

Credit Suisse Group

Country	Switzerland
Meeting date	28 April 2017 10:30
Meeting location	Hallenstadion, Wallisellenstrasse 45, Zurich-Oerlikon
Meeting type	Annual General Meeting
Securities	ISIN CH0012138530, Telekurs 1213853

General Meeting Highlights

18.04.2017 - UPDATED REPORT FOLLOWING CREDIT SUISSE'S ANNOUNCEMENT OF NEW VERSIONS FOR ITEMS 4.1, 4.2.1 AND 4.2.3. NO CHANGE IN ETHOS' VOTING RECOMMENDATIONS.

On 14 April 2017, Credit Suisse announced that the management of the bank decided to voluntarily forgo 40% the variable remuneration initially requested under **ITEMS 4.2.1** and **4.2.3** of this AGM. The board also proposes an amendment of **ITEM 4.1** to maintain its own remuneration at CHF 12 million (and not at CHF 12.5 million as initially proposed). This announcement came after Ethos and other investors of Credit Suisse raised major concerns regarding the requested variable remuneration at the AGM of 28 April 2017. The concerns were related in particular to the annual bonus for 2016 (**ITEM 4.2.1**) and the grants of equity under the long term incentive plan (LTIP) to be made in 2017 (**ITEM 4.2.3**).

The management has proposed to reduce the 2016 annual bonus from CHF 26 million to CHF 17 million and the aggregate grant value under the LTIP from CHF 52 million to CHF 31.1 million. The total remuneration of the 12 members of the management would therefore decrease by 28% compared to the initial proposal made by the board of Credit Suisse. Ethos welcomes the decision of the executive management to voluntarily waive part of their entitlement but still considers the variable remuneration as very high in light of Credit Suisse's 2016 recorded loss.

Ethos takes good note of Credit Suisse board and management's decisions. However, Ethos still considers that the requested amounts are not in line with its voting guidelines and maintains all its voting recommendations issued on 7 April 2017. In particular, Ethos recommends to OPPOSE the updated **ITEMS 4.1, 4.2.1** and **4.2.3**.

Report Content

- 1 Voting Positions
- 2 Proxy Analysis

1. General Meeting Overview

1.1 Voting positions at this general meeting

Item	Proposal	Ethos voting position	Board recommendation
	Credit Suisse's updated proposals under ITEMS 4.1, 4.2.1 and 4.2.3		
1.1	Present financial statements and accounts	NON-VOTING	NON-VOTING
1.2	Advisory vote on the remuneration report	● OPPOSE	FOR
1.3	Approve annual report, financial statements and accounts	FOR	FOR
2	Discharge board members and executive management	● OPPOSE	FOR
3.1	Approve allocation of income	FOR	FOR
3.2	Approve dividend distribution out of capital contribution reserves	● OPPOSE	FOR
4	Binding votes on the remuneration of the board of directors and the executive management		
4.1	Binding prospective vote on the total remuneration of the board of directors	● OPPOSE	FOR
4.2.1	Binding retrospective vote on the short-term variable remuneration of the executive management	● OPPOSE	FOR
4.2.2	Binding prospective vote on the fixed remuneration of the executive management	● OPPOSE	FOR
4.2.3	Binding prospective vote on the long-term variable remuneration of the executive management	● OPPOSE	FOR
5	Increase and extension of authorized capital for stock or scrip dividend	● OPPOSE	FOR
6.1	Elections to the board of directors		
6.1.1	Re-elect Mr. Urs Rohner as chairman and board member	● OPPOSE	FOR
6.1.2	Re-elect Dr. oec. Iris Bohnet	FOR	FOR
6.1.3	Re-elect Dr. oec. publ. Rainer Alexander Gut	FOR	FOR
6.1.4	Re-elect Mr. Andreas N. Koopmann	FOR	FOR
6.1.5	Re-elect Ms. Seraina Maag	FOR	FOR
6.1.6	Re-elect Mr. Kaikhushru S. Nargolwala	FOR	FOR
6.1.7	Re-elect Mr. Joaquin J. Ribeiro	FOR	FOR
6.1.8	Re-elect Dr. iur. Severin Schwan	FOR	FOR
6.1.9	Re-elect Mr. Richard E. Thornburgh	● OPPOSE	FOR
6.1.10	Re-elect Mr. John Tiner	FOR	FOR
6.1.11	Elect Mr. Andreas Gottschling	FOR	FOR
6.1.12	Elect Mr. Alexandre Zeller	FOR	FOR
6.2	Elections to the remuneration committee		

Voting Positions



6.2.1	Re-elect Dr. oec. Iris Bohnet to the remuneration committee		FOR	FOR
6.2.2	Re-elect Mr. Andreas N. Koopmann to the remuneration committee		FOR	FOR
6.2.3	Re-elect Mr. Kaikhushru S. Nargolwala to the remuneration committee		FOR	FOR
6.2.4	Elect Mr. Alexandre Zeller to the remuneration committee		FOR	FOR
6.3	Election of the auditors	●	OPPOSE	FOR
6.4	Election of the special auditors		FOR	FOR
6.5	Election of the independent proxy		FOR	FOR
	Transact any other business (shareholder proposal)	●	OPPOSE	
	Transact any other business (board proposal)	●	OPPOSE	

2. Proxy Analysis

Credit Suisse's updated proposals under ITEMS 4.1, 4.2.1 and 4.2.3

On 14 April 2017, Credit Suisse announced that the management of the bank decided to voluntarily forgo 40% of the variable remuneration initially requested at the AGM (see Ethos' proxy analysis sent on 7 April 2017). This announcement came after Ethos and other investors of Credit Suisse raised major concerns regarding the variable remuneration requested at the AGM of 28 April 2017. The concerns relate in particular to the amount for the 2016 annual bonus (ITEM 4.2.1) and the 2017 grant of equity under the long term incentive plan (ITEM 4.2.3).

The board also announced that, contrary to the initial proposal submitted to shareholders, the board fees will not increase by CHF 500'000 to CHF 12.5 million but will remain at CHF 12 million (ITEM 4.1).

Ethos has reviewed the remuneration figures following this announcement. The following table compares the initial remuneration with the reviewed one:

	Initial	Reviewed
Remuneration of the management, including the CEO (in CHF)		
Base salaries 2016 (unchanged)	27 mio	27 mio
Annual bonus 2016 (ITEM 4.2.1)	26 mio	17 mio
Maximal value of the long term plan to be granted in 2017 (ITEM 4.2.3)	52 mio	31.2 mio
Other remuneration 2016 (unchanged)	2.6 mio	2.6 mio
Total maximum remuneration	107.6 mio	77.8 mio
Remuneration of the CEO		
Base salary 2016	3 mio	3 mio
Annual bonus 2016	4.2 mio	2.5 mio
Maximum value of the long term plan to be granted in 2017	7.5 mio	4.5 mio
Other remuneration 2016	0.7 mio	0.7 mio
Total maximum remuneration	15.4 mio	10.7 mio

Therefore, the total proposed remuneration for the 12 members of the management is 28% lower compared to the initial proposal made by the board of Credit Suisse. This is due to the voluntary 40% waiver of the 2016 annual bonus for the executive management (with the exception of one member who left the management in 2016 and refused to waive part of his annual bonus) and the grants of equity under the 2017 long term incentive plan to be granted in 2017. Ethos welcomes the decision of the executive management to voluntarily waive part of their entitlement but still considers the variable remuneration as very high in light of Credit Suisse's 2016 poor financial results. For the company CEO, his total variable remuneration after the reduction still represents 2.3 times his base salary (an average of 2.76 times the base salary for the other members of the management). Ethos considers that no annual bonus should be paid for 2016. Regarding the grant of equity under the long term incentive plan, Ethos notes that the initial value remains high. Ethos acknowledges that part of the final release of these awards is subject to forward looking performance conditions. However, only 50% of the conditions (relative TSR) is transparent. The other targets which account for 50% of the final vesting are not disclosed. This prevents shareholders from determining whether the targets are sufficiently challenging, so that no variable remuneration is paid for poor financial results in the future.

The board also proposes to amend the proposal made under ITEM 4.1 regarding the level of board fees for the period from the AGM 2017 to the AGM 2018. The board proposes to reduce the amount of remuneration initially requested by CHF 500'000 from CHF 12.5 million to CHF 12.0 million. The board's remuneration should therefore remain unchanged compared to 2016. The remuneration of the chairman should remain CHF 4 million and the average remuneration of non-executive directors CHF 582'000 per person. The level of remuneration remains far above the median of the peer group.

Ethos takes good note of Credit Suisse board and management's decisions. However, based on the above, Ethos still considers that the requested remuneration is not in line with its voting guidelines and recommends to OPPOSE the amended ITEMS 4.1, 4.2.1 and 4.2.3.

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Analyst:

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Frequently used abbreviations

AGM	Annual General Meeting
EGM	Extraordinary General Meeting
NA	Not available
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
OE	Other Executive Function
Ex-	Former



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