

Well on the way to carbon-neutral production



By procuring the steam it needs from the Renergia incinerator facility from 2015 onwards, the CPH Group can almost entirely eliminate its use of fossil fuels and move a major step closer to carbon-neutral production.

Strategy

Sustainability – in economic, social and environmental terms – is a cornerstone of the business activities of the entire CPH Group. Without economic sustainability, the Group could not ensure its long-term business success: a success that will be founded on 200 years of industrial tradition by the end of this decade, and one that has always put steady long-term development before short-term profit maximization.

The added value that CPH creates for the customer derives from its competitive products, services and procedures. These in turn are based on the Group's high quality standards, which are themselves ensured by rigorous adherence to the relevant ISO and GMP guidelines. The foundation of CPH's success, though, is the Group's employees, whose training, health and safety enjoy the highest of priorities.

The CPH Group pursues a policy of maintaining individual brands within its three business divisions, which are each active in their own distinctive market. With their "Zeochem", "Perlen Papier" and "Perlen Packaging" brands, each division is well established and well known in its market as a reliable and autonomous partner.

Being active in two highly eco-sensitive fields – paper manufacture and chemicals production – CPH puts a strong emphasis on environmental sustainability in all its activities. Making efficient use of raw materials also has a direct impact on the profitability of the operations concerned.

Paper manufacture is by far the most resource-intensive activity

within the CPH Group, with the energy expense involved representing one of the biggest cost items. At the same time, CPH's paper production makes a major contribution to conserving natural resources through its recycling of recovered paper and its use of woodchip waste. The Group's chemistry operations produce molecular sieves, chromatography gels and fertilizers, while its packaging activities are centred on manufacturing and coating PVC films.

Avoiding and reducing emissions, waste water and solid waste has been integrated for years in the planning at all three business divisions. CPH is further committed to the climate protection project of Switzerland's Business Energy Agency. And the Group is also a member of Responsible Care, a global initiative by the chemicals industry to effect constant further improvements in the environmental, health and safety fields. Perlen Papier AG is a member of ECOSwiss, the environmental protection organization of the Swiss business community; and Perlen Packaging is committed to recycling PVC through its "VINYLPlus" involvement.

Responsibility for environmental and quality issues at all of CPH's production sites rests with a designated employee at each facility who reports directly to top management. CPH also strives through its "KVP" continuous improvement programme to maintain a culture of constant further enhancement of its business flows and procedures. Additional ideas and impetus for improvements derive from regular surveys among customers and employees.

Personnel

The challenges posed by the markets demanded sizeable commitment, extensive flexibility and an openness to change from all the Group's personnel. The employee survey conducted in 2013 provided substantial input and ideas; and the recipients of the resulting report and their teams devised 41 actions out of this in 2014, which were focused largely on improvements to internal communications, leadership and processes and procedures. Most of these had been implemented or at least initiated by year-end.

Annual group staff turnover remained stable at 6.6%, which compares to 6.5% for 2013. Overall personnel numbers showed only a modest year-on-year increase: a total of 860 personnel (including 44 apprentices) were employed by the CPH Group at the end of 2014, compared to 859 a year before.

Salary policy

CPH pursues a fair and reasonable groupwide salary policy that is closely aligned to local customs and conditions. This policy offers salaries that pay due regard to the demands of the position, the conduct and performance of its occupant and general market levels. It also rewards above-average performance via a variable salary component that is linked to the achievement of individual performance goals and to divisional results.

Once again, no across-the-board salary increases were awarded during the year. The CPH Group spent CHF 87.7 million on salaries, company pension scheme contributions and training in 2014.

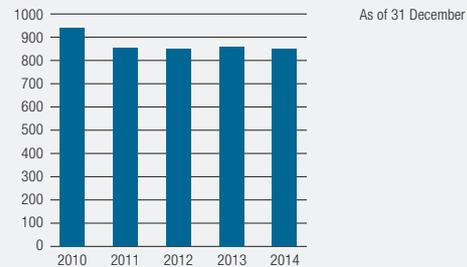
Employees at the Perlen site are subject to the collective labour agreement of the Swiss paper industry, while those at the Müllheim site are subject to the collective labour agreement of the "Chemische Industrie West". The Utikon silicate chemistry operation has its own staff association. Elsewhere, personnel are subject to individual employment contracts.

Initial and further training

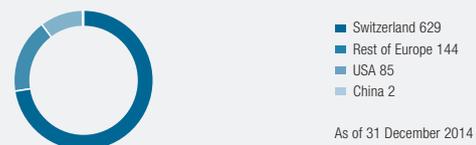
The twin developments of an increasingly dynamic economic environment and changing societal expectations are putting more and more demands on executives today. In response, CPH has developed a new management training programme, whose first module commenced in 2013, to better ensure the sustainability of its initial and further training activities. Two further modules followed in 2014. Some 40 executives have participated so far in CPH's new management training; and the three modules will also be offered in 2015 for further management staff. All in all, the CPH Group spent CHF 1.1 million on initial and further staff training for the year.

The task of training the Group's own personnel to assume future CPH duties and responsibilities remains as vital as ever. To this end, all the Group's operating sites in Switzerland and Germany serve as active basic professional training centres. Over 40 apprentices are currently undergoing instruction in various trades and professions, from plant operator to chemical technician, polymechnic and commercial officer. Thirteen apprentices completed their training in the course of the year.

Total workforce numbers



Workforce numbers by region



Workforce numbers by function



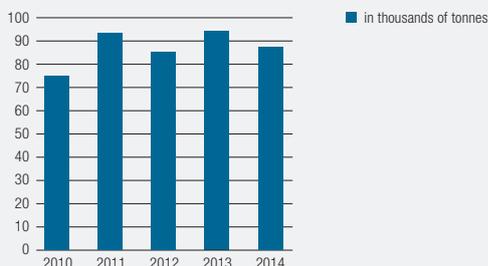
Continuous improvement

CPH's "KVP" continuous improvement programme is a vital element in the Group's constant endeavours to further develop and enhance the quality of its products, services and activities through the commitment of its personnel. The KVP has been adopted by all three divisions. All in all, employees contributed 511 ideas to the programme in 2014. Together with the 126 group moderations, the proposals submitted were expected to add some CHF 1.5 million to annual earnings results.

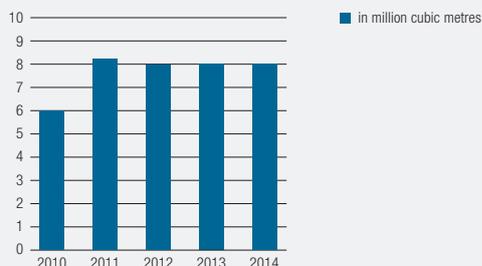
Occupational safety

CPH conducts regular training and instruction sessions to help prevent accidents at all its operating sites. As a result, all personnel are keenly aware of workplace hazards and risks. Systematic analyses are also conducted of any incidents or accidents that occur, to help prevent their recurrence. The CPH Group incurred 1.1 minor occupational accidents per 100 employees in 2014 (compared to 1.36 for the previous year). No major occupational accidents were incurred, and both the

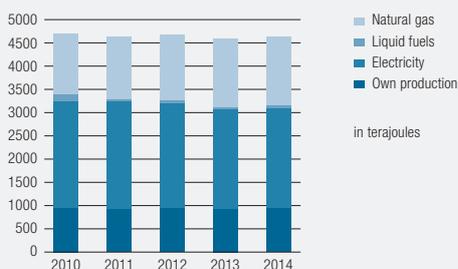
CO₂ emissions



Waste water



Energy consumption



Uetikon and the Müllheim sites enjoyed 365 days of accident-free production. These low accident rates for an industrial manufacturing company are a tribute to the keen sensitivity of the Group's employees to occupational hazards and risks. Sickness-related absence rates also remained low at 2.43% (compared to 2.53% in 2013).

Environmental care

The CPH Group's environmental reporting was changed in 2013 from the calendar year to one that runs from 1 November to 31 October. Figures for 2012 were restated accordingly.

Use of resources

In tonnage terms, the largest proportion of resources within the CPH Group is devoted to paper production. The two prime raw materials here are wood and recovered paper. Perlen Papier turned 99 925 bone-dry tonnes of round wood and woodchip into wood fibre in 2014 (2013: 97 208 bone-dry tonnes). In its procurement of these supplies, CPH attaches great importance to minimizing the transport distances involved: most of the wood used comes from Swiss forests. Perlen Papier also recycled 448 478 bone-dry tonnes of recovered paper in its operations in 2014 (2013: 401 079 tonnes). All the recovered paper used came from sources in Switzerland or adjacent border areas, and 19% of it was delivered by rail (2013: 22%).

Perlen Packaging's film manufacturing process begins with unplasticized PVC, which, in addition to mineral oil, is 57% composed of chlorine extracted from naturally-occurring sodium chloride. In comparison to other oil-based polymers, PVC boasts a better product carbon footprint for its overall life cycle. Perlen Packaging manufactures both PVC monofilms and coated PVdC films. The net raw material utilization rate for its monofilm production stood at 98.9%, a substantial improvement on the 95.8% of 2013 that was not least achieved by feeding as much waste and scrap material from the various manufacturing steps as possible back into the production process. For coated film production, which uses PVdC, the raw material utilization rate amounted to 95.7%, compared to 96.0% for the prior-year period.

The most important raw materials in the Group's silicate chemistry operations are sodium silicate, aluminium hydrate, sodium hydroxide, sulphuric acid and lithium chloride, of which a total of 30 6585 tonnes were used in 2014 (2013: 39 995 tonnes). The division's fertilizer production consumed 16 415 tonnes of nitrogen, potassium and phosphorus compounds (2013: 15 950 tonnes). Some 84% of the raw materials needed for fertilizer production in Uetikon were delivered by rail. All the materials used for silicate production are supplied by truck.

Energy

All CPH's industrial processes require energy, be it in the form of electricity, oil, gas, waste heat or steam. The Group's paper manufacturing consumes the most energy of all, largely in the form of electricity. The Paper Division's energy consumption declined from 4 371 terajoules to 4 229 terajoules, owing to production outage of the PM 4 machine in the last two months of 2013 following a winder fire.

Emissions waste water and solid waste

Being a major emitter of carbon dioxide (CO₂), CPH sets goals on its own initiative to reduce such emissions. These goals are more rigorous than those required by law; and, as a result, CPH's Perlen and Uetikon facilities are exempt from any CO₂ levy. CO₂ emissions from non-renewable resources amounted to 87 413 tonnes, down from the 93 970 tonnes of 2013. The Group also earned CHF 2 million in 2014 from the sale of carbon credits. The Group's manufacturing facilities all have exhaust-air purification systems installed.

Emergency concepts have been devised to cope with any production malfunction. These centre largely on the scenario of fire. Apart from

this, it is the handling of acids and sodium hydroxide at the Uetikon plant that poses the greatest potential environmental threat. The CPH Group again completed the year free of any incident subject to reporting requirements.

The waste water produced by the Group's Uetikon, Perlen and Louisville plants is processed in their own treatment facilities. The paper manufacturing process also produces solid waste, largely in the form of sludge and residual waste. Some 31% of this was disposed of in Perlen Papier's own waste incinerator in 2014 (compared to 21% the previous year); the rest was incinerated in brickworks and cement factories.

Quality

Maintaining consistently high process and product quality in all areas of its activities is a key element in the CPH Group's business success. To ensure that it does so, the Group subjects its production facilities to regular audits by both customers and independent certification authorities.

The Packaging Division aligns its film manufacturing practices to the pharmaceuticals industry's Good Manufacturing Practice (GMP) standards. Perlen Packaging is one of the few companies in its field to be certificated to the pharmaceuticals sector's highest quality criteria throughout the manufacturing process and for the full range of its products from monofilms to barrier films.

Zeochem's Uetikon site was successfully recertificated to ISO Norm 9001 in July 2014. And Perlen Packaging's Müllheim operations have now laid the foundation for ISO 50 001 certification. Level 1 of the Energy Management System (EnMS) has already been adopted, and Level 2 should follow in 2015. The EnMS serves to identify and assess energy processes, while also promoting an awareness of energy-saving potential.

PRODUCTION SITE QUALITY CERTIFICATIONS	Chemistry		Paper	Packaging		
	Uetikon	Louisville	Perlen	Perlen	Müllheim	Whippany
ISO 9001	•	•	•	•	•	•
ISO 14 001 (environmental)			•	•	•	
ISO 14 644-1 (cleanrooms)				•	•	
ISO 15 378 (GMP pharmaceuticals packaging standards)				•	•	
OHSAS 18 001 (occupational safety)			•			
DMF 10 686 (FDA, USA)				•		
DMF 9072 (FDA, USA)					•	
Eurofins (hygiene and food monitoring)				•	•	
FSC COC			•			
PEFC COC			•			
Blue Angel			•			
ECOSwiss CO ₂			•			
ENAW CO ₂	•					