

PRISE DE POSITION DU FMO

AG DE CREDIT SUISSE

ZURICH

26 AVRIL 2018

OBJECTIVES

The purpose of the address to Credit Suisse is to advocate for restorative justice from Credit Suisse for its role in the Mozambican debt crisis. In line with the broader FMO strategy, FMO wants Credit Suisse to accept accountability for its actions in the debt issue; commit to return to Mozambique, all proceeds from the Mozambican Illegal debt scandal; collaborate with authorities to ensure that all responsible parties are held accountable for their roles in the scandal; and write off outstanding debt arising out of debt crisis.

MAIN ADDRESS

1. Mr Chairman, we appear at this AGM on behalf of millions of Mozambican people, the real victims of the multibillion dollar illegal debt scandal involving Credit Suisse. Last month, more than a thousand Mozambican people were killed by Cyclone Idai, a climate related natural disaster that had its origins elsewhere. Many more casualties can be expected from Cyclone Kenneth, which is now expected to reach Mozambique over the next few days.

2. Various organizations, IMF, UN, WORLD BANK, estimate that climate related disaster recovery will cost more than \$2 Billion Dollars, almost the same amount as the illegal debt scandal - which according to the Indictment by the District Court of New York - was orchestrated by various parties including former Credit Suisse Bankers who **“were agents acting within the scope of their employment on behalf of Investment Bank 1, with the intent, at least in part, to benefit Investment Bank 1”**. That Credit Suisse did not report these officials to authorities, even when the wrongdoing was established, suggests that the Bank acquiesced to their conduct.
3. The debt crisis exacerbated economic vulnerabilities as donors and other development partners withdrew in response to the growing evidence of illegal and criminal conduct by the banks and Mozambican government officials involved in the fraud which pushed Mozambican people deeper into poverty. People are dying due to lack of water and sanitation and medicines in hospitals and millions of pupils don't have access to books and quality education.
4. The indictment lays various instances where Credit Suisse's internal controls to *prevent bribery, money laundering and other financial crimes, conflicts of interests* where wholly inadequate and ineffective. Some glaring examples include instances where the deal team managed to alter terms and conditions, without the legal team signing off changes. The ability of the deal team to circumvent compliance team requirements also point to weak internal systems and governance. Combined these actions contributed to one of the most damaging sovereign debt crisis in the world.
5. Mr. Chairperson, the Credit Suisse culture as exhibited during the Mozambican debt transaction and its aftermath is the reason why the Bank shares continue to underperform.
6. Shareholders are reminded that between 2009 and 2018, violations of US Federal Laws has cost Credit Suisse more than USD 8.9 billion. That is value that could have been attributed to shareholders. These range from fines for

corruption, tax and securities fraud and sanctions violations. All these regulatory failures have destroyed shareholder value.

7. Irresponsibility and recklessness have a history at Credit Suisse. Like the Mozambican people, Credit Suisse shareholders pay the price for systemic failures and poor governance culture within Credit Suisse. Credit Suisse share price has underperformed over the past ten years, falling from 43.63 CHF on April 2009 to 13.53 CHF on 25 April 2019. Clearly there is a negative correlation between poor governance, weak internal controls and shareholder value creation. Similarly, Mozambican people are still wondering what has happened to more than \$2 Billion dollar sovereign instruments. As with climate related disasters in Mozambique, the costs for governance failures within Credit Suisse and elsewhere in the international financial systems are borne by shareholder's.
8. Unlike the Mozambican people, Credit Suisse shareholder's have sufficient instruments to mitigate against future damaging conduct. FMO is calling on shareholder's to use their influence to address conduct, which if is allowed to continue unabated, can erode all value in Credit Suisse destroying long term viability of the bank.
9. Shareholders should ask why the Credit Suisse Board has failed to provide adequate disclosures about the Mozambican debt scandal. Additionally, failure of Credit Suisse to adequately provision for risks arising from the Mozambican debt suggest a culture of misstating risks and failing to manage such risks. As shareholders, this AGM should demand answers from the Board.
10. FMO is embarking on global action on behalf of Mozambican people to get a fairer outcome for their in the aftermath of the illegal debt crisis, and to avert a further humanitarian crisis. We ask, Mr Chairperson that:
 - a. Credit Suisse to cancel all outstanding obligations by Mozambique, as various criminal, administrative and judicial enquiries provide clear evidence of system wide failures by the Bank in the Credit Suisse matter

- b. Credit Suisse cooperates with regulators and authorities to ensure that all responsible parties are held accountable for their role in the \$2.4 Billion illegal debt scandal. This means full transparency on the genesis of the illegal debts.
- c. Credit Suisse returns, with immediate effect, all proceeds with interest, from the Mozambican debt crisis. At the very least, the monies would be useful in saving thousands of lives as the international community mobilises relief efforts after the climate related disasters. It is rather striking that the IMF announced \$114 Million dollar emergency package in response to Cyclone Idai humanitarian crisis is far less than the fees generated by Banks from the criminal, illegal debt transactions.

We believe that continued shareholding without conditionality, would imply that shareholders are complicit to the harmful conduct of the bank and its consequences to the people of Mozambique. We truly believe your ethical and moral values will speak volume on behalf of the people of Mozambique. The realisation of economic, social and cultural rights in Mozambique should not be jeopardised by the servicing this particular 'illegal loan'. FMO continues to lead various initiatives across multiple jurisdictions to hold responsible parties accountable for their role in the illegal debt crisis. Mozambicans and international civil society is watching both Credit Suisse and its shareholders closely to ensure that they act responsibly going forward.

Mr Chairperson, FMO invites all Credit Suisse shareholders and the Board to join our efforts towards a sustainable solution to the Mozambican Debt Crisis. We are available to welcome all interested parties to Mozambique to witness firsthand, the true cost of poor internal systems and processes.