

# MINUTES

## **2018 Annual General Meeting CREDIT SUISSE GROUP AG**

Friday, April 27, 2018, 10:30 a.m. to 2:29 p.m., Hallenstadion, Zurich-Oerlikon

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**Urs Rohner**, Chairman of the Board of Directors [**"BoD"**] of Credit Suisse Group AG [**"CSG"**], welcomed the shareholders present at the AGM, along with the other members of the BoD and the Executive Board of CSG. He welcomed to the stage **Tidjane Thiam**, Chief Executive Officer [**"CEO"**], **David Mathers**, Chief Financial Officer, **Jo Oechslin**, Chief Risk Officer, **Romeo Cerutti**, General Counsel, and **Joan Belzer**, secretary of the BoD and of this Annual General Meeting [**"AGM"**].

The **independent auditors**, KPMG AG, were represented by **Anthony Anzevino**, **Ralph Dicht**, **Nicholas Edmonds**, and **Mirko Liberto**.

**Andreas Keller**, attorney-at-law, acted as an **independent proxy**.

The **Chairman** took over the role as chair pursuant to Art. 11 para. 3 of the Articles of Association, and stated that the Annual General Meeting had been convened in due time and form by publication in the Swiss Official Gazette of Commerce [**"SOGC"**] no. 64, dated April 4, 2018. No agenda items had been submitted to the BoD by shareholders by the given deadline. The Chairman decreed the electronic voting and election procedures based on Art. 13 para. 3 of the Articles of Association.

Based on Art. 11 para. 2 of the company's Articles of Association, **Arnold Huber** (arbitrator), **Valentin Bühler**, **Dieter Hauser** and **Anne Elisabeth Schlumberger** were elected as **ballot counters** in an open ballot.

The **Chairman** concluded that the AGM was correctly constituted. The Chairman then informed the shareholders of other administrative issues and announced his own address to shareholders as well as that of the CEO.

In his address, the **Chairman** reported (*Appendix 1*) on the progress that has been made with respect to **(i)** CS's strategic realignment, including the strengthening of the capital base, the new record for assets under management in the 2017 financial year, efficiency improvements and cost savings, and strategic investments; **(ii)** resolving legacy issues, referring in this context to the intended wind-down of the Strategic Resolution Unit in 2018; **(iii)** the adherence of all employees to clear rules of conduct and ethical principles, as set out in the Code of Conduct, the compliance of which is overseen by the Compliance and Regulatory Affairs function created two-and-a-half years ago; these control activities are performed quickly and efficiently thanks to state-of-the-art data analytics; and **(iv)** leveraging the potential of innovative technologies in order to further expand the service and product spectrum, while at the same time reducing operating expenses. Where innovation is concerned, CS is increasingly benefiting from the positive impact of new technologies and ideas thanks to internal projects and cooperation, as well as partnerships with other institutions. CS now has a resilient business model and a strong capital base that allows it to invest in its core business and therefore support long-term growth.

In his address (*Appendix 2*), the **CEO** commented on CS's strong positioning with respect to the long-term trend of global asset growth, the progress made in the implementation of CS's strategy and the full-year results for 2017, particularly the increase in reported pre-tax income in 2017 to CHF 1.8 billion and the strengthening of the capital base thanks to the raising of fresh capital. The

results for the first quarter of 2018 – both in Wealth Management and Investment Banking – make it clear that the third and final year of CS's restructuring has gotten off to a very good start.

The secretary then announced the number of **shares represented (Appendix 3)** as per Art. 689(e) of the SCO: There were 1,167 shareholders and shareholder representatives physically present in the hall. A total of 1,717,016,938 registered shares of CSG, each with a par value of CHF 0.40, were directly or indirectly represented at this AGM. Of these shares, the independent proxy represented 1,704,883,479 registered shares.

Finally, the **Chairman** declared that the AGM could pass valid resolutions concerning all items on the agenda.

## **1 The 2017 Annual Report, the Statutory and 2017 Consolidated Financial Statements, and the 2017 Compensation Report**

The **Chairman** pointed out that shareholders had been able to inspect the 2017 Annual Report together with the statutory and consolidated financial statements for 2017, including the Compensation Report and the Auditors' Reports of KPMG since March 26, 2018, at the headquarters of the company. In addition, the **Chairman** referred to the 2017 Corporate Responsibility Report as well as the recommendation of the independent auditors KPMG AG that the 2017 statutory and consolidated financial statements be accepted. KPMG AG has confirmed to CSG that no supplementary observations to its audit reports are needed. The **Chairman** declared that the prerequisites pursuant to Article 731 of the SCO regarding the acceptance of the annual financial statements were fulfilled, and then opened the discussion on agenda item 1.

**Speeches** were then made by the following:

### **1. Jakob Trümpi, Schwarzenbach**

The **speaker** criticized what he considered to be poor business results for 2017, as well as the compensation awarded to the Executive Board. He argued that the high compensation amounts being paid to members of the Executive Board were completely inappropriate. He asked how high the salaries and bonuses of Executive Board members actually were, including the share component. Furthermore, he wanted to know what the compensation amounts for the individual Board members looked like. With respect to the election of the two new candidates to the Board of Directors, he expressed his displeasure that these individuals were not residents of Switzerland. Moreover, he criticized the fact that the election of the members of the Board of Directors was not a genuine election but actually an exercise in rubber-stamping, as the bank had not given shareholders a number of candidates to choose from. He enquired about the other mandates held by members of the Board of Directors, and particularly whether these commitments to other companies could potentially lead to conflicts of interest. Finally, he asked how many of the members of the Board of Directors actually lived in Switzerland, and how high the additional fee was for membership in the Compensation Committee.

The **Chairman** explained that all information on compensation paid to members of the Executive Board and the Board of Directors was set out in detail in the Compensation Report. With regard to the election of new members to the Board of Directors, he explained that the persons standing for election had been selected on the basis of their industry-specific knowledge and experience, which was essential for a globally active company, and that their residence in Switzerland did not constitute a decisive criterion. In addition, he assured the speaker that the bank took steps to avoid conflicts of interest. Finally he explained that the operating result of CSG had improved significantly compared to the previous year, and that this result should be clearly distinguished from the net loss published as a result of accounting adjustments in the wake of the US tax reform.

### **2. Vincent Kaufmann, Geneva (Ethos)**

On behalf of Ethos, the **speaker** expressed his hope that the bank had now put the turbulence of recent years behind it. In the view of Ethos, although some progress had been made, CSG still had

to overcome numerous challenges if it wanted to restore the trust it had lost. He identified at least four measures that in his view should be implemented as a matter of urgency: First, he called for an improvement in corporate governance through a change in the chairmanship of the Board of Directors. The speaker criticized, in particular, the fact that the incumbent Chairman had for many years supported a strategy involving a strong investment banking business, and could therefore not credibly support the new strategic direction that had been announced back in 2015. Second, he called for a strengthening of the bank's core capital and criticized the current leverage ratio of just 3.8%, despite the capital increases implemented over the last three years. He stressed that Ethos was astonished to read in the Annual Report that a share buyback was planned. Ethos considered it more expedient to first redeem the CoCo bonds from 2011, and requested information about the timing and conditions of the CoCo redemption. Third, he called for appropriate levels of compensation and reminded the AGM that the Board of Directors had not foreseen the level of resistance exhibited by shareholders in the run-up to the 2017 AGM. Although Ethos was very much prepared to acknowledge the progress that had been made in matters of transparency and compensation structure, it nonetheless considered the way in which bonuses were allocated to be unacceptable, particularly against a backdrop of headcount reduction and the third annual loss in succession. Fourth, he argued that the bank needed to make improvements in the area of social responsibility. The speaker referred to a league table produced by ShareAction on the consideration of climate change in financing and investment activities, which showed that CSG lagged behind the best banks in this area. However, he welcomed the decision taken by CSG in December 2017 to support the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD), and expressed his expectation that these recommendations would also be rapidly implemented by CSG. He pointed out that Ethos was firmly resolved to continue to do everything it could to ensure that CSG implemented these measures, and accordingly recommended rejection of the proposals of the BoD regarding agenda items 1.1, 4.1.1 and 5.1/5.2.

The **Chairman** firmly rejected the assertion that CSG was insufficiently capitalized. He explained that at the end of the first quarter the leverage ratio for common equity tier 1 capital ("look-through") stood at 3.8%, and that the tier 1 leverage ratio ("look-through") stood at 5.1%. Accordingly, CSG was one of the best capitalized banks, already complying with the rigorous regulatory capital guidelines in place for 2020. With respect to the CoCo bonds, he reminded the speaker that these instruments had made an important contribution to stabilizing the bank's capital base in the aftermath of the financial crisis. CSG had not needed state assistance at that time, and CoCo instruments had been encouraged by the regulators. The CoCos would be called for redemption as soon as their terms allowed, with the result that CSG's financing costs would come down over the coming years. The Chairman also rejected the claims of deficient corporate governance, emphasizing a number of important successes during his chairmanship, such as the consistent reduction of risk-weighted assets (RWA), the introduction of far-reaching strategic changes, and the appointment of a new CEO. With regard to the speaker's criticism of compensation levels, the Chairman referred to the detailed commentary in the Compensation Report, and in particular to the changes to the compensation system set out in this document, as well as the improvement in transparency. Where the issue of climate-related financial disclosures was concerned, the Chairman explained that CSG had created an interdisciplinary working group and had instructed this working group to draw up an implementation plan, whereby the corresponding implementation work would take 3 to 5 years.

### **3. Richard Fischer, Brugg**

The **speaker** expressed his indignation about what he perceived to be the grossly excessive salaries paid to the bank's managers, making a comparison with (among others) the remuneration scale that applied in the construction firm he managed. And this despite the fact that moderation and humility had been promised at previous AGMs. The speaker also expressed his unhappiness that he had heard nothing from Paradeplatz despite having handed in his business card at the previous year's AGM in expectation of an invitation to a personal discussion. He strongly criticized

the current compensation amounts being paid to the Executive Board and the CEO, as well as the compensation awarded to the Chairman of the Board of Directors. Moreover, he complained that managerial salaries at CSG had effectively decoupled from the corresponding managerial performance, particularly in view of the fact that an annual net loss had been reported for the third year in succession. In his view, the compensation practice being applied at CSG was a modern form of highway robbery. He argued that the lack of moderation on the compensation front would provoke further waves of regulation, which would in turn make everyday business more difficult for small and medium-sized companies, while at the same time increasing the distrust of the wider public. He expressed his conviction that the bank had to regain lost trust, which is why he was recommending that shareholders reject the latest Compensation Report. In conclusion, he presented the Chairman with a copy of Hermann Hesse's book "Siddhartha," urging the Chairman to take the book's core message to heart.

The **Chairman** thanked the speaker for the gift of the book and took note of his remarks. He explained to the speaker that the business card left at the previous year's AGM had unfortunately never made it to his desk, and expressed his willingness to hold such a discussion.

#### **4. Nicole Weydknecht, Zurich (Actares)**

On behalf of Actares and ShareAction, a non-profit organization based in the United Kingdom, the **speaker** brought up two specific issues: First, she called on CSG to refrain from providing financing to any industrial areas that would contribute to the progression of climate change. Second, she urged CSG to refrain from providing financing to any industries that had long been considered by the above-mentioned organizations to constitute high-risk areas from a financial perspective. The speaker stressed that Actares had been warning CSG for years of the risks of climate-damaging investments, and believed that nothing had been done despite its efforts. She expressed the view that the Swiss financial center – as well as CSG itself – had not done enough to comply with the Paris Climate Agreement negotiated in 2016. The speaker sharply criticized the fact that CSG entered into credit transactions with companies in the area of non-renewable resources, including the coal industry. According to one report, CSG was said to have granted loans with a value of some USD 1.1 billion to coal-mining companies and USD 939 million to coal-fired power stations over the course of 2017. With respect to these lending transactions, she reminded the Board of Directors of its due diligence obligations and called on CSG to follow the example of a number of other companies and exit the business with the coal industry. Furthermore, she pointed out that CSG had committed to complying with certain guidelines – such as the Declaration on Climate Change – and argued that CSG's financing practices ran counter to its earlier commitments. Given this situation, Actares would be voting against the discharge of the actions of the Board of Directors and against the re-election of the Chairman of the Board of Directors at the present AGM. The speaker also criticized the proposed compensation levels and announced that Actares would likewise be voting against all compensation proposals. Finally, she asked when CSG would finally adjust its strategy to the targets of the Paris Climate Agreement, refrain from providing further financing to coal-fired power stations or coal mines, and announce a plan to exit its existing credit commitments in this area.

The **Chairman** countered that CSG does recognize its share of responsibility in tackling climate change by supporting the transition to an environmentally friendly economy with low fossil fuel consumption, thereby supporting the targets of the Paris Climate Agreement. Furthermore, he referred the speaker to the principles and approach of CSG in respect of climate protection as set out in the "Declaration on Climate Change." On the issue of coal, he explained that CSG had introduced restrictions in the financing of new coal mines and coal-fired power stations back in 2016. Where the financing of coal-fired stations was concerned, he pointed out that these restrictions differed according to the country in which a power station was operated, and that generally only emission-reducing technologies were supported. He then called on Joachim Oechslin, Chief Risk Officer of CSG, to provide additional information.

**Joachim Oechslin** explained first of all that CSG had been one of the first banks to take prompt action by adjusting its financing criteria for coal-fired power stations and coal mines in 2016. Second, he stated that CSG had not supported any financing projects for coal-fired power stations and coal mines in 2017. Finally, he took issue with the speaker's figure of some USD 900 million for the financing of coal-fired power stations: This figure, which had been taken from a report, was being used in the wrong context, as the sum in question did not relate to the direct financing of coal-fired power stations.

##### **5. Thomas Kesselring, Bern (Actares)**

On behalf of Actares, the **speaker** reminded the AGM of his speech last year in connection with the credit scandal in Mozambique. He explained that he was bringing the topic up again this year because an international audit report had been published in the meantime, which he would be citing and which raised additional questions. The speaker first summarized the key details of this affair: It revolved around significant loans granted to Mozambique back in 2013 and 2014, in which CS London and another bank had been involved, with a view to financing the establishment of a local tuna fishing fleet. However, the funds had apparently been used for a different purpose, possibly even for military purposes. In addition, a considerable proportion of the original credit amount had simply disappeared. After the scandal had come to light two years ago, the IMF and all donor countries had frozen all further payments to Mozambique, and would only be resuming them following an exhaustive investigation into the affair. The speaker criticized the fact that although CSG had made the granting of these loans subject to conditions due to credit risk considerations, these conditions had not been met – and yet the loans had been granted nonetheless. In addition, the speaker referred to the audit report from the US company Kroll, which had carried out an independent review of this affair. In this context the speaker pointed out that the Mozambique authorities had not cooperated with Kroll, and that key questions therefore had yet to be answered. He reproached CSG with having failed to cooperate sufficiently with Kroll, particularly by not supporting Kroll in its attempts to gather missing information, such as payment data. Moreover, he expressed the view that CSG had been guilty of "loan pushing" with this credit transaction, and had lost a considerable amount of trust as a result of its entanglement in this scandal. The speaker demanded answers to his questions, specifically how CSG justified its approval of these transactions, about its willingness to cooperate with Kroll, the level of provisions set aside for this affair, and CSG's plans to compensate the people of Mozambique for the damage suffered. Finally, he wanted to know whether "trust" was in any way still an element in CSG's business practice nowadays.

The **Chairman** rejected the speaker's criticism of CSG's business processes. CSG had never operated a policy of "loan pushing." Instead, every lending decision was underpinned by a thorough review based on clear guidelines and processes. In cases where there was any doubt over the functioning of these processes, CSG obviously collaborated with the relevant authorities to provide clarification. The Chairman asked for the speaker's understanding that CSG could not provide a detailed answer to all his questions at the current time due to the ongoing investigation into this affair. But the Chairman did observe that a number of the speaker's statements on the circumstances of the case and the Kroll report were incorrect or only partially correct. With respect to compensation, the Chairman explained that the government in Mozambique had submitted certain proposals, and that CSG was in principle open to possible ways of providing support. He added that CSG was always willing to assume responsibility for any errors, but that it would be a mistake to prematurely judge the current case due to the ongoing nature of the investigation. Furthermore, the Chairman confirmed that trust was very important to CSG in the lending business, as well as being a core element of CSG's business policy. He then called on Romeo Cerutti, General Counsel of CSG, to respond to the accusation of insufficient collaboration with Kroll and the question of provisions.

**Romeo Cerutti** explained that CSG had collaborated with both Kroll and the supervisory authorities responsible for investigating this case, and had provided the latter with comprehensive material. He pointed out that CSG could unfortunately not provide information on certain aspects at

the current time due to the ongoing nature of the investigation. But he added that it was a case of other parties not having collaborated properly with Kroll, which is why a number of questions remained unanswered. He expressed his hope that these questions would be answered in the near future so that clarity could be created in respect of this affair. With regard to the question of provisions as queried by the speaker, he referred to the 2017 Annual Report in which provisions were disclosed as a total amount rather than in detail.

#### **6. Waste Wica Ku Win Young, US**

The **speaker** introduced herself and explained that she came from the Sitting Bull line of the Native American Lakota tribe from the US federal state of North Dakota. She described to the AGM the protest actions of her family and other tribal members against the Dakota Access Pipeline (DAPL). The affected parties were of the firm conviction that the DAPL project violated the sovereignty of tribal lands while also posing a threat to their water supply. She also reported mobility problems and other everyday difficulties caused by the DAPL project over many months, arguing that it had greatly impaired the local people's quality of life. Moreover, she described how she and other tribal members who had spent time in the area of the DAPL project had been treated by the US authorities, and that the incidents in question represented violations of human rights in her view. She accused Swiss financial institutions of having contributed to these human rights violations through their involvement in the financing of the DAPL. She called on CSG to refrain from becoming involved in any further such financing projects in the future. Finally, she asked if CSG shared the appraisals of the United Nations regarding the rights of indigenous peoples in connection with the DAPL, as set out in a UN report.

The **Chairman** thanked the speaker for her words and proposed that all speakers registered to comment on this and related topics should be allowed to speak first, and that the questions would then be amalgamated and responded to at the end.

#### **7. Sara Juanita Jumping Eagle, US**

The **speaker**, a doctor living on the Standing Rock reservation in North Dakota, reminded CSG of its responsibility to future generations. She explained her involvement in protecting the water supply and the sacred sites on the Dakota reservation. Like the previous speaker, the speaker belonged to an organization that rejected the DAPL and viewed it as a violation of indigenous rights. In her view, the DAPL was hugely detrimental to the residential area and in particular to the health of the region's inhabitants. She was particularly critical of Energy Transfer Partners (ETP), the company responsible for the construction of the pipeline, and the associated financing of the pipeline in which CSG played a part. She then went on to describe the physical injuries and psychological consequences that she had diagnosed and treated as a doctor in connection with the confrontations over the DAPL, and criticized in no uncertain terms the behavior of ETP and the firms commissioned by this company – such as private security companies – toward the region's residents. In her view, a number of incidents constituted a clear violation of human and civil rights. Furthermore, she accused ETP of colluding with the authorities at various levels of government. She observed that ETP represented a risk to CSG. She was sharply critical of the fact that the population in the affected area was having to face the repercussions of the DAPL, particularly with regard to the local drinking water supply, whereas CSG was profiting from the income earned through the corresponding financing. Furthermore, she reminded CSG of its professed commitment to values such as transparency, responsibility, accountability, truth, and integrity. She called on CSG to keep its word and assume responsibility for future generations as well as for indigenous communities worldwide. Finally, the speaker wanted to know what adjustments CSG had made to its due diligence and risk evaluation processes as a response to the criticism of its involvement with ETP.

The **Chairman** informed the speaker that he would be responding to her questions at a later stage, as previously mentioned.

## **8. Monica Verdin, US**

The **speaker**, a member of the Houma community from Louisiana, described the local environment of her tribe in the area of the Mississippi flood delta, which was a fragile and threatened ecosystem. She described the damage done to this ecosystem as a result of intensive human use and exploitation, particularly through an already heavily expanded network of pipelines, as well as numerous oil production sites in the Gulf of Mexico. She complained that her people had to live in great poverty, despite the long-established petrochemical facilities, and that they had to endure many negative repercussions of this industry's activities. Like the previous speaker, she criticized the business activities of Energy Transfer Partners (ETP), emphasizing in particular the planned construction of the Bayou Bridge Pipeline. She reminded the AGM that the Bayou Bridge Pipeline was an extension of the DAPL and would cut right through the territory of the Houma people, which would in particular jeopardize their critical local water resources. The speaker described the repeated attempts to take legal action against construction of the pipeline, driven by fears of damage to health and environment alike. She pointed out that these efforts had proved fruitless so far. She made serious accusations against ETP, a company that continued to be financed by CSG. In the view of the speaker, ETP was guilty of entrepreneurial colonialism; it disregarded basic human rights, and was responsible for a number of other serious problems. Finally, the speaker called for an answer to the question of what adjustments CSG had made to its due diligence and risk evaluation processes on the basis of its experiences gained in the DAPL project.

## **9. Charlene Aleck, Canada**

The **speaker**, a politician from the Burrard Inlet region in the Canadian province of British Columbia, reported on the great significance of this area as a traditional environment of the local population. She expressed opposition to the Trans Mountain Pipeline Expansion Project, which was scheduled to go ahead in her region, and pointed out that the indigenous population of the region had not approved the construction of such a pipeline. In particular, she expressed vehement criticism of the company responsible for the project, Kinder Morgan, as well as of CSG for its co-financing role in support of Kinder Morgan. The speaker argued that the pipeline was life-threatening for her people and other living creatures in this area, and had to be stopped at all costs. With regard to the risks of this project, she referred to a corresponding risk evaluation and called on CSG to scrutinize this information. Furthermore, the speaker reported on the various legal and other measures that had been initiated to prevent implementation of the above-mentioned pipeline project. The strong resistance to this project on the part of various environmental and other stakeholder groups, as well as from government representatives from British Columbia and the US federal state of Washington, had encouraged her to persist with her struggle to defend the rights of her people and the unspoiled nature of her region. Finally, the speaker addressed the Chairman of the Board of Directors as well as the CEO, asking them if they could guarantee that CSG would undertake no further transactions with Kinder Morgan in the future.

## **10. Michelle Cook, US**

The **speaker**, a member of the Navajo nation, criticized CSG on behalf of indigenous population groups due to what these groups consider the company's irresponsible financing practice in connection with companies such as ETP. She considered CSG to be co-responsible for what she believed was the repeated disregard for the human rights of indigenous people by such clients of CSG, complaining that the supported projects did not represent a sustainable business model and constituted a major risk for investors. She repeated the accusations made by previous speakers against ETP. Furthermore, she criticized the fact that the concerns and problems of the indigenous population had not been adequately taken into account in CSG's risk assessment processes and reporting. She stated that she expected urgent measures to be taken by both CSG and the international community to protect indigenous people. In her view, continuation of construction projects of this kind would inevitably lead to further violent conflict as well as the violation of the territorial integrity of indigenous people, who would increasingly join together in the future to fight

for their rights. The speaker called for a boycott of CSG as a supporter of such projects. Finally, she demanded to know how CSG evaluated the behavior of ETP, particularly in connection with the events that took place in Standing Rock in 2016, as well as generally with regard to respecting the human rights of indigenous people.

#### **11. Osprey Orielle Lake, US**

On behalf of the non-government organization "Women's Earth & Climate Action Network (WECAN)," the **speaker** first of all expressed her support for the concerns raised by previous speakers. She explained that she had accompanied this delegation of indigenous women over the last 18 months. She expressed her gratitude for the discussions that had taken place with CSG over this period. She stated that she had come to Switzerland for the third time to ensure that CSG be held accountable in connection with the violations of human rights and indigenous rights leveled at the company by the previous speakers. In addition, she called on CSG to renounce its climate-damaging financing activities. Furthermore, she demanded that CSG adhere to its own guidelines and regulations, and complained that the bank had violated its corporate responsibility by supporting projects such as the DAPL, the Bayou Bridge Pipeline, the Trans Mountain Pipeline, and the Line 3 Pipeline. In her view, human rights, the rights of indigenous peoples, and the Paris Climate Agreement were all being disregarded in these projects. In this context she referred to meetings with CSG in April and October 2017 at which CSG had been informed about various incidents that had taken place, which in her view constituted violations of human rights by CSG-financed companies. Although she understood that CSG had not directly financed the DAPL, the bank had provided financing to ETP. She criticized the fact that CSG had hidden behind a false financing construct. Irrespective of whether it was acting at company or project level, CSG should not continue to support companies of this kind. Whereas other banks had stopped their involvement with ETP following her discussions, CSG had so far taken no measures at all. She emphasized the uncertain nature of these destructive pipeline projects and the vigorous resistance from indigenous people due to the inherent risks involved. She called on CSG to act responsibly and renounce its activities in the area of fossil fuels altogether, and to support only safe, clean, and sustainable energy projects instead. She then addressed the CEO personally and asked him why CSG had not implemented its guidelines in respect of indigenous people and taken no measures whatsoever against ETP. Finally, she demanded to know how CSG was planning to implement its responsibilities in connection with the Paris Climate Agreement.

The **Chairman** first of all responded to the many statements that had been made in connection with the financing of pipeline projects: He stressed that CSG had not been involved in any of the above-mentioned pipeline projects, namely DAPL, Bayou Bridge, Trans Mountain and Line 3. He stressed that CSG had clear guidelines and regulations with respect to such transactions, and that the corresponding international agreements were respected accordingly. He explained further that CSG understood the concerns of the speakers and acknowledged their descriptions of the negative consequences of these pipeline projects. He expressed his conviction that the responsible courts in the US and in Canada would have to take a stand in cases of rights being violated; CSG would obviously respect any such rulings. He emphasized that CSG pursued a rigorous policy, and that measures were in place to ensure compliance with the corresponding guidelines for any credit, project, or other contractual decision. He called on Joachim Oechslin, Chief Risk Officer of CSG, to provide additional information.

**Joachim Oechslin** first of all explained that he had met with at least four of the speakers in person back in 2017. He had great respect for their work and their dedication to the rights of indigenous people. With regard to the various accusations of the speakers regarding the business practices of CSG, he repeated the Chairman's statement to the effect that CSG had not financed any of these pipeline projects. He also explained that there was a significant difference between the bank deciding to finance a specific project on the one hand, and the provision of financial services generally – including loans to the companies behind such projects – on the other. He pointed out that the above-mentioned companies such as ETP, Kinder Morgan and Trans Canada were companies of great significance to the infrastructure in North America, and that these

companies also invested in renewable energies, in addition to their investment in pipelines. In addition, he highlighted the fact that many other banks maintained business relationships with these companies, and that CSG was therefore no exception in this respect. Moreover, Mr. Oechslin explained that CSG was very heavily involved in the financing of renewable energies. He referred to the CSG Corporate Responsibility Report, observing that CSG had invested some USD 77 billion in renewable energy projects between 2010 and 2017, for example, which was far in excess of the financing sums that it had provided to the companies mentioned at the current AGM. In addition, he stressed that CSG was continually reviewing its business policy in the energy sector, pointing out that the discussions with the speakers had been very important in this respect and had influenced the business practices of CSG already, and would continue to do so in the future.

## **12. August Lampert, Emmenbrücke**

As far as the **speaker** was concerned, the level of compensation awarded to the Board of Directors and the Executive Board was incomprehensible not only to the Swiss people but also to many shareholders. Accordingly, he asked why compensation running into the millions was being paid out, and what measures the Board of Directors was thinking of taking to rectify what the speaker considered excessive compensation levels. In addition, the speaker requested information on the reason for reducing the distribution to shareholders from CHF 0.70 in 2017 to just CHF 0.25 in 2018; this reduction was argued to be implausible in view of the bank's announcements on the progress of business in 2017 and at the start of 2018. At the very least, the speaker expected the Board of Directors to waive a minimum of half of its compensation. The speaker stressed that he was keen to prevent things getting to the stage where the political establishment would step in to rectify matters by limiting compensation. Finally, the speaker stated that he would not press ahead with the other points that he had prepared in view of the lateness of the hour.

Responding to the question on compensation, the **Chairman** reminded those present of the numerous adjustments that had been made to compensation levels in recent years, in some cases quite significant. In his view, the competitive labor environment – particularly in the context of internationally active companies and in the financial industry – was the key driver of the level of compensation. He also made the point that the levels of variable compensation, which admittedly were high in some cases due to the nature of the financial industry, were tied to precisely defined performance criteria that had to be fulfilled. With regard to the dividend amount, the Chairman referred to the announcements made at the 2017 Extraordinary General Meeting and in the media to the effect that the bank would, following the capital increase that had meanwhile been completed, strive to design its future dividend policy such that the amount paid out corresponded to the cash portion of the distribution with a scrip dividend option as offered in previous years. Furthermore, the bank's intention was that, following completion of the current restructuring phase, one-half of net income should be distributed to shareholders in future years.

## **13. Walter Grab, Hergiswil**

The **speaker** said that he had wondered in the run-up to the AGM whether his participation made any sense, in view of the fact that a number of very large shareholders were based abroad and the impact of shareholders in Switzerland was very small. He asked the Chairman why the AGM was held in Switzerland at all given this situation. In addition, the speaker expressed his unhappiness about the level of compensation for the Board of Directors and the Executive Board, and in particular the compensation awarded to the CEO. He was calculating how long a CSG employee had to work on average in order to earn the annual compensation of the CEO. He stressed that this criticism was allowed in Switzerland, a country that permitted opinions to be expressed freely. Furthermore, he thanked all the employees of CSG, without whose good work neither the proposed dividend nor the (from his viewpoint) inflated salaries and the fines imposed on the bank in the United States could have been paid. Finally, the speaker recommended that, in the upcoming votes, all those present reject the proposals of the Board of Directors as a sign of protest, even if this would not actually achieve anything. The speaker concluded his observations

by making the point that the spirit of the Minder Initiative appeared not yet to have filtered through to Paradeplatz.

The **Chairman** stressed that freedom to express one's opinion was very important to him, too. The idea of relocating the AGM abroad had never been considered, given that CSG was a Swiss joint stock corporation ("Aktiengesellschaft") and more importantly operated a significant part of its business in Switzerland.

#### **14. Stephan Zurfluh, Wettingen**

The **speaker** read out a song that he had composed himself, in which he criticized that financial specialists and the banks were generally not held sufficiently accountable for their actions. He then asked the Chairman what course of action CSG was considering to ensure that products were described in a more simple and comprehensible way in future. In addition, he wanted to know what external entities would be brought in to review products in the future to protect clients against losses.

The **Chairman** explained that the relevant product documentation, depending on the client segment, had to meet the corresponding regulatory requirements both in Switzerland and abroad. Moreover, he explained that CSG put high importance on designing its documentation in a way that was readily comprehensible and adapted to client needs. Finally, he observed that, in cases of confusion, client advisors could provide competent answers to any questions.

#### **15. Urs Troxler, Schlieren**

The **speaker** reminded the AGM of his speech last year on the issue of sustainability, and reiterated his demand of a year ago for a more ethical approach to be taken in connection with the topic of climate change and the promotion of a new corporate culture. He asked the Chairman to take the views of previous speakers seriously in this regard. He expressed his indignation at what he perceived to be the significant material gap that existed between rich and poor. In addition, he criticized the net loss of CSG – as reported in the 2017 Annual Report – as well as what he considered to be a low dividend of CHF 0.25. In his view, both of these elements stood in stark contrast to the compensation levels of the Board of Directors and Executive Board, and he called on the Chairman to make a significant financial donation to charity.

The **Chairman** responded that he shared the speaker's view that social engagement in the private sphere was always a very welcome thing.

#### **16. Valérie Mausner, Nyon**

The **speaker** stressed the significance of climate change for humanity and cited various examples of the tangible repercussions of climate change that were already evident, such as the scarcity of water resources both in Switzerland and elsewhere. In her view, global warming would far outstrip the targets agreed in the Paris Climate Agreement unless humankind united to take decisive and effective measures to counter this development. Although the speaker acknowledged that CSG had taken certain steps in the area of sustainability, she emphasized that the battle against climate change could only be won if everybody worked toward the changeover from fossil fuels to renewable energy sources in a decisive way. In this context, the speaker referred to a scientific study published in 2017. This implied that CSG and all other banks had to assume crucial responsibility by realigning their investment strategies accordingly.

The **Chairman** thanked the speaker for her remarks and expressed his willingness to continue the debate on this theme, which was important to him too.

## 17. Jakob Trümpi, Schwarzenbach

The **speaker** suggested that only the votes of those shareholders present in the auditorium should be counted in the future. He observed that, as the votes cast by shareholders in the auditorium amounted to just one percent or so of the total, there was hardly any point in turning up to the AGM at all, as everything was essentially always decided in advance. The speaker called on all those present to leave the auditorium prior to voting in order for CSG to have to confront the extraordinary situation that this would entail.

The **Chairman** thanked the speaker for his unconventional proposal. He stressed that personal exchanges with shareholders, particularly those who had made the effort to come to the AGM today, were very highly valued, irrespective of the voting power they represented. He observed that it was standard practice in a stock corporation for voting power to be decided by the number of votes represented, and that not all shareholders could be represented at the AGM in person.

With no other speakers having been announced, the Chairman concluded the discussion on this agenda item.

### 1.1 Consultative Vote on the 2017 Compensation Report

The BoD recommended that the AGM approve the 2017 compensation report in a consultative vote.

The AGM approved the 2017 compensation report in a consultative vote with the following proportions of votes:

• In favor:	1,382,245,776	(80.80%)
• Against:	231,658,511	(13.54%)
• Abstained:	96,849,713	(5.66%)

### 1.2 Approval of the 2017 Annual Report, the 2017 Statutory Financial Statements, and the 2017 Consolidated Financial Statements

The Board of Directors proposed that the AGM approve the 2017 annual report, the 2017 statutory financial statements, and the 2017 consolidated financial statements.

The AGM approved the 2017 annual report, the 2017 statutory financial statements, and the 2017 consolidated financial statements with the following proportions of votes:

• In favor:	1,683,608,415	(98.43%)
• Against:	23,737,171	(1.39%)
• Abstained:	3,037,984	(0.18%)

## 2 Discharge of the Acts of the Members of the Board of Directors and the Executive Board

The BoD proposed that the AGM grant discharge for the members of the BoD and the Executive Board for their activities in the 2017 financial year.

There are no speakers for this item.

The **Chairman** informed the shareholders that, pursuant to Art. 695 SCO, anyone who had been involved in managing CSG in any way during the period under review was not entitled to vote.

The AGM collectively granted discharge to the members of the BoD and Executive Board for the 2017 financial year with the following proportions of votes:

• In favor:	1,595,354,229	(93.35%)
• Against:	108,055,295	(6.32%)
• Abstained:	5,683,533	(0.33%)

### 3 Appropriation of Retained Earnings and Distribution Payable out of Capital Contribution Reserves

The **Chairman** explained to the AGM the advantages of a distribution out of reserves from capital contributions as opposed to a conventional dividend paid from retained earnings, and explained the reason for the switch to a pure cash distribution. A distribution out of reserves from capital contributions is not subject to withholding tax and is also generally exempt from income tax for persons domiciled in Switzerland who hold the shares as private assets. In contrast to previous years, in which the distribution took the form of a scrip dividend, the BoD is proposing a pure cash distribution. This change will have the effect of preventing the dilutions associated with a scrip dividend.

In conclusion, the **Chairman** noted that, as in previous years, CSG would again waive a distribution out of reserves from capital contributions on the treasury shares held at the time of the distribution.

There are no speakers for this item.

#### 3.1 Resolution on the Appropriation of Retained Earnings

The BoD proposed to the AGM that the available retained earnings of CHF 5,160 million, consisting of the total amount of CHF 5,197 million carried forward from the previous year and the net loss of CHF 37 million from 2017, be carried forward to the new account.

The AGM approved the BoD's proposal concerning the appropriation of retained earnings, as per agenda item 3.1, with the following proportions of votes:

• In favor:	1,704,241,116	(99.66%)
• Against:	3,396,663	(0.20%)
• Abstained:	2,332,448	(0.14%)

#### 3.2 Resolution on the Distribution Payable out of Capital Contribution Rese

The BoD then proposed to the AGM a cash distribution of CHF 0.25 per registered share out of reserves from capital contributions.

The AGM then approved the BoD's proposal concerning the distribution out of reserves from capital contributions, as per agenda item 3.2, with the following proportions of votes:

• In favor:	1,704,159,082	(99.64%)
• Against:	3,704,163	(0.22%)
• Abstained:	2,316,106	(0.14%)

### 4 Election of the Members of the Board of Directors and the Compensation Committee

#### 4.1 Re-election of the Chairman and Other Members of the Board of Directors and Election of New Members

The **Chairman** first thanked **Richard E. Thornburgh**, Vice-Chairman of the BoD and Chairman of the Risk Committee, for his impressive contribution to CSG and expressed his regret that Richard Thornburgh was standing down from the Board.

The BoD proposed that the AGM re-elect all remaining current members of the BoD, re-elect Urs Rohner as Chairman of the Board of Directors, and elect **Michael Klein** and **Ana Paula Pessoa** as new members of the BoD, in all cases for a term of office lasting up until the conclusion of the next Annual General Meeting.

There are no speakers for this item.

The Chairman, **Urs Rohner**, was re-elected as Member and Chairman of the BoD for a further term of office lasting up until the conclusion of the next AGM with the following proportion of votes:

• In favor:	1,530,170,579	(89.45%)
• Against:	177,153,997	(10.36%)
• Abstained:	3,222,553	(0.19%)

The **Chairman** thanked the shareholders for the trust that they had placed in him through this vote. He promised those present that he would continue to pursue the path embarked upon by CS in good faith.

The following persons were re-elected as members of the BoD for a term of office lasting up until the conclusion of the next AGM, with the following proportion of votes:

**Iris Bohnet:**

• In favor:	1,696,356,764	(99.21%)
• Against:	10,513,131	(0.61%)
• Abstained:	3,066,566	(0.18%)

**Andreas Gottschling:**

• In favor:	1,695,152,779	(99.14%)
• Against:	11,618,065	(0.68%)
• Abstained:	3,163,294	(0.18%)

**Alexander Gut:**

• In favor:	1,698,803,075	(99.35%)
• Against:	8,131,236	(0.48%)
• Abstained:	2,962,159	(0.17%)

**Andreas N. Koopmann:**

▪ In favor:	1,622,558,275	(94.90%)
• Against:	84,172,297	(4.92%)
• Abstained:	3,159,615	(0.18%)

**Seraina Macia:**

• In favor:	1'697'472'695	(99.26%)
• Against:	9'538'847	(0.56%)
• Abstained:	3'081'875	(0.18%)

**Kai S. Nargolwala:**

• In favor:	1,620,708,978	(94.77%)
• Against:	85,999,908	(5.03%)
• Abstained:	3,364,135	(0.20%)

**Joaquin J. Ribeiro:**

• In favor:	1,694,611,307	(99.10%)
• Against:	12,326,977	(0.72%)
• Abstained:	3,016,841	(0.18%)

**Severin Schwan:**

• In favor:	1,690,634,482	(98.87%)
• Against:	16,230,996	(0.95%)
• Abstained:	3,002,583	(0.18%)

**John Tiner:**

• In favor:	1,605,324,550	(93.89%)
• Against:	101,374,153	(5.93%)
• Abstained:	3,066,293	(0.18%)

**Alexandre Zeller:**

- In favor: 1,612,338,229 (94.30%)
- Against: 94,500,091 (5.53%)
- Abstained: 2,888,952 (0.17%)

**Michael Klein** and **Ana Paula Pessoa** were then elected by the AGM to the Board of Directors for the first time for a term of office lasting up until the conclusion of the next AGM, with the following proportions of votes:

**Michael Klein:**

- In favor: 1,699,987,147 (99.43%)
- Against: 6,541,575 (0.38%)
- Abstained: 3,314,775 (0.19%)

**Ana Paula Pessoa:**

- In favor: 1,634,234,270 (95.59%)
- Against: 72,088,006 (4.22%)
- Abstained: 3,254,107 (0.19%)

All those re-elected and the two individuals who were elected for the first time confirmed their acceptance of the election to the Chairman.

**4.2 Re-election of the Members of the Compensation Committee**

The BoD proposed that the AGM re-elect **Iris Bohnet**, **Andreas Koopmann**, **Kai Nargolwala** and **Alexandre Zeller** to the Compensation Committee for a term of office lasting up until the conclusion of the next AGM.

There are no speakers for this item.

The proposed candidates were re-elected by the AGM to the Compensation Committee for a term of office lasting up until the conclusion of the next AGM, with the following proportions of votes:

**Iris Bohnet:**

- In favor: 1,663,579,830 (97.30%)
- Against: 43,072,503 (2.52%)
- Abstained: 3,147,631 (0.18%)

**Andreas N. Koopmann:**

- In favor: 1,596,448,369 (93.37%)
- Against: 109,762,631 (6.42%)
- Abstained: 3,599,633 (0.21%)

**Kai S. Nargolwala:**

- In favor: 1,586,966,812 (92.82%)
- Against: 119,404,913 (6.98%)
- Abstained: 3,363,274 (0.20%)

**Alexandre Zeller:**

- In favor: 1,581,813,973 (92.55%)
- Against: 123,036,684 (7.20%)
- Abstained: 4,345,653 (0.25%)

## 5. Approval of the Compensation of the Board of Directors and the Executive Board

Under the company's Articles of Association, the AGM takes binding separate votes annually on the total compensation paid to the BoD and the Executive Board. For further information on the compensation proposals, the **Chairman** referred shareholders to the supplementary brochure included along with the invitation, namely "Compensation of the Board of Directors and the Executive Board".

There are no speakers for this item.

### 5.1 Approval of the Compensation of the Board of Directors

The BoD proposed that the AGM approve the maximum compensation payable to the Board of Directors of CHF 12 million for the period from the ordinary 2018 AGM up to the ordinary 2019 AGM.

The AGM approved the BoD's proposal with the following proportions of votes:

• In favor:	1,417,782,554	(82.89%)
• Against:	196,368,038	(11.48%)
• Abstained:	96,305,913	(5.63%)

### 5.2 Approval of the Compensation of the Executive Board

The **Chairman** explained the proposals for the compensation of the Executive Board, which consists of the following compensation elements: **(i)** short-term variable incentive compensation (short-term incentives); **(ii)** fixed compensation; and **(iii)** long-term variable incentive compensation (long-term incentives).

#### 5.2.1 Short-term Variable Incentive Compensation (STI)

The BoD proposed that the AGM approve the total amount of CHF 25.46 million, comprising the short-term variable incentive compensation component for the Executive Board for the 2017 financial year.

The AGM approved the BoD's proposal with the following proportions of votes:

• In favor:	1,416,632,077	(82.83%)
• Against:	197,943,544	(11.57%)
• Abstained:	95,829,488	(5.60%)

#### 5.2.2 Fixed Compensation

The BoD proposed that the AGM approve the maximum amount of CHF 31 million, encompassing the fixed portion of compensation for the Executive Board for the period from the ordinary 2018 AGM until the ordinary 2019 AGM.

The AGM approved the BoD's proposal with the following proportions of votes:

• In favor:	1,512,832,089	(88.45%)
• Against:	101,833,857	(5.95%)
• Abstained:	95,819,563	(5.60%)

#### 5.2.3 Long-term Variable Incentive Compensation (LTI)

The BoD proposed that the AGM approve the maximum amount of CHF 58.5 million, comprising the long-term variable incentive compensation component for the Executive Board for the 2018 financial year.

The AGM approved the BoD's proposal with the following proportions of votes:

• In favor:	1,410,069,414	(82.45%)
• Against:	204,052,895	(11.93%)
• Abstained:	96,140,683	(5.62%)

## 6. Other Elections

### 6.1 Election of the Independent Auditors

The BoD proposed to the AGM that **KPMG AG**, Zurich, be elected as independent auditors for a further term of one year.

The **Chairman** pointed out that CSG intended to change its auditors from 2021 at the latest, in line with a new corporate governance directive.

There are no speakers for this item.

The AGM elected KPMG AG for a further one-year term of office as independent auditors with the following proportions of votes:

• In favor:	1,660,572,243	(97.13%)
• Against:	46,778,592	(2.74%)
• Abstained:	2,235,129	(0.13%)

KPMG AG confirmed its acceptance of the election in writing.

### 6.2 Election of the Special Auditors

The BoD proposed to the AGM that **BDO AG**, Zurich, be elected as special auditors for a further term of one year.

There are no speakers for this item.

The AGM elected BDO AG, Zurich, for a further one-year term of office as special auditors with the following proportions of votes:

• In favor:	1,694,923,206	(99.16%)
• Against:	12,185,913	(0.71%)
• Abstained:	2,250,322	(0.13%)

BDO AG confirmed its acceptance of the election in writing.

### 6.3 Election of the Independent Proxy

The BoD proposed that the AGM re-elect the attorney-at-law Andreas Keller as independent proxy for a term of office lasting up until the next AGM.

There are no speakers for this item.

The AGM elected the attorney-at-law Andreas Keller as independent proxy for a term of office lasting up until the next AGM with the following proportion of votes:

• In favor:	1,699,845,564	(99.44%)
• Against:	7,530,828	(0.44%)
• Abstained:	2,040,402	(0.12%)

The attorney-at-law Andreas Keller confirmed his acceptance of the election.

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The **Chairman** concluded the meeting at 2:29 p.m. The **2019 Annual General Meeting** will take place on **Friday, April 26, 2019, at 10:30 a.m.**, once again at the Hallenstadion in Zurich-Oerlikon.

The Chairman

The Secretary

(sig.)

(sig.)

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Urs Rohner

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Joan Belzer