

# Audit Committee Charter



Last approved by the Board of Directors on December 11, 2020.

# Abbreviations

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<b>AC</b>	Audit Committee
<b>AGM</b>	Annual General Meeting
<b>BoD</b>	Board of Directors
<b>CAO</b>	Chief Accounting Officer
<b>CEO</b>	Chief Executive Officer
<b>CFCCC</b>	Conduct and Financial Crime Control Committee
<b>CFO</b>	Chief Financial Officer
<b>CRCO</b>	Chief Risk and Compliance Officer
<b>CS</b>	Credit Suisse Group AG and Credit Suisse AG, respectively
<b>DCCO</b>	Deputy Chief Compliance Officer
<b>FINMA</b>	Swiss Financial Market Supervisory Authority
<b>GC</b>	General Counsel
<b>Group</b>	Credit Suisse Group AG and all its direct and indirect subsidiaries
<b>MD&amp;A</b>	Management's Discussion and Analysis
<b>OGR</b>	Organizational Guidelines and Regulations
<b>PCAOB</b>	Public Company Accounting Oversight Board
<b>RC</b>	Risk Committee
<b>SEC</b>	Securities and Exchange Commission

The titles and functions used in this document apply to both genders.

# 1. Purpose and authority

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The AC's primary function is to assist the BoD in fulfilling its oversight responsibilities defined by law, articles of association and internal regulations by

- Monitoring and assessing the overall integrity of the financial statements and disclosures of the financial condition, results of operations and cash flows of the Group;
- Monitoring the adequacy of the financial accounting and reporting processes and the effectiveness of internal controls over financial reporting;
- Monitoring processes designed to ensure compliance by the Group in all significant respects with legal and regulatory requirements, including disclosure controls and procedures, and the impact (or potential impact) of developments related thereto;
- Monitoring the adequacy of the management of non-financial risks, jointly with the RC, including assessing the effectiveness of internal controls that go beyond the area of financial reporting; and
- Monitoring the qualifications, independence and performance of the External Auditors and the Group's Internal Audit Department.

Whereas the CFCCC assumes responsibility for the oversight of financial crime compliance programs, the responsibility of the monitoring and the assessment of the effectiveness of the compliance function, in all other respects, remains with the AC. The two committees shall coordinate their activities accordingly.

This charter supplements the applicable provisions in the OGR.

The AC shall have direct access to, and receive regular reports from, the External Auditors as well as to the Group's management and employees. It shall have the power to conduct or authorize investigations into any matter within the committee's scope of responsibilities. The AC is authorized to obtain any information from any employee of the Group and it shall be empowered to obtain advice and assistance, at the Group's expense, from independent legal, accounting or other professional advisors without seeking BoD approval to assist in carrying out its responsibilities as set forth in this charter.

The AC's job is one of oversight, recognizing that management is responsible for preparing the financial statements of the Group and for developing and maintaining systems of internal controls. The AC is responsible for the oversight of the External Auditors. The External Auditors shall report directly to and are ultimately accountable to the AC and the BoD for their audit of the Group's financial statements.

While the AC has the responsibilities and powers set forth in this charter, it is not the duty of the AC to plan or conduct audits or to produce financial statements. Nor is it the duty of the AC to conduct investigations or to assure compliance with applicable laws and regulations and the Group's Code of Conduct.

In addition to those expressly set forth herein, the AC shall have such other responsibilities as are required by the rules and regulations of the Swiss Stock Exchange, the FINMA, the New York Stock Exchange, and the Securities and Exchange Commission and any other applicable law or regulation and any other responsibilities delegated to it by the BoD from time to time.

## 2. Membership and organization

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The BoD appoints an AC Chairman and the AC members from amongst its members for a period of one year. The AC consists of not less than 3 members, at least 2 of which must be present to have a quorum. The AC may form subcommittees of at least 2 members.

The Chairman of the RC shall generally be appointed as 1 of the members of the AC.

All AC members shall meet CSG's independence, experience and expertise requirements as stipulated in the OGR, this charter, applicable laws and any applicable listing standards. Such determination shall be made by the BoD in its sole discretion, in particular taking into account the following factors:

- a. have no significant relationship to the Group, directly or indirectly;
- b. not be, nor have been in the past three years, an employee of the Group;
- c. not be an employee of the present or any former External Auditor, unless three years have passed since the termination of the employment, in the case of the present External Auditors, or the termination of the affiliation with the Group, in the case of any former External Auditors;
- d. not be an affiliated person of the Group, other than in the member's capacity as a member of the BoD or any BoD committee;
- e. Not be an employee of any company whose compensation committee includes an officer of the Group;
- f. Not have any immediate family members who would not satisfy any of the criteria set forth in clauses a. through e.;
- g. Not serve on the audit committee of more than two other companies, unless the BoD deems that such membership would not impair the member's ability to serve on the AC;
- h. Be financially literate. At least one member shall be a financial expert as defined by applicable law and regulation.

The AC shall undertake training and education programs to ensure that its members have the proper background and knowledge base and are informed of relevant developments in accounting and finance.

Compensation for the AC members shall be determined by the BoD, upon the recommendation of the Compensation Committee. AC members may not accept directly or indirectly any consulting, advisory or other compensatory fee from the Group other than as a member of the AC or BoD.

The Corporate Secretary shall act as Secretary of the AC. Minutes shall be kept of the proceedings and the resolutions of the AC. The minutes shall be signed by the Chairman and the Secretary and made available prior to the next meeting and approved therein.

# 3. Meetings

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The AC shall hold at least four ordinary meetings per annum. The Chairman shall prepare an agenda consistent with this charter in advance of each meeting in consultation with management, other committee members, the Head of Internal Audit and the External Auditors. The AC meetings shall address, among other issues, the following:

- Year-end and interim financial reporting including significant accounting changes;
- Significant findings of Internal Audit;
- Significant findings of External Auditors;
- Significant legal, compliance, disciplinary, tax and regulatory matters;
- Significant projects and initiatives, as per the AC's special focus topics defined annually; and
- Additional reports as requested by the Chairman.

For urgent matters, the Chairman may call telephonic or video-conference meetings for the purpose of immediate consultation and review.

The AC may request any officer or employee of the Group or the Group's outside counsel or External Auditors to attend a meeting of the AC or to meet with any members of, or consultants to, the AC. The CEO, CFO, GC, CRCO, DCCO, CAO, the Head of Internal Audit and a representative of the External Auditors shall usually attend the meetings. In addition, the AC shall hold separate executive sessions with the Head of Internal Audit and the External Auditors at least quarterly and with management if and when requested by the AC or by management. The AC may also meet with the Group's investment bankers or financial analysts who follow the Group, regulatory officials, and external counsel.

# 4. Audit Committee responsibilities and duties

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## 4.1 Financial statement review procedures

- 4.1.1 Understand and evaluate how management and the External Auditors assess the risk of significant misstatements, what the major risk areas are, and how they monitor and respond to the identified risks.
- 4.1.2 Review with management and External Auditors the annual audited financial statements prior to their approval by the BoD for submission to the AGM and release to the public or regulators. The review shall include a discussion of:
- All critical accounting policies and practices;
  - Significant issues regarding accounting principles, practices and financial statement presentation and proposed changes thereof;
  - The adequacy of internal controls that could significantly affect the Group's financial statements and special audit steps adopted in light of significant control deficiencies, if any, including those reported by Internal Audit;
  - Significant financial reporting issues, management estimates and judgments made in connection with the preparation of the Group's financial statements;
  - Any significant alternative treatments of financial information within the applicable GAAP framework that have been discussed with management, analysis of the effect of alternative applicable GAAP disclosures and treatments on the Group's financial statements and the treatment preferred by the External Auditors, to the extent significant;
  - The External Auditors' audit including the required communications to the Audit Committee to be made in accordance with Swiss law, Swiss auditing standards and the standards of the PCAOB;
  - Significant audit adjustments and unadjusted audit differences;
  - Any disagreements between the External Auditors and management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Group's financial statements or the External Auditor's report; and
  - Other significant communication between the External Auditors and management, including management's representation letters provided to the External Auditor in conjunction with the audit.
- 4.1.3 Review the annual and any interim MD&A for consistency with the understanding of the AC and the explanations provided by management and the External Auditors. Assess the clarity and consistency of disclosures and explanations in the financial statements and MD&A.
- 4.1.4 Review with management and the External Auditors the Group's quarterly consolidated financial statements prior to their release to the public or regulators. The review shall include a discussion of:
- Significant changes to the Group's accounting practices and selection or application of accounting principles;
  - Significant financial reporting issues, management estimates and judgments made in connection with the preparation of the Group's quarterly financial statements;

- Any items required to be communicated by the External Auditors on an interim basis in accordance with the applicable standards; and
  - Significant review adjustments and unadjusted financial statement misstatements.
- 4.1.5 Review with management and the External Auditors the types of information to be disclosed and the types of presentations to be made in connection with earnings press releases (paying particular attention to whether the use of "pro forma" or "adjusted" non-GAAP information is permissible in accordance with applicable regulations and, when required, has been reconciled to the most comparable applicable GAAP measure), as well as significant financial information and earnings guidance provided to analysts and rating agencies. The AC need not discuss in advance each earnings release or each instance in which the Group may provide earnings guidance.
- 4.1.6 Review with management and the External Auditors any correspondence of significance with regulators or governmental agencies and any employee complaints of significance or analyst reports which raise significant issues regarding the Group's financial statements or accounting policies. Obtain explanations from management and consider whether such matters indicate the need for further investigation, modification of policies and/or disclosures.
- 4.1.7 Review with management and the External Auditors periodically, but no less frequently than annually, the procedures to identify and understand related parties and significant related party transactions, and consider the transparency of the related disclosures.
- 4.1.8 Review any transactions as to which management requested formal accounting advice from other auditors.
- 4.1.9 Review with the External Auditors any significant problems or difficulties the External Auditors may have encountered and any internal control letter or other letter issued or proposed to be issued by the External Auditors dealing with matters of significance and the Group's response to that letter. Such review shall include:
- Any significant difficulties encountered in the course of the audit work, including any significant restrictions on the scope of activities or access to required information, and any significant disagreements with management; and
  - Any changes of importance required in the planned scope of the audit.
- 4.1.10 Discuss separately with management as well as with the External Auditors their judgments about the overall quality of the Group's accounting principles as applied in its financial reporting. This discussion shall include:
- Overall quality of financial reporting;
  - Transparency of the Group's financial disclosures;
  - Degree of aggressiveness or conservatism of the Group's accounting principles and underlying estimates and significant changes thereto; and
  - Other significant decisions or judgments made by management in preparing the Group's financial disclosures and reviewed by the External Auditors.
- 4.1.11 Review with management periodically, the adequacy of the Group's policy on "Disclosure Controls and Procedures" and recommend any changes to the BoD for approval.
- 4.1.12 Review with management and the External Auditors the effect of significant regulatory and accounting initiatives as well as significant off-balance-sheet structures and commitments on the Group's financial statements.
- 4.1.13 Obtain from the External Auditors assurance that Section 10A of the U.S. Securities Exchange Act of 1934, regarding an auditor's required response to audit discoveries, has been satisfactorily fulfilled.

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## **4.2 Review procedures for legal, compliance, regulatory and other non-financial risk**

- 4.2.1 Review with the GC legal matters that may have a significant impact on the financial statements, the Group's compliance policies and any significant reports or inquiries received from regulators or governmental agencies.
- 4.2.2 Regularly obtain from the GC and review with management a report on significant legal and regulatory matters and any other significant GC matters.
- 4.2.3 Regularly obtain from the CRCO and/or DCCO and review with management a report on significant compliance and disciplinary matters, including significant matters reported through the Group's Integrity Hotline.
- 4.2.4 Establish procedures for the receipt, retention, and treatment of complaints of a significant nature received by the Group regarding accounting, internal accounting controls, auditing, or other matters alleging potential misconduct and the confidential, anonymous submission by employees of the Group through the Group's Integrity Hotline or by other means regarding questionable accounting, auditing, or other matters and receive periodic updates on complaints received.
- 4.2.5 Review with the CRCO, no less than annually, the implementation and effectiveness of the compliance and ethics program and related matters. The CRCO is also authorized to report promptly to the AC, or to the AC Chairman, on any material matter involving misconduct or potential misconduct.
- 4.2.6 Review with the External Auditors the results of their annual regulatory audits, in-depth audits, and any other reviews as mandated by regulators.
- 4.2.7 Obtain reports from the Group's Head of Internal Audit and the External Auditors with regard to significant operational, compliance, regulatory or other non-financial risks.
- 4.2.8 Review and assess components of the internal control system addressing compliance processes and controls.
- 4.2.9 Review jointly with the RC the annual assessment of the adequacy and effectiveness of the internal control system, the status of major infrastructure and committed change programs, as well as the control functions' input into remuneration.
- 4.2.10 Review jointly with the RC other significant matters of non-financial risk as appropriate.
- 4.2.11 Review jointly with the CFCCC any significant matters related to compliance and conduct for which a joint review is determined to be appropriate.

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## **4.3 External Auditors**

- 4.3.1 Evaluate the performance of the External Auditors in fulfilling their responsibilities related to the audit of the financial statements in accordance with Swiss law, Swiss Auditing Standards, and the standards of the PCAOB and consider the experience and qualifications of the senior members of the External Auditors' teams. Recommend to the BoD the appointment or replacement of the External Auditors, subject to shareholder approval, as required by applicable Swiss law.
- 4.3.2 Review the External Auditors' annual audit plan, including the scope, staffing, locations, reliance upon management and Internal Audit and general audit approach.
- 4.3.3 Obtain periodic, but no less frequent than annual, reports from the External Auditors regarding the External Auditors' independence, discuss such reports with the External Auditors, consider whether the provision of non-audit services is compatible with maintaining the auditor's independence and, if so determined by the AC, recommend that the BoD take appropriate

action to satisfy itself of the independence of the External Auditors. Periodically, but no less than annually, the AC shall review the External Auditors' controls for ensuring independence from the Group.

- 4.3.4 Periodically, but no less than annually, discuss with the External Auditors
- their internal quality control procedures;
  - any significant issues raised by the most recent internal quality control review or by any inquiry or investigation that was raised within the preceding five years by governmental or professional authorities, or in connection with one or more audits carried out by the External Auditor, and any steps taken to deal with any such issues.
- 4.3.5 Provide guidance to management regarding the procurement of non-audit services from the External Auditor that might raise independence issues.
- 4.3.6 Evaluate from time to time whether it is appropriate to adopt a policy of rotating External Auditor firms on a regular basis.
- 4.3.7 Review and evaluate the lead partner(s) of the External Auditor, taking into account the opinions of management and Internal Audit. Assure the regular rotation of the lead audit partner(s) every 5 years as required by the SEC and in accordance with all other applicable legal and regulatory requirements.
- 4.3.8 Establish and recommend to the BoD for approval guidelines for the Group's hiring of employees of the External Auditor who were engaged on the Group's account.
- 4.3.9 Pre-approve the retention of and fees to be paid to the External Auditors for audit services and terms of audit engagements. Reference is made to the separate Audit Committee Resolution 'Notification and approval for services provided by the Group's single global external auditor.'
- 4.3.10 Pre-approve the retention of and fees to be paid to the External Auditors for any non-audit service. Reference is made to the separate Audit Committee Resolution 'Notification and approval for services provided by the Group's single global external auditor.'

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#### **4.4 Internal Audit**

- 4.4.1 Review the appointment or replacement of the Head of Internal Audit for approval by the BoD.
- 4.4.2 Review with the Head of Internal Audit the overall risk assessments and approve the annual audit objectives. Moreover review significant changes in the audit plan, annual activity reports, significant audit findings and reports, staffing and budget of Internal Audit.
- 4.4.3 Review periodically but no less frequently than annually the effectiveness and the performance of Internal Audit, including the annual performance assessment of the Head of Internal Audit.
- 4.4.4 Review and recommend to the BoD for approval amendments to the Auditing Regulations for Internal Audit.

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#### **4.5 Other AC responsibilities**

- 4.5.1 Report committee activities to the BoD on a regular basis. In particular, review with the full BoD any significant issues that arise with respect to the quality or integrity of the Group's financial statements, the Group's compliance with legal or regulatory requirements, the performance and independence of the Group's External Auditors, and the performance of the Internal Audit function.
- 4.5.2 Review and reassess the adequacy of this charter from time to time and recommend any proposed changes to the BoD for approval.
- 4.5.3 Annually perform a self-assessment of AC performance.
- 4.5.4 Annually define a set of special focus topics, reflecting overall risk assessments, on which to conduct specific discussions or reviews in the next year.

## 5. Relationship with Audit Committees of other entities within the Group

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While audit committees of other entities within the Group do not report to the AC of CSG, the AC Chairman shall periodically meet with the Chairmen of the audit committees of the Group's significant subsidiaries for the purpose of coordination and alignment. Copies of the minutes of such subsidiary audit committee meetings shall be made available to the Chairman and the Secretary of the AC upon request.



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