

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

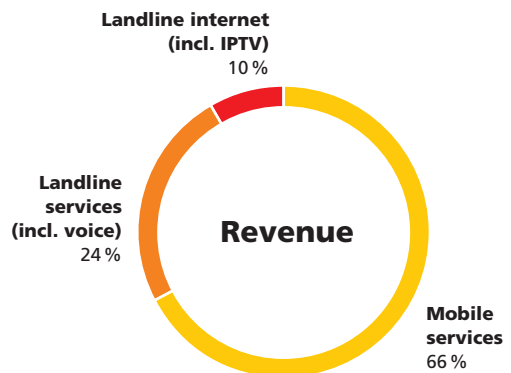
For business customers, Sunrise offers a comprehensive range of products and services, from mobile offerings to landline voice, internet and data services, system integration and managed services. The specific needs of corporate customers are met with tailor-made offerings which provide added flexibility.

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.

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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.



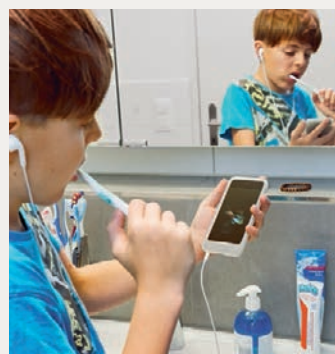
12:15 PM

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

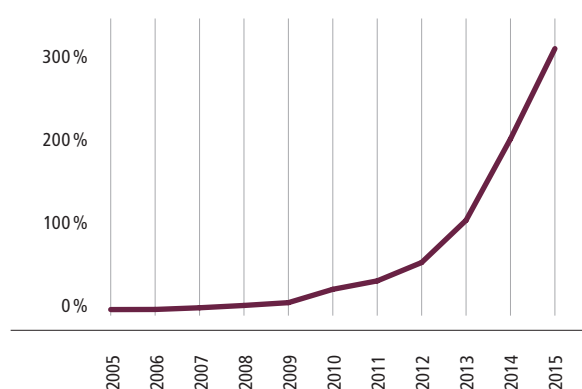
To improve its infrastructure, Sunrise has partnered with Huawei, one of the leading technology companies in the world. Huawei supports Sunrise with its latest technology as a showcase for the European market. To accommodate the exponential growth in data traffic, Sunrise is continuously enlarging its 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.