

Geared to sustainability



The bodies charged with leading the CPH Group are united in their commitment to its sustainable long-term development.

The CPH Board of Directors and Group Executive Management attach great value to ensuring that the CPH Group and all its activities are managed responsibly in the interests of its shareholders, its customers, its employees and all further stakeholders. The following Corporate Governance section is structured in accordance with the corporate governance guidelines issued by the SIX Swiss Exchange. For certain items, reference is made to the annual financial statements from Page 35 onwards, and in particular to the additional corporate governance information provided in the annex to the consolidated financial statements.

Group structure and shareholders

Management structure as of 31 December 2013

CEO

Peter Schildknecht

Business divisions

Chemistry

Alois Waldburg-Zeil

Paper

Klemens Gottstein

Packaging

Wolfgang Grimm

Service functions

CFO

Manfred Häner

HR & Communications

Michel Segesser

The CPH Group comprises three business divisions, each of which is autonomously active in its particular markets. The Group is led by the Group CEO, while the business divisions are headed by the three Divisional CEOs. Group Executive Management consists of the Group CEO, the three Divisional CEOs, the CFO and the Head of HR & Communications. The Group CEO reports directly to the Chairman of the CPH Board of Directors. CPH Chemie + Papier Holding AG (the Group's holding company) is domiciled in Perlen, Switzerland. An overview of the subsidiaries included in the consolidated financial statements can be found on Page 68.

Capital structure

For details of the capital structure of CPH Chemie + Papier Holding AG, please see the additional corporate governance information on Page 62.

Shareholder structure	31.12.2013	31.12.2012
UBV Uetikon Betriebs- und Verwaltungs AG	49.9%	49.9%
Schnorf-Schmid Ella	7.2%	7.2%
Sarasin Investmentfonds AG	6.1%	6.6%
Members of the Board of Directors and Group Executive Management (and related parties)	2.8%	3.1%
Publicly-held shares	29.0%	28.5%
Shares currently not listed in the Share Register	5.0%	4.7%
Total shareholders	829	867

The Board of Directors

as of 31 December 2013



From left:
Tim Talaat, Hanspeter Balmer, Max Walter, Franz-Josef Albrecht,
Peter Schaub, Mauro Gabella, Christian Wipf

Peter Schaub

Chairman, born 1960, Swiss national, lic. iur., attorney-at-law, first elected in 1994.

Current positions

Partner at Weber Schaub & Partner AG, tax and legal consultants, Zurich; Member of the Board of Directors of Mobimo AG, Lucerne; Deputy Chairman of the Board of Directors of UBV AG, Uetikon; Member of the Board of Directors of Rüegg Cheminée Holding AG, Zumikon.

Previous positions

Tax commissioner at the Cantonal Tax Office, Zurich; junior associate at the Schellenberg Wittmer law firm, Zurich.

Max Walter

Deputy Chairman, born 1945, Swiss national, Dr. iur., attorney-at-law, first elected in 1990.

Current positions

Self-employed attorney (SSW Rechtsanwälte, Zurich); Member of the Board of Directors of UBV AG, Uetikon; Member of the Board of Directors of Nickelmesh S.A., Biasca; Member of the Board of the Swiss Sponsorship Organization for Mountain Communities, Zurich.

Previous positions

Partner at Pestalozzi Rechtsanwälte AG, Zurich.

Franz-Josef Albrecht

Born 1948, Swiss national, Dr. oec. HSG, first elected in 1989.

Current positions

Member of the Board of Directors of UBV AG, Uetikon; Member of the Board of Directors of Toggenburger AG, Winterthur; Member of the Board of Directors of Eskimo Textil AG, Turbenthal; Member of the Board of International School Winterthur (ISW), Winterthur.

Previous positions

Chairman of the Board of Directors of CPH Chemie + Papier Holding AG, Root; CEO of Geillinger AG, Winterthur; Marketing Nestlé Philip-pines, Manila.

Hanspeter Balmer

Born 1950, Swiss national, Dr. oec. HSG, first elected in 1996.

Current positions

Chairman of the Board of Directors of Balmer-Etienne Partner Holding, Lucerne; Chairman of the Board of Directors of Schätzle Holding AG, Lucerne.

Previous positions

Chairman of the Board of Directors of Balmer-Etienne Treuhand AG, Lucerne; Deputy Chairman of the Board of Directors of the Lucerne Cantonal Bank, Lucerne.

Mauro Gabella

Born 1952, Swiss and French national, Dr. sc. nat., first elected in 2005.

Current positions

Chairman of the Board of Directors of PME&Co, Luxembourg; Chairman of the Board of Directors of Pharmed SA, Conthey; CEO of HCS HealthCare Management Solutions, Chesières.

Previous positions

Vice President Organizational Excellence & Project Management Europe for Sanofi-Aventis, Paris; Vice President Central & Southern Europe for Sanofi-Aventis, Paris.

Tim Talaat

Born 1960, Swiss national, MSEE and MBA, first elected in 1994.

Current positions

CEO of Looser Holding AG, Arbon; chairman/member of the boards of directors of various subsidiaries of Looser Holding AG; Member of the Board of Directors of Bachofen AG, Uster.

Previous positions

Managing Partner at Swiss Industrial Finance AG, Pfäffikon SZ; CEO of SR Technics Switzerland and Member of the SR Technics Group Executive Board, Zurich Airport.

Christian Wipf

Born 1957, Swiss national, lic. oec. HSG, first elected in 2008.

Current positions

Chairman & Delegate of the Board of Directors and CEO of Wipf Holding AG, Volketswil; Chairman of the Board of Directors of Wipf AG, Volketswil; Chairman of the Board of Directors of Elco AG, Brugg; Chairman of the Board of Directors of Swiss Direct Marketing AG, Brugg.

Previous positions

CEO of Wipf AG, Volketswil; Executive Management of Seetal Schaller AG, Brugg.

Group Executive Management

as of 31 December 2013



From left:
Alois Waldburg-Zeil, Manfred Häner, Wolfgang Grimm,
Peter Schildknecht, Michel Segesser, Klemens Gottstein

Peter Schildknecht
Group CEO

Peter Schildknecht, who is a Swiss national, was born in 1962. A doctor of science, he joined CPH in 2008 and has been its Group CEO since 2009.

Dr. Schildknecht is a Member of the Board of Euro-Graph (the European Association of Graphic Paper Producers), Deputy Chairman of the Board of the Central Switzerland Chamber of Industry & Commerce and Deputy President of the MTEC Foundation to promote research and education in business science at the Swiss Federal Institute of Technology (ETH), Zurich.

Between 1995 and 2001 Peter Schildknecht held various functions in the Von Roll Group, including CEO of Von Roll Betec AG and Head of Industrial Services and a Member of Executive Management at Von Roll Infratec Holding AG, Bern. From 2001 he served as a Member of Group Executive Management at Sarna Kunststoff Holding AG, Sarnen and led various group divisions, most latterly Sarnafil.

Klemens Gottstein
Head of the Paper Division

Industrial engineer and paper manufacturer Klemens Gottstein, who is a German national, was born in 1961. The holder of an MBA, he joined CPH as its Head of Paper in 2012.

Between 1989 and 2011 Klemens Gottstein held various functions at the Myllykoski Group, including HR Director, General Manager of its Dachau and Ettringen works and Director of Business Development for Coated Papers. He most latterly served as the group's Executive Vice President Operations and a Member of Executive Management of Myllykoski Europe, with responsibility for its six European plants and Human Resources Europe.

Wolfgang Grimm
Head of the Packaging Division

Wolfgang Grimm, who is a German national, was born in 1957 and holds a BA Diploma in Business Administration. He joined the then Perlen Group as its Head of Packaging in 1998, and was appointed to his present position in 2003.

Wolfgang Grimm was Sales Director at VAW Europack Export GmbH, Teningen (Germany) from 1993 to 1995. He then moved to Schüpbach AG, Burgdorf (Switzerland), where he rose to become Vice President Sales Central Europe for Danisco Flexible Schüpbach AG.

Manfred Häner
Head of Finance, Investor Relations, Real Estate & IT / CFO

Manfred Häner, who is a Swiss national, was born in 1956. The holder of a Swiss Federal Diploma as an Accounting & Controlling Specialist, he joined CPH as its Group CFO in 2012.

From 1999 to 2010 Manfred Häner served as CFO and Deputy CEO of Micronas Semiconductor Holding AG. He commenced his professional career in 1975 with Sulzer, with which he went on to hold various finance and controlling functions over the next 23 years culminating in his serving as CFO and Deputy CEO of the Sulzer International division. His Sulzer service also included several years of secondment to New York and Madrid.

Michel Segesser
HR & Communications

Michel Segesser, who is a Swiss national, was born in 1968. The holder of an Executive MBA, he joined CPH as its Head of Human Resources and Communications in 2011.

Michel Segesser was a high-school teacher before joining Credit Suisse, where he served in various personnel management functions between 2002 and 2005. From 2006 to 2010 he was with the Winterthur (later the AXA) Group as Head of HR Business Support in Winterthur and latterly as HR Director of the AXA Group based in Paris, France.

Alois Waldburg-Zeil
Head of the Chemistry Division

Alois Waldburg-Zeil, who is an Austrian national, was born in 1963. A doctor of law, he joined CPH as its Head of Chemistry in 2010.

Alois Waldburg-Zeil began his professional career as an auditor, and served with KPMG from 1993 to 1997. Between 1997 and 2009 he held a range of management functions with the Süd-Chemie Group (now known as Clariant), including Head of the General Secretariat and Public Relations, Sales Manager EMEA, Global Financial Manager for Süd-Chemie Performance Packaging in Paris (France), CEO of Süd-Chemie UK in Manchester (UK) and CEO of Süd-Chemie Zeolites GmbH in Bitterfeld (Germany).

Board of Directors

The Board of Directors of CPH Chemie + Papier Holding AG is entrusted with the overall management of the company. The Board is responsible in particular for determining the company's strategic alignment and thrust, defining its accounting and financing principles, assessing business opportunities and risks and appointing and supervising Group Executive Management.

In full compliance with the relevant legal provisions and the company's Articles of Incorporation, the Board of Directors has delegated the management of the company to Group Executive Management, headed by the Group CEO (see above). The delimitation of authorities here and the collaboration among the Board, its committees, Group Executive Management and the Group's three business divisions are laid down in detail in the Company Bylaws of CPH Chemie + Papier Holding AG. To date, the members of the Board of Directors have been elected en bloc by the Ordinary General Meeting to serve for a three-year period. The period of office of the present Board members will expire on the date of the 2014 Ordinary General Meeting. Board members may be re-elected. In accordance with the Company Bylaws, a Board member's mandate will end at the latest at the Ordinary General Meeting for the year in which their 70th birthday falls.

To date, the Board of Directors has been self-constituting, and has elected from its ranks a Chairman, a Deputy Chairman and the chairs of its committees. The Board consisted of seven members as of 31 December 2013. No Board member is currently serving the company in an executive capacity, and no Board member has done so within the past three years. The Board of Directors has formed two permanent technical committees: Finance & Auditing and Personnel & Compensation. These committees do not take any decisions themselves: they primarily perform a preparatory and advisory function, helping the full Board to conduct its meetings more efficiently and take swift and well-founded decisions. Their duties are laid down in separate Descriptions of Duties. The two board technical committees are currently composed as follows:

Finance & Auditing

The Finance & Auditing board technical committee consists of Hanspeter Balmer (chair), Peter Schaub and Max Walter. The Group CEO and CFO also attend all committee meetings as permanent guests. The committee's tasks comprise in particular:

- evaluating the Group's financing and accounting systems in terms of their appropriateness, reliability and effectiveness
- examining the annual and half-yearly accounts and financial statements and other financial information intended for publication, and determining the guidelines, quality standards and content thereof
- monitoring the assessment of corporate risks and the Group's risk management practices
- monitoring the Group's investment and hedging policies
- monitoring the Group's Internal Control System and its effectiveness
- monitoring the Group's business activities in terms of their observance and implementation of Board resolutions, company policy principles and directives and the relevant legal provisions, particularly those relating to stock exchange law
- assessing the work, performance, independence and remuneration of

the external group and statutory auditors and making recommendations on the election of the same to the Board of Directors and the General Meeting, approving the auditing plan, processing audit reports and overseeing the adoption of the external auditors' recommendations

- monitoring the Group's real-estate strategy.

The committee met for three half-day deliberations in 2013.

Personnel & Compensation

The Personnel & Compensation board technical committee comprises Mauro Gabella (chair), Tim Talaat, Christian Wipf and Peter Schaub (personnel affairs only). The Group CEO and the Head of HR & Communications also attend all committee meetings as permanent guests, unless their own compensation or other topics relating to them are being discussed. The committee's tasks comprise in particular:

- devising guidelines for the CPH Group's compensation and benefit policy (and in particular the compensation principles for the Board and Group Executive Management) on behalf of the Board of Directors
- submitting proposals to the full Board of Directors for the compensation of the same
- assessing the performance of the Group CEO and the further members of Group Executive Management and their achievement of their annual targets, and submitting corresponding proposals for their fixed and variable compensation to the full Board of Directors
- monitoring the implementation of the CPH Group's compensation policy along with groupwide salary developments
- making recommendations to the full Board of Directors on elections to its ranks and the appointment of a new Group CEO and/or further members of Group Executive Management, and on their terms and conditions of employment.

The committee met for three half-day deliberations in 2013.

The Board of Directors met eight times in 2013: for three half-day meetings, four full-day meetings and a two-day strategy meeting. The Group CEO, the CFO and the Head of HR & Communications are permanent guests at all Board meetings unless topics relating directly to them (such as their compensation) are being discussed. Its own internal issues and further topics such as the compensation of the Group CEO are discussed by the Board in separate preliminary in-camera meetings.

Members of the Board of Directors and its committees as of 31 December 2013

	Board member since	Office expires	Board function	Finance & Auditing Committee	Personnel & Compensation Committee
Franz-Josef Albrecht	1989	2014	Member		
Hanspeter Balmer	1996	2014	Member	Chair	
Mauro Gabella	2005	2014	Member		Chair
Peter Schaub	1994	2014	Chairman	Member	Personnel only
Tim Talaat	1994	2014	Member		Member
Max Walter	1990	2014	Deputy Chairman	Member	
Christian Wipf	2008	2014	Member		Member

The current and future development of each business division are discussed in depth at dedicated annual half-day meetings. These are also attended by the full Divisional Management of the division concerned. The Board's two-day strategy meeting is devoted to strategic issues and the medium-term development of the CPH Group and its constituents. On one of these days the meeting is also attended by the full Group Executive Management and members of the three Divisional Management teams. The Chairman of the Board is in regular contact with the Group CEO to support him in his duties and the implementation of business strategy. The Board of Directors supervises Group Executive Management through structured reporting and controlling processes. The Board receives a comprehensive monthly written report on current business trends, financial results, market developments, emerging risks and other key events. The Group CEO also reports on the latest business trends and performance and all further issues of relevance to the Group at every Board meeting. Further details of CPH's Internal Control System (ICS) will be found in the annex to the consolidated financial statements on Page 67. The external auditors support the Board of Directors and its Finance & Auditing Committee in their control and monitoring functions.

With its members' current three-year period of office coming to an end on that date, the Board of Directors will be newly elected by the 2014 Ordinary General Meeting. In compliance with Switzerland's new "VegüV" ordinance against excessive compensation at stock exchange-listed companies, which came into effect on 1 January 2014, Board members will now be elected individually and annually. The Chairman of the Board will also be newly elected annually, by the General Meeting. The members of the Personnel & Compensation Committee will further be elected every year by shareholders from the 2014 Ordinary General Meeting onwards.

Group Executive Management

Group Executive Management is the supreme executive body at CPH, and is charged with the Group's operational management. Group Executive Management is primarily tasked with implementing the strategy defined by the Board of Directors, with applying corporate policy and with managing and coordinating the activities of the Group's business divisions. The members of Group Executive Management are appointed by the Board of Directors. Group Executive Management generally meets once a month. It also conducts an annual two-day retreat; and a further one-and-a-half-day management meeting is held every year together with the full management of the Group's three business divisions.

Compensation

The fundamental aim of the CPH Group is to provide compensation in line with market levels. CPH regards such compensation as a combination of a fixed and a variable salary component. The amount of each individual's overall compensation and the components thereof are determined by regularly reappraising the current classification of each function, benchmarking the compensations awarded and comparing these to market rates. Any modifications proposed to the compensation for the Group CEO or further members of Group Executive Management are presented to the full Board of Directors by its Personnel & Compensation Committee with due and full reference to the market comparisons conducted. The Group CEO is also entitled to propose compensation for Group Executive

Management members. The final amounts of fixed and variable (target bonus) compensation to be awarded to Group Executive Management in its entirety are approved each year by the Board of Directors.

Individual performance has a direct influence on the compensation paid to all CPH Group personnel, including management members. The assessment thereof is based on the degree to which broader and individual targets are achieved, and such achievement is remunerated via the variable salary compensation component. For each separate function, a target bonus is defined that will be paid if the targets concerned are achieved in full. The actual bonus to be paid will then be determined on the basis of the degrees to which such targets are achieved, with a maximum annual bonus payable amounting to 150% of the target bonus set. CPH does not award any discretionary bonus payments.

The CPH Group has no long-term variable compensation components. There are no management share ownership or share option plans for Board or management members. There are also no contractual agreements regarding severance payments. The Group CEO has a contractual notice period of 12 months, while the further members of Group Executive Management have a contractual notice period of six months.

CPH maintains occupational pension arrangements for all its employees. There are no additional insurance arrangements for Group Executive Management members. The members of the Board of Directors are not insured under any CPH occupational pension scheme.

For further information on compensation and the compensation amounts paid, please see the annex to the consolidated financial statements from Page 63 onwards.

Board of Directors

The compensation 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 per-day allowance for any work beyond their normal meeting activities. No such per-day allowances were awarded in 2013. Board members' expenses are subject to the currently valid and applicable Expenses Regulations, which have been approved by Canton Lucerne; minor expenses are reimbursed via an all-in lump-sum amount. The compensation paid to Board members is determined on the basis of comparisons with corresponding publicly available data for comparable Swiss companies whose shares are also listed on the SIX Swiss Exchange. The compensation rates concerned are proposed to the full Board of Directors by its Personnel & Compensation Committee.

Group Executive Management

The compensation paid to the members of CPH's Group Executive Management consists of a fixed and a variable component, both fully paid in monetary form. The target bonus for Group Executive Management accounts for 20% to 45% of their basic salary. The actual variable compensation paid depends on the degrees to which group targets and individual divisional or unit targets are achieved. Expenses are subject to the currently valid and applicable Expenses Regulations, which have been approved by Canton Lucerne; minor expenses are reimbursed via an all-in lump-sum amount. With the exception of one company car, no fringe benefits are granted to Group Executive Management members.

The salaries of the members of Group Executive Management and the composition of their individual elements were last subjected to an extensive market comparison in 2011 by Klingler Consultants of Zurich. The corresponding analysis was based on two industry peer groups with comparable functions in management responsibility and geographical scope terms. This approach paid due regard to the differing activities of the Group's three business divisions. Subsequent developments in the compensation paid to Group Executive Management members have been monitored against publicly published studies, and are also the subject of an annual discussion on the Personnel & Compensation Committee.

A new target-setting process has been serving as the foundation for assessing the performance of the members of Group Executive Management and determining their variable compensation since 2012. Targets are now set in five areas: financial results, customers & market, innovation, processes and leadership & personnel. The financial results targets are the same for all Group Executive Management members, while individual divisional or functional targets are set in the four further areas. The achievement of the financial results targets accounts for 60% of the variable compensation, with the remaining 40% based on the achievement of the targets set in the other four areas. EBIT, operating cash flow and net working capital targets were set as the financial results targets for 2013. The Divisional CEOs' performance in financial results terms is based two-thirds on the results of their division and one-third on Group results. The corresponding performance of the Group CEO, the CFO and the Head of HR & Communications is based solely on the Group results achieved.

The targets for all target areas are prescribed by the Board of Directors for all Group Executive Management members (with the financial results targets derived directly from agreed budget parameters). The Group CEO and the further members of Group Executive Management are also entitled to make target proposals. The latter have their achievement of their targets assessed by the Group CEO, who then submits appropriate recommendations to the Personnel & Compensation Committee. The Group CEO's performance in target achievement terms 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 member of Group Executive Management has achieved the targets set and recommendations on the individual bonuses to be paid in the light thereof. The final decision on such bonus awards is then taken by the Board in toto.

Shareholders' rights and change of control

Details of shareholders' rights and change-of-control clauses will be found in the additional corporate governance information on Page 62.

External auditor

Statutory and group auditor

PricewaterhouseCoopers AG, Zurich

First elected: 1971

Current term: the 2013 financial year

Auditor-in-charge

René Rausenberger (since 2009)

The remuneration paid to the external auditor is shown on Page 65.

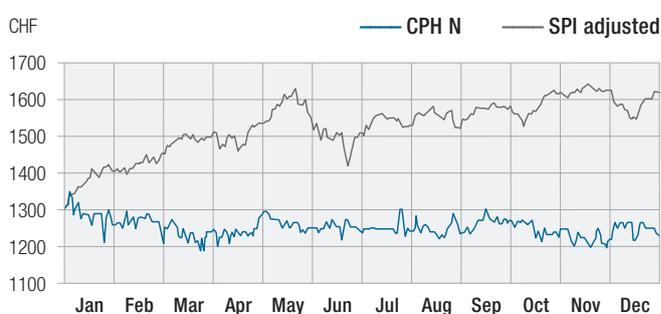
The Board of Directors' Finance & Auditing Committee examines the reports of the external auditor and assesses its work. The Committee then reports on this to the full Board. One meeting of the Finance & Auditing Committee in 2013 was also attended by representatives of the external auditor.

Information for shareholders

Share price trends

The price of the CPH share closed at CHF 1.230 on 30 December 2013, a 5.4% decline on its price at the end of 2012. CPH shares thus performed below general market trends: the Swiss Performance Index (SPI) rose 24.6% over the same 12-month period.

Share price developments in 2013



Share information

Securities number	162471
ISIN	CH0001624714
Reuters	CPH.S
SIX Swiss Exchange	CPHN

Investor relations agenda

17 January 2014	Publication of 2013 net sales results
27 February 2014	Publication of 2013 Annual Report
10 April 2014	Ordinary General Meeting
July 2014	2014 Half-Year Report (to 30 June)

CPH's communications on its business trends and performance, its letters to its shareholders and key ad-hoc disclosures may be obtained via an email service that is available from the www.cph.ch website (under Investors -> Communications). The latest CPH corporate communications and interim reports will also be found on the www.cph.ch website, together with further corporate information.

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