

Sustainability Report



CPH's paper production has been procuring the steam needed in its operations from the nearby Renegia waste incinerator since mid-2015. The resulting fossil fuel savings cut Perlen's 2015 CO₂ emissions by around 40 000 tonnes.

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 can look back on almost 200 years of industrial tradition, 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 development and 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 markets. Under their "Zeochem", "Perlen Papier" and "Perlen Packaging" names, 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 forestry 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 into the planning at all three business divisions. CPH is further committed to energy efficiency under 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 and specially-trained employee at each facility who reports directly to top management. CPH also strives through its Continuous Improvement Process (CIP) 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. In 2015 the Chemistry Division conducted a customer satisfaction survey among the recipients of its chromatography gels, while the Paper Division performed a similar customer poll. Both surveys produced favourable results. More generally, all customer feedback on the quality of the CPH Group's products and services is carefully assessed, with the findings and conclusions channeled into the products' further development.

Personnel

The feedback of its employees on their satisfaction with their job, work and working environment is vitally important to the CPH Group. And an employee survey is conducted every three years to monitor these views. The next such survey is planned for 2016.

Annual group staff turnover declined to 4.5% in 2015 from a prior-year level of 6.6%. Overall personnel numbers showed only a modest year-on-year decline: a total of 858 personnel (including 43 apprentices) were employed by the CPH Group at the end of 2015, compared to 860 a year before.

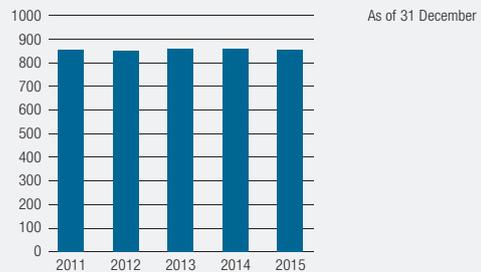
Salary policy

CPH pursues a fair and reasonable groupwide salary policy that is closely aligned to local customs and conditions. This policy is intended to offer 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.

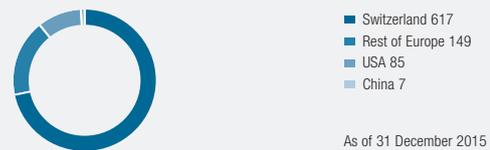
Once again, no across-the-board salary increases were awarded during the year. The CPH Group spent CHF 86.3 million on salaries, company pension scheme contributions and staff training in 2015.

The collective labour agreement (CLA) of the Swiss paper industry, to which all employees at the Perlen site are subject, was renegotiated in 2015. The new CLA entered into effect at the beginning of 2016. Employees at the Müllheim site are subject to the CLA of the *Industriegewerkschaft Bergbau Chemie Energie (IGBCE)*. The Uetikon silicate chemistry operation has its own staff association. Elsewhere, personnel are subject to individual employment contracts.

Total workforce numbers



Workforce numbers by region



Workforce numbers by function

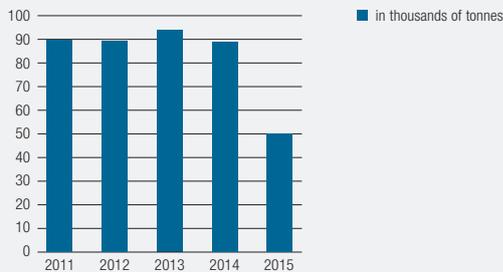


Initial and further training

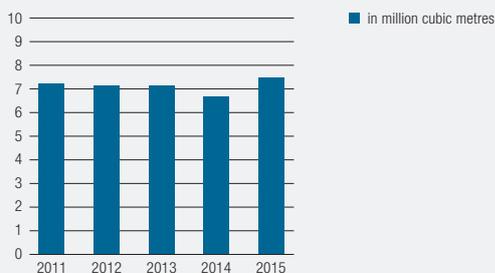
An increasingly dynamic economic environment and changing societal expectations are putting more and more demands today not only on employees but on their managers, too. The latter are helped by CPH to actively fashion the corresponding change process, together with their teams, through a management training programme. The latest cycle here, which began in 2013, was continued in 2014 and concluded with a third module in 2015. The three modules put a particular emphasis on leadership, management, specialist and personal expertise, all tailored specifically to the participants' management levels, and were offered to some 120 of the Group's executives. From 2016 onwards all management training is to be standardized groupwide. All in all, the CPH Group spent CHF 0.8 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

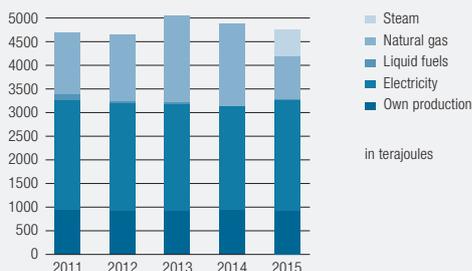
CO₂ emissions



Waste water produced



Energy consumption



Group's operating sites in Switzerland and Germany serve as active basic professional training centres. Some 43 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.

Continuous improvement

CPH's Continuous Improvement Process (CIP) 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 CIP has been adopted by all three divisions. All in all, employees contributed 511 ideas to the programme in 2015.

Together with the 131 group moderations, the proposals submitted were expected to add some CHF 0.9 million to annual earnings results.

Occupational safety

CPH conducts regular training and instruction sessions to help prevent accidents and sensitize staff to dangers 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 1.3 occupational accidents per 100 employees in 2015, an increase on the 1.1 of the previous year. Fortunately no major occupational accidents were incurred, and both the Uetikon and the Louisville sites enjoyed 365 days of accident-free production. These low accident rates for an industrial manufacturing concern 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 2.4% (compared to 2.5% in 2014).

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 117 851 bone-dry tonnes of round wood and woodchip into wood fibre in 2015 (2014: 99 925 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 within Switzerland. Perlen Papier also recycled 448 040 bone-dry tonnes of recovered paper in its operations in 2015 (2014: 448 478 bone-dry tonnes). All the recovered paper used came from sources in Switzerland or adjacent border areas, and 17% of it was delivered by rail (2014: 19%).

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 98.5%, compared to 95.8% for the previous period. Wherever possible, waste and scrap material from the various manufacturing steps is fed back into the production process as secondary raw materials. For coated film production, which uses PVdC, the raw material utilization rate amounted to 95.0%, compared to 95.7% 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 33 187 tonnes were used in 2015 (2014: 30 658 tonnes). The division's fertilizer pro-

duction consumed 16 388 tonnes of nitrogen, potassium and phosphorus compounds (2014: 16 415 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. Its paper manufacturing accounts for over 90% of the Group's total energy consumption, largely in the form of electricity. The Paper Division's annual electricity consumption rose slightly in 2015 from 2 145 terajoules to 2 285 terajoules. But gas consumption for its paper manufacturing activities was halved to 746 terajoules, as a result of the steam required now being procured from the nearby Renergia waste incinerator, which came into operation during the year. Paper production procured 581 terajoules of energy in steam form in 2015. All in all, the CPH Group's annual energy consumption declined 2.9% to 4 753 terajoules.

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 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 for the year from non-renewable resources amounted to 48 502 tonnes. The substantial decline from the 87 413 tonnes of 2014 is due to the steam required in CPH's paper production now being procured from the Renergia incinerator instead of being produced in-house. The Group also earned CHF 0.8 million in 2015 from the sale of carbon credits. CPH'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. Paper manufacturing also produces solid waste, largely in the form of sludge and residual waste. Some 37.5% of this was disposed of in Perlen Papier's own waste incinerator in 2015 (compared to 31% 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.

The Packaging Division's Müllheim site earned its first ISO 50001 certification in 2015. The new energy management system is primarily intended to raise energy efficiency. The system serves to identify and assess energy processes, while also promoting an awareness of energy-saving potential. The German legal authorities are encouraging such endeavours with tax incentives, too.

PRODUCTION SITE QUALITY CERTIFICATIONS	Chemistry		Paper	Packaging		
	Uetikon	Louisville	Perlen	Perlen	Müllheim	Whippany
ISO 9001	•	•	•	•	•	•
ISO 14001 (environmental)			•	•		
ISO 14644-1 (cleanrooms)				•	•	
ISO 15378 (GMP pharmaceuticals packaging standards)				•	•	
ISO 50001 (energy)					•	
OHSAS 18001 (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	•					