

Shareholder information –  
Summary document

# Say-on-Pay

Compensation of the Board of Directors  
and the Executive Board

Appendix to agenda items 1.1 and 6 of  
the invitation of March 30, 2022  
to the Annual General Meeting  
of Shareholders on April 29, 2022



Dear Shareholders

2021 has been an unprecedented and uniquely challenging year for Credit Suisse. Given this context, the Compensation Committee has engaged in some extremely difficult deliberations in trying to reach the most appropriate outcomes, carefully balancing the interests of our stakeholders.

Our discussions on these topics have been extensive, and it is very important for the Compensation Committee that we are transparent with you on how we have reached our decisions. In particular, we have had to balance considerations including the significant impacts of the Archegos and supply chain finance funds (SCFF) matters on our shareholders, clients and employees, the very strong underlying performance of many parts of our Group, and the extremely buoyant external market for talent and compensation.

As previously disclosed, there has been a significant impact on the compensation of the individuals directly concerned with these matters. In addition, the Compensation Committee considered that it was important to emphasize leadership accountability. As a result, Executive Board members had one full year of variable compensation cancelled, which consisted of the full cancellation of the 2020 short-term incentive (STI) and the forward-looking long-term incentive (LTI) that would have been awarded in 2021 (covering the performance period 2021-2023). This equated to lost compensation for the Executive Board of more than CHF 40 million. Executive Board variable compensation continues to be negatively impacted through the 2021 STI financial outcomes, as well as as projected payouts under previously awarded LTI opportunities.

We fully acknowledge the highly disappointing results for our shareholders in 2021. At the same time, the vast majority of our employees have worked diligently and delivered substantial progress and results in their respective areas of activities. As an indication, Group adjusted income before taxes excluding significant items and Archegos increased 51% compared with the prior year, and on this same basis the Investment Bank division has had an outstanding performance, with a 63% increase year over year.

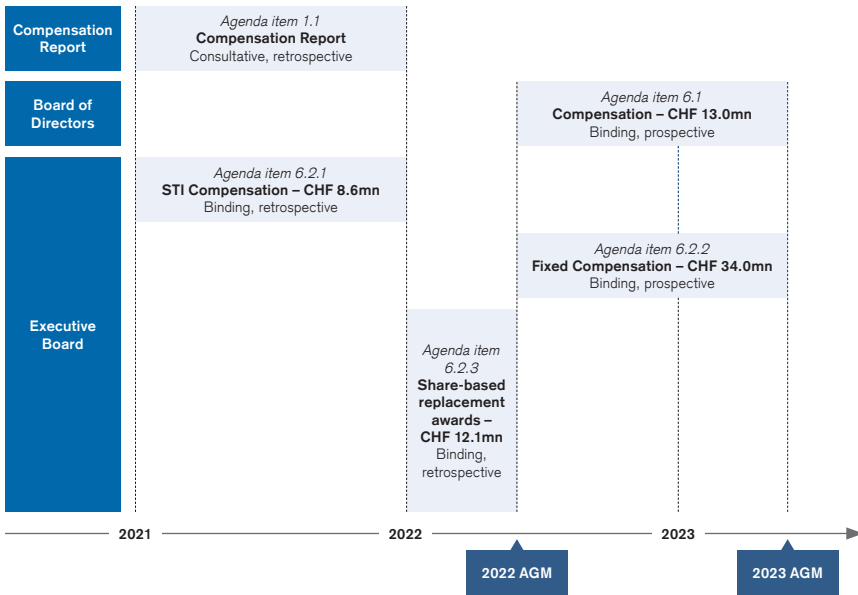
With the announcement of the revised Group strategy in November 2021, the Compensation Committee has undertaken a comprehensive review of the Executive Board compensation framework to ensure it continues to motivate and incentivize management appropriately. As a result of this review and taking into account feedback from many of our key shareholders and proxy advisers, a new approach is effective from performance year 2022 onwards.

Further details on the revised Executive Board compensation framework, the 2021 compensation outcomes, as well as more general information about our compensation framework and practices are contained in this summary document and also in the 2021 Compensation Report.

In line with the Swiss Ordinance Against Excessive Compensation with respect to Listed Stock Corporations (Compensation Ordinance) and the Articles of Association of Credit Suisse Group AG, the compensation of our Board of Directors and Executive Board will be submitted for binding shareholder approval at the 2022 Annual General Meeting of Shareholders (AGM).

Under agenda items 1.1 and 6, shareholders are asked to approve the following:

Agenda item	Content for shareholder approval	Amounts for shareholder approval	2022 AGM say-on-pay voting structure
Agenda item 1.1	Compensation Report 2021	–	Consultative, retrospective
Agenda item 6.1	Board of Directors compensation for the 2022 AGM to the 2023 AGM period	CHF 13.0mn	Binding, prospective
Agenda item 6.2.1	Executive Board short-term variable incentive compensation (STI) for the 2021 financial year	CHF 8.6mn	Binding, retrospective
Agenda item 6.2.2	Executive Board fixed compensation for the 2022 AGM to the 2023 AGM period	CHF 34.0mn	Binding, prospective
Agenda item 6.2.3	Executive Board share-based replacement awards for Executive Board members who joined the Executive Board in 2022	CHF 12.1mn	Binding, retrospective



Yours sincerely

*Axel Lehmann*

Axel P. Lehmann  
Chairman of the Board of Directors

*Kai S. Nargolwala*

Kai S. Nargolwala  
Chair of the Compensation Committee

March 2022

## **I. Agenda item 1.1: Consultative vote on the 2021 compensation report**

**The Board of Directors recommends that the 2021 compensation report be accepted in a consultative vote.**

### **Our approach to compensation**

We seek to ensure that our pay practices are aligned with the Group strategy and the interests of our shareholders, drive long-term value creation, promote environmental, social and governance (ESG) considerations and remain fully compliant with regulatory requirements. In this manner, individuals are incentivized to achieve our corporate goals, and compensation outcomes are aligned with long-term Group performance.

To this end, our compensation framework is intended to:

- Foster a performance culture based on merit that differentiates and rewards excellent performance;
- Attract and retain employees, and motivate them to achieve results with integrity and fairness;
- Balance the mix of fixed and variable compensation to appropriately reflect the value and responsibility of the role performed, and to influence appropriate behaviors and actions;
- Promote effective risk management practices that are aligned with the Group's compliance and control cultures;
- Create a culture that adheres to high standards of conduct and behavior aligned to values, through a system of applying both malus and rewards;
- Encourage teamwork and collaboration across the Group;
- Achieve a balanced distribution of profitability between shareholders and employees over the long term, subject to Group performance and market conditions; and
- Take into account the long-term performance of the Group, in order to create sustainable value for shareholders.

During 2021 the Compensation Committee undertook a comprehensive review of our Executive Board compensation design, in light of the revised Group strategy announced in November 2021.

The proposed framework changes are anchored in the following core principles:

- **Simplicity and transparency:** moving to a single variable compensation framework with a 70% weighting on pre-defined quantitative financial performance measures, and a 30% weighting on measurable non-financial objectives related to Risk and Control, Values and Culture, and Sustainability;
- **Accountability, risk and control:** compensation outcomes aligned to our improved risk and control practices;
- **Pay-for-performance:** compensation outcomes directly and demonstrably linked to prior year performance; and
- **Shareholder and debtholder alignment:** variable compensation delivered at least 70% in deferred shares subject to multi-year underpins to ensure longer-term alignment; introduction of contingent capital awards (CCA) instead of deferred cash under the previous design; and higher minimum shareholding requirements – 1,000,000 shares for the Group CEO (from 500,000) and Investment Bank CEO (from 300,000), and 500,000 shares for other Executive Board members (from 300,000), where Executive Board members will not be permitted to sell shares other than to satisfy tax obligations until they reach the revised thresholds.

The revised Executive Board design applies from the 2022 performance year onwards. For more information please refer to pages 255-257 of the 2021 Compensation Report.

## **II. Agenda item 6.1: Approval of the compensation of the Board of Directors**

**The Board of Directors proposes approving a maximum aggregate amount of compensation for the Board of Directors of CHF 13.0 million for the period from the 2022 AGM to the 2023 AGM.**

Members of the Board of Directors are compensated on the basis of fees that reflect the Board member's role, time commitment and scope of responsibility on the Board of Directors. The fee amounts are set at levels to attract and retain highly qualified and experienced individuals, taking into consideration levels at comparable leading Swiss companies.

The compensation for the Board of Directors consists of base board fees, committee fees, Chair fees, subsidiary board fees and (if applicable) pension and other benefits. The proposed maximum amount excludes any legally required employer contributions to social security systems.

For the period from the 2021 AGM to the 2022 AGM, shareholders approved a maximum amount of compensation for the Board of Directors of CHF 12.0 million, of which CHF 11.7 million will have been paid to the 14 members of the Board of Directors at the date of the 2022 AGM. CHF 11.2 million of this related to fees for Group Board roles and CHF 0.5 million for subsidiary company board roles.

The Board has decided upon certain changes, which will increase the overall Board fees for the 2022 AGM to 2023 AGM period to up to CHF 13 million. The Board approved the introduction of membership and chair fees for the Digital Transformation and Technology Committee, which was newly established at the beginning of 2022 to oversee the execution of the Group's digitalization and technology strategy. The Board of Directors will introduce (in line with market practice) a fee of CHF 125,000 for the combined role of the Vice Chair and Lead Independent Director given the increased significance of these roles. Furthermore, certain Group Board members have assumed or will assume additional subsidiary board roles and the related subsidiary board fees are included in the aggregate Board compensation. It is for these reasons that the maximum aggregate Board compensation amount is proposed to be raised to CHF 13 million from CHF 12 million, which had been maintained for many years.

## Board membership fees: 2022 AGM – 2023 AGM (in CHF)

Role	Base fee/Committee fee (excluding the Chairman)	Committee Chair fee <sup>1</sup>	Chairman's base fee	Chairman's Chair fee
Board	250,000		3,000,000	1,500,000
Governance and Nominations Committee (GNC)	50,000	– <sup>2</sup>		
Audit Committee (AC)	150,000	400,000		
Compensation Committee (CC)	100,000	300,000		
Conduct and Financial Crime Control Committee (CFCCC)	75,000	150,000		
Digital Transformation and Technology Committee (DTTC)	40,000	150,000		
Risk Committee (RC)	100,000	400,000		
Sustainability Advisory Committee (SAC)	–	75,000		
Form of payment	50% cash; 50% Group shares blocked and non-transferable for four years		Cash	Group shares blocked and nontransferable for four years
Timing of payment	Two equal installments in arrears	One installment at end of current board period	12 monthly payments	One installment at end of current board period

Note: The Vice-Chair and Lead Independent Director has so far not received additional compensation for these roles; starting with the 2022 AGM to 2023 AGM period, a fee of CHF 125,000 for the combined role will be introduced.

<sup>1</sup> Committee chairs do not receive committee fees in addition to their Chair fees.

<sup>2</sup> The Chairman does not receive an additional fee for chairing the GNC.

With the exception of the Chairman, Board members receive an annual base board fee and annual committee fees for each committee membership. The Chairs of the Audit, Compensation, Conduct and Financial Crime Control and Risk Committees, the new Digital Transformation and Technology Committee and the Sustainability Advisory Committee receive additional fees reflecting the additional responsibility and time commitment required.

The Chairman's total compensation reflects his full-time status and active role in shaping the Group's strategy, governing the Group's affairs, engaging and maintaining a close working relationship with the CEO and senior management, representing the Group to key external stakeholders, and providing supervision,

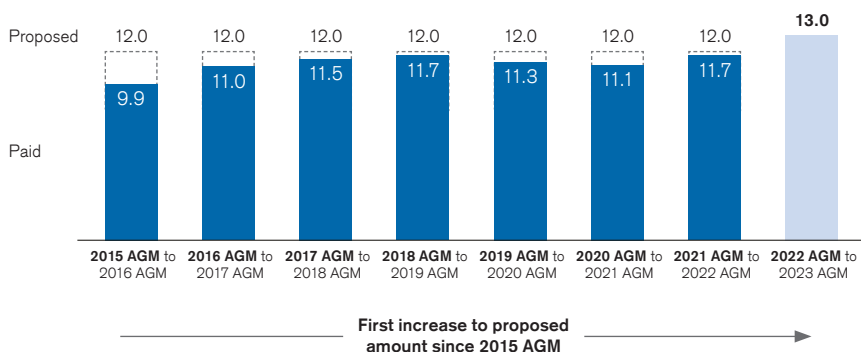


counsel and support, where appropriate. In addition to his annual base board fee and Chair fee, he receives pension and other benefits. The Chairman does not receive separate fees for board memberships in Group subsidiary companies. The current compensation structure and fee levels will be maintained for the new Chairman, Axel P. Lehmann.

A number of Board members also serve as members on the boards of Group subsidiary companies. With the exception of the Chairman who does not receive any additional fees, these members receive a flat subsidiary board membership fee of CHF 100,000, or a higher amount if serving as chair of the subsidiary board or a committee. These fees are approved by the respective subsidiary boards, are subject to ratification by the Board of Directors of the Group and are included in the maximum amount of compensation proposed for approval by shareholders at the 2022 AGM.

### Board of Directors compensation

(CHF million)



### **III. Agenda item 6.2: Approval of the compensation of the Executive Board**

#### **A. Agenda item 6.2.1: Short-term variable incentive compensation (STI)**

**The Board of Directors proposes approving the aggregate amount of CHF 8.6 million, comprising the short-term variable incentive compensation for the Executive Board for the 2021 financial year.**

The 2021 STI awards were determined based on performance in 2021 measured against pre-defined financial and non-financial criteria. The aggregate STI award amount for the Executive Board is CHF 8.6 million, reflecting an overall payout of 31% of the total maximum opportunity. This compares with CHF 15.7 million that would have been awarded for 2020 if the 2020 STI would not have been cancelled in full. The Group financial threshold performance levels in 2021 were not achieved, resulting in zero payout for the RoTE and adjusted income before taxes measures. Aside from the Group metrics, the business division heads were also assigned divisional performance targets, which achieved a payout ranging from 55% to 100%. For some of the newer Executive Board members who joined the Executive Board after the Archegos and SCFF matters surfaced, their performance was assessed against targets excluding the impact of those matters.

For the non-financial performance assessment, the Compensation Committee evaluated the Executive Board's performance against four broad categories: Strategy, Environmental, Social, and Governance. Governance objectives, which include risk and control, were weighted 70% of the overall non-financial assessment for 2021, given the gravity of the issues that had occurred. The average non-financial assessment payout level was 69%, and individual Executive Board member payout levels ranged from 33% to 90% of the maximum opportunity, reflecting differentiation for newly joined Executive Board members who were not penalized for the Archegos/SCFF matters, as well as the Compensation Committee's assessment of the Executive Board's significant remediation efforts and the improvements implemented in the areas of risk and control.

## 2021 STI awards: performance against targets

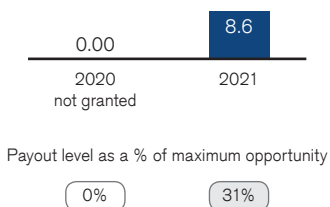
Performance criteria	Weighting		Performance levels			2021 result	Payout level (% of maximum opportunity)			
	CEO and Corporate func.	Divisional CEOs	Thresh.	Target	Max.		0%	Thresh. 25%	Target 67%	Max. 100%
Group RoTE (%)	33.3%	12.5%–25.0%	5.0%	9.0%	11.0%	-4.2%	<b>0%</b>			
Group adjusted PTI (CHF bn)	33.3%	12.5%–25.0%	3.8	5.3	6.1	2.2	<b>0%</b>			
Divisional metrics		25.0%–37.5%	Not disclosed due to commercial sensitivity				<b>68% on average</b>			
Non-financial metrics	33.3%	25.0%–37.5%					<b>69% on average</b>			
<b>Total</b>							<b>31%</b>			

Adjusted results and RoTE are non-GAAP financial measures and are used in this table for the purposes of defining performance target levels for compensation. Adjusted results exclude certain items included in our reported results. Refer to “Reconciliation of adjusted results” in II – Operating and financial review – Credit Suisse in the 2021 Annual Report for further information. RoTE is calculated as net income attributable to shareholders divided by average tangible shareholders’ equity. Tangible shareholders’ equity, a non-GAAP financial measure, is calculated by deducting goodwill and other intangible assets from total shareholders’ equity as presented in our balance sheet.

Given the overall performance of the Executive Board during 2021, the Board of Directors proposes that shareholders approve the aggregate amount of 2021 STI awards of CHF 8.6 million. The proposed amount excludes any legally required employer contributions to social security systems. For reference, the prior year’s STI award proposal would have been CHF 15.7 million, but this proposal was withdrawn from the 2021 AGM and cancelled in full due to the Archegos matter.

## 2021 STI awards: outcomes

(CHF million)



Further details may be found in the 2021 Compensation Report (pages 246–248).

## B. Agenda item 6.2.2: Fixed compensation

The Board of Directors proposes approving the maximum aggregate amount of CHF 34.0 million, comprising the fixed compensation for the Executive Board for the period from the 2022 AGM to the 2023 AGM.

The maximum amount of fixed compensation includes compensation in the form of:

- Base salaries;
- Role-based allowances (for any member of the Executive Board who is a UK PRA Material Risk Taker); and
- Pension and other benefits.

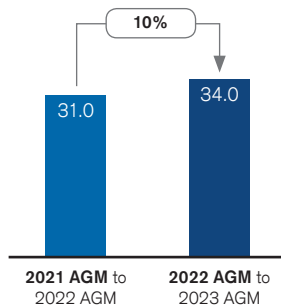
The proposed maximum amount excludes any legally required employer contributions to social security systems.

The proposed total maximum amount of CHF 34.0 million for the period from the 2022 AGM to the 2023 AGM compared with CHF 31.0 million for the previous period is driven by the potential increase in the number of Executive Board members from 12 to 14 going forward.

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### Fixed compensation

(CHF million)



**C. Agenda item 6.2.3: Share-based replacement awards for new Executive Board members**

**The Board of Directors proposes approving the aggregate amount of CHF 12.1 million, comprising the share-based replacement awards for new Executive Board members who joined the Executive Board in 2022.**

During the period from the 2021 AGM to the 2022 AGM, six new members have joined the Executive Board, of which one is for the newly created Chief Compliance Officer role. Given that the proposal for the 2021 LTI awards was withdrawn from the 2021 AGM, the supplementary amount available for new members of the Executive Board is 30% of the previously approved CHF 31.0 million in fixed compensation, or CHF 9.3 million. This supplemental budget has been utilized to fund the cash-based replacement awards given to new Executive Board members who have joined in 2022.

Shareholders are asked to approve the proposal for share-based replacement awards with an aggregate amount of CHF 12.1 million, reflecting compensation forfeited by previous employers on an equivalent basis for new Executive Board members. The replacement awards will have deferral periods and performance conditions, where applicable, that mirror the respective terms at the previous employers.







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