

Sustainability report

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

Sustainability management at the CPH Group

Overview, organization and governance

Sustainability at the economic, social and environmental level is both the foundation of the more than 200-year success story of the CPH Group and the prerequisite for the Group's continued value creation for the longer term. The CPH Group wants to avoid adverse environmental impacts in its product portfolio. And to underpin these aspirations, it had its long-term and sustainable value creation enshrined in its Articles of Incorporation by its shareholders at its 2023 Annual General Meeting.

The CPH Group strives to perform its business activities responsibly in ethical, legal, environmental and social terms. Its employees are obliged to obey all applicable laws and also to abide by the Group's mission statement. The Group's constituent companies are internationally active in various markets, and have formulated their own approaches to the issues of equal opportunities, healthcare, compliance, data protection, conflicts of interest, bribery, integrity and ethics in their own regulations and their own codes of conduct. These ethical principles are also communicated to the employees within the Group's business divisions, and are transferred accordingly to their individual responsibility, via the appropriate directives.

The Chemistry and Packaging divisions each have their own code of conduct, which are applicable to all their employees and which are publicly available on the CPH Group website. These codes of conduct also specify that every partner with which the CPH Group maintains business relations is expected to maintain the same ethical conduct and behaviour. Should any suspicion to the contrary arise, this can be reported to the Group at any time by any of various channels (including a dedicated 'whistleblower' facility).

No reports of any suspected contraventions of competition law or of corruption were made in 2023 in connection with the Group's business activities. In view of the Swiss roots and domicile of both itself and its constituent divisions, the CPH Group regards the risk of corruption in particular as low, and therefore sees no need for any further action in this regard at the present time.

No penalties were imposed as a result of any other substantial violations of environmental, social or other law. The absence of any such incident confirms the risk assessment conducted by the CPH Group within its overall risk management.

The CPH Group does not tolerate any 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 Group will also not tolerate any form of forced or child labour within its companies or its supply chains. The Chemistry Division also has its own code of conduct for suppliers, which extends to the issue of forced or child labour.

The CPH Group seeks to offer high-quality products and services that deliver added value for its customers. Its employees are committed to maintaining the Group's innovative flair and its success in its various target markets. The safety, security, health and further training and education of its employees enjoy a correspondingly high priority. Avoiding and reducing emissions, solid waste and waste water have been integrated into the planning of its business divisions for several years now. The efficient use of resources and a focus on the circular economy are crucial to the Group's long-term success. And the locally applicable standards are fully observed – at the minimum – at all the Group's business and operating locations in environmental, energy, quality and social terms.

The paramount authority within the CPH Group for the content of this sustainability report is the Board of Directors of CPH Chemie + Papier Holding AG, which approved the present sustainability report for the 2023 business year on 9 February 2024 and recommended its approval by the company's shareholders at the Annual General Meeting on 20 March 2024. The report covers the CPH Group and its Chemistry, Paper and Packaging divisions at all their operating and business locations worldwide. In compiling the key performance indicators (KPIs) it contains, the CPH Group has, in addition to the corresponding Swiss regulatory framework as specified in Article 964b of the Swiss Code of Obligations, also paid partial regard to the European Sustainability Reporting Standards (ESRS). The report meets all the present requirements of Article 964b of the Swiss Code of Obligations. It has not been subjected to any external audit.

The sustainability strategy of the CPH Group is operationally defined, steered and implemented by the Group Executive Board, with the support of the managements and of specific employees (particularly the environmental affairs officers and the HR departments) of its constituent business divisions.

Business divisions from a sustainability perspective

The Chemistry Division uses both raw materials and intermediate products – filter cakes – in its production activities. Energy consumption in the chemicals industry is traditionally high, with chemical compounds needing to be separated and then recombined. At the division's Chinese operating sites, following the replacement of the previous facilities and a simultaneous elimination of coal from their

production processes in 2018, natural gas is the prime energy source, and is responsible for 80 % of the division's total carbon dioxide (CO₂) emissions. Carbon-neutral electricity is used at the division's Swiss sites.

The division is working to further reduce its total carbon emissions. In China, photovoltaic panels have been installed on a new company building to reduce gas consumption in energy provision. In Switzerland, investments in new means of production have doubled production output for the same energy use. And in the USA steel barrels used by customers are taken back and reprocessed for further use.

All the division's actions with hazardous chemicals, including their transport, storage and disposal, are prescribed in a series of standard work procedures and performed by specialists or specialist companies. Safety training is also regularly conducted both in-house and externally to ensure that all the division's handling of hazardous chemicals is consistently compliant with all relevant laws and regulations.

Paper, the biggest business division, is a pure recycling company that processes recovered paper into new newsprint and magazine paper. Perlen Papier is also Switzerland's biggest waste paper recycler, and in 2023 transformed 331 700 tonnes of waste paper collected predominantly within the country, along with 9 200 tonnes of wood from forest management and 56 900 tonnes of waste sawmill wood, into such new paper products. In doing so, the CPH Group makes a substantial contribution to protecting the sustainable resource of wood, while also ensuring shorter journeys for the waste paper concerned and thereby reducing CO₂ emissions. The division's Perlen site is also home to the Renergia waste incinerator facility, which is 10 % owned by the CPH Group and which both generates energy for the local region and provides the division's paper production operations with CO₂-free steam.

The Packaging Division primarily processes PVC into films which are largely combined with aluminium films to produce blister packs. The division generates low CO₂ emissions at its Swiss and German sites, and a large proportion of the waste produced by its manufacturing activities is subsequently recycled. The division is also investing in expanding its provision of sustainable packaging solutions for the pharmaceutical industry, and is collaborating to this end with further companies within the packaging sector. Perlen Packaging earned its third EcoVadis medal for its sustainability management in 2023, putting it among the top 15 % of the companies evaluated.

In environmental sustainability terms, a differentiated perspective is required for each of the CPH Group's three business divisions to adequately appreciate and present their environmental interactions. In terms of their social sustainability challenges, opportunities and activities, the three divisions are broadly similar, and also feature comparable responsibilities and control structures, which will therefore be correspondingly presented in toto for the rest of this report.

Carbon intensity in tonnes per CHF million of net sales¹

17

(prior year: 22)

¹ Scope 1 emissions

Own-generated energy in %

21

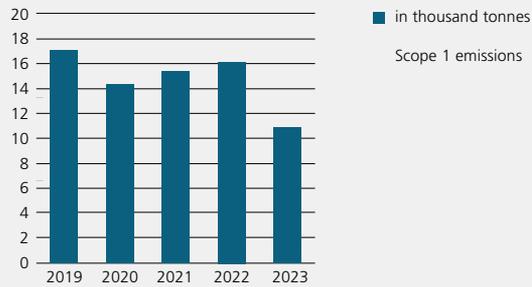
(prior year: 16)

Proportion of materials used which are of organic origin in %

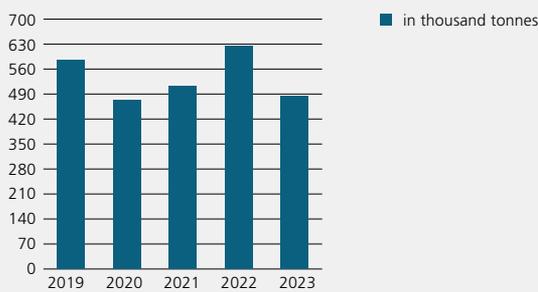
82

(prior year: 85)

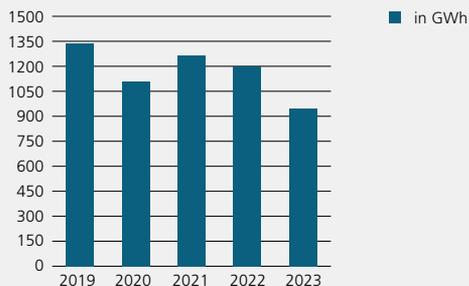
Carbon dioxide emissions



Use of materials



Energy use



ESG materiality analysis and risk assessment

Materiality analysis defines relevant ESG matters

The CPH Group seeks to gradually further expand its reporting on its business management, its strategy, its management of impacts, risks and opportunities and its sustainability goals and key sustainability indicators over the coming years. In doing so, the Group is not only addressing the increased interest in non-financial reporting, but is also fulfilling the corresponding regulatory requirements. The present sustainability report, which is of broader scope and extent than its predecessor for 2022, also pays due regard to such intentions.

The CPH Group conducted a materiality analysis in the second half of 2023 which paid due and full regard to the Swiss and European provisions on sustainability reporting. In connection with the same, a benchmark analysis was also conducted of the sustainability reporting of selected competitors, to serve as a foundation for the Group's own analysis.

With the guidance and support of a specialist outside consultancy, a series of in-house workshops were held in which the entire strategy and the relevance of the following ten sustainability matters to the CPH Group were discussed and assessed:

- climate change
- pollution
- water and marine resources
- biodiversity and ecosystems
- resource use and circular economy
- own workforce
- workers in the value chain
- affected communities
- consumers and end-users
- business conduct

In addition to the materiality of the above overall matters, the workshops also considered which sub-matters within them were of particular relevance to the CPH Group. Non-material matters are addressed by the CPH Group as and when required.

Hereafter are presented the six sustainability matters which the CPH Group regards as material, together with their relevant sub-matters:

Resource use and circular economy, particularly:

- waste management and reduction
- resource use efficiency (e.g. in production, packaging and products)
- re-usable and recyclable products (longevity, return, recycling)

Water (and marine resources), particularly:

- water procurement and use
- waste water

Pollution, particularly:

- water pollution and water protection
- chemicals and pollutants
- air pollution

Climate change, particularly:

- renewable energy and energy efficiency
- climate protection (greenhouse gas emissions)
- climate-related opportunities and risks

Own workforce, particularly:

- occupational safety and health protection
- working conditions and employee satisfaction
- employee recruitment and retention
- knowledge transfer and retention

Business conduct, particularly:

- transparency and reporting
- ethical management and strategy
- combating bribery and corruption
- risk management

The assessment was based on the principle of double materiality, i.e. both the positive and negative impacts of the matters concerned on people and the environment and the opportunities and risks presented by the same in terms of the CPH Group's business success. The qualitative assessment system ranges from 1 (low impact/likelihood) to 5 (high impact/likelihood). To take one example, discussions were conducted on how the CPH Group affects the climate through its business activities and how climate change could affect the Group's strategy, business activities and financial results.

The CPH Group intends to use the foundation provided by this materiality analysis to further develop and refine its sustainability strategy in the years ahead. The corresponding annual sustainability reporting should also be expanded accordingly, particularly on the basis of the binding European Sustainability Reporting Standards (ESRS) and any additional future regulatory requirements.

As part of its materiality analysis process, the CPH Group has defined a number of key performance indicators (KPIs) which should be used to measure the progress made on the sustainability front in each reporting year and to determine new targets for future improvements. Wherever possible, the CPH Group will publish consolidated figures for all its operating locations and from all countries in its sustainability reporting. Where this cannot (yet) be done, the corresponding information will be qualified accordingly.

Nationalities of employees

46

(prior year: 38)

Apprentices in training

52

(prior year: 54)

Engagement Index in %

76

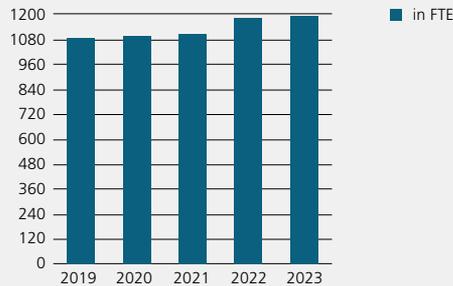
(last survey: 75)

CIP suggestions submitted

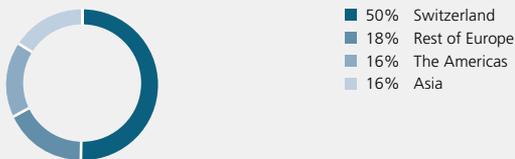
925

(prior year: 958)

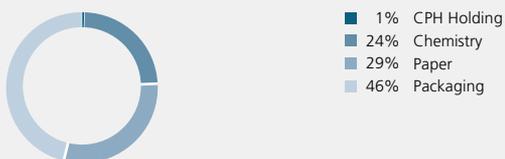
Total workforce numbers



Workforce numbers by region



Workforce numbers by division



Material risks from an ESG perspective

Risk management at the CPH Group, including the management of material risks, is described in detail in the corporate governance report. Such risks are viewed and assessed from the CPH Group perspective with a focus on their potential impact on business and operations. Risk identification and the associated action planning are conducted in a two-step process, individually within each division and aggregated at the group level. No material risks are identifiable in terms of the environment, human rights violations, social issues, corruption or employee affairs which would require immediate mitigation measures in risk management terms. CPH continues to steadily further improve its risk management process and expand the range of associated issues in terms of their relevance to its business and operations.

Continuous Improvement Process

For more than 20 years now, the CPH Group's Continuous Improvement Process (CIP) has been identifying and effecting cost savings and process optimizations groupwide which improve product and service quality and raise customer satisfaction. Every idea counts which enhances processes, saves energy, spares resources and the environment, contributes to safety and/or improves the working atmosphere. All the proposals submitted to the CIP are evaluated using a clearly structured procedure. Experience has shown that half the ideas submitted result in practical action. The CIP is integrated into individual performance targets, and CIP training is conducted every year in all three divisions.

Employees submitted 925 ideas within the CIP framework in 2023 which generated a recurring annual benefit to the CPH Group of some CHF 1.9 million. In 2022, the Group had seen 958 such proposals submitted for a recurring annual benefit of CHF 3.1 million.

Social

Ethical corporate management and strategy

With its headquarters in Switzerland and its more than 200-year history, the CPH Group is an integral part of the local economies, communities and lives at its various operating locations. As Switzerland's biggest waste paper recycler, CPH is also a key player in its home country's sustainable future, to which it strives continually to make a positive contribution. The CPH Group is particularly dedicated to the well-being of its workforce, too, and expresses this through its appreciation and recognition of its own and its employees' shared successes.

The CPH Group cultivates its contacts and relations with local society, representatives of the local authorities and its various suppliers through specific discussion, continuous dialogue and regular supplier assessments. Such channels also ensure that any suggestions, complaints or other key data can be obtained from these interest groups and paid due and adequate attention.

Every possible effort is made by the CPH Group to exercise its duty of care in human rights terms throughout its value chain, with a particular emphasis on the full and consistent observance of all legal requirements. No violations of human rights on the part of the CPH Group were recorded in 2023 or 2022. Any such reports are rigorously pursued via all available contact channels, including with top management.

The CPH Group supports and encourages its employees in their social activities, and strives to serve as a socially and societally active concern.

Numerous group employees are involved in social activities both within and beyond their work. They serve in first aid or fire services functions, are engaged in local or cantonal political life or spend their leisure time on cultural or charitable pursuits. The Group's operating sites also get involved in local community projects. In 2023, for instance, the people of the village of Perlen and the surrounding area were invited to attend Perlen Papier's 150th anniversary celebrations.

The business of the CPH Group is firmly customer-centric, with the highest value attached to product quality. All of the production facilities of all three of the Group's divisions maintain an ISO 9001-certificated quality management system and are regularly audited and recertificated by external parties. Customer satisfaction is also periodically reassessed via appropriate surveys.

Employees

HR issue management

The global business success of the CPH Group is attributable to a sizeable extent to its employees' knowledge and skills. The Group is correspondingly aware of its associated responsibilities towards all its employees at its various sites.

The CPH Group aims to recruit the best employees and optimally further train and support them in their work environment. It actively pursues these ambitions within its personnel management, and constantly assesses any risks which may jeopardize such aspirations. An open communications culture, a top management that exemplifies company values and a safe, healthy and varied working environment are all designed to promote its employees' commitment to and identification with their work and their company.

The CPH Group meets all fundamental international employment standards at all its business and operating sites throughout all three divisions, and observes all the provisions of national and local employment law and all national and local safety rules and regulations.

The day-to-day conduct of its employees in their work environment is governed by the Guiding Principles of the CPH Group. In line with this responsible entrepreneurial attitude and approach, it is equally essential for the CPH Group that its business partners should abide by comparable leadership principles.

Responsibility for the employees of the CPH Group rests with the Group Executive Board and with the top managements and superiors within its Chemistry, Paper and Packaging divisions. They are supported in such duties and endeavours by the groupwide HR organization and by the HR and safety officers at each business and operating location.

Material HR issues

The main issues for the CPH Group in the employee field are presented below, together with details of how the Group is rising to the associated challenges and what key performance indicators (KPIs) are used to determine the corresponding progress made.

The issues of employee recruitment/retention and knowledge transfer are two of the prime HR challenges for the CPH Group. In a time in which the employment market is seeing a marked shortage of specialist personnel and with an increasingly ageing workforce, knowledge transfer and the effective recruitment of new employees will be a decisive factor in any company's long-term success.

Progress in 2023 and outlook

Staff surveys

The CPH Group conducts surveys of its employees every three years on the topics of job satisfaction, working environment, professional development, leadership, communications, innovation, customers, strategy and involvement. The evaluations of the surveys' results provide valuable insights and input, and serve as the basis for individual actions to be taken as necessary at the Group's various locations in response to local needs. The next such survey will be conducted in 2025. The last survey in 2022 drew a response rate of 82 %, some 11 percentage points higher than 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. The greatest approval rates of between 80 % and 89 % were in the fields of customers, innovation, leadership, working environment and professional development.

Knowledge transfer

As was confirmed in its sustainability materiality analysis, employee recruitment/retention and knowledge transfer are two of the prime challenges facing the CPH Group in the HR field. The Paper Division in particular has a substantial number of employees who, through their long company service, have accumulated extensive expertise in Perlen Papier's paper technologies, processes, products and customers. Some 16 % of the company's employees have been with it for 20 years or longer. Retaining this expertise and passing it on internally are of crucial business importance. In view of this, the Paper Division has now established its own Paper Technology Academy, to offer basic and further training to its own technical staff and others transferring to the field from other career paths and raise such in-house training to higher quality levels.

As part of these knowledge transfer endeavours, exchanges of employees between operating sites are also actively promoted whenever possible.

Company affiliation

	31.12.2023	31.12.2022
Up to 5 years	52.8 %	52.1 %
6 to 10 years	17.8 %	16.8 %
11 to 20 years	13.4 %	15.0 %
More than 20 years	16.0 %	16.1 %

Vocational training

Vocational training is a further key factor in both retaining the qualified professionals who can help maintain the long-term competitiveness of companies and economies and attracting new employees. Through its active involvement in basic vocational training at its Swiss and German production sites, the CPH Group is additionally living up to its societal responsibilities. Its operations in Germany and Bosnia and Herzegovina also offer internships for student engineers; and further internships are provided, too, subject to operational feasibilities.

A total of 52 (prior year: 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 2023. A total of 19 (prior year: 17) apprentices completed their courses during the year, 11 of whom (as in the prior year) could be offered permanent positions. For 2024 the CPH Group plans to maintain its apprentice numbers at or above their 2023 levels.

Apprentices in training

in heads	31.12.2023	31.12.2022
Switzerland	39	39
Germany	5	9
Other countries	8	6
Total apprentices in training	52	54

Further employee training

The CPH Group offers its employees opportunities to undergo in-house and/or extramural further training and development. The range of programmes provided here includes safety training such as forklift driving (see also 'Occupational safety and health protection' on Page 38), security training such as cybersecurity issues and individually-arranged courses addressing specific professional needs. Management training will also be offered in 2024.

A CPH Group employee spent an average of 2.5 days (prior year: 1.6 days) on in-house or external training in 2023. The Group invested CHF 0.9 million (prior year: CHF 0.6 million) in initial and further training for its employees over the course of the year.

Management training

The management corps of the CPH Group plays a vital part in the Group's achievement of its business objectives. CPH supports its management corps members in their personal career plans. The Group has set itself the goal of filling at least one third of all the middle management vacancies which arise every year with candidates from its own ranks. Succession planning for all middle management positions is steered by the HR departments within the Chemistry, Paper and Packaging divisions.

The CPH Group also maintains the CPH Academy, which opened in 2022, to promote and support management corps members and occupants of further key positions. 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. A total of 156 employees attended 35 CPH Academy seminars and e-courses in 2023, while 35 courses had been attended by 77 employees the previous year. After a premiere year that had generated sizeable positive feedback, the CPH Academy thus served more than twice as many participants in 2023, and has firmly established its place in the CPH management training landscape.

Staff turnover rates

The CPH Group seeks to minimize its annual staff turnover rates as part of its employee retention endeavours. In doing so, the Group measures its annual turnover levels against Swiss industry's declared 'healthy turnover rate' of between 8 % and 12 %. The CPH Group has intensified its efforts to recruit well-qualified personnel, to ensure that, despite the present shortages of specialist staff, any vacancies which arise can be filled with all possible speed.

Staff turnover by division

	2023	2022
Chemistry	12.3 %	16.2 %
Paper	9.3 %	8.8 %
Packaging	12.3 %	10.6 %
Total	11.3 %	11.5 %

Staff turnover by region

	2023	2022
Europe	7.2 %	7.8 %
The Americas	31.5 %	32.5 %
Asia	11.3 %	11.8 %
Total	11.3 %	11.5 %

The staff turnover rate of 11.3 % (prior year: 11.5 %) is broadly within the industry average. The comparatively high staff turnover rate in the Americas is attributable to the peculiarities of their employment markets (including Brazil), and to the generally higher workforce mobility found therein.

Workforce structure

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: in all matters of recruitment, development and promotion, the prime emphasis is on the employee's individual performance, abilities and potential at the workplace concerned. Employees from 46 (prior year: 38) nations were employed within the CPH Group at the end of 2023, and collaborations in multicultural teams are actively practised and promoted.

The CPH Group's total workforce numbered 1 195 employees at the end of 2023, up 14 on the previous year-end. The slight increase is attributable to the expansion of production capacities. Around half the Group's employees serve at its Swiss locations. Women accounted for 19.9 % of the total group workforce at the end of 2023, up from 19.6 % at the end of the previous year. This proportion should be further increased. In addition to diversification, performance record, experience, knowledge and skills are the prime criteria in the recruitment and selection process. The present proportion of women in the CPH workforce is the product of all these considerations.

Employees by region

in FTE	31.12.2023	31.12.2022
Switzerland	603	601
Rest of Europe	213	221
The Americas	192	157
Asia	187	202
Total	1 195	1 181

Employees by division

in FTE	31.12.2023	31.12.2022
Chemistry	283	296
Paper	354	371
Packaging	551	507
CPH	7	7
Total	1 195	1 181

Employees by function

in FTE	31.12.2023	31.12.2022
Production	783	779
Logistics	100	94
Research & Development, quality	58	60
Marketing & Sales	116	112
Human resources, purchasing, finance	138	136
Total	1 195	1 181

Employees by gender

	31.12.2023	31.12.2022
Female	19.9 %	19.6 %
Male	80.1 %	80.4 %

Employees by age

	31.12.2023	31.12.2022
Up to 30 years	19.3 %	18.2 %
31 to 50 years	50.2 %	51.2 %
More than 50 years	30.5 %	30.6 %

Work-life balance

The CPH Group is keen to ensure that its employees can maintain a healthy balance between their work and private lives. The Group offers part-time employment options, flexitime arrangements, sabbaticals and preparing-for-retirement courses to these ends.

Employees by employment level

	31.12.2023	31.12.2022
Full-time	92.0 %	92.6 %
Part-time	8.0 %	7.4 %

The high proportion of full-time employees is primarily due to the high proportion of shiftwork personnel.

Salary policy

The CPH Group pursues a fair, transparent and appreciable salary policy that is closely aligned to local and regional 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.

Employees at the Perlen and Utzenstorf sites in Switzerland are subject to a collective labour agreement (CLA) which includes minimum salary provisions. Employees at the Müllheim site in Germany are subject to the CLA provisions of the Industriegewerkschaft Bergbau Chemie Energie (IGBCE). Elsewhere, personnel work under individual employment contracts.

The Group's Swiss-based employees are insured under a defined-contribution occupational pension scheme which had a funding ratio of 119 % at the end of 2023 (2022: 117 %). The Group also maintains a patronage fund which supports Swiss-based 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.

Equal pay

The principle of 'equal pay for work of equal value' is anchored in both the Swiss Constitution and the Swiss Federal Gender Equality Act. Studies are conducted annually (or every three years for the members of the Group Executive Board and the Divisional Executive Boards) at the CPH Group's Swiss locations, and at those in its other countries of operation where practicable, to determine whether present salaries are in line with market levels. These actions are designed to ensure that no employee receives an inappropriate salary. The CPH Group spent a total of CHF 103 million (prior year: CHF 102 million) on salaries, occupational pension provision and initial and further training in 2023.

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 – an area in which men predominate – 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.

Occupational safety and employee health

The health and safety of its employees are a paramount priority of the CPH Group. Every site has its own safety officer, and the production sites additionally have trained paramedic staff. Employees at all locations receive regular training in identifying dangers and preventing accidents. Such training also extends to fire prevention and handling hazardous materials.

Any occupational accidents or incidents that occur are systematically analyzed to help prevent their recurrence. At CPH, such occupational accidents and incidents are deemed to include minor injuries such as cuts or grazes, which accounted for the majority of such cases in the year under review. CPH strives to achieve a zero accident rate for every business year. Any employee who is absent from work through illness is offered assistance and support in line with local legal possibilities.

Work absences

	2023	2022
Number of accidents at work	28	29
Number of fatalities	-	-
Accident-related absence	0.3 %	0.2 %
Absence due to illness	3.6 %	3.8 %
Maternity and paternity leave	0.5 %	0.2 %

The Perlen site has its own fire service which can swiftly draw on up to 50 responders if required. The Perlen fire service held 47 exercises and handled 41 deployments on-site in 2023 (which compares to 37 exercises and 39 deployments in the prior year). Thanks to its rapid and professional responses, no relevant fire damage was incurred on-site during the year.

The Group's member companies offer numerous preventive healthcare facilities such as free flu 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 environment

Management approach to environmental sustainability

Avoiding and reducing emissions, waste water and solid waste and making efficient use of energy and (raw) materials have been integral to the planning and the decision-making of the constituent divisions of the CPH Group for many years now.

With reference to Article 964j of the Swiss Code of Obligations (Duty of care and transparency), the CPH Group neither procures nor processes substantial volumes of tin, tantalum, tungsten or gold which might be classified as conflict minerals by virtue of their origin.

By striving to ensure the re-use and the efficient use of raw materials, the CPH Group contributes to the circular economy through its products and activities. Re-use and recyclability are key criteria here.

The molecular sieves manufactured by the Chemistry Division are of mineral origin. They can be re-used multiple times, and thus provide customers with durable and sustainable solutions.

The Paper Division recycled 331 700 tonnes of waste paper collected from households into new publication paper in 2023. Recovered paper can be collected, processed and reworked into new publication paper seven times. After this, the remaining fibres are too short and need to be replaced. In the year under review, the fresh fibres used for this purpose derived from 66 100 tonnes of waste wood from sawmill operations and forest management activities which were converted into pulp at the Perlen site.

The Packaging Division primarily processes polyvinyl chloride (PVC) into films which are combined with aluminium films to produce blister packs. Much of its present efforts are focused on making a mono-blister recyclable and on further reducing its carbon footprint.

As a major member of the Swiss economy, the CPH Group strives to support the climate goals of the Swiss Confederation in its business activities. The Group actively conducts various actions and projects to help protect the climate. The Chemistry Division includes reducing CO₂ emissions and ecological sustainability among its prime priorities. These ambitions are being pursued through an environment manage-

ment system (EMS) which has been adopted at Zeochem's sites and is being steadily further refined.

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 ECO SWISS, Swiss business and industry's environmental protection organization. Its paper is produced with CO₂ emissions which, according to the Ten Toes model of CEPI, Europe's paper industry federation, are only a quarter of those of its European competitors. Customers can also opt for paper products whose price includes a financial contribution to climate protection. This voluntary additional contribution by the customer to a reforestation project in Uruguay is based on the annual fossil CO₂ emissions generated by Perlen Papier per tonne of paper produced, which are calculated using the CEPI Ten Toes model by an external partner.

The Packaging Division is working on using green electricity to ensure the carbon-efficient heating of the heat transfer media at its Müllheim site in Germany. The division also has its environmental credentials annually assessed by the EcoVadis sustainability rating agency.

Responsibility for the environmental affairs of the CPH Group rests with the Group Executive Board and with the Executive Boards of its Chemistry, Paper and Packaging divisions. They are supported in such duties and endeavours by specialist individuals at each business and operating location who have been specifically trained in safety, environmental and quality matters.

Material environmental issues

The main issues for the CPH Group in the environmental field are presented below, together with details of how the Group is rising to the associated challenges and what key performance indicators (KPIs) are used to determine the corresponding progress made.

The issues of 'circular economy and waste' and 'greenhouse gas emissions' are two particular environmental challenges for the CPH Group. The Group contributes to the circular economy through the products it manufactures and supplies, and participates in various climate protection projects.

CO₂ emissions

in tonnes	Chemistry		Paper		Packaging		Other/ Consolidation		CPH Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Scope 1	3 704	5 216	5 173	8 985	2 028	1 946	-	-	10 905	16 147
Scope 2	15 359	17 210	5 017	6 432	10 939	10 672	-	-	31 315	34 314
Total	19 063	22 426	10 190	15 417	12 967	12 618	-	-	42 220	50 461

Progress in 2023 and outlook

Greenhouse gas emissions

The CPH Group is committed to the goal of net-zero emissions, and is working to further develop a corresponding staged plan which continues to maintain the Group's competitive business credentials. Scope 1 and Scope 2 carbon dioxide emissions are recorded annually for the entire CPH Group in accordance with the requirements of the GHG Protocol, to serve as a measurement of the environmental impact of the Group's business activities.

The Group's Scope 2 emissions have been calculated using the formula of 'electricity consumption (in kWh) per country × emission factor per country' for Switzerland, Germany, Brazil, China, the USA (Kentucky) and Bosnia and Herzegovina, and have subsequently been consolidated. The most recent emission factors available for all six countries are from 2022 and 2021.

In view of the lower production volumes and changes to the product mixes within the Group's three divisions, the total Scope 1 and Scope 2 emissions at the CPH Group's manufacturing sites declined from 50 500 tonnes to 42 200 tonnes in the period under review. Over the longer term, thanks to various actions it has taken to this end in the past few years, the CPH Group has been able to significantly reduce its carbon intensity (see table below). This has included reducing its annual Scope 1 emissions by some 90 % since 2014, from 161 to 17 tonnes of carbon dioxide per CHF million of net sales.

Perlen Papier has been participating in the Swiss Confederation's emissions trading system (ETS) since 2013, and is therefore exempt from any CO₂ levy. In participating in the ETS, the division undertakes to use the same volume of emission rights every year to cover its CO₂ emissions. Under the same arrangement, an agreement has been concluded with the Swiss Confederation to reduce CO₂ emissions. Under the agreement, CO₂ emissions should be reduced by 2.2 % a year until 2025. The targets set under this agreement since 2013 have been consistently more than met. A further agreement has also been concluded to raise energy efficiency, as a foundation for the reimbursement of the network supplement.

In addition to the above, the CPH Group strives consistently to determine where opportunities may lie to further reduce its CO₂ emissions. A concrete action plan for achieving reduction targets is set to be devised. The CPH Group will also assess the climate risks posed by

its business activities in greater detail in the course of 2024. It will then use the findings of this reassessment to re-evaluate its present environmental strategy, and will publicly communicate this with due and full regard to the non-financial reporting requirements specified at the beginning of this report.

Circular economy and waste

Recycling is in the DNA of the CPH Group, which seeks to make a consistently positive contribution to all such endeavours. To quantify the contribution it makes to such a circular economy, CPH periodically compiles a waste impact statement, and also tracks the recycling rates of its products such as paper.

A prime example of such endeavours is the Paper Division, which turned some 331 700 tonnes of recovered paper into new paper products in 2023, making it Switzerland's biggest waste paper recycler. Some of the biomass elements in the solid waste produced through the paper making process and the associated waste water treatment are also re-used internally for energy generation. And the fly ash residue from this in-house thermal utilization is delivered to cement works to be materially recycled. The bottom ash generated in the paper making process is sent to inert waste landfills.

The Chemistry Division helps avoid waste generation by reducing its production waste volumes and by recycling various products which are used in its manufacturing processes. The latter include mother liquor, molecular sieves, steel barrels, wood pallets and the big bags used to package molecular sieves. The silicate-aluminium-clay-compound solid waste produced in the manufacture of molecular sieves is sent to inert waste landfills.

The Packaging Division is actively involved in the recycling of polyvinyl chloride (PVC), because the disposal of its films after use produces CO₂ emissions. Wherever possible, waste and scrap material from the various steps in packaging film production are fed back into the production process as secondary raw materials, making a further positive contribution to the circular economy. Any plastics which are not recyclable within the division's own production processes are either transformed by an outside party into the tubes onto which the finished films are rolled, or are sold to recyclers for processing into other PVC products. As a result, all of the PVC which does not go into the final product in the division's manufacturing processes can be re-used.

CO₂ intensity

in tonnes per million CHF in sales	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
CO ₂ intensity ¹	17	22	31	32	33	31	35	43	101	161

¹ Scope 1 emissions (Scope 2 emissions not available since 2014)

Waste in tonnes	2023	2022
Thermally recycled waste	83 379	113 382
Externally landfilled waste	2 350	2 850
Total waste	85 729	116 232
Waste paper sourced from external	349 412	459 766
Residual wood waste sourced from external	66 060	91 767
Total waste from external sources	415 472	551 533
Total waste balance, net	-329 743	-435 301
Hazardous waste included in total waste (according to Basel Convention)	0.3 %	0.1 %
Waste recycled internally by biomass power plant	53 975	51 907

All in all, the CPH Group's Paper Division recycled some 415 000 tonnes of organic waste in the form of recovered paper or waste wood in its own production processes in 2023, and thereby provided a valuable alternative to their disposal by other means. This alternative significantly eases environmental strain, consuming many times more waste as raw materials every year than is newly created through production. Thus, with due regard to the volumes of recovered paper externally sourced, the CPH Group makes a net positive contribution to the solid waste issue, by using considerably more waste in its production than it sends for external incineration or disposal. Most of the waste paper collected for Perlen Papier's new paper production will itself have previously been manufactured by the company. A further 54 000 tonnes of production waste were used internally in 2023 to generate energy in the Group's own biomass power plant.

Use of materials

In combination with the recycling activities described, the CPH Group puts a firm accent on the efficient use of materials in its environmental sustainability endeavours. At the end of 2023, 82 % of the materials used by the Group were of organic origin. So here, too, the Group complies with the principles of the circular economy, which specify that materials of biologically organic origin should, where possible, be recycled after use.

The Chemistry Division uses both raw materials and intermediate products (in the form of filter cakes) in its production activities. The Zvornik plant in Bosnia and Herzegovina is located adjacent to the supplier of its filter cakes, minimizing both the transportation required and the associated carbon dioxide emissions. A project was also launched at the Louisville site in the USA in 2023 to make more efficient use of the lithium required in its production processes.

The Paper Division uses large volumes of recyclable materials in its operations of which, as described, recovered paper is by far the most important resource. The division puts a particular emphasis on sustainable operations and short transport journeys when sourcing these raw materials.

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

Use of materials

in tonnes	2023	2022
Recycled waste paper	331 684	441 500
Residual wood waste	65 748	92 998
Total organic raw materials	397 432	534 498
Mineral raw materials	18 729	25 347
Plastics	68 893	66 734
Total material input	485 054	626 579
Share of organic raw materials	81.9 %	85.3 %

The lower use of materials and the slight reduction in the proportion of organic raw materials therein are primarily attributable to the substantial decline in paper production volumes, which also reduced the volumes of recycled waste paper required.

Energy

The CPH Group procures the electricity it requires for its sites and their facilities on the liberalized market. Natural gas and heating oil are also used. The proportion of renewable energy sources used in 2023 amounted to 50.9 % (prior year: 48.6 %). Efficient energy use is constantly measured and monitored.

The CPH Group actively invests in facilities and projects that bring greater sustainability to its energy mix. In China, solar panels on a new administration building are reducing gas consumption within the Chemistry Division. In good weather, the panels generate enough solar power to run the entire building.

Perlen Papier uses steam to dry its paper webs. 48 % of this came from the on-site Renergia waste incinerator in 2023, and is carbon dioxide-free. The remaining steam needs were met by CPH's own biomass plant. Some 8.1 % of Perlen Papier's 2023 electricity needs were met from renewable energy sources, almost half of which was in the form of hydro power. The CPH Group's two Perlen hydro power plants and its own biomass power plant cover some 4.9 % of the site's energy needs. The Müllheim site in Germany consistently uses green electricity under its ISO 50001 energy management activities. Waste heat is also used in the site's ventilation system.

The electricity and gas supply situation was stable in winter 2023/24 compared to the previous winter.

Energy input in GWh	2023	2022
Purchased electricity	452	579
Self-generated electricity	34	32
Total electricity input	486	611
Purchased steam	228	326
Self-generated steam	170	164
Total steam input	398	490
Natural gas	64	95
Heating oil	2	3
Total energy input	950	1 199
Share of renewable energy	50.9 %	48.6 %
Share of fossil fuels	6.9 %	8.2 %

The year-on-year decline in total energy use stems primarily from the lower production volumes of the Perlen paper factory, which is the biggest energy consumer within the CPH Group. The groupwide actions taken over the past few years to raise energy efficiency played their part, too, in the overall reduction in the Group's energy use. The proportion of total (electrical and thermal) energy generated in-house in 2023 amounted to 21 % (prior year: 16 %). More steam was self-produced in Perlen than was taken from the Renergia waste incinerator facility; and the overall reduction in energy use also helped raise the relative share thereof which was generated by the Group.

Water

Water is a valuable resource, and the CPH Group treats it with corresponding care. Efforts are continually made to further improve the Group's water use and minimize environmental strain. Water is used as sparingly as possible and in closed circular systems. The Group's paper production has the greatest water needs. The demand at the Perlen site is met from licensed springs (at Allmend und Rooterweid) which are located in areas with no water shortages.

The CPH Group maintains its own waste water treatment plants at several of its operating sites (Anápolis, Perlen, Lianyungang, Louisville, Suzhou and Zvornik) to clean the waste water resulting from its production activities. Thanks to these, some 96.3 % of the industrial waste water produced in its manufacturing processes was cleaned in its own facilities in 2023 and returned to the water cycle, with the Group serving as a direct discharger. The remaining 3.7 % of waste water is sent for cleaning to communal waste water treatment plants. Some 4 % of the total water used is lost to evaporation and thus naturally returned to the water cycle.

Water consumption is closely monitored at all the CPH Group's operating sites – not least to ensure that any leaks in the systems are detected as promptly as possible.

Water in thousands m ³	2023	2022
Groundwater extraction	8 731	10 580
Water from suppliers	220	269
Total water input	8 951	10 849
Self-treated waste water discharged into surface waters	7 663	9 511
Waste water to external treatment plants	295	289
Total waste water	7 958	9 800
Water integrated into end products	26	39
Evaporation in the natural water cycle	350	428
Other water consumption	617	582
Total water consumption	993	1 049
Share of water withdrawal in areas with water stress as percentage of total water input	0.00 %	0.00 %

The year-on-year decline in total water consumption is attributable largely to the lower production volumes in the Paper Division. But it is also the result of the groupwide actions taken over the last few years to optimize water use. To take one example, the Chemistry Division successfully conducted a project to re-use water with a high saline content in China in 2023.

Transport

Various initiatives have been taken at the CPH Group over the past few years to reduce transport journeys and use ecofriendly means of transportation. Such actions are both in the interests of the Group and of relevance to its customers. The Group pursues a strategy of promoting the shortest possible delivery routes and the most ecofriendly options which is also paid due and full regard with the mode of transport selected.

The Group delivered 6.5 % of its paper, the equivalent of some 1 000 truckloads, by rail in 2023 (prior year: 6.2 %). Within Switzerland, the proportion of paper supplied by rail was as high as 22 % (prior year: 20 %). Some of the road transports are also performed by trucks which run on liquefied gas. In Brazil and China, the procurement of the PVC mono films used from local sources has reduced raw materials transport volumes.

Delivery of finished products

	2023	2022
Train	6.5 %	6.2 %
Truck	86.2 %	87.4 %
Sea	7.2 %	6.3 %
Other	0.1 %	0.1 %
Share of train for delivery to domestic customers	21.9 %	20.3 %

Environmental goals and developments

The CPH Group will update its greenhouse gas inventory in 2024, and continues to pursue the goal of net-zero emissions. The Group will also continue to increase the proportion of the electricity it obtains through its own power generation using renewable energy sources. Local energy saving measures and recycling programmes to optimize material use and reduce waste volumes will be continually adopted and pursued. The CPH Group will also persist throughout 2024 in the use of ecofriendly modes of transport and in its sparing use of water within closed circular systems.

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	•	•	•	•	•	•	•	•	•	•	•
ISO 14001 (environmental)			•	•	•	•					
ISO 15378 (GMP)							•	•		•	•
ISO 50001 (energy)								•			
ISO 45001 (safety)			•		•	•					
FDA, USA DMF Nos. 10686, 9072 and 30501							•	•		•	
EU Ecolabel, Blue Angel					•	•					
FSC COC, PEFC COC					•						