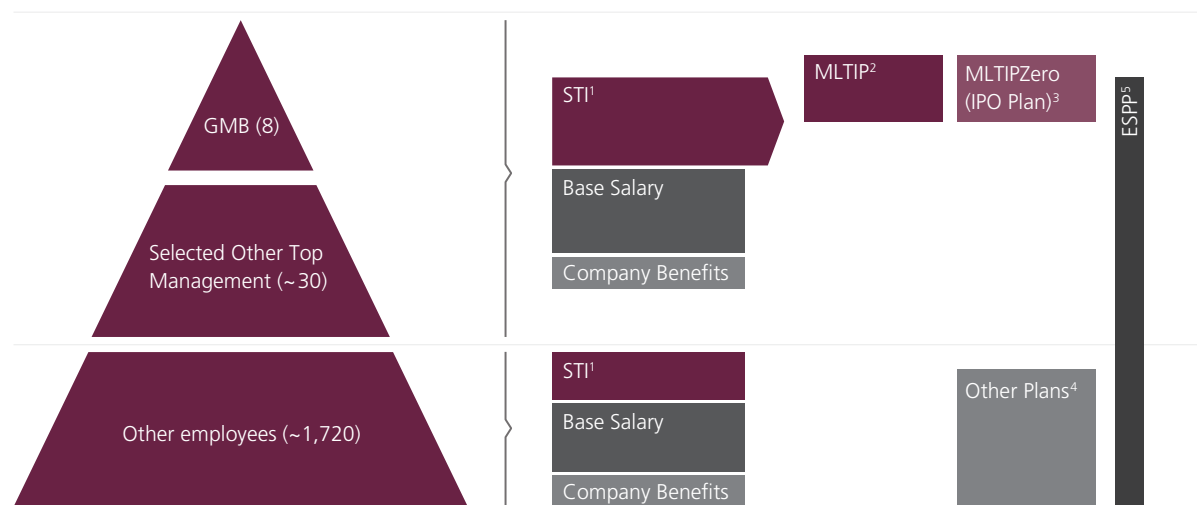
Compensation for employees below the Board of Directors and Group Management Board level is benchmarked against the high-tech industry survey conducted by Towers Watson (Towers Watson also provides pension fund services).

3.2 Elements

The general compensation principles for the Board of Directors and the Group Management Board of Sunrise are described in the Articles of Incorporation (Article 20). As shown in the chart below, the total compensation of Sunrise is based on:

- Fixed compensation – base salary
- Variable compensation – short- and long-term incentive plans
- Benefit programs (company pension plans, insured benefits and other fringe benefits)

Compensation Framework



¹ Short-term incentive: annually, rewarding past performance

² Management Long-Term Investment Program: linked to STI and participation on a voluntary basis

³ Management Long-Term Investment Program Zero: offered at IPO on a one-time basis

⁴ Plans for selected employee groups; Sales Plan and Customer Consultant Incentive Plan

⁵ Employee Share Purchase Program: offered at IPO on a one-time basis

3.2.1 Total Compensation Overview

	CHAIRMAN OF THE BOARD	MEMBERS OF THE BOARD	GROUP MANAGEMENT BOARD	SELECTED OTHER TOP MANAGEMENT	ALL REGULAR EMPLOYEES	REMARKS
Fixed Compensation						
Fixed Compensation	•	•	•	•	•	Cash (as of April 2016, the Board of Directors will receive part of their fixed compensation in shares)
Variable Compensation						
Short-Term Incentive (Company Bonus Plan)			•	•	•	Based on the achievement of company targets and individual targets, GMB and OTM can opt to invest part of their Short-Term Incentive in the MLTIP
Long-Term Incentive Plan (MLTIP)			•	•		
Sales Plan				•	•	Only for Sales Employees, based on quotas
Customer Consultant Incentive Plan					•	Only for Employees in the Internal Contact Center
Company Benefits						
(Base and additional Pension Plan, Base and additional Accident Insurance, Sick Pay Insurance, etc.)			•	•	•	1. Board of Directors is not in a Pension Plan 2. Bel-Etage Pension Plan for Group Management Board only 3. One-time Employee Share Purchase Program at IPO in 2015

3.2.2 Fixed Compensation

The base salary is paid in cash on a monthly basis and takes into account size and scope of the position as well as external market data. Potential increases in base pay are evaluated on an annual basis.

Applying the same calculation methodology to the CEO, the ratio of variable performance-related compensation to fixed compensation ranges between 0 % (no targets achieved) and 136 % (maximum targets achieved). If targets are achieved at 100 %, the ratio is 70 %.

3.2.3 Variable Compensation

Variable compensation comprises short- and/or long-term variable compensation components that reward specific and challenging financial as well as customer-related, qualitative objectives. These annually defined objectives are linked to the key drivers behind the Sunrise strategy (see Sunrise Strategy, p. 7). The level of target-based and actual variable compensation is determined by the scope of the position, its external market value, the company's business success as well as individual performance.

From a basic principle point of view and in regard to the Group Management Board members, the ratio of variable performance-related compensation (Short-Term Incentive and MLTIP) to fixed compensation (base salary, other benefits/cash allowances, social security and retirement benefits) ranges between 0 % (no targets achieved) and 129 % (maximum targets achieved). If targets are achieved at 100 %, the ratio is 55 %.

3.2.3.1 Annual Short-Term Incentive (Company Bonus Plan)

The short-term incentive arrangement aims at rewarding all employees on an annual basis for their contribution to reaching the company targets that foster the success of Sunrise as well as the achievement of individual targets. There is a defined target-setting process in place. Company targets as well as the individual targets of the Group Management Board are subject to approval by the Board of Directors. Individual targets for each employee are defined using a top-down approach to ensure alignment within Sunrise and across the departments. To support the process and ensure transparency in line with Sunrise values, employees are informed on a quarterly basis of the status of company target achievement in an indicative way. Financial company target achievement is assessed at the end of the year against the audited financial results. Final company target achievement and individual Group Management Board target achievement are subject to approval by the Board of Directors.

The short-term incentive is accrued on a monthly basis assuming 100 % target achievement. Any major deviations from the expected target achievement will be reflected in the accrual.

The key features of the Company Bonus Plan are outlined below:

- The target short-term incentive for members of the Group Management Board is expressed as a percentage of base salary and amounts to 50 %. For the CEO the target incentive is 60 %. Overachievement is possible up to 200 %, but in any case not higher than the base salary.
- The two target categories, company and individual targets, are weighted equally and additively and account for 50 % each.
- Company targets for the Group Management Board members consist of four target elements: adjusted EBITDA measuring annual, short-term financial success; Customer Base Growth impacting future business success; Customer Satisfaction Index using the Net Promoter Score (NPS), a customer engagement index expected to drive long-term business success and Free Cash Flow.
- Individual targets consist of a maximum of three quantitative/qualitative targets for all employees in the Company Bonus Plan and a maximum of four quantitative/qualitative targets for managers including the Group Management Board.
- The payout of the short-term cash bonus takes place in March of the year following the performance period and is subject to final sign-off by the Board of Directors for Group Management Board members and by the CEO for all other employees. Variable compensation is settled through cash payment for all employees in the Company Bonus Plan. Group Management Board and individually selected Other Top Management can elect to receive a portion of the short-term incentive in shares (see Management Long-Term Investment Program 3.2.3.2).

3.2.3.2 Management Long-Term Investment Program

With the completion of the IPO in 2015, a Management Long-Term Investment Program (MLTIP) was designed. The purpose of this program is to provide the Group Management Board and selected Other Top Management of Sunrise with the opportunity to participate in the future success of Sunrise, to align their interests with those of Sunrise shareholders and to reward leadership, innovation and performance. The MLTIP has a prospective and long-term view, which is aligned with the overall business strategy of Sunrise. It is tied to equity performance, settled in shares, and vesting (of Performance Shares) is subject to service and company performance conditions. This is designed to generate an ownership interest among the Group Management Board and selected Other Top Management.

A Investment Shares

The MLTIP provides Group Management Board and selected Other Top Management members with the opportunity to annually invest part of their short-term incentive in the plan. The key parameters of the MLTIP are as follows:

- Participation in the Long-Term Investment Programs is voluntary, as the programs represent a personal investment by each Group Management Board member and selected Other Top Management member. If there is no participation, the short-term incentive is fully paid out in cash.
- Group Management Board members and selected Other Top Management members may elect to receive a portion of their actual annual short-term incentive – between 25 % and 50 % – in the form of shares, which will then be blocked for a three-year period (Investment Shares).

Per the plan rules, the relevant share price for the allocation of Investment Shares is calculated on the basis of the average closing price of the shares on the SIX Swiss Exchange in the ten trading days immediately before the payout date (as a rule March 25) of the corresponding short-term incentive.

IPO exception: For the first year, the relevant share price for the acquisition of Investment Shares was the effective purchase price of Sunrise shares on the first trading day after the presentation of the yearly results for 2014 (March 26, 2015).

B Performance Shares

- At the end of the three-year holding period (2018), participants are entitled to receive, if any, a certain number of so-called Performance Shares based on the achievement of predefined targets.
- The number of Performance Shares depends on Sunrise total shareholder return (TSR) as compared to two peer groups A and B and ranges from 0 to 1.5 shares per Investment Share (peer groups and detailed payout mechanism are shown in the table below).
- Performance Shares will only be vested if the eligible MLTIP participant is still employed at the time performance shares have vested and holds the Investment Shares after three years.

Peer Group A

50 % of the award will be based on Sunrise TSR relative to SMIM constituents. Performance Shares will be awarded in line with the table below.

SUNRISE TSR PERFORMANCE COMPARED TO THE MEDIAN TSR OF SMIM CONSTITUENTS	NUMBER OF PERFORMANCE SHARES AWARDED FOR EACH INVESTMENT SHARE HELD
Above 150 % of median	0.75 shares
Between 50 % and 150 % of median	0.25 shares–0.75 shares (straight line basis)
Below 50 % of median	0 shares

Peer Group B

The remaining 50 % of the award will be based on Sunrise TSR relative to a peer group of international telecom companies. This peer group includes Swisscom, O2 Germany, Elisa and Tele2 Sweden. Performance Shares will be awarded in line with the table below:

RANK OF SUNRISE TSR COMPARED TO PEERS	NUMBER OF PERFORMANCE SHARES AWARDED FOR EACH INVESTMENT SHARE HELD
First	0.75 shares
Second	0.75 shares
Third	0.5 shares
Fourth	0.25 shares
Fifth	0 shares

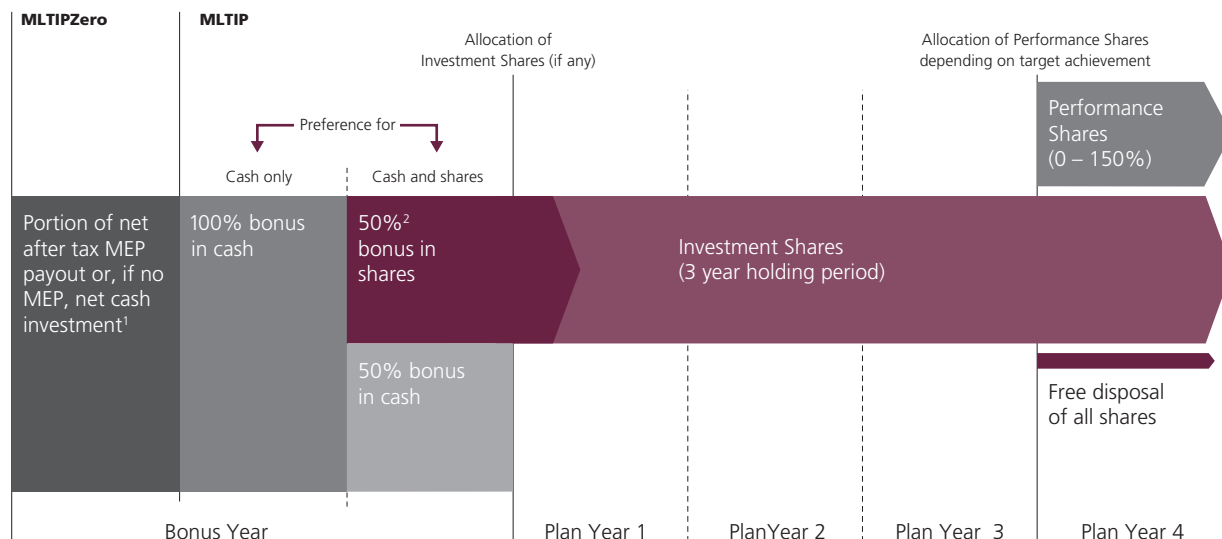
3.2.3.3 IPO Management Long-Term Investment Program

Furthermore, at the time of the IPO in February 2015, the Group Management Board and selected Other Top Management members were given the opportunity to participate on a voluntary and one-time basis in the future business performance of Sunrise by purchasing so-called Investment Shares. This is in line with the Sunrise goal of fostering long-term commitment and promoting immediate share ownership through equity holdings since the IPO. IPO Management Long-Term Investment Program (MLTIPZero) Investment Shares were financed through the private investment of the participating employees either by using parts of the proceeds resulting from the partial unwind of a pre-IPO Management Equity Program (MEP) implemented by shareholders of Sunrise Communications AG in 2011 or by paying a cash amount into the program (in cases where the participant had not invested in the MEP).

The mechanics and terms and conditions of MLTIPZero are the same as those of the MLTIP described in Section 3.2.3.2., with the exception that the price used to determine the number of Investment Shares to be allocated was the IPO offer price.

As stated in this section, all variable compensation at Sunrise is performance-related. While the short-term incentive rewards past performance throughout the year, the Management Long-Term Investment Programs are designed to provide a prospective incentive (Performance Shares) which is closely tied to the future success of the company through its share price development (long-term value creation for Sunrise shareholders). Furthermore, as the Group Management Board and selected Other Top Management members are encouraged to invest part of their short-term incentive into shares (Investment Shares), the plan offers immediate ownership interest (“skin in the game”). This not only serves to strengthen the managers’ long-term commitment to Sunrise, it also promotes prudent risk management and reinforces their alignment with the shareholders.

Variable Compensation for GMB



¹ Eligible employees without a MEP holding were permitted to pay a certain amount in cash into the MLTIPZero.

² Participant may choose a portion ranging from 25% to 50% to invest into shares.

3.2.4 Benefits

Sunrise offers a competitive benefits package including health management, employee insurances, retirement, disability and death and other fringe benefits in line with market practices within the industry.

Group Management Board members receive a monthly flat-rate expense allowance as well as a Bel-Etage Pension Plan. Contributions are fully paid by Sunrise. Members also receive either a company car or a monthly cash allowance for vehicle use.

At the time of the IPO in February 2015, Sunrise gave all employees the opportunity to become Sunrise shareholders through the purchase of Sunrise shares on preferential terms. This one-time ESPP allowed employees to purchase up to CHF 5,000 worth of Sunrise shares at a discount of 30% off the IPO offer share price. The blocking period for the ESPP shares is two years.

4 Board of Directors Compensation

4.1 General

Compensation for members of the Board of Directors includes a fixed component for membership as well as additional amounts based on individual roles as shown in the following table. In order to ensure the independence of the Board of Directors in its supervisory function over the Group Management Board, the members of the Board of Directors do not receive variable compensation linked to the performance of the company.

Board fees for the calendar year 2015 were paid in cash in quarterly installments (payment months: April 2015, July 2015, October 2015 and January 2016). Following the first ordinary shareholders' meeting, base compensation will consist of a cash component and payment in Sunrise shares (targeted at 1/3 of base compensation for the Chairman and 50% of base compensation for all other Board of Directors members). These shares will be subject to a blocking period of three years to ensure long-term interest. To avoid any conflict of interest, no performance shares will be granted

in addition to these blocked Sunrise shares. Any additional amounts payable for committee chairperson position or committee membership will be paid solely in cash. The amounts below are gross values before deduction of employee social security and taxes.

The members of the Board of Directors are reimbursed for travel and other related expenses associated with their responsibilities as members of the Sunrise Board of Directors.

4.2 Board of Directors Compensation in 2015

The compensation paid to individual members of the Board of Directors for the financial year 2015 is shown in the table below. The footnotes contain explanatory information on the amounts indicated and specific compensation details for the Board of Directors. The accrual principle is applied.

ROLE	AMOUNT IN CHF
Base Compensation	
Chairman of the Board	300,000
Member of the Board	100,000
Committee Membership Fee	
Chairman of the AC	60,000
Chairman of the NCC	50,000
Member of Committee	30,000

Total Board of Directors Compensation 2015

In CHF	BASE COMPENSA- TION/COMMITTEE MEMBERSHIP FEE	EMPLOYER-PAID SOCIAL SECURITY	TOTAL 2015
Lorne Somerville, Chairman since July 12, 2015 ⁴			
Peter Schöpfer, Vice Chairman ³	150,000		150,000
Siddharth Patel, Board Member ²			
Jesper Ovesen, Board Member ^{1,4}	174,032	4,648	178,680
Dr. Daniel Pindur, Board Member ²			
Dr. Dominik Koechlin, Chairman until July 12, 2015	170,806	11,968	182,774
Total Compensation paid to the members of the Board of Directors	494,838	16,616	511,454

- The compensation figures are disclosed for the entire calendar year 2015 (Company registration date: January 13, 2015)
- All Base Compensation and Committee Membership fees were paid in cash (shares will only be paid in 2016) and are gross values before the deduction of applicable tax and employee social security
- Sunrise cost for social security contributions is stated separately
- The compensation of Dr. Dominik Koechlin, Sunrise Chairman of the Board of Directors until July 12, 2015, was paid prorated for the time acting as the Chairman in 2015
- The following members of the Board of Directors have signed a waiver of board fee agreement and therefore did not receive any Board of Directors compensation in 2015: Lorne Somerville, Siddharth Patel and Dr. Daniel Pindur
- For Peter Schöpfer no social security contributions were paid (payment through invoice)
- For Jesper Ovesen social security was paid based on the social security system in Germany (1 € = 1.0922 CHF)
- Members of the Board of Directors are not in a Sunrise pension plan
- According to the Articles of Incorporation (Art. 25) no loans or credits are granted to the members of the Board of Directors:
 - ¹ Chairman Audit Committee
 - ² Member Audit Committee
 - ³ Chairman Nomination and Compensation Committee
 - ⁴ Member Nomination and Compensation Committee

5 Group Management Board Compensation

The general compensation principles and elements for the Group Management Board are described in the preceding sections of the Compensation Report.

Achievement of 2015 Company Targets and Short-Term Incentive Payout

In 2015 Sunrise did not fully reach its quantitative financial goals due to tense overall market conditions. Establishing the new business set-up of decoupling the hardware business from Sunrise services was challenging and had a negative impact on the 2015 results. Qualitative targets, however, were reached, and the Group Management Board proactively launched several initiatives to speed up operations and increase efficiency, customer satisfaction and network quality to support the bottom-line growth of the Sunrise customer base and reduce the churn rate (see Section 3.2.3.1 for details). This resulted in an overall target achievement well below a 100 % target achievement.

Therefore, the overall target achievement was 60 % for the CEO, 70 % for the other Group Management Board members and, on average, 75 % for employees.

The total short-term incentive totaled CHF 1.301 million for the Group Management Board (of which CHF 0.306 million was for the CEO).

Per the rules of the MLTIP, Group Management Board members were able to elect receipt of a portion of their short-term incentive in the form of Investment Shares. This plan provides Group Management Board members with the opportunity to draw part of their incentive in three year blocked shares (with full downside risk) instead of a cash payment. By giving them "skin in the game", this share ownership program aligns the future long-term interests of key stakeholders and management. In turn, Group Management Board members are granted the right to receive Performance Shares that vest under certain service conditions and challenging performance conditions (see Section 3.2.3.2 for details).

In 2015, corresponding Performance Shares were granted under the MLTIP at a target value of CHF 0.570 million for the Group Management Board (thereof CHF 0.183 million for the CEO).

Taking into account other benefits/cash allowances, employer social security contributions and retirement benefits, total compensation of the Group Management Board in 2015 totaled CHF 7.331 million (thereof CHF 1.689 million for the CEO).

As described in Section 3.2.3.3, to further foster personal long-term commitment even further, the Group Management Board was additionally offered the chance to invest private means into Sunrise shares at the time of the IPO (MLTIPZero). Such investments entitled Group Management Board members to receive Performance Share grants under the same performance and service conditions as the Performance Shares under the MLTIP. In relation to these private investments, a one-time grant of Performance Shares was made to the members of the Group Management Board at a target value of CHF 8.640 million (thereof CHF 2.849 million for the CEO).

The following table shows the total compensation paid to the Group Management Board including the highest amount that was paid to one individual (CEO). The footnotes contain explanatory information on the amounts indicated. The accrual principle was applied to all elements of compensation except to the Performance Shares that were evaluated based on the fair value at the grant date according to IFRS2 (including grossed-up employer social security). In addition, the table shows the fair value of Other Benefits/Cash Allowances as well as Retirement Benefits.

Additional information

No loans or credits are granted to the members of the Group Management Board and their maximum termination period is six months.

Total Group Management Board Compensation 2015

In CHF	TOTAL GROUP MANAGEMENT BOARD	THEREOF LIBOR VONCINA
Base Salary	3,728,333	850,000
Short-Term Incentive to be paid in March 2016	1,300,583	306,000
MLTIP: Performance Shares	569,787	182,767
Other Benefits/Cash Allowances	313,248	85,140
Social Security	456,498	105,457
Retirement Benefits	962,304	159,765
Compensation 2015	7,330,753	1,689,129
One-time IPO MLTIPZero Performance Shares (vesting in 2018) ¹	8,639,922	2,848,520
Social Security on IPO MLTIPZero	612,830	202,046
Total	16,583,505	4,739,695
– Ratio of performance-related variable compensation to fixed compensation excluding the IPO MLTIPZero ²	37.38 %	44.64 %
– Ratio of performance-related variable compensation to fixed compensation including the IPO MLTIPZero ²	210.04 %	304.80 %

¹ Preceded by a commitment of Group Management Board members to privately invest the same amount in Investment Shares at the time of the IPO. See article 3.2.3.3

- Compensation figures are disclosed for the entire calendar year 2015 (Company registration took place on January 13, 2015)
- All base salary, short-term incentive and performance share amounts are gross values before deduction of applicable tax, employee social security and other statutory charges
- Sunrise cost for social security and retirement benefit contributions is stated separately
- Of the short-term incentive to be paid in March 2016, an amount of CHF 363,000 will be invested in Investment Shares
- For the IPO MLTIPZero and the MLTIP, figures are based on 100% target achievement (one Performance Share for one Investment Share)
- Calculation method for evaluation of Performance Shares: Monte-Carlo
- Grant Date Fair Value per Share in CHF for MLTIP PSU: 87.70
- Grant Date Fair Value per Share in CHF for MLTIPZero PSU: 80.24
- One Group Management Board member left Sunrise on May 31, 2015 (Hans Jörg Denzler)

² Ratio calculation does not include Social Security since it is basically distributed proportionally among variable and fixed compensation; not all Group Management Board members opted to invest in the Management Long-Term Incentive Program (MLTIP)

6 Shareholdings of the Board of Directors and Group Management Board

Since the Board fees for 2015 were paid in cash only, none of the members of the Board of Directors held shares in Sunrise Communications Group AG as of December 31, 2015. The members of the Board of Directors do not participate in any Long-Term Investment Programs or Employee Share Purchase Programs.

As of December 31, 2015, the members of the Group Management Board held the shares listed in the following table, all of which were acquired under the Long-Term Investment Programs or the Employee Share Purchase Program issued by Sunrise Communications Group AG at the time of the IPO. Investment shares acquired under the Long-Term Investment Programs have a blocking period of three years from the allocation date. Shares acquired under the Employee Share Purchase Program have a blocking period of two years from allocation date.

2015	NUMBER OF SHARES DIRECTLY HELD
Voncina Libor	37,584
Krause André	22,576
Prange Sebastian	12,473
Degenhardt Timm	12,000
Grasser Elmar	9,299
Nunziata Massimiliano	6,529
Naef Markus	6,504
Total	106,965

Under the Management Equity Program (pre-IPO Management Equity Program, MEP) created in 2011 by the shareholders of Sunrise Communications AG, certain members of the Group Management Board of Sunrise Communications Group AG had the opportunity to privately invest in Sunrise Communications AG indirectly by acquiring shares in New Dawn MEP Issuer Co S.A. (a shareholder of Sunrise Communications Group AG).

Upon completion of the IPO, the holdings of New Dawn MEP Issuer Co S.A. were restructured in such a way that after a partial unwind of the pre-IPO Management Equity Program the remaining shares in New Dawn MEP Issuer Co S.A. represent an indirect economic interest in Sunrise Communications Group AG. 50% of this indirect economic interest may be sold to the issuer of the MEP (at no cost to Sunrise Communications Group AG) one year after the completion of the IPO, and the remaining 50% may be sold two years after the completion of the IPO. The indirect economic interests held through the MEP Company will remain subject to good leaver, bad leaver and defaulter provisions until expiration of the transfer restrictions.

As of December 31, 2015, the members of the Group Management Board held an indirect economic interest in Sunrise Communications Group AG through their shares in New Dawn MEP Issuer Co S.A. corresponding to the shares listed in the following table.

2015	NUMBER OF SHARES EQUIVALENT TO INDIRECT ECONOMIC INTEREST HELD IN MEP
Voncina Libor	123,446
Krause André	73,618
Degenhardt Timm	44,889
Prange Sebastian	44,889
Grasser Elmar	28,056
Nunziata Massimiliano	13,702
Total	328,600



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To the Annual General Meeting of
Sunrise Communications Group AG, Zurich

Zurich, March 8, 2016

Report of the statutory auditor on the Compensation Report

We have audited the compensation report of Sunrise Communications Group AG for the year ended December 31, 2015. The audit was limited to the information according to articles 14 to 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in section "4 Board of Directors Compensation" and section "5 Group Management Board Compensation" on pages 65 to 68 of the compensation report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 to 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14 to 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Opinion

In our opinion, the compensation report for the year ended December 31, 2015, of Sunrise Communications Group AG complies with Swiss law and articles 14 to 16 of the Ordinance.

Ernst & Young Ltd

A handwritten signature in black ink, appearing to be 'AS', written in a cursive style.

André Schaub
Licensed audit expert
(Auditor in charge)

A handwritten signature in black ink, appearing to be 'TM', written in a cursive style.

Tobias Meyer
Licensed audit expert

Legal Notice

IMPORTANT DATES 2016

April 15, 2016

Annual General Meeting

May 12, 2016

2016 first-quarter results

August 25, 2016

2016 second-quarter results and 2016 half-year report

November 10, 2016

2016 third-quarter results

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This Corporate Report 2015 forms an integral part of the Annual Report 2015 of Sunrise Communications Group AG which consists of this Corporate Report 2015 and the Financial Report 2015 of Sunrise Communications Group AG. The Corporate Report is published in English and is also available as a German translation. The English language version shall prevail.

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