

# Compensation Policy

2020 edition



# Our Compensation Policy

As we pursue our strategy of being a leading wealth manager with strong investment banking capabilities, our compensation framework and practices are fundamental to our ability to attract, retain, reward and motivate the talented individuals needed for our long-term success. By the same token, there has been significant political and regulatory focus on compensation at financial institutions over the past few years, with detailed regulation and guidance issued in various jurisdictions.

Credit Suisse strives to take a leadership position in the areas of compensation governance and the development of compensation structures and instruments. We have been actively engaged with many regulators, shareholders and other stakeholders. We want to ensure that our compensation practices are well understood and consistent with emerging compensation regulations and guidelines.

To this end, we developed this Compensation Policy together with implementation standards and rules. The Compensation Policy has been prepared by reference to compensation principles set out by the Swiss Financial Market Supervisory Authority FINMA and other regulators, and it applies to all compensation plans of Credit Suisse Group AG and its consolidated subsidiaries (the Group).

Our pay-for-performance approach goes beyond pure financial performance – to an increasing extent, compensation decisions have to take into account non-financial objectives and values reflected in our Code of Conduct and our Conduct and Ethics Standards. There is particular emphasis on ethics, risk, control and compliance as a basis for disciplined execution. In line with this, the Compensation Policy provides managers and employees a detailed description of our principles, structures and instruments, and the defined standards and processes relative to the development, implementation, management and governance of compensation.

The Board of Directors issues this Compensation Policy and assumes responsibility for monitoring its implementation within the Group.

Board of Directors of Credit Suisse Group AG, June 2020

**Disclaimer**

This is the 2020 version of the Compensation Policy as approved by the Board of Directors of Credit Suisse Group AG. The most recent version of the Compensation Policy is posted on the Group's internet site. If there is a discrepancy between this printed version and the electronic version, the electronic version will prevail.

# Structure of Document

For the purpose of this document, the terms “Credit Suisse Group”, “Credit Suisse” and “the Group” mean Credit Suisse Group AG and its consolidated subsidiaries, unless the context indicates otherwise.

The content of this document shall at no time replace the applicable formal legal rules, the compensation plans of the Group, and the individual employment agreements between the legal entities of the Group and its employees.

Moreover, this document is not a contract, express or implied, guaranteeing compensation of any kind, and no legal rights or entitlements to receive any kind of compensation may be derived from anything stated herein. The Compensation Policy may be modified, supplemented, or withdrawn by the Group at any time without notice. In addition, unless otherwise specified, an individual employee’s compensation can be modified by the Group with or without cause or notice at any time.

Abbreviations and selected terms are defined on first reference and in the abbreviations section.



# Compensation Policy

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# Compensation Policy

As a global financial institution, the Group is dependent on highly-skilled individuals who specialize in a broad range of disciplines. The Group's ability to implement a comprehensive human capital strategy to attract, retain, reward, and motivate such individuals is fundamental to the Group's long-term success. Compensation is a key component of the Group's human capital strategy, as the Group implements its client-focused integrated business model strategy.

In support of this goal, and to align the interests of employees and shareholders, the Group strives to be at the forefront of compensation policies and practices geared toward the objectives outlined below.

## Objectives

The Board of Directors (BoD) approves the Compensation Policy on an annual basis and its implementation is monitored regularly by the Compensation Committee (CC) of the BoD.



The Group is committed to responsible compensation practices which are reviewed and assessed by the CC on a regular basis. The need to reward the Group's employees fairly and competitively based on performance is balanced with the requirement to do so within the context of principled behavior and actions, particularly in the areas of risk, compliance, control, conduct and ethics. Compensation contributes to the achievement of the Group's objectives in a way that does not encourage excessive risk-taking or the violation of applicable laws, guidelines, or regulations, taking into account the capital position and economic performance of the Group over the long term.

## The Group's Compensation Policy Framework

The Compensation Policy Framework summarizes the key features of the Group's compensation approach, and sets forth some fundamental principles to guide the management of the Group's policies, practices, and plans.

### Our Vision

Maintain a responsible, performance-based Compensation Policy that is aligned with the long-term interests of our shareholders, employees and clients.

### Our Goal

Strike the right balance between meeting shareholders' expectations, paying our employees competitively, and responding appropriately to the legal and regulatory environment.

### Our Approach

Our Approach	Guiding Principles
<b>Governance</b>	<ul style="list-style-type: none"><li>▪ Clearly defined and documented governance procedures.</li><li>▪ Independent CC and committee advisors.</li><li>▪ Policies, processes and plans are clear, transparent, and auditable.</li><li>▪ The impact and performance of employees in roles that may expose the Group to significant risk is measured by the Risk Committee and CC.</li><li>▪ Mandatory shareholding requirements for Executive Board members.</li><li>▪ Compensation plans and overall compensation expenses approved by the BoD.</li></ul>
<b>Performance Alignment</b>	<ul style="list-style-type: none"><li>▪ Reward Group annual performance measured relative to:<ol style="list-style-type: none"><li>1. planned key performance indicators;</li><li>2. prior year performance; and</li><li>3. the performance of competitors.</li></ol></li><li>▪ Aligned to business performance, including risk-related metrics.</li><li>▪ Recognize and reward cross-divisional collaboration.</li><li>▪ Award and differentiate compensation based on individual performance and contributions.</li><li>▪ Control function feedback taken into account.</li></ul>
<b>Individual Compensation Determination</b>	<ul style="list-style-type: none"><li>▪ Total compensation approach.</li><li>▪ Facilitate competitiveness by paying market-informed, competitive compensation levels for comparable roles and experience, subject to performance.</li><li>▪ Promote meritocracy by recognizing individual performance, with a particular emphasis on contribution, risk management, ethics and control.</li><li>▪ Equal compensation opportunity.</li></ul>
<b>Compensation Structure and Instruments</b>	<ul style="list-style-type: none"><li>▪ Provide the appropriate balance of fixed and variable compensation consistent with risk alignment and position, and role in the Group.</li><li>▪ Significant portion of variable compensation deferred and aligned with the long-term performance of the Group and its divisions and in line with applicable regulations.</li><li>▪ Promote sound risk management practices, and in particular, do not create incentives to expose the Group to inappropriate risk.</li></ul>

## Scope and application

- The Compensation Policy set out in this document applies to all employees and all compensation plans of the Group
- Any and all variations from the Group's standard approach to compensation are covered by the Compensation Policy and must be approved by the CC
- The application of the Compensation Policy varies for different categories of staff, particularly for members of the Executive Board (ExB) and other defined employees whose role, collectively or individually, may have a material impact on the risk profile of the Group
- All plans implemented under the Compensation Policy can be modified or terminated at the Group's discretion at any time

The Group encourages collaboration between divisions. As illustrated in the table below, the Group operates as an integrated bank with five business divisions. These business divisions are supported by the global corporate functions, which ensures effective business support, control, and supervision of business activities. For the purposes of this Compensation Policy, certain independent functions which are closely involved in the assessment and review of compensation are collectively referred to as the control functions, including, but not limited to the Chief Risk Officer (CRO), Chief Compliance Officer (CCO), and Internal Audit, which reports directly to the Chair of the Audit Committee.

Credit Suisse												
Swiss Universal Bank	International Wealth Management	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Corporate Functions		Internal Audit					
					Private Clients	Private Banking		Wealth Management & Connected	Chief Financial Officer	Human Resources	Chief Risk Officer	General Counsel
					Corporate & Institutional Clients	Asset Management		Markets	Chief Operating Officer	Chief Compliance Officer		

## **Equal Compensation Opportunity**

The Group does not tolerate any form of discrimination, in particular discrimination based on ethnicity, nationality, gender, sexual orientation, gender identity, religion, age, marital or family status, pregnancy, disability – or any other status that is protected by local law. The Group encourages a safe and healthy work environment, free from discrimination, harassment and retaliation.

All aspects of the Group's Equal Employment Opportunity and Dignity at Work Policy (GP-00024) apply equally to the compensation-setting process.

All employment-related decisions, including decisions on compensation, are based on an individual's qualifications, performance and behavior, or other legitimate business considerations, such as (though not restricted to) the profitability of the Group or the division and department of the individual, and the strategic needs of the Group.

# 1.0 Compensation Governance

The Group's compensation governance practices, which are set out in this Policy, are part of the Group's overall corporate governance structure. They should be read in conjunction with the Group's other policies and guidelines that deal with the governance of the Group.

The Compensation Policy has been prepared by reference to the compensation principles set out by the Swiss Financial Market Supervisory Authority FINMA and similar guidelines adopted by other regulators in locations where the Group operates.

Furthermore, the Compensation Policy is in compliance with the Swiss Ordinance against Excessive Compensation with respect to Listed Stock Companies (VegüV) as well as other applicable legislation and regulations.

## 1.1 Recommendation, Review and Approval of Compensation Plans

The Group has a policy of a clear separation of responsibilities between the recommendation, review and approval of compensation plans.

Governance Body	Responsibilities in relation to Compensation Policy
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>▪ Approves:               <ul style="list-style-type: none"> <li>- Implementation and changes to Compensation Policy as well as related rules and regulations</li> <li>- Overall changes to compensation plans</li> <li>- Compensation expenses</li> <li>- Variable incentive compensation pools for the Group and the divisions</li> <li>- ExB compensation, including the CEO<sup>2</sup></li> <li>- BoD compensation, including the Chairman<sup>2</sup></li> </ul> </li> <li>▪ Implements the Compensation Policy as well as related rules and regulations</li> </ul>
<b>Compensation Committee<sup>1</sup></b>	<ul style="list-style-type: none"> <li>▪ Recommends to BoD:               <ul style="list-style-type: none"> <li>- Annual changes to Compensation Policy</li> <li>- Overall changes to the compensation plans</li> <li>- Variable incentive compensation pools for the Group and the divisions</li> <li>- ExB compensation, including CEO</li> <li>- BoD compensation, including the Chairman</li> </ul> </li> <li>▪ Approves:               <ul style="list-style-type: none"> <li>- Compensation for the Head of Internal Audit<sup>3</sup></li> <li>- Compensation for Material Risk Takers and Controllers (MRTCs) and other selected members of management</li> </ul> </li> <li>▪ Supervises compensation policies and practices within the Group</li> <li>▪ Procures independent external compensation advice or external legal advice as appropriate</li> </ul>
<b>Executive Board and other senior management</b>	<ul style="list-style-type: none"> <li>▪ Makes proposals to the CC based on performance and other sources of information, such as external market compensation benchmarking</li> </ul>

<sup>1</sup> The Compensation Committee consists of independent directors, with independence defined in accordance with the SIX Swiss Exchange Directive on Information relating to Corporate Governance, the Swiss Code of Best Practice for Corporate Governance, the listing standards of the New York Stock Exchange (NYSE) and the Nasdaq Stock Market (Nasdaq) and FINMA, and does not include either the BoD Chair or the Chief Executive Officer (CEO).

<sup>2</sup> Subject to shareholder approval requirement pursuant to the Compensation Ordinance and the AoA

<sup>3</sup> In consultation with Audit Committee Chair



## 1.2 Compensation Committee Discretion

The Compensation Committee has the ability to exercise its discretion under the terms of this Compensation Policy to adjust upward or downward any award, pre or post grant, where it considers that:

- The outcome does not reflect the underlying financial or non-financial performance of the Group or of the individual over the relevant period;
- The outcome is not appropriate in the context of circumstances that were unexpected or unforeseen at the time of the award date; and/or
- There exists any other reason why an adjustment is appropriate as determined by the Compensation Committee at its sole discretion.

## 1.3 Implementation of the Compensation Policy

The implementation of the Compensation Policy is the responsibility of all levels of management throughout the Group.

- **Managers** are provided with training and detailed guidance notes on implementation of the Compensation Policy.
- The **CC**, or HR by delegated authority, may issue location supplements, policy alerts and implementation rulings as and when required.
- The **BoD** ensures an annual review of the Compensation Policy and its implementation is reviewed at regular intervals. The review covers all plans implemented under the Compensation Policy.

## 1.4 Involvement of Control Functions in the Compensation Process

Risk and control considerations are an integral part of the performance assessment and compensation processes. The Group's approach to compensation includes a focus on risk and internal control matters and discourages excessive risk taking. The role and involvement of control functions in the compensation process are explained in the following figure.

## 1.5 Independence and Competency of Control Functions

The independence and competency of control functions are explained in the following figure.

## Role of control functions

### Involvement in Compensation Process

- Control functions provide feedback to the CC on relevant breaches of the Group's internal policies or practices including the Group's Code of Conduct and the Conduct and Ethics Standards as well as their assessment of the collaboration with the respective divisions.
- Internal Audit conducts regular reviews of compensation to ensure that Compensation Policy standards, external regulations and guidelines are adhered to and that the processes for achieving and maintaining balanced incentive compensation arrangements are consistently followed.
- CC takes into account feedback from the control functions in its annual review of the Group's performance and in determining the variable compensation pools.

### Independence and Competency

- Variable compensation pool for the control functions is only dependent on the Group's overall performance as well as on function-specific quantitative and qualitative criteria in order to avoid potential conflicts of interest.
- Each control function reports to a global head for the function in question rather than to the business it controls.
- Compensation of control functions is set at sufficient levels to ensure that competent and experienced professionals can be attracted and retained across business cycles.

## 1.6 Compensation Communication and Disclosure

An important objective of the Compensation Policy is to provide all relevant internal and external parties with appropriate information and transparency, thereby promoting a thorough understanding of the Group's compensation practices.

Details of compensation programs and plan awards are communicated to employees throughout the year. The Group maintains an intranet site that sets out details of plan awards, including vesting schedules and current values.

The Group provides extensive disclosure about compensation in its Compensation Report. In addition, the Group communicates on the subject throughout the year by means of press releases, quarterly reports, investor presentations or information on the Group's website.

The BoD submits the annual Compensation Report to shareholders for a consultative vote at the Annual General Meeting (AGM).

# 2.0 Compensation Structure and Instruments

The Group takes a total compensation approach, based on two principle components: fixed compensation and variable compensation, including the portion of variable compensation that may be deferred. The objective is to have an appropriate balance between these elements. Compensation instruments are designed to align long-term shareholder and employee interests, and to deliver compensation that promotes sustainable value for the Group and its shareholders over time.

## 2.1 Compensation Structure

Total compensation is comprised of fixed and variable compensation, and the ratio of fixed to variable compensation depends on position, role and responsibilities within a Group and varies from employee to employee.

In certain locations in accordance with Capital Requirements Directive IV (CRD IV), variable compensation may be subject to ‘bonus caps’, which mandate a maximum ratio of variable pay versus fixed compensation. Depending on the rules of jurisdiction, and subject to shareholder approval, the applicable bonus cap threshold can be increased. Additionally, local regulatory implementation of CRD IV may lead to further bonus caps in respect of certain employee populations. The Group ensures adherence to all applicable local requirements in relation to variable compensation, including applicable bonus caps.

Compensation component	Form of pay	Factors
<b>Fixed</b>	<ul style="list-style-type: none"> <li>▪ Base Salary</li> <li>▪ Role-based allowances<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>▪ Skills, qualifications and relevant experience of the individual</li> <li>▪ Responsibilities required by the role</li> <li>▪ External market factors</li> </ul>
<b>Variable</b>	<ul style="list-style-type: none"> <li>▪ Discretionary variable incentive award</li> </ul>	<ul style="list-style-type: none"> <li>▪ Absolute and relative performance of the Group and its divisions</li> <li>▪ Performance ratings and achievement of pre-agreed individual performance objectives of employees</li> <li>▪ Non-financial performance indicators</li> <li>▪ Market positioning</li> <li>▪ Various other factors</li> </ul>

<sup>1</sup> For example, employees impacted by the regulations imposed by CRD IV may receive a role-based allowance linked to their role and organizational responsibility rather than performance. In addition, based on their responsibility, certain employees may receive on a regional basis a component for their fixed compensation in the form of Deferred Cash Allowance Plan (DCAP).

## 2.2 Deferred Compensation

Above a certain threshold, a portion of variable compensation is subject to mandatory deferral to reflect the nature of the Group's business, its risk profile, and the desire to have compensation plans that are based on sustainable performance criteria.

Generally, the higher an individual's total compensation, the higher the percentage that is deferred. Deferral percentages are regularly reviewed by the CC, and are internally communicated. Deferral percentages also take into consideration market practice and applicable regulations, and may differ in certain markets.

Deferred compensation elements are typically subject to a vesting period of three years (ratably). Longer vesting periods may be decided upon by the CC based on a number of factors, including regulatory requirements.

All deferred compensation awards granted contain malus provisions that enable the Group to reduce or cancel outstanding awards prior to settlement if employees engage in certain detrimental conduct.

In addition, all variable incentive compensation granted to UK PRA MRTs and all employees regulated by the Bank of Italy are subject to clawback of deferred and non-deferred variable compensation after vesting. Other MRTs are also subject to clawback provisions as required by applicable legal or regulatory requirements, such as MRTs for Luxembourg and Spain.

Employee category	Total Compensation				
	Fixed Compensation <sup>1</sup>	Variable compensation			
		Unrestricted Cash	Deferred compensation <sup>2</sup>		
Base salary			Share awards	Performance share awards	Contingent Capital Awards
All Managing Directors and Directors who are MRTCs			30%	50%	20%
Other Directors			80%		20%
Other MRTCs			50%	50%	
Other employees with total compensation of CHF/USD 250,000 or higher (or local currency equivalent)			100%		
Employees with total compensation below CHF/USD 250,000 (or local currency equivalent)					

<sup>1</sup> Includes base salary, role-based allowances and DCAP.

<sup>2</sup> Deferred compensation is applicable to employees with total compensation of CHF/USD 250,000 (or local currency equivalent) or higher.

The table is reviewed annually and may be updated accordingly.

### **2.3 Deferred Compensation Instruments**

The Group's primary long-term incentive compensation plan is the Credit Suisse Group AG Master Share Plan, as amended (the Plan). In order to align the interests of shareholders and employees, above a certain threshold the payment of a substantial percentage of variable compensation is typically in the form of share awards or performance share awards issued pursuant to the rules of the Plan and associated award certificates as well as other applicable plan documents. Minimum shareholding requirements apply to members of the ExB.

For senior executives and other employees with the potential to have a material impact on the risk exposure of the Group, a portion of deferred compensation is typically delivered as performance share awards that are subject to negative adjustment in the event of a divisional loss or negative return on equity of the Group. The proportion of the variable compensation in each deferred instrument is generally dependent on corporate title and risk-taking status and may vary from year to year at the discretion of the CC.

The Group may also award a portion of the deferred compensation in the form of Contingent Capital Awards (CCAs), which have rights and risks similar to certain contingent capital instruments issued by the Group in the market.

There is a prohibition on all staff from entering into transactions to hedge the economic exposure tied to their long-term compensation prior to award vesting.

Award	Delivery <sup>1</sup>	Vesting period <sup>1</sup>	Performance conditions
<b>Share awards</b>	<ul style="list-style-type: none"> <li>▪ One registered share per award</li> <li>▪ Dividend equivalents (payable upon delivery)</li> </ul>	<ul style="list-style-type: none"> <li>▪ 3 years (ratable vesting)</li> <li>▪ 5 years (ratable vesting) for risk managers<sup>2</sup></li> <li>▪ 7 years (ratable vesting over five years, starting on the third anniversary) for senior managers<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>▪ No additional performance conditions</li> </ul>
<b>Performance share awards</b>	<ul style="list-style-type: none"> <li>▪ One registered share per award</li> <li>▪ Dividend equivalents (payable upon delivery)</li> </ul>	<ul style="list-style-type: none"> <li>▪ 3 years (ratable vesting)</li> <li>▪ 5 years (ratable vesting) for risk managers<sup>2</sup></li> <li>▪ 7 years (ratable vesting over five years, starting on the third anniversary) for senior managers<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>▪ Performance conditions apply to full balance of outstanding awards</li> <li>▪ Negative adjustment applies in event of divisional loss<sup>4</sup> by the division in which the employee worked as of December 31, 2020, or a negative return on equity (RoE) of the Group, whichever results in a larger adjustment</li> <li>▪ For employees in the corporate functions and the Corporate Center, the negative adjustment only applies in the event of a negative RoE of the Group</li> </ul>
<b>Contingent Capital Awards</b>	<ul style="list-style-type: none"> <li>▪ At settlement, contingent capital instrument or cash payment based on the fair value of the CCA</li> <li>▪ Prior to settlement, conditional right to receive semi-annual cash payments of interest equivalents</li> <li>▪ Timing and form of distribution upon settlement is subject to approval by the Swiss Financial Market Supervisory Authority FINMA (FINMA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ 3 years (cliff vesting)</li> <li>▪ 5 years (cliff vesting) for risk managers<sup>2</sup></li> <li>▪ 7 years (cliff vesting) for senior managers<sup>3</sup></li> </ul>	<p>Prior to settlement, the principal amount would be written down to zero and forfeited if:</p> <ul style="list-style-type: none"> <li>▪ The Group's reported CET1 ratio falls below 7%; or</li> <li>▪ FINMA determines that cancellation of the CCA and other similar contingent capital instruments is necessary, or that the Group requires public sector capital support, in either case to prevent it from becoming insolvent or otherwise failing</li> </ul>

**1** Individuals in certain jurisdictions may be subject to conditions other than those outlined here in order to comply with local legal or regulatory requirements.

**2** Risk managers are a subset of the UK PRA MRT population, defined as individuals identified as having responsibility for managing or supervising risk-taking or significant risk functions for the Group's UK entities.

**3** Senior managers are a subset of the UK PRA MRT population, defined as individuals who retain the greatest influence over the strategic direction of the Group's UK business, and who also perform one or more of the PRA and UK Financial Conduct Authority's designated senior management functions and "prescribed responsibilities" for the relevant UK entities.

**4** Refer to "Potential downward adjustments of performance share awards".

## **2.4 Specific Compensation Arrangements**

Aside from the annual compensation review process, there are other possible compensation arrangements throughout the year. The most common relate to new hires or terminations, and may entail guaranteed minimum variable compensation, sign-on awards, buy-out arrangements, retention awards or termination payments in so far as not prohibited by laws and regulations.

The use of such arrangements may be justified under the circumstances, and if specific approvals and rules have been satisfied. In the case of guaranteed compensation, if such an arrangement is necessary at the time of a hire, the guarantee is limited to the first full calendar year and may be linked to performance and conduct indicators. It is the Group's policy not to make multi-year guarantees. Guaranteed compensation arrangements to existing employees are strictly prohibited.



# 3.0 Variable Compensation Pool

The determination of the Group's annual variable compensation pool aims to balance the distribution of the Group's profits between shareholders and employees, and takes into account the Group's financial performance as well as non-financial factors such as the achievement of strategic objectives, relative performance compared to peers, control, compliance, risk-related issues, market position and trends and any extraordinary events.

### **3.1 Accrual of Variable Compensation**

Accrual of variable compensation occurs at the Group as well as at the divisional level. It is based on sustainable, profit-based performance measures, which include an adjustment for the cost of capital. It is also subject to the achievement of non-financial objectives and values reflected in the Group's Code of Conduct and Conduct and Ethics Standards, with particular emphasis on ethics, risk, compliance, and control. Moreover, final decisions about the size of the pools take into account the long-term capital position of the Group, and the need to provide an appropriate return to shareholders.

The CC regularly reviews proposed accruals and related internal and external reports, and at its discretion makes adjustments, including negative adjustments, in determining its recommendations to the BoD for approval. An accrual at the Group or at any other level does not create legal rights or entitlements for employees to be considered for, or to receive discretionary variable incentive awards.

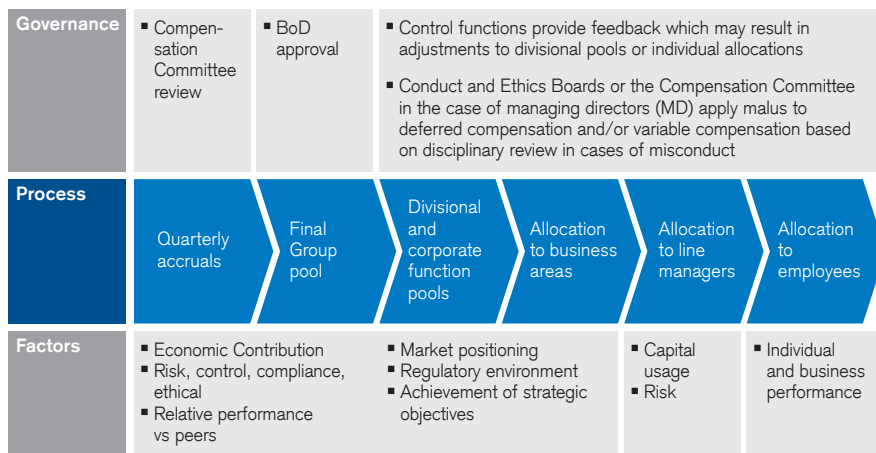
### **3.2 Divisional Allocation**

The allocation of variable compensation varies by division and the risk-adjusted performance of each division is factored in to an appropriate extent. Adjustments of divisional allocations are at the discretion of the BoD based on recommendations by the CC and are influenced by the long-term strategic direction and objectives of the divisions.

The Group typically uses an accrual approach that is reflective of divisional performance-based metrics, such as Economic Contribution (EC), and the performance of the Group overall.

The variable compensation pool for the corporate functions is separate from the pools of revenue-generating divisions, and is based on function-specific criteria as well as the performance of the Group as a whole and is not dependent on the performance of the specific business areas that corporate functions oversee and support.

## Determination of Variable Incentive Compensation Pools



# 4.0 Determination of Discretionary Variable Incentive Awards

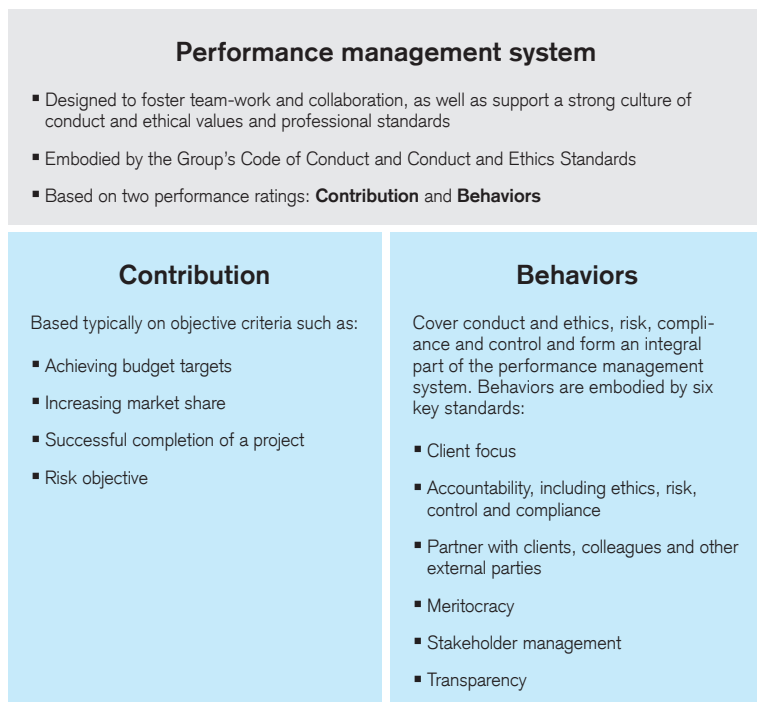
The determination and allocation of discretionary variable incentive awards to employees out of a defined variable compensation pool is subject to a broad range of quantitative and qualitative assessment criteria – with particular emphasis on an individual’s performance, conduct (including acting in the best interests of clients), responsibilities, position and role. It also takes into account applicable market compensation levels. The determination and granting of discretionary variable incentive awards is entirely at the Group’s discretion.

The Group may at any time be entitled to amend the terms regarding granting, vesting and settlement of awards to comply with applicable law (e.g., art. 10a of the Swiss Banking Law) or regulatory requirements.

## 4.1 Performance

The Group adopts a performance culture with a strong emphasis on disciplined risk management, ethics and compliance-centered behavior.

Allocation decisions are based on the performance of the Group, the division, and the individual. To support this, the Group has a comprehensive performance management system based on two performance ratings: contribution and behavior.



## 4.2 Covered Employees and Material Risk Takers and Controllers

Covered Employees are subject to a heightened level of scrutiny over the alignment of their compensation with performance and risk considerations.

Additionally, employees' specific roles and/or levels are considered in part with a view towards determining the potential of an individual (or group of individuals) to expose the Group to inappropriate risk. Both financial risks – such as credit, market, and liquidity risks – and non-financial risks – such as compliance, legal, operational, and reputational risks – are considered.

# Compensation process for Covered Employees and MRTCs

Employee categories	Compensation process
<p><b>Covered Employees</b></p> <ul style="list-style-type: none"> <li>▪ Material Risk Takers and Controllers (MRTCs)</li> <li>▪ US-based revenue producers in Global Markets and Investment Banking &amp; Capital Markets divisions</li> </ul>	<p><b>Focus on risk and conduct assessment</b></p> <ul style="list-style-type: none"> <li>▪ Covered Employees and their managers are required to define role-specific risk objectives to incorporate risk considerations in their performance evaluations and when setting variable incentive compensation</li> <li>▪ Types of risks considered vary by role (e.g., reputational, credit, market, operational, liquidity, legal and compliance)</li> <li>▪ Both realized and potential risk outcomes are assessed</li> </ul>
<p><b>MRTCs</b></p> <ul style="list-style-type: none"> <li>▪ Members of the Executive Board</li> <li>▪ Employees who report directly to a member of the Executive Board</li> <li>▪ Employees, individually or as part of a group, with the ability to put material amounts of the Group's capital at risk</li> <li>▪ Top 150 paid employees across the Group based on total compensation</li> <li>▪ Senior relationship managers in the Wealth Management-related businesses</li> <li>▪ Any employee identified as taking or controlling material risks on behalf of the Group and/or its subsidiaries, as prescribed by EU/UK regulators</li> <li>▪ Other individuals whose roles, individually or as part of a group, have been identified as having a potential impact on the market, reputational and operational risk of the Group</li> </ul>	

# 5.0 Board of Directors and Executive Board Compensation Structure

## 5.1 Board of Directors (BoD)

Compensation for the BoD is set in accordance with the legal provisions under the Swiss Ordinance Against Excessive Compensation with respect to Listed Stock Companies (VegüV), the Articles of Association of the Group (AoA), and the Organizational Guidelines and Regulations of the Group (OGR), the Charter of the Group's CC, and the Compensation Policy.

All members of the BoD receive an annual base board fee and an annual fee for serving on any of the Committees. The chairs of the Audit, Compensation, Risk and Conduct and Financial Crime Control Committees also receive annual Committee chair fees that reflect the greater responsibility and time commitment required to perform the role of chairing the relevant Committee. Committee chairs do not receive the committee membership fees for serving on the committees that they chair. Fees are paid in the form of cash and Group shares. Shares are blocked for a period of four years. BoD members serving on subsidiary boards may receive additional fees for such role, all of which are subject to approval by the Board and the shareholders of Credit Suisse Group AG in accordance with the AoA and the VegüV.

The full-time BoD Chair is paid a base board fee paid in cash and a chair fee, which reflect the additional responsibilities associated with the position. The chair fee is paid in the form of Group shares at the end of the current board period, and blocked for a period of four years.

## 5.2 Executive Board (ExB)

Compensation for ExB members is reviewed by the CC and recommended for approval to the BoD. Pursuant to the VegüV and the AoA, shareholders at the AGM approve the compensation of the ExB, based on proposals by the BoD. ExB compensation is designed to provide a meaningful alignment with the Group's strategic goals and the interest of its shareholders and to encourage strong teamwork and collaboration across divisions. Salaries for members of the ExB are typically reviewed annually. The method of determining variable incentive compensation levels and the form of the awards to be granted provide a direct link between pay and performance, with compensation awarded based on the achievement of strategic targets. The variable incentive compensation opportunity with respect to each individual ExB member is clearly pre-defined and communicated based on market competitive compensation for the role.

ExB variable incentive compensation is comprised of a short-term incentive opportunity (STI Opportunity) and a long-term incentive opportunity (LTI Opportunity). The STI award is designed to reward the achievement of the Group's annual objectives. The maximum STI award



pool equals the sum of all individual maximum opportunities of the ExB members. The award pool amount is determined based on achievement of pre-determined Group financial and non-financial metrics each year. The LTI award is designed to reward the achievement of the long-term business plan and long-term returns for shareholders. The maximum STI Opportunity and LTI Opportunity are expressed as a percentage of base salary, taking into account role, market experience and geography.

The maximum STI and LTI payout in each case may not exceed 100% of the opportunity. Due to the importance of achieving the firm's long-term business objectives, approximately two-thirds of total variable incentive compensation is granted as LTI awards in the form of deferred share awards.

The key features of the approach to ExB variable incentive compensation are:

- The setting of clear compensation target levels and caps for individual ExB members, expressed as multiples of base salary;
- The grant of STI variable compensation awarded to each ExB member following the end of the year, based on performance during the preceding year evaluated against predetermined objectives; and
- The grant of LTI variable compensation, rewarding future performance; subject to performance vesting over three financial years (performance cycle) followed by delivery in three equal instalments on the third, fourth and fifth anniversaries of the grant date.

The terms of the awards may differ for certain individuals in order to comply with local legal or regulatory requirements.



# Appendix

## **Compliance with Other Policies and Code of Conduct**

This Compensation Policy is deemed to be compliant with all other policies of the Group, to the extent it relates to, or has an impact on, compensation. This includes policies such as:

- CM-10000 – Bank Compliance Manual
- GP-00012 – Escalation
- GP-00015 – General Principles of Effective Supervision
- GP-00024 – Equal Employment Opportunity and Dignity at Work
- GP-00057 – Equity Ownership
- GP-00363 – Employee Personal Account Trading
- GP-00103 – Reputational Risk
- GP-01058 – Disciplinary
- P-00135 – Discretionary Variable Incentive Award  
– Switzerland & Liechtenstein

Other documents, such as the Plan, the Group's CC Charter and the Group's Code of Conduct are relevant and form part of this Compensation Policy.

In the event of conflict between this and other policies, the CC will make a decision based on the best interests of all parties, taking into account legal considerations and other relevant factors.

## Abbreviations

AGM	Annual General Meeting
AoA	Articles of Association
BoD	Board of Directors
CC	Compensation Committee
CCA	Contingent Capital Award
CCO	Chief Compliance Officer
CEO	Chief Executive Officer
CRD IV	Capital Requirements Directive IV
CRO	Chief Risk Officer
DCAP	Deferred Cash Allowance Plan
EC	Economic Contribution
ExB	Executive Board
FINMA	Swiss Financial Market Supervisory Authority
Group	Credit Suisse Group AG and its consolidated subsidiaries
HR	Human Resources
LTI	Long-term incentive
MD	Managing Director
MRT	Material Risk Taker
MRTC	Material Risk Takers and Controller
Nasdaq	Nasdaq Stock Market
NYSE	New York Stock Exchange
OGR	Organizational Guidelines and Regulations
Plan	Credit Suisse Group AG Master Share Plan
PRA	UK Prudential Regulatory Authority
ROE	Return on Equity
STI	Short-term incentive
VegüV	Swiss Ordinance Against Excessive Compensation with respect to Listed Stock Companies







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