

Sustainability report

The CPH Group aligns its business activities to the criteria of economic, ecological and social sustainability, and makes a key contribution to the circular economy.

1 Strategy

In its sustainable value creation, the CPH Group distinguishes between the economic, the ecological and the social dimensions. The needs of the Group's various stakeholder groups are identified within its divisions under its integrated quality management system. Goals, actions and priorities are then defined in its sustainability strategy at the environmental, energy, quality and social levels.

The CPH Group is committed to continuous long-term development. The Group offers high-quality products and services that are designed to improve people's quality of life. Its employees ensure that the Group remains both innovative and competitive in its various target markets, and their safety and security, their health and their further training and development are all key priorities. Avoiding and reducing emissions, waste water and solid waste have been integrated into the planning within each business division for several years now. And Europe's high standards on the environmental, energy, quality and social fronts are consistently adopted at all the Group's business and operating locations.

Safety, security, environmental and quality issues are all entrusted to specially trained employees who report directly to top management. All investments are also thoroughly appraised to ensure that, within their overall objectives, adequate weighting is given to environmental and occupational safety considerations.

Paper, the biggest business division, is a pure recycling company that processes recovered paper into new newsprint and magazine paper. The Paper Division is Switzerland's biggest waste paper recycler, transforming several hundred thousand tonnes of waste paper that is collected predominantly within the country and around a hundred thousand tonnes of waste wood from sawmill and forest management operations into these new paper products. In doing so, the CPH Group makes a substantial contribution to saving wood resources, while also ensuring shorter journeys for the waste paper concerned and thereby reducing carbon dioxide (CO₂) emissions.

The CPH Group has cut its CO₂ emissions by 81% in absolute terms and by 87% in proportion to its net sales over the past few years. This steep reduction has been primarily achieved by obtaining heating at the Perlen site from the Renergia waste incinerator, which has been built on adjacent land belonging to the CPH Group. Using this energy resource substantially reduces the Group's consumption of fossil fuels. According to the Ten Toes model of CEPI, the umbrella association of Europe's

paper industry, the carbon footprint of CPH's Paper Division is around a quarter of the size of those of its European competitors. Since 2021 the division has also offered its customers the option of fully offsetting the carbon emissions produced when manufacturing the paper they purchase by supporting a certificated reforestation project in Uruguay. Some 1 707 tonnes of paper were sold under this option in 2022, offsetting 350 tonnes of carbon dioxide emissions.

The Packaging Division primarily processes PVC into films which are largely combined with aluminium films to produce blister packs. To better meet the demands of the circular economy, the division is working on developing recyclable films that are easier on the environment. Perlen Packaging earned its second EcoVadis award for its sustainability management in 2022, putting it among the top 15% of companies so assessed.

2 Economic sustainability

The CPH Group has diversified its industrial activities into three separate business segments, in each of which it is one of the leading suppliers in the corresponding target markets. The Group strives to create long-term value for all its stakeholders by offering products and services that are tailored to such markets and their needs, along with interesting work opportunities and attractive shareholder returns. Further information on this will be found in the company profile from Page 24 onwards.

3 Ecological sustainability

The Paper Division has been compiling annual environmental audits that are structured in line with the Carbon Disclosure Project since 2015. The data this provides help the division to more effectively manage and further reduce its future carbon dioxide emissions.

Carbon dioxide emissions

The CPH Group voluntarily sets its own goals to reduce its carbon dioxide (CO₂) emissions which are substantially higher than those required by law. In view of this, its Perlen site holds carbon credits which it does not need itself and which can therefore be sold. Paper production, which is the biggest source of CO₂ emissions within the CPH Group, has been set an annual emissions reduction target of 2.2% by law between now and 2025 (previously 1.7%). This reduction rate will be newly set for the period thereafter. Since it more than met these legal requirements, the CPH Group was issued a net total of 96 000 carbon credits for 2021 in 2022, which it can freely dispose of.

As a result of the higher production volumes, total CO₂ emissions from the CPH Group's sites increased slightly in 2022 from the 15 900 tonnes of the prior year to 16 700 tonnes. Over the longer term, the Group has substantially reduced its carbon intensity: thanks to various actions over the past few years, CO₂ emissions per CHF million of net sales have been reduced by 87% since 2013, from 179 to 25 tonnes.

Energy

The CPH Group's consumption of energy (primarily in the form of electricity and steam) declined by 0.9% in 2022 to 1 221 gigawatt hours (GWh). Some 91% of all the Group's energy consumption was for its paper production.

The CPH Group procures its electricity on the liberalized market. The proportion of such electricity generated from fossil sources is of negligible size. Thanks to the energy sector's progressive transition to sustainable energies, renewable energy sources account for a growing proportion of the Group's energy supplies. Its German site consistently uses green electricity under its ISO 50001 energy management. And the two hydro plants which it owns and runs at the Perlen site cover around 3% of electricity needs.

Steam is primarily used to dry the paper webs. Sixty per cent of the steam used in Perlen in 2022 was obtained from the adjacent Renergia waste incinerator facility; the rest was generated by CPH's own biomass plant.

A breakdown of energy consumption by energy source is provided in the table on Page 53.

The CPH Group took various actions in response to the looming energy shortages of Winter 2022/23. Gas is being replaced as a source of energy at the Müllheim site; and the dual-fuel facilities at the Perlen site are being prepared to temporarily use oil instead of gas.

Water

Water is used as sparingly as possible and in closed circular systems. The Group's paper production has the greatest water needs. The requirements here are met from the Group's own sources, which are all located in areas with no water shortages. The waste water produced by the Group's Perlen, Louisville and Donghai plants is processed in the plants' own treatment facilities. As a result, 92% of this is cleaned and put back into the water cycle. A further 4% of the water used in the Group's operations evaporates and thus returns to the natural water cycle. The remaining 0.32 million cubic metres of waste water (prior year: 0.31 million m³) is sent to and processed at municipal water treatment plants.

Use of materials

The Paper Division uses large volumes of waste products in its operations, of which recovered paper is by far the most important raw material. The annual total of recovered paper recycled by Perlen Papier increased in 2022 from the 420 983 tonnes of the prior year to 463 916 tonnes. About 9% of these recovered paper supplies were delivered to Perlen by rail. In addition to waste paper, the Paper Division also turned 93 161 tonnes of round wood and woodchip into wood fibre in 2022 (compared to 92 791 tonnes the previous year). CPH puts a particular emphasis on sustainable operations and short

Carbon intensity in tonnes per CHF million of net sales

25

(prior year: 36)

Own-generated energy

18%

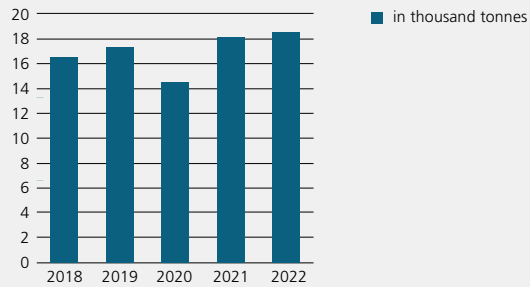
(prior year: 20%)

Organic waste recycled (tonnes)

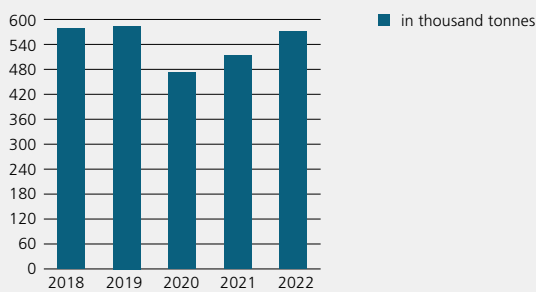
557 077

(prior year: 513 774)

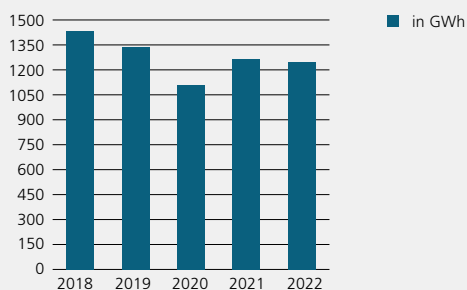
Carbon dioxide emissions



Use of materials



Energy use



transport journeys when sourcing these raw materials: all the round wood used comes from Swiss sources, and 81% of it is from FSC-certificated forestry operations. Of the woodchip used, 70% is from within Switzerland and 44% is from FSC- or PEFC-certificated sources. Perlen Papier is also a member of ECO SWISS, Swiss business and industry’s environmental protection organization, and of various bodies promoting sustainable forestry.

The Packaging Division’s film manufacturing processes primarily use unplasticized polyvinyl chloride (PVC), which is composed of 43% ethylene and 57% sodium chloride. Compared with other oil-based polymers, PVC boasts a better product carbon footprint for its overall life cycle. The division is also actively involved in the VINYLPlus programme, which promotes PVC recycling.

The Chemistry Division primarily uses intermediate products – filter cakes – as the raw material in its production activities. The Zvornik plant is located adjacent to the supplier of its filter cakes, minimizing both the transportation required and the associated carbon dioxide emissions. A project will be launched at the Louisville site in the USA in 2023 to recycle the lithium not fully used in its production process.

Some 94% of all the materials used by the CPH Group is of organic origin and fulfils the requirements of a circular economy.

Waste

Of the solid waste deriving from the Group’s paper production and waste water treatment activities, the biomass elements are used to generate energy in-house or are reused in brickworks and the cement industry. The fly ash residue resulting from the thermal utilization process can also be used in cement works, while the resulting bed ash and the solid waste of silicate-aluminium-clay compounds generated in molecular sieve production are sent to inert material landfills.

Wherever possible, waste and scrap material from the various steps in the Packaging Division’s film production are fed back into the production process as secondary raw materials. Any plastics not recyclable internally are either reworked by an outside provider into cores onto which films can be spooled or are sold to recyclers who reprocess them into other PVC products. As a result, all the PVC in Perlen’s production processes is either used or re-used.

All in all, the CPH Group recycled 557 077 tonnes of organic waste in the form of recovered paper or waste wood in its own production processes in 2022, and thereby provided a valuable alternative to their thermal utilization. These activities significantly ease environmental strain, consuming many times more waste as raw materials than is newly created through production: of the 557 077 tonnes of waste that were used in production processes by the Group in 2022, only 112 919 tonnes remained thereafter for external thermal utilization plus 1 692 tonnes for external landfill disposal. The CPH Group thus

made a net positive contribution to the solid waste issue in 2022, by using 442 466 tonnes more such waste in its production than it sent for external incineration or disposal.

Transport

Various initiatives are under way at the CPH Group to reduce transport journeys and use ecofriendly means of transportation. In 2022, for the first time ever, more than 2 000 tonnes of paper were transported using piggyback truck-and-rail combinations. Some 7% of all paper deliveries were made by rail, with the figure rising to 30% for such deliveries in Switzerland. Some truck transports were also performed by vehicles powered by liquid gas. The entry into service of the new coating plant in Brazil in the course of the year, along with the procurement of the mono PVC films concerned from a local supplier, have substantially shortened transport journeys. In China, too, obtaining mono PVC films from local sources instead of from the CPH Group's Müllheim (Germany) operation has significantly reduced transportation lengths and expense.

Compliance

No division of the CPH Group was penalized in 2022 for any exceedance of any environmental limits. The Group is firmly committed to climate protection through various project involvements. The Paper Division is a participant in a programme of the Energy Agency of the Swiss Private Sector to actively reduce carbon dioxide emissions, and is also a member of EcoSwiss, which campaigns for environmental protection, health protection and industrial and occupational safety. The Packaging Division is a member of the EcoVadis and Ecodesk organizations.

4 Social sustainability

The CPH Group is keenly aware of its responsibilities towards its employees. Its first company health insurance scheme was established for workers at its original Uetikon site as early as the 1860s, and its first occupational pension scheme was founded in 1918.

The Group's Swiss-based employees today are insured under a defined-contribution occupational pension scheme which had a funding ratio of 117% at the end of 2022. The Group also maintains a patronage fund which supports employees and their families in hardship situations. The Group's occupational pension plans outside Switzerland are aligned to local customs and demands. Further information on the Group's occupational pension provision will be found in Note 25 of the notes to the consolidated financial statements.

The CPH Group strives to secure the best employees and to support their further development as effectively as possible within their working world. An open communications culture, a management and leadership that put CPH's values into practice and a safe, healthy and varied work environment are all intended to further employees' commitment to and identification with their work and the Group.

Nationalities of employees

38

(prior year: 35)

Apprentices in training

54

(prior year: 50)

Engagement Index

76%

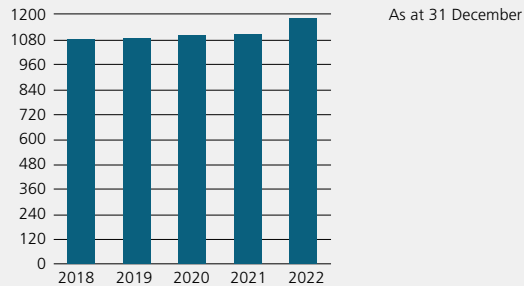
(previous survey: 75%)

CIP suggestions submitted

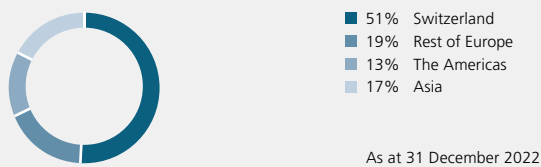
958

(prior year: 740)

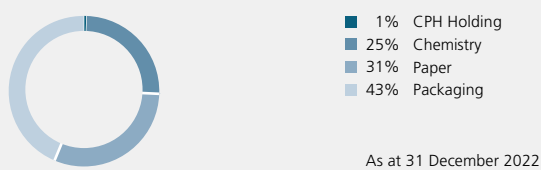
Total workforce numbers



Workforce numbers by region



Workforce numbers by division



CPH also attaches great importance to ensuring a sound work/life balance. The Group offers part-time employment, retirement preparation courses and, at some of its locations, further part-time working models that make the transition to retirement a smoother and more flexible experience. Parties are also periodically held for and with the Group's employees at its various operating locations.

The CPH Group conducts surveys of its employees worldwide every three years on the topics of job satisfaction, working environment, professional development, leadership, communications, innovation, customers, strategy and involvement. Some 82% of employees took part in the autumn 2022 survey, 11 percentage points more than had participated in the previous poll in 2019. Approval marks in the various survey areas were at least as high as the already favourable levels of three years before, and the Engagement Index was up a further percentage point at 76%. The greatest approval rates of between 80% and 89% were in the fields of customers, innovation, leadership, working environment and professional development. Based on employees' specific needs at the Group's various sites, the survey responses are now being used to define individual actions and implement the same. The next such survey will be conducted in 2025.

The annual staff turnover of 11.5% (compared to 9.8% in the previous year) was within the industry averages for the Group's various operating regions. CPH also numbers many long-serving employees: some 20.2% of the 2022 workforce had been with the Group for 20 years or more. Service anniversaries are marked with awards ranging from small gifts to parties, depending on local customs. Many former employees also remain close to CPH, and meet up annually at retiree events organized by their former employer.

The CPH Group supports its employees in their career, and strives to fill at least one third of all vacant management positions with internal appointees. Succession planning is consistently practised and centrally managed by Human Resources for all management positions groupwide. A new CPH Academy was also created in 2022 to further support management and other key personnel. The Academy works with two external seminar and e-learning tool providers to specifically further refine such employees' corporate development, leadership, communications, technical and self-competence skills.

Diversity and equal opportunities

Every employee within the CPH Group should be able to develop to their full potential. The Group maintains a fair and entirely non-discriminatory employment policy, strives for diversity and is committed to equal opportunities regardless of gender, age, ethnicity, religion or nationality. In all matters of recruitment, development and promotion, the prime emphasis at CPH is on the employee's individual performance, abilities and potential at the workplace concerned. Should multiple candidates of equal merit apply for a vacancy, preference will be given to those candidates who contribute to the

diversity of the team. 2022 saw the first two apprentices who had come to Switzerland seeking asylum complete their plant operator apprenticeships. A number of refugees who had fled to Switzerland from Ukraine were also occupied in the Group's production units by year-end.

The Swiss Federal Gender Equality Act entered into effect on 1 July 2020. The CPH Group analyzed salary equality in the relevant units with more than 100 employees within the Paper and the Packaging divisions in 2021, and also commissioned an external auditor to conduct the studies required. The Packaging Division was found to be within the tolerances specified in salary equality terms. The Paper Division was also found to be so if shift allowances are excluded. Such allowances are also at equal levels for both genders, and are standardized under the corresponding collective labour agreement. But as most shift workers are male, the inclusion of such allowances distorts the analysis results.

The CPH Group companies' workforce is drawn from 38 nations, and collaborations in multicultural teams are actively practised and promoted. Exchanges of employees between different operating sites are also keenly encouraged. As a result, employees regularly support colleagues at other locations on either a long-term or a temporary basis, contributing their expertise and acquiring their own new skills and experience.

The total Group workforce at the end of 2022 amounted to 1 181 employees, 77 more than a year before. The increase is primarily attributable to the expansion in the Packaging Division. A little over half of the total worked at CPH sites in Switzerland. The proportion of women in the total workforce was raised from the 19.3% of 2021 to 19.6%, and should be further increased.

Code of conduct

The CPH Group does not tolerate discrimination on the basis of gender, skin colour, religion, nationality, disability, age, sexual orientation, physical or mental impairment, family status, political views or any other legally protected characteristic. All forms of physical or psychological violence, mobbing or sexual harassment at the workplace are prohibited.

The employees of the CPH Group are required to observe all applicable laws, to pursue fair business practices, to avoid conflicts of interest and to abide by the anti-corruption code. The Group's constituent companies are active in various international markets, and have formulated their ways and means of dealing with the issues of equal opportunities, healthcare, compliance, data protection, conflicts of interest, bribery, integrity and ethics in their own internal codes of conduct and operating regulations. The codes of conduct of the globally active Chemistry and Packaging divisions will be found on the CPH website at <https://cph.ch/en/investors/documentation/> under

'Articles of Incorporation, regulations and descriptions of duties'. Employees are trained annually in the application and observance of the codes of conduct concerned.

Salary policy

The CPH Group pursues a fair and reasonable salary policy that is closely aligned to local customs and conditions. This policy is intended to offer salaries that pay due regard to the demands of the position, the conduct, performance and success of its occupant and general market levels. It also rewards above-average performance, such as via bonus payments or (with management positions) via a variable salary component that is linked to the achievement of individually-set performance targets and to group and/or divisional results. Studies are conducted every year (or every three years for Group Executive Board and divisional Executive Board members) to determine whether current salaries are still in line with general market levels. Individual adjustments were made to salaries for 2023 on the basis of the findings of such studies in 2022.

The total cost of salaries, occupational pension scheme payments and initial and further training in 2022 amounted to CHF 102 million. Employees at the Perlen and Utzenstorf sites are subject to a collective labour agreement (CLA). Employees at the Müllheim site in Germany are subject to the CLA of the *Industriegewerkschaft Bergbau Chemie Energie (IGBCE)*. Elsewhere, personnel work under individual employment contracts.

Initial and further training

Switzerland and Germany maintain a 'dual' education system that combines company apprenticeship placements with attendance at vocational schools. The system is a key element in both countries' economies and business sectors, providing the skilled professionals needed to maintain their competitive credentials in the longer term. Through its own vocational training at its Swiss and German sites, the CPH Group not only lives up to its social responsibility: the employees it trains play their full part, too, in achieving its business goals.

A total of 54 apprentices were on the CPH Group payroll as future automation engineers, chemical lab technicians, commercial officers, computer scientists, logistics officers, paper technologists, plant operators, polymechanics and production and process mechanics at the end of 2022. Internships for student engineers are also offered at the Group's operations in Germany and in Bosnia and Herzegovina. A total of 14 apprentices completed their courses during the year, 11 of whom could be given permanent positions.

CPH's apprentices meet each year at an Apprentices Day for a Group-level further training experience. A CPH Group employee spent an average of 1.6 days on in-house or external training in 2022 (compared to 1.7 days the year before). The Group invested CHF 0.6 million in initial and further training for its employees over the course of the year.

Continuous improvement

The Group's divisions maintain a constant dialogue with their customers to monitor satisfaction and identify possible improvements. The divisions also conduct customer satisfaction surveys every two to three years which address such areas as service quality, technical support, product quality, product range, delivery times, reliability, complaints handling and pricing.

The Continuous Improvement Process (CIP) is a further key internal element in CPH's endeavours to ensure its constant future development and further raise quality and efficiency. The CIP is integrated into individual performance goals, and CIP training is conducted every year in all three divisions. Employees submitted 958 ideas to the CIP in 2022, and 296 group moderations were held. The proposals adopted helped enhance efficiency, improve safety and ease environmental impact, and generated a recurring annual benefit of CHF 3.1 million. Three examples of concrete actions taken as a result of CIP suggestions will be found on Pages 10 and 11.

Industrial safety

CPH conducts regular staff training to help identify dangers and prevent accidents at all its operating sites. These activities include exercises in fire safety and in handling dangerous goods. Every site also has its own safety officer. Trained paramedics are on duty at the Group's production facilities, and the Perlen site also has a dedicated fire service which can swiftly draw on up to 50 responders if required. The Perlen fire service held 37 exercises and handled 39 deployments in 2022. Thanks to its rapid responses, no relevant fire damage was incurred during the year.

Any accidents or incidents that occur are systematically analyzed to help prevent their recurrence. The number of occupational accidents per one hundred CPH Group employees amounted to 2.4 in 2022

compared to 2.9 in the previous year, which are low levels for a manufacturing concern. Happily, the year remained free of any serious industrial accidents. The occupational accident-related absence rate for 2022 stood at 0.2%.

Healthcare

The Group's operations offer numerous preventive healthcare facilities such as annual health check-ups and free flu and COVID vaccinations. A number of them also support their employees' personal fitness endeavours, by subsidizing their gym subscriptions or by participating in 'Bike to Work' programmes that encourage staff to cycle their daily commute. They further organize joint health-promoting activities such as hikes or fun run participations. The groupwide sickness-related absence rate for 2022 amounted to 3.8%, which is around the industry average. Any employees who become ill receive extensive care and attention under a health case management programme.

Social involvement

Numerous employees of the CPH Group are involved in activities for the communal good both at and away from work. Some serve as company paramedics or company fire officers, while others take part in charity projects in their leisure time. The Group's various operations may also be involved in local community projects.

5 Quality

Consistent high quality is a hallmark of all the products of the CPH Group. This makes rigorous demands on its processes, which are audited to international standards (see the table below). Production sites are subjected to regular audits by customers and by independent certification bodies. The Packaging Division aligns its business and production activities to the pharmaceutical sector's Good Manufacturing Practice (GMP) standards. The division's new Anápolis site in Brazil is working to secure its ISO 9001 and ISO 15378 certifications.

Production site quality certifications	Chemistry				Paper		Packaging				
	Rüti CH	Louisville USA	Donghai CN	Zvornik BA	Perlen CH	Utzenstorf CH	Perlen CH	Müllheim D	Whippany USA	Suzhou CN	Anápolis BR
ISO 9001	•	•	•	•	•	•	•	•	•	•	planned
ISO 14001 (environmental)			•	•	•	•					
ISO 15378 (GMP)							•	•		•	planned
ISO 50001 (energy)								•			
ISO 45001 (safety)			•		•	•					
FDA, USA DMF Nos. 10686, 9072 and 30501							•	•		•	
EU Ecolabel, Blue Angel					•	•					
FSC COC, PEFC COC					•						
ECO SWISS CO ₂					•						

Key environmental figures

	2022	2021
Carbon dioxide emissions (tonnes)		
Chemistry	5 216	5 148
Paper	8 985	8 278
Packaging	2 507	2 461
Total	16 708	15 886
Energy use (GWh)		
Electricity	618	613
of which own-generated	33	35
CO ₂ -free steam	502	521
of which own-generated	189	217
Natural gas	99	97
Heating oil	3	1
Total	1 221	1 232
Water use (thousand m³)		
Evaporation in natural water cycle	428	462
Waste water cleaned in own treatment plants	7 107	6 914
Waste water sent to external treatment plants	324	319
Total waste water	7 431	7 233
Use of materials (tonnes)		
Waste paper	463 916	420 983
Waste wood	93 161	92 791
Plastics	20 598	n.a.
Mineral raw materials	16 216	n.a.
Total	593 891	513 774
Waste (tonnes)		
Waste from external sources recycled	557 077	513 774
Waste thermally utilized in-house	51 907	52 559
Waste thermally utilized externally	112 919	118 425
Waste delivered to landfill sites	1 692	2 100
Net waste reduction (waste received less waste disposed of externally)	442 466	393 249

n.a.: Data only collected from 2022 onwards.

Carbon intensity	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
CO ₂ in tonnes per CHF million of net sales	25	36	33	33	31	35	43	103	164	179

Key personnel figures

	2022	2021
By region		
Switzerland	601	574
Rest of Europe	221	210
Americas	157	132
Asia	202	188
Total	1 181	1 104
By function		
Manufacturing	779	696
Logistics	94	99
R&D, Quality Management	60	50
Sales & Marketing	112	108
Finance, Purchasing, Human Resources	137	152
Total	1 181	1 104
Of whom apprentices in training	54	50
By division		
Chemistry	296	290
Paper	371	357
Packaging	507	449
CPH Chemie + Papier Holding	7	7
Total	1 181	1 104
Diversity		
Share of women	19.6%	19.3%
Age structure		
> 50 years	30.6%	33.4%
30 to 50 years	51.2%	49.7%
< 30 years	18.2%	16.9%
Number of nationalities	38	35
Fluctuation		
Europe	7.8%	5.1%
Americas	32.5%	25.9%
Asia	11.8%	19.7%
Total	11.5%	9.8%
Absence rates		
Number of occupational accidents	29	33
Absence rate due to accidents	0.2%	0.2%
Absence rate due to illness	3.8%	2.9%