

Remuneration report

The remuneration report details the principles, programmes and procedures for determining the remuneration paid to the CPH Board of Directors and Group Executive Board and their amounts in 2022.

1 Remuneration and general information

The CPH Group is an attractive employer with well-qualified and high-performing personnel who are remunerated in line with market levels. CPH views such remuneration as a combination of a fixed and a variable salary component. The amount of each individual's remuneration and the components thereof are set by regularly reappraising the current classification of each function, benchmarking the remunerations awarded and comparing these to market rates (see also the details for the Board of Directors and the Group Executive Board). Any proposed changes to the remuneration of the Group CEO or further Group Executive Board members are submitted to the Board of Directors for approval by its Personnel & Compensation Committee, with due reference to the market comparisons conducted.

Every meeting of the Personnel & Compensation Committee is preceded by an agenda that is communicated to each member of the Board of Directors. The Committee also informs the other Board members at the next Board meeting of the topics it has discussed and the background to any proposals or recommendations submitted. The Personnel & Compensation Committee generally meets three times (and at least twice) a year. Five such meetings were held in 2022, two of them in the form of videoconferences.

The members of the Personnel & Compensation Committee are elected individually by the Annual General Meeting to serve for one year. For details of the Committee's present composition and prime duties and responsibilities, see the Corporate Governance section.

The structure and amounts of the remuneration paid for certain functions are externally benchmarked every three years. The remuneration paid to the members of the Group Executive Board and the Divisional Managements was analyzed by an external company in 2022. Three benchmark groups were created. Group I consisted of Swiss-based internationally active industrial companies of comparable size (such as Huber + Suhner, Feintool, Burckhardt, Aluflexpack and Vifor). Group II consisted of Swiss-based industrial companies active in Switzerland in comparable industrial sectors, i.e. paper, packaging and chemistry (such as Ems, Dottikon, Vetropack and Gurit). Group III comprised international subsidiaries (including those of companies in Groups I and II) based in China, Germany, the USA, Brazil and Bosnia and Herzegovina. The findings of these analyses in terms of the structure and

the amounts of the remuneration paid will be channelled into remunerations for 2023. A benchmark analysis was also conducted in 2022 of the amounts paid for the various functions within the Board of Directors. The findings here will be channelled into the corresponding remuneration from the 2023 Annual General Meeting onwards.

The proposals on the maximum aggregate remuneration for the Board of Directors and the Group Executive Board are prepared by the Board of Directors' Personnel & Compensation Committee, appraised by the Board and submitted to the General Meeting for approval. Should the proposal be rejected, the Board may submit a new proposal. Should this also be rejected, an Extraordinary General Meeting should be convened within three months, or the Board may submit such remuneration for retrospective approval at the next Annual General Meeting.

The Group CEO has a notice period of 12 months, while the further Group Executive Board members have a notice period of six months. There are no contractual agreements for severance payments. CPH has occupational pension schemes for its employees in Switzerland. There are no additional insurance arrangements for Group Executive Board members. The members of the Board of Directors are not insured under any CPH occupational pension scheme. The CPH remuneration system was unchanged in 2022.

Variable remuneration (short-term incentive or STI)

Individual performance influences the total remuneration awarded to all CPH Group personnel, including management members. The assessment thereof is based on the degree to which broader and individual targets are achieved. This is remunerated via a variable salary component or short-term incentive (STI). For each function, a target variable remuneration is defined which is paid if the targets concerned are achieved in full. The actual variable remuneration paid is based on the degrees to which such targets are met, with the maximum remuneration payable amounting to 150% of the target set. The gradations between the bottom and top variable remuneration payment limits of 0% and 150% may be linear or stepped: the details are determined in the annual target-setting process. For 2022, linear gradations between the three benchmarks of 0%, 100% and 150% were adopted for all the personnel concerned.

Share ownership plan (long-term incentive or LTI)

The Articles of Incorporation of CPH Chemie + Papier Holding AG permit the use of long-term incentives (LTIs), particularly in the form of employee share ownership plans. An employee share ownership plan exclusive to the members of the Group Executive Board was introduced in 2020 in the form of a restricted stock plan. The shares concerned are bindingly assigned to their beneficiaries at the time they are awarded, but are then subject to a three-year vesting period. During this period the shares concerned are not subject to any further performance or results criteria, and their value varies solely on the basis of the corresponding stockmarket prices. For beneficiaries

joining or leaving the Group Executive Board in the course of a year, the corresponding shares are assigned on a pro rata basis.

The award price of such shares is the arithmetic mean of the closing prices of the CPH Chemie + Papier Holding AG share for the 15 consecutive calendar days immediately before and immediately after the publication of the annual results for the business year concerned.

The number of shares awarded to each Group Executive Board member is based on their individual LTI target amount. The shares required for such awards are acquired by CPH Chemie + Papier Holding AG each year on the equities market. The shares are awarded in annual tranches, immediately after their award price has been set following publication of the corresponding annual results. Such shares carry voting and dividend rights from the date of their award.

The shares of each annual tranche are entirely at their holder's disposal after the conclusion of their three-year vesting period, which is designed to ensure that all the members of the Group Executive Board maintain a minimal shareholding in the company.

The numbers of shares awarded should be linked to performance and results criteria from 2023 onwards. Such criteria should be based on those already used to determine the degrees of target achievement for STI variable remuneration payments. The share ownership plan should also be extended by analogy to the members of the Executive Boards of the three business divisions.

Remuneration of the Board of Directors

The remuneration paid to members of the Board of Directors consists of a fixed monetary amount. Members' work on either of the Board's two technical committees is additionally remunerated via meeting attendance fees. Board members are further awarded a flat daily allowance for any work beyond their normal meeting activities.

The remuneration paid to Board members is determined on the basis of comparisons with published data for comparable Swiss industrial companies whose shares are also listed on the SIX Swiss Exchange. The remuneration rates concerned are proposed to the full Board by its Personnel & Compensation Committee.

In accordance with Switzerland's 'VegüV' Ordinance against Excessive Remuneration in Listed Companies Limited by Shares and the correspondingly amended Articles of Incorporation of CPH Chemie + Papier Holding AG, the maximum aggregate amount payable as remuneration to the Board of Directors in the period between two Annual General Meetings is subject to the approval of the first such Meeting. This provision entered into effect from the 2015 Annual General Meeting. For specific remuneration payments, see Section 2 hereafter.

Remuneration of the Group Executive Board

The remuneration awarded to the members of CPH's Group Executive Board consists of a fixed and a variable (STI) component which are both paid in full in monetary form. Since 2020, Group Executive Board members have additionally received further remuneration in the form of company shares under an LTI programme. The STI variable remuneration paid depends on the degree to which group targets and individual divisional or functional targets are achieved. The maximum variable remuneration amounts to 100% of the fixed basic remuneration for the Group CEO and 50% thereof for the further Group Executive Board members.

The assessment of the performance of the members of the Group Executive Board for variable remuneration purposes is based on a specific target-setting process. These targets are set in five areas: financial results, customers & market, innovation, processes and leadership & personnel. The financial results targets are the same for all Group Executive Board members, while individual divisional and/or functional targets are set in the four further areas.

The achievement of the quantitative targets set for the financial results indicators of EBIT, operating cash flow and net working capital accounts for 60% of the variable remuneration, with the remaining 40% based on the achievement of the quantitative and qualitative targets set in the other four areas. The Heads of Divisions' performance in financial results terms is based two-thirds on the results of their division and one-third on Group results. The corresponding performances of the Group CEO and CFO are based solely on the Group results achieved.

The targets for all target areas are prescribed by the Board of Directors for all Group Executive Board members (with financial results targets derived directly from agreed budget parameters). The Group CEO and the further Group Executive Board members may make target proposals, and the Group CEO may make proposals for the remuneration of the further Group Executive Board members. The latter have their achievement of their annual targets assessed by the Group CEO, who submits their resulting recommendations to the Board of Directors' Personnel & Compensation Committee, while the Group CEO's performance is assessed by the Chairman of the Board. All such assessments are discussed by the Personnel & Compensation Committee, which then submits a report to the full Board on the degrees to which each Group Executive Board member has achieved the targets set, together with recommendations on the individual variable remunerations to be paid. The final decision thereon is then taken by the Board of Directors in toto, with due regard to the maxima specified by the previous Annual General Meeting. Every Group Executive Board member receives the fringe benefit of a company car. Since the 2015 Annual General Meeting, in accordance with Switzerland's 'VegüV' ordinance and the correspondingly amended Articles of Incorporation of CPH Chemie + Papier Holding AG, the maximum aggregate fixed

and variable remuneration payable to the Group Executive Board have been approved by each Annual General Meeting for the following business year.

Any new members of the Group Executive Board who are appointed and assume their duties after the Annual General Meeting has approved the maximum aggregate Group Executive Board remuneration for the business year concerned may – under Article 22 of the Articles of Incorporation of CPH Chemie + Papier Holding AG – be paid an additional amount totalling (for all such new members) no more than 40% of this maximum aggregate amount.

The remuneration paid in 2022 to the members of the Board of Directors, the Group CEO (who received the highest total remuneration of any Group Executive Board member) and the further members of the Group Executive Board is shown in the tables in Section 2.

2 Remuneration paid to members of the Board of Directors and the Group Executive Board

This remuneration includes salaries, bonuses, credits, social security payments and occupational pension scheme contributions.

Notes on the remuneration paid to the Board of Directors

The amounts shown are the remuneration paid for the year concerned, regardless of when such payment was made, i.e. they are presented on an accrual basis. All such remuneration is in monetary form. Members of the Board of Directors are not subject to any share ownership or share option plans. The remuneration is shown in gross form, including employees' social security contributions. The social security contributions shown separately include those of the employer.

With no changes to the composition of the Board of Directors or the remuneration system in the reporting period, the remuneration paid in 2022 was at the level of the prior year.

No remuneration was paid to any former members of the Board of Directors. No loans were made to any current or former Board members, and no such loans are outstanding.

Remuneration paid to members of the Board of Directors (audited)

in CHF thousands	Function	Finance & Audit Committee	Personnel & Compensation Committee	Fixed remuneration	Meeting fees Board committees	Social security contributions	Total remuneration
2022							
Peter Schaub	Chairman	Member	Member	319	-	19	339
Tim Talaat	Vice Chair		Chair	91	24	7	122
Kaspar W. Kelterborn	Member	Chair		91	24	7	122
Claudine Mollenkopf ¹	Member		Member	85	8	-	93
Manuel Werder	Member	Member		91	8	6	105
Christian Wipf	Member		Member	91	8	6	105
Total Board of Directors				768	72	45	886
2021							
Peter Schaub	Chairman	Member	Member	319	-	19	338
Tim Talaat	Vice Chair		Chair	91	24	7	122
Mauro Gabella ²	Member		Member	23	2	1	26
Kaspar W. Kelterborn	Member	Chair		91	24	7	122
Claudine Mollenkopf ^{1, 2}	Member		Member	64	5	-	69
Manuel Werder	Member	Member		91	8	6	105
Christian Wipf	Member		Member	91	8	6	105
Total Board of Directors				770	71	46	887

¹ Not subject to Swiss social security contributions

² Mauro Gabella left the Board of Directors and Claudine Mollenkopf was newly elected thereto at the 2021 Annual General Meeting.

A maximum aggregate remuneration of the Board of Directors of CHF 0.93 million was approved for the period between the 2022 and the 2023 Annual General Meetings by the Annual General Meeting of 17 March 2022.

With the exception of the items and amounts shown under Note 31, 'Transactions with related parties' in the notes to the consolidated financial statements, no remuneration was paid to any parties related to any members of the Board of Directors. No loans were made to any such parties, and no such loans are outstanding. No transactions were conducted on non-market terms with any natural persons or legal entities related to any Board members.

Notes on the remuneration paid to the Group Executive Board

The variable remuneration shown for 2022 corresponds to the provisions made (on an accrual basis). The variable remuneration shown for 2021 has been adjusted to reflect the payments actually made. This is not new remuneration, but the same remuneration as was shown in the 2021 Annual Report. That remuneration could only be shown on the basis of the provisions made (on an accrual basis), however, whereas the table below shows the final amounts paid.

All such remuneration, both fixed and variable (STI), is in monetary form. The shares assigned to Group Executive Board members under the share ownership plan (LTI) are shown at their actual market value. This remuneration is shown in gross form, including employees' company pension scheme and social security contributions. The company

pension scheme and social security contributions shown separately include those of the employer. 'Further remuneration' relates to the private use of company cars and any long-service awards.

The higher variable remuneration paid in 2022 compared to the prior year is attributable to the CPH Group's better business results and the Group Executive Board's higher degree of achievement of the relevant performance targets – an average of 118.8%, compared to 96.4% in the prior year. In addition, owing to changes in personnel, the position of Group CFO was double-staffed for several months in 2021 and 2022, as was the position of Head of Packaging in 2022.

No remuneration was paid to any former Group Executive Board members. No loans were made to any current or former Group Executive Board members, and no such loans are outstanding.

No remuneration was paid and no loans were made to any parties related to any Group Executive Board members, and no such loans are outstanding. No transactions were conducted on non-market terms with any natural persons or legal entities related to any Group Executive Board members.

Remuneration paid to members of the Group Executive Board (audited)

in CHF thousands	Fixed remuneration	Variable remuneration (STI)	Share-based remuneration (LTI)	Pension and social security contributions	Further remuneration	Total remuneration
2022						
Peter Schildknecht, CEO	520	410	60	173	10	1 173
Other members of the Group Executive Board	1 328	514	150	359	55	2 406
Total Group Executive Board	1 848	924	210	532	65	3 579
2021						
Peter Schildknecht, CEO	520	370	60	178	8	1 136
Other members of the Group Executive Board	1 333	336	120	347	61	2 197
Total Group Executive Board	1 853	706	180	525	69	3 333

A maximum aggregate remuneration of CHF 3.50 million was approved for the 2022 business year by the Annual General Meeting of 18 March 2021. Use was also made of CHF 0.08 million of the additional 40% amount permitted under Article 23 of the Articles of Incorporation of CPH Chemie + Papier Holding AG, because the positions of Group CFO and Head of Packaging were both double-staffed for several months in spring 2022. The members of the Group Executive Board were definitively assigned a total of 3 345 shares with a three-year vesting period in 2022 (prior year: 2 682 shares) under their share-based remuneration. The resulting personnel expense at a share price on assignment of CHF 62.78 per share (prior year: CHF 66.80 per share) amounted to CHF 0.2 million (prior year: CHF 0.2 million).

Report on the audit of the remuneration report

Opinion

We have audited the remuneration report of CPH Chemie + Papier Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) in the tables marked 'audited' on pages 42 and 43 of the remuneration report.

In our opinion, the information on remuneration, loans and advances in the remuneration report (pages 40 to 43) complies with Swiss law and article 14 to 16 of the Ordinance.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the remuneration report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked 'audited' in the remuneration report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the remuneration report

The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to article 14 to 16 of the Ordinance is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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Thomas Illi
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Zürich, 10 February 2023

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