

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.

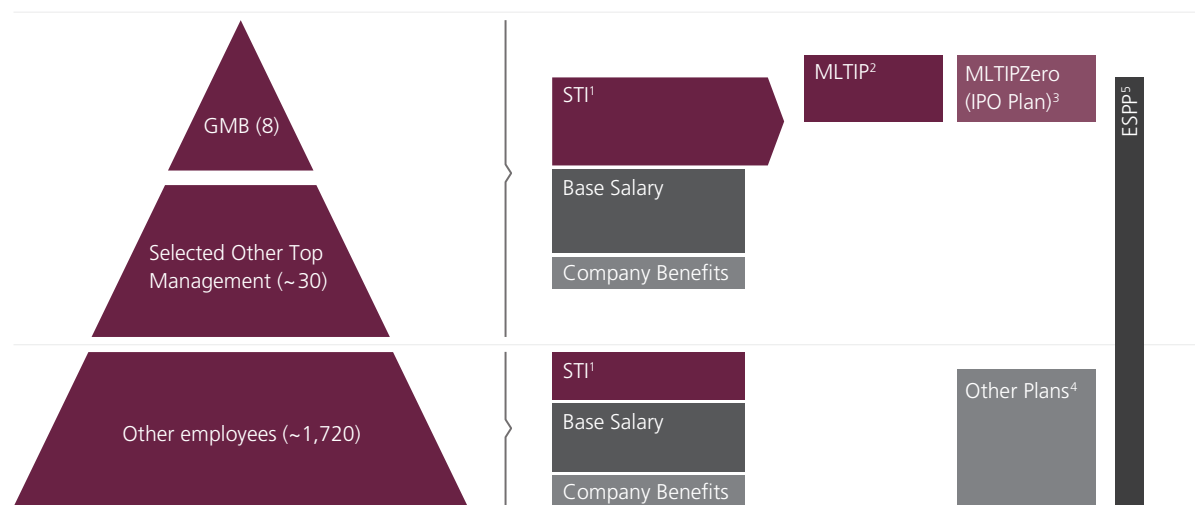
Compensation for employees below the Board of Directors and Group Management Board level is benchmarked against the high-tech industry survey conducted by Towers Watson (Towers Watson also provides pension fund services).

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

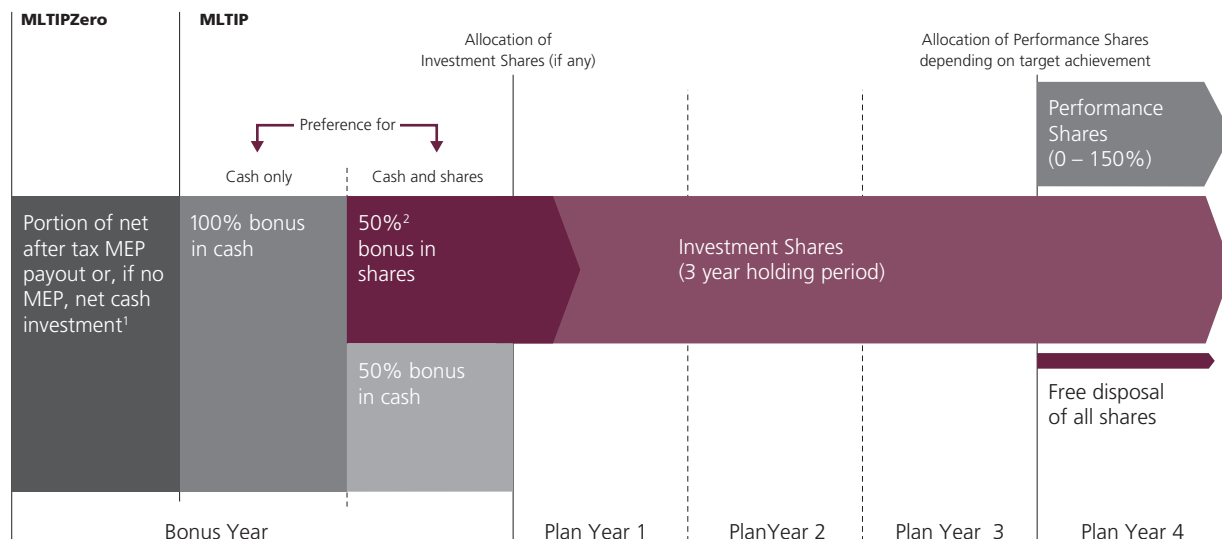
3.2.3.3 IPO Management Long-Term Investment Program

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