



CPH Chemie + Papier Holding AG

Annual Report

2023



Key figures

in CHF millions	2023	2022	2021	2020	2019
Net sales	624	725	497	445	525
Gross profit	260	294	161	190	227
Gross profit margin	41.7 %	40.6 %	32.3 %	42.8 %	43.2 %
EBITDA Chemistry	22	19	20	9	9
EBITDA Paper	37	81	-8	17	55
EBITDA Packaging	43	31	12	28	24
EBITDA Other/Consolidation	-	-	2	-	-
EBITDA	102	131	26	55	88
EBITDA margin	16.3 %	18.1 %	5.2 %	12.4 %	16.8 %
Operating result EBIT	83	112	-3¹	25	57
EBIT margin	13.3 %	15.5 %	-0.5 %	5.5 %	10.8 %
Net result	79	101	-151	47	48
Return on equity ROE	18.9 %	28.5 %	-38.7 %	10.3 %	11.4 %
Cash flow²	90	129	17	46	80
Cash flow from operating activities	110	98	16	55	61
Capital expenditures for fixed assets	35	34	25	19	23
Free cash flow	92	68	-3	40	40
Total assets	598	666	560	704	703
Shareholders' equity	436	400	310	472	441
Equity ratio	72.9 %	60.0 %	55.4 %	67.0 %	62.8 %
Net cash	107	45	-15	-2	-30
Net debt to EBITDA ratio	n.a.	n.a.	0.6	0.0	0.3
Capital employed	325	344	319	468	477
Net operating profit after tax (NOPAT)	70	97	-2	20	49
Return on capital employed (ROCE)	20.9 %	29.2 %	-0.6 %	4.3 %	10.3 %
Headcount (FTE)	1 195	1 181	1 104	1 098	1 086

¹ before impairment

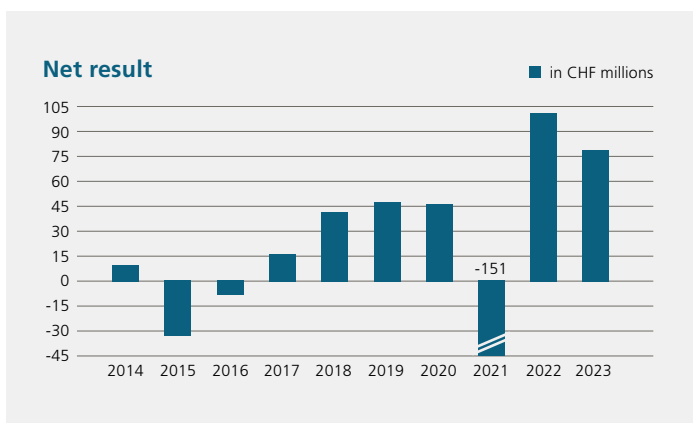
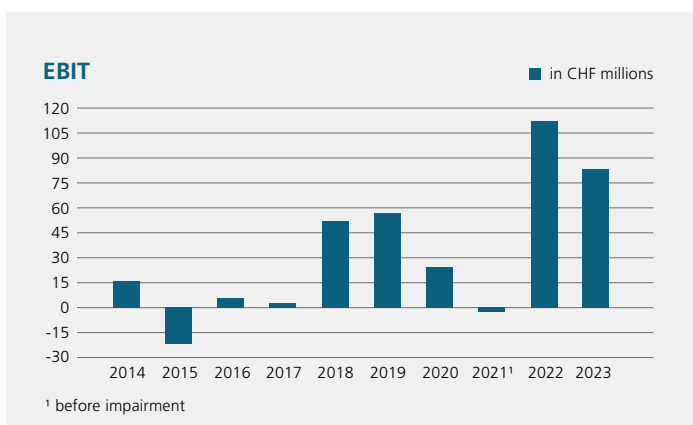
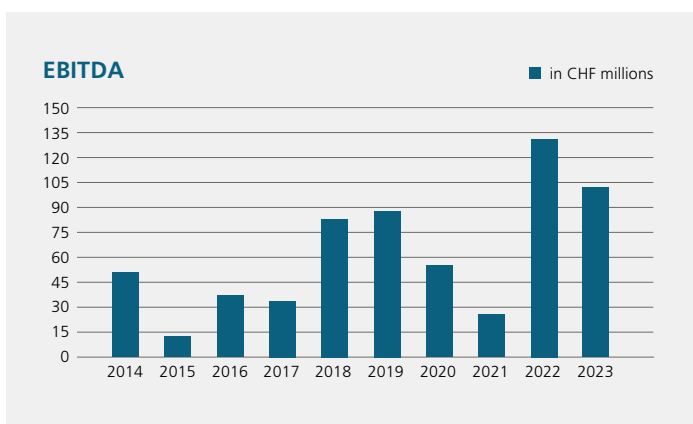
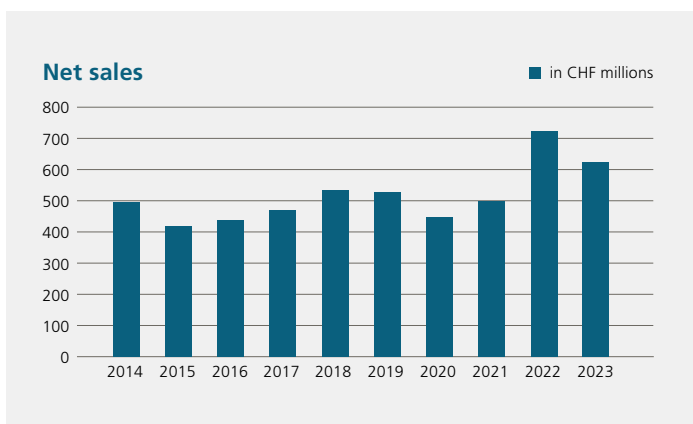
² before change in non-financial net working capital

Share information

in CHF	2023	2022	2021	2020	2019
Share price as at 31 December	85.00	78.00	61.00	72.60	79.20
Price-earnings ratio as at 31 December	6.5	4.6	-2.4	9.3	9.8
Earnings per share	13.15	16.83	-25.26	7.82	8.06
Dividend per share	4.00 ¹	4.50	1.30	1.80	1.80
Dividend yield	4.7 %	5.8 %	2.1 %	2.5 %	2.3 %
Market capitalization (in CHF millions)	510	468	366	436	475

¹ Board of Directors' proposal to Annual General Meeting of 20 March 2024

At a glance



The CPH Group

Business in 2023

- Favourable group EBIT with strong earnings from Chemistry and Packaging
- Paper reports further solid EBIT result
- Economies dampened by geopolitical uncertainties and rising interest rates
- Net result of CHF 79 million, second-best-ever business year
- High dividend of CHF 4.00 per share

in CHF millions	2023	2022
Net sales	624	725
EBITDA	102	131
EBIT	83	112

Portrait

The CPH Group is active in three separate industrial segments developing, manufacturing and distributing chemicals, printing paper and pharmaceutical packaging films. The stock exchange-listed group is headquartered in Switzerland and has production facilities at eleven locations in six countries in Europe, Asia and North and South America. The CPH Group looks back on over 200 years of industrial tradition.



Chemistry

Business in 2023

- Double-digit rises in net sales and EBIT
- High demand for molecular sieves and deuterated products
- Investments in raising productivity and deuterated product capacities
- New administration and accommodation buildings opened in China
- More modest demand in second half-year

in CHF millions	2023	2022
Net sales	124	110
EBITDA	22	19
EBIT	16	14

Portrait

The Chemistry Division is a world-leading supplier of speciality chemicals. Trading under the 'Zeochem' brand, the division manufactures molecular sieves for industrial and medical applications, high-value chromatography gels for the pharmaceutical sector and deuterated products for analytics, pharmaceuticals and OLED displays. Zeochem maintains production facilities in China, the USA, Bosnia & Herzegovina and Switzerland.

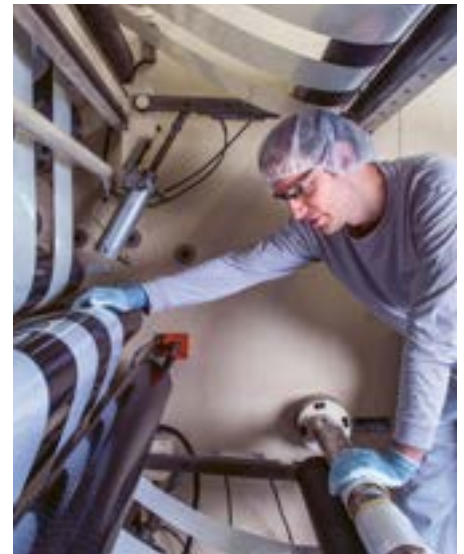


Paper

- EBIT and EBIT margin still solid, but down from top prior-year levels
- Steep decline in demand prompting massive market overcapacities
- Structural change continues
- Net sales down through falling paper prices and lower sales volumes
- Prices of energy up, waste paper down

in CHF millions	2023	2022
Net sales	262	384
EBITDA	37	81
EBIT	31	75

The Paper Division is Switzerland's sole manufacturer of newsprint and magazine paper and its biggest recycler of domestically recovered paper. Its products are primarily exported to adjacent regions abroad. The products, which are sold under the 'Perlen Papier' brand and have long been well established in the market, are made largely from recovered paper and waste wood from sawmill and forest management operations.



Packaging

- New record net sales thanks to high order volumes
- PVC procurement prices down
- Plants run at production capacity
- Customers lowering stock reserves
- New slitting plants in Germany and Brazil commence operation
- New record EBIT and higher EBIT margin

in CHF millions	2023	2022
Net sales	237	231
EBITDA	43	31
EBIT	36	24

The Packaging Division aligns its business primarily to the requirements of the pharmaceutical industry, and is one of the world's three biggest suppliers of coated plastic films. The division's products, which are manufactured at locations in Switzerland, Germany, China, the USA and Brazil, are marketed under the 'Perlen Packaging' brand and are used mainly in blister packs to protect the medicines these contain.

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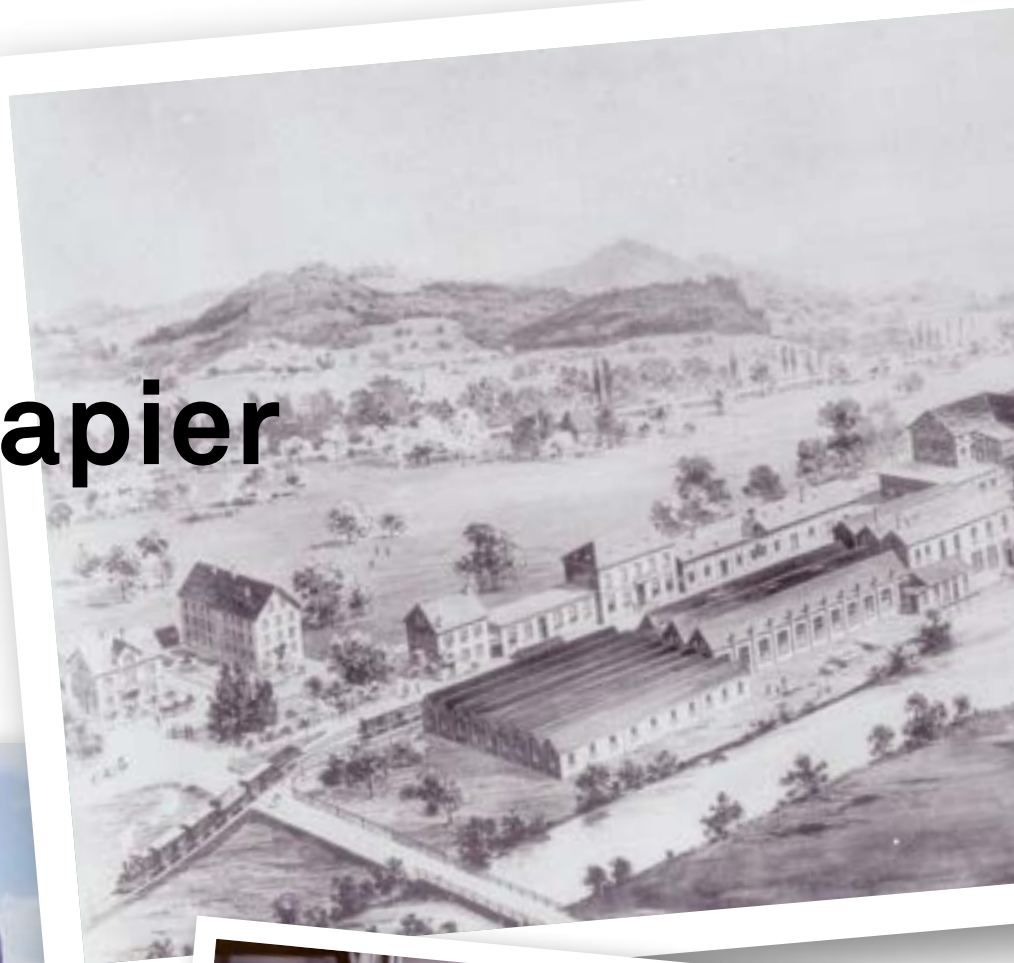


Cover picture

The manufacturing activities of Zeochem AG include the production of deuterium-enriched fine chemicals on an industrial scale.

Anniversary event

150 years of Perlen Papier





400 special invitees, a party for the 390 staff and an open day that attracted more than 8000 visitors: that's how Perlen Papier celebrated the 150th anniversary of its foundation on 8 and 9 September 2023. The Perlen paper factory has written an impressive success story over the decades that is firmly attributable to its innovative credentials, its sustainable approach and the keen commitment of its employees. Perlen Papier today is the only manufacturer of graphic paper products in Switzerland, and continues to successfully hold its own in a challenging European market. The festivities further extended to the publication of 'Die Papieri', an intriguing account of the company's history richly accompanied by countless anecdotes and special moments of the past 150 years. The book is available from the company's Perlen head office for CHF 20.–.



A successful business year despite a challenging environment



Peter Schildknecht (left) and Peter Schaub

Dear shareholder, dear reader,

The CPH Group achieved earnings and net results for 2023 that were the second-highest in its history, in a market environment that proved highly challenging in both macroeconomic and geopolitical terms. We attach great importance to offering you a comprehensive account of the strategy of our Group and its implementation thereof, and of our Group's positioning in its three industrial segments of Chemistry, Paper and Packaging. So ahead of the individual reports from our three business divisions, you will find our 'Strategy and markets' report, in which are outlined at length the present megatrends, our overall group strategy, our products and their applications in their various target markets, along with further key factors and issues in the overall business alignment of the CPH Group.

Our Paper Division, which was founded in 1873, marked its sesquicentenary in the year under review, and invited the people of Perlen and its environs to an Open Day at its operating site on 9 September 2023 to celebrate the event. The landmark anniversary is a tribute to the interplay between tradition and continual further development and to the importance of both to a company's lasting success. We are delighted that all three of CPH's divisions hold their own leading posi-

tion in their target markets and that, once again, they each contributed to our Group's favourable business results. All such successes are firmly rooted in a focus on entrepreneurial responsibility and a sustainable business alignment – plus, of course, the deep and constant commitment of all their employees.

The fight against climate change and the associated shifting of energy provision towards renewable energy sources continue to gain in importance. Our own sustainability report has been correspondingly further expanded in our 2023 reporting, and has been supplemented with additional key indicators. The sustainability report will now be newly found immediately after our three divisional reports. The report pays due and full regard to the expanded legal requirements with regard to sustainability reporting. The key performance indicators which offer an insight into our endeavours to reduce our carbon dioxide emissions and to meet the requirements of the circular economy will be found from Page 30 onwards.

Procurement market pressures slightly eased

The problems in the procurement markets showed growing signs of easing in 2023 after the supply shortfalls and the supply chain bottlenecks of previous years. The Packaging Division benefited from high order volumes at the end of 2022 which translated into revenues in the year under review. Weaker economic conditions in the construction sector prompted a fall in the demand for plastics such as PVC,

and the purchase prices of such raw materials saw corresponding declines. At the same time, however, the lower demand in the construction sector depressed order volumes for the Chemistry Division's molecular sieve powders.

After reaching new peaks in late summer 2022, the price of recovered paper declined somewhat in the year under review, but still remained high.

Energy provision remains a key issue

Our energy costs declined in 2023, but energy prices were above their prior-year levels. The trend was particularly significant for the Group's paper manufacturing activities at its Perlen plant, which are highly energy-intensive. Thanks to structured purchases on the liberalized electricity market up to four years in advance, the CPH Group's electricity needs for 2023 were still largely secured at low pricing levels. The Renergia waste incinerator located on the Perlen site also produces energy in sizeable volumes, and further provides steam for the Paper Division's production. Perlen Papier also operates a biomass power plant and two small hydroelectricity plants.

Global economy still dampened by inflation

The central banks in Europe and the USA continued their policies of raising interest rates to counter high inflation. The actions impacted negatively on economic growth, and the corresponding forecasts were repeatedly downwardly adjusted. According to the International Monetary Fund (IMF), global economic growth for 2023 amounted to 3.0%. The euro exchange rate, which is of such key importance to the CPH Group, declined to CHF 0.9300 by year-end. The Group generated 61.2% of its net sales in the eurozone in 2023, while 34.1% of its costs were incurred in Swiss francs.

Group-level net sales decline

While the Chemistry and Packaging divisions achieved further record net sales in 2023, net sales for the Paper Division saw a substantial decline. Overall, the CPH Group recorded a 14.0% decline in net sales to CHF 624 million. At constant currency, group net sales for 2023 were 10.4% below their prior-year level.

Chemistry Division reports further growth

The molecular sieves of the Chemistry Division which are used in industrial and energy applications remained in high demand in 2023, as did the division's deuterated products. Demand for the division's products from the construction and medical sectors, by contrast, saw year-on-year declines. Net sales for the year were raised 12.6% to CHF 124 million. The utilization of the division's production facilities declined in the course of the year. The division also faced the challenge of passing the higher procurement costs of raw materials, and of lithium in particular, on to the market. But thanks to its firm focus on high-value products, the division's EBIT for the year of CHF 16 million was still a year-on-year improvement of some 14%.

Net sales in CHF millions

624

(prior year: 725)

EBITDA in CHF millions

102

(prior year: 131)

EBIT in CHF millions

83

(prior year: 112)

Investments in CHF millions

35

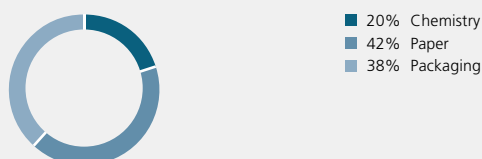
(prior year: 34)

Equity ratio in %

73

(prior year: 60)

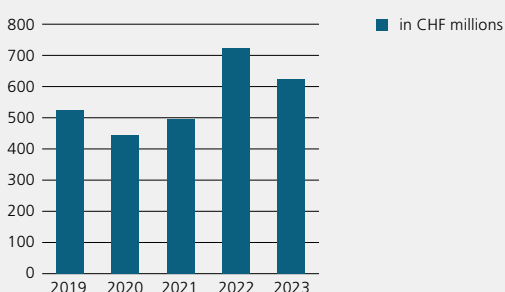
CPH Group net sales by division



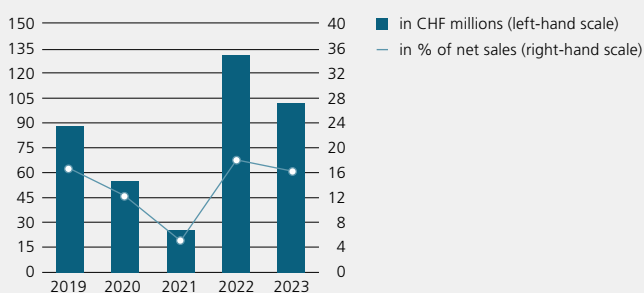
CPH Group net sales by region



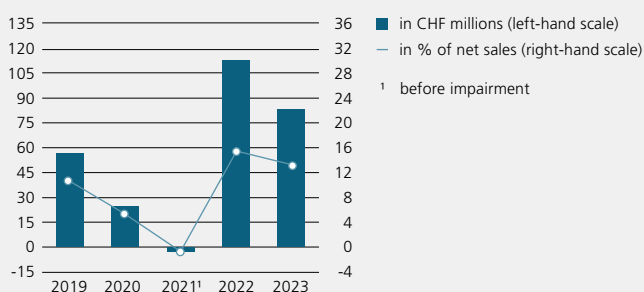
CPH Group net sales



CPH Group EBITDA



CPH Group EBIT



Paper revenues depressed by lower prices and sales volumes

The Paper Division sold 371 300 tonnes of paper in 2023, a year-on-year volume decline. With the lower sales volumes combining with renewed pressures on paper prices, net sales for the division fell CHF 122 million to CHF 262 million, and EBIT for the year declined from the CHF 75 million of 2022 to CHF 31 million.

Packaging still on a successful course

The production facilities of the Packaging Division were operated at capacity in 2023, too, and the division continued to invest worldwide in expanding its slitting capacities and in fully automating its packaging processes. The new coating plant in Brazil had commenced operations at the end of 2022; and new slitting facilities were also opened in Germany and Brazil towards the end of the year under review. Higher sales volumes helped raise net sales for the year 2.9% to CHF 237 million. And with the highly encouraging capacity utilization and the division's broad product mix of films with various barrier credentials, divisional EBIT for the year was improved to CHF 36 million.

Net result of CHF 79 million

Group EBITDA for the year declined by CHF 29 million to CHF 102 million. After ordinary depreciation and amortization of CHF 19 million, the operating result (EBIT) amounted to CHF 83 million. The net result after taxes amounted to CHF 79 million, boosted in part by the previously communicated real estate sales at the former Full-Reuenthal operating site. The CPH Group also repaid the remaining portion of the CHF 100 million five-year 2% corporate bond in October 2023, on time and in full. The repayment was effected from existing liquid funds. With an equity ratio of 73%, the CPH Group remains in very sound financial health, and held year-end net liquid assets of CHF 107 million.

Investments in divisions

The CPH Group invested a total of CHF 35 million in fixed assets in 2023 to increase its capacities in the Chemistry and Packaging divisions and further enhance the efficiency of the production facilities in its Paper Division. Cash flow declined from CHF 129 million to CHF 90 million, while free cash flow increased from CHF 68 million to CHF 92 million. Despite high materials prices, the cost of materials as a percentage of group sales declined from 55% to 49%. Personnel cost increased slightly to CHF 103 million. In the light of the expansion in capacities, year-end personnel numbers were up from 1 181 to 1 195.

Market entry in India

The group-level scope for investments and acquisitions, which, in line with overall corporate strategy, should be primarily focused on the Chemistry and Packaging divisions, has been further strengthened by the repayment in full of the outstanding corporate bond. A further step was taken in the Group's expansion strategy with the acquisition in January 2024 of Indian-based Sorbead India and Swambe Chemicals, a company active in the molecular sieve and chromatogra-

phy gel sectors. The acquisition also marks the Group's first entry into the Indian market. The transaction is expected to close in the second quarter of 2024.

Dividend proposed of CHF 4.00 per share

The Board of Directors will recommend to the Annual General Meeting of 20 March 2024 that a dividend of CHF 4.00 per share be distributed for the 2023 business year. This corresponds to a dividend yield of 4.7 %.

Outlook for 2024

The IMF is currently forecasting global economic growth of 3.1 % for 2024. After the continued interest rate hikes to counter inflationary trends in 2023 and the recent uncertain market developments, the broader prospects are presently hard to read. The continuing economic uncertainties, along with the geopolitical conflicts in Eastern Europe, the Middle East and Asia, pose further questions in an already far-from-stable economic environment. As a result, reliable projections are almost impossible to make. The CPH Group expects demand for the products of the Chemistry and Packaging divisions to show more modest trends in 2024 than they did in 2023. Net sales and EBIT for the Chemistry Division are unlikely to quite reach their high prior-year levels. The Packaging Division expects net sales for 2024 that are slightly down on 2023 and earnings for the year which, after an exceptional 2023, should be more in line with 2022 EBIT levels. Current projections for 2024 for the Paper Division suggest a steep decline in demand for its products and a correspondingly negative EBIT result. Both consolidated EBIT and the net result for the CPH Group for 2024 are expected to be in the lower double-digit millions. 2024 will also see more investments in tangible fixed assets to further raise plant capacities and enhance production efficiencies.

Sincere thanks

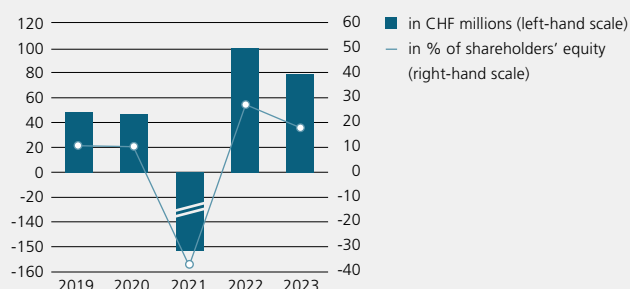
Once again in 2023, our employees delivered an exceptional performance. And for this we offer them our deepest thanks. We thank our customers and our further business partners, too, for their long-standing loyalty; and we thank you, our shareholders, for the confidence and trust that you continue to place in the people, the management and the directors of the CPH Group.



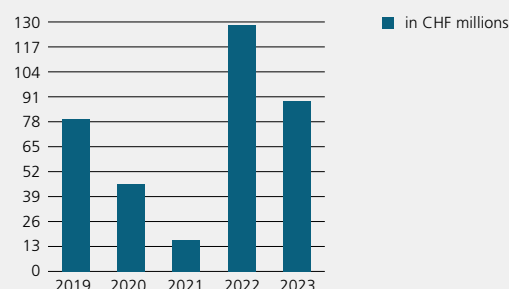
Peter Schaub
Chairman of the Board of Directors

Peter Schildknecht
Group CEO

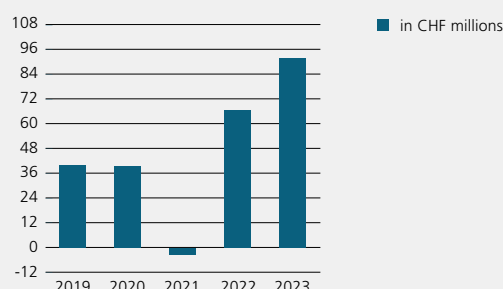
CPH Group net result



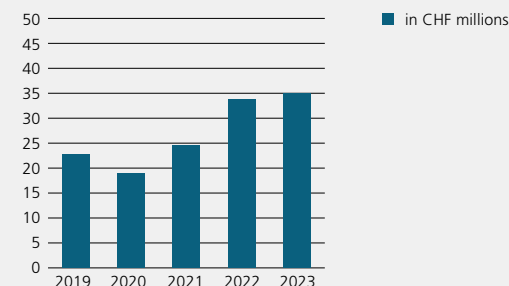
CPH Group cash flow



CPH Group free cash flow



CPH Group investment



Innovation born of tradition

The CPH Group bears testament to how tradition and progress can successfully combine to promote the path to sustainable further development.

Traditions are a vital element in any society or culture. Traditions provide stability and identity. They are never static entities, though. Traditions evolve through time, and adjust to changing circumstances and needs. In this sense, traditions can serve as an inspiration for progress and innovation, too.

The 150th anniversary of the founding of the Perlen paper factory in 2023 served as a telling reminder of both the strong tradition and the progressive alignment of the Paper Division of the CPH Group. Perlen Papier today operates one of Europe's most advanced paper manufacturing facilities. It is also the world's first paper producer to offer CO₂-free publication paper, which it launched in 2020. Perlen Papier is also the only Swiss recycler of domestic waste paper today, and has made its sustainability endeavours a key differentiating element in its corporate credentials.

Continuously improving product, process and service quality is one of the key means by which the CPH Group maintains its strong competitive position, by ensuring that it provides consistently top-quality products to its target markets. Its endeavours to this end include its research and development activities and its well-established Continuous Improvement Process (CIP). By such means, the CPH Group has evolved over its more than 200 years of existence from a chemicals factory in Switzerland to a diversified international industrial concern.

With its Chemistry, Paper and Packaging divisions, the CPH Group today holds leading positions in all its sales markets, not least by diversifying its marketing approaches and business models, by focusing on markets with above-average further growth potential and by establishing and maintaining its own production facilities in Europe, Asia and North and South America. Most recent examples of the last include the new pharmaceutical film coating plants which the Packaging Division opened in China in 2016 and in Brazil in 2022, and the slitting facility which it also opened in Brazil in 2018. The Chemistry Division also opened its own plant to produce molecular sieve powders and other products in Bosnia and Herzegovina in 2017, and put an advanced new laboratory and research & development centre into operation at its US site in 2021. Despite this strong internationalization, however, the CPH Group has also reduced its carbon dioxide emissions by around 90 % over the past ten years.



Tradition and progress in paper manufacture: the Perlen paper sorting hall in 1900 (left) and today's highly automated paper production (above)

The CPH Group is strongly innovative on the product front, too, as is evidenced by its numerous product innovations in all three divisions: halogen-free blister materials and recyclable all-plastic blister packs from the Packaging Division, the enhanced absorption capacities of certain products from the Chemistry Division and, from the Paper Division, a lighter newsprint product with a greater printable area per tonne and better environmental credentials.

Traditions are bearers of knowledge and experience, too. In many manual trades, the skills and techniques are passed down through the generations. This inherited expertise can lay the firmest of foundations for new developments. And without retaining and cultivating the knowledge and skills of their experienced and (in many cases) long-serving workforces, the three divisions of the CPH Group would never have been as successful as they are today.

The challenge ahead is to strike and maintain a healthy balance between progress and tradition. Finding such a balance demands a critical reappraisal of one's own traditions, a keen awareness of new ideas and approaches and a consistent commitment to tried-and-trusted values. But if tradition and progress can be kept in such healthy and conscious balance, they can jointly serve as a powerful driver of sustainable further development and success.

Diversified. Leading. Innovative.

The CPH Group is a diversified industrial concern which provides innovative and sustainable solutions that create value for its customers. And it's been doing so for over 200 years.

1 Vision

The CPH Group is a stable, diversified and profitable industrial concern whose business divisions operate independently in their various markets. With its technology leadership and its innovative products, the Group provides its customers with clear added value and, by doing so, occupies a leading position in its chosen market segments.

2 Strategy

The CPH Group comprises the three business divisions of Chemistry, Paper and Packaging, each of which operates independently in its specific markets, in each of which it seeks to achieve and maintain either market or cost leadership. The three business divisions pursue differing business models in their separate target markets, which helps smooth out the fluctuations in the various market cycles.

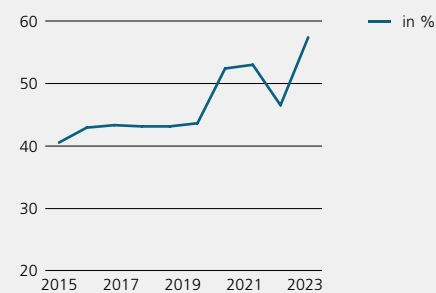
Economic sustainability is the bedrock of the CPH Group's activities, with a prime focus on continuous long-term development. The Group's sustainability strategy is part of its overall corporate strategy, and has provided a vital foundation for its more than 200 years of business and industrial success. Its sustainable alignment and approach are reflected not least in its carbon intensity, which, for its paper manufacturing operations, has been reduced to a quarter of the industry average over the past few years. These efforts have been promoted in particular by the elimination of the use of heavy fuel oil, the replacement of gas with carbon dioxide-free steam procured from the adjacent Renegia waste incinerator for the Group's paper production, and the use of the Group's own biomass power plant to thermally re-use recovered paper waste. The Group's sustainability strategy was further developed and refined in the year under review. Our reporting thereon is correspondingly more extensive, and will be found in our expanded sustainability report from Page 30 onwards.

2.1 Strategic thrusts

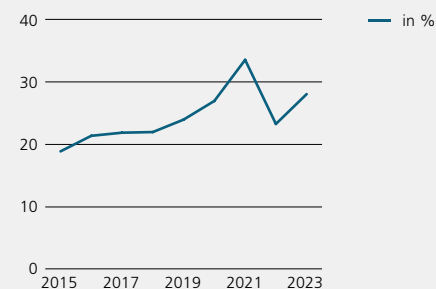
The European market for wood-based graphic printing paper is in decline. The Paper Division essentially pursues a policy of making maximum use of its paper manufacturing capacities without further expanding its existing production facilities. One key element of the overall CPH Group strategy is to reduce the proportionate contribution of the Paper Division to the Group's overall business by expanding the Chemistry and Packaging divisions, to ensure that they make a great aggregate contribution to total Group sales and thereby become divisions of equal revenue weight.

Key strategic thrusts

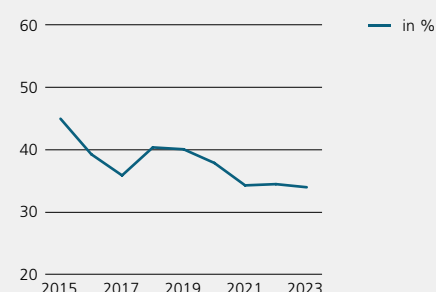
Raise Chemistry and Packaging's share of net sales



Raise share of net sales from outside Europe



Lower proportion of costs in Swiss francs



With European sales markets saturated, the CPH Group is further increasing its market share in the growth markets outside Europe and in emerging economies. By developing new production capacities outside Switzerland, the Group has also substantially reduced its previously high exposure to Swiss-franc currency movements over the past few years. By pursuing these actions, the share of total Group costs incurred in Swiss francs should continue to decline, and with it the corresponding exchange-rate exposure. The progress achieved in these three strategic directions is presented in graph form on Page 13.

Chemistry is the smallest of the CPH Group's three business divisions. In addition to the mid-single-digit-percentage organic growth in its annual net sales, various strategic options are being considered to effect the division's further expansion. The Packaging Division seeks to achieve higher single-digit-percentage organic net sales growth by expanding its presence in the international pharmaceuticals market. The Chemistry and Packaging divisions both pursue a differentiation strategy, further developing their product ranges with a clear focus on high-value products and services. And they both plan further strategic investments in their production and distribution to strengthen their position in the growth markets of Asia and Latin America.

The Paper Division pursues a strategy of cost leadership in its Western European regional sales market, to ensure that it can survive and thrive among the market's predatory competition in the longer term. With its almost carbon-neutral production, the division positions itself as a sustainable supplier of publication paper. The division is also a major recycler of waste wood from Swiss sawmill and forest management operations.

2.2 Strategic success factors

The CPH Group's prime strategic success factors include:

- its leading position in its chosen sales markets
- its diversification into various markets and business models
- its focus on markets with above-average growth prospects and potential
- its constant product innovations to maintain its competitive edge
- its own production facilities in Europe, Asia and North and South America
- its sustainable corporate management with a stable management team
- its lean organization and skilled and experienced personnel
- its strong anchor shareholders among the descendants of the founding families

3 Markets

3.1 Megatrends

The CPH Group aligns its business activities to sectors with above-average growth prospects and potential. Its key value drivers are the long-term megatrends of healthcare, energy and the circular economy.

Healthcare

The world's population is growing by some 80 million people a year. The growth is primarily attributable to increasing longevity, and average life expectancy is projected to further rise to over 77 in the next 30 years. One of the reasons for this is rising living standards, and the concomitant greater value attached to healthcare among the population. Thanks to medical advances, treatments and medications are available today for many illnesses which offered few prospects of recovery not too long ago. Verified Market Research expects the global healthcare market to continue to grow by some 9% a year to a total volume of USD 782 billion between 2022 and 2030. The more developed an economy is, the more its people will tend to spend on health. In industrialized countries, healthcare accounts for 10% or more of gross domestic product.

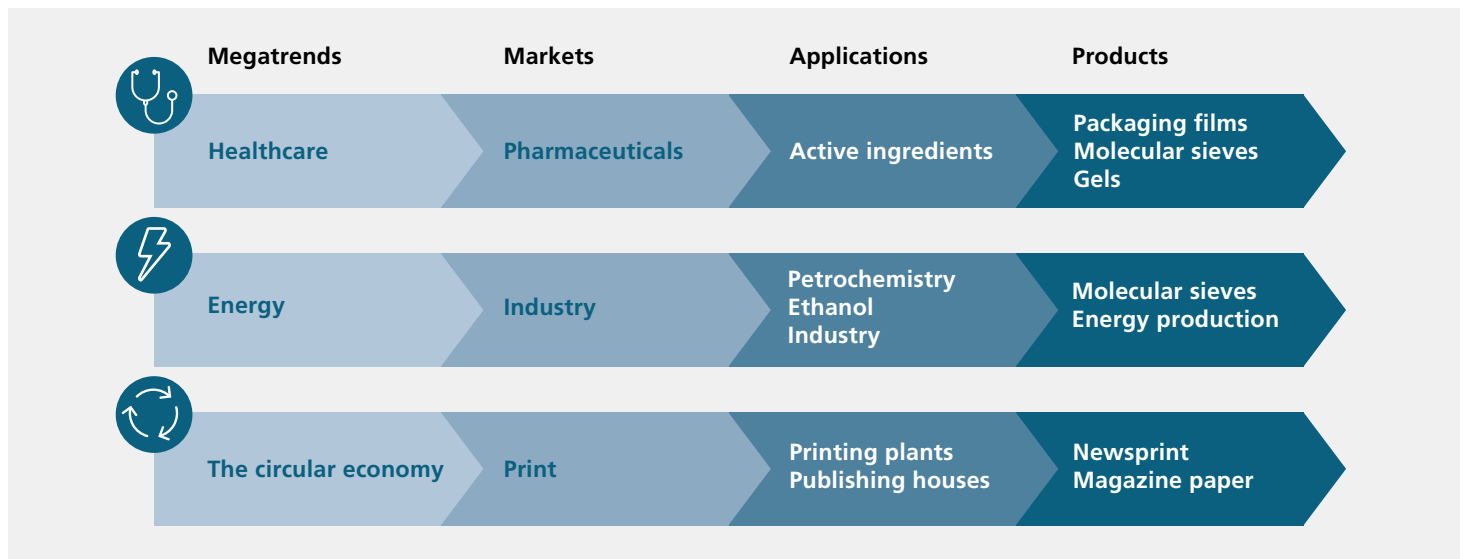
The pharmaceutical industry plays a vital role in healthcare provision. For the CPH Group, healthcare is a prime value driver, and the pharmaceutical industry is a key sales market. The Packaging Division is firmly aligned to the pharmaceuticals market, and many of the products of the Chemistry Division are also destined for use in the healthcare sector.

Energy

Providing its growing population with energy is one of the major challenges the world will face in the next few decades. According to the US Energy Information Administration's International Energy Outlook for 2023, global energy needs could rise a further 34% between now and 2050. To achieve the climate goals set by the United Nations and limit global warming, sustainable energy sources such as biomass, geothermal, hydro, solar and wind energy must be further developed. But despite the substantial growth in such sustainable energy supplies, fossil fuels such as natural gas, oil and coal will remain the prime sources of energy worldwide in the short- and medium-term future.

Any gases which are to be used in industrial processes must first be cleaned and freed of any impurities such as water or sulphur. Adsorbents supplied by CPH's Chemistry Division ensure that such unwanted elements are removed from natural gas, ethanol, methane and other gaseous substances.

At the CPH Group's Perlen location, a biomass power plant thermally processes on-site the sludge and the wood waste produced by its paper manufacturing operations. The Perlen site also accommodates a hydro power plant which generates electricity for CPH's use. And the local Renergia waste incineration facility, in which the CPH Group holds a 10% equity interest, incorporates a large power plant that provides energy for the local region and supplies the Paper Division's production plant with carbon dioxide-free steam.



The circular economy

The Earth's resources are finite. And there is already a sizeable awareness among many of its people that waste should be minimized, sorted and re-used as much as possible. Items such as metals, glass, plastic, cardboard and paper are consistently collected separately and recycled in numerous countries. The European Union also approved a Circular Economy Action Plan in 2020 which should help make Europe cleaner and more competitive under the broader European Green Deal agenda. The CPH Group plays its part in the circular economy, too, through the products it manufactures and provides.

The CPH Group recycled 331 700 tonnes of household waste paper into new newsprint and magazine papers in 2023. Waste paper can be collected, reprocessed and turned into new publication paper seven times. After this the remaining fibres are too short and need to be replaced. The fresh fibres added to this end come from waste sawmill and forest management wood that is processed into wood pulp at the Perlen factory.

The molecular sieves manufactured by the Chemistry Division are of mineral origin. They can be regenerated by heating multiple times, and therefore offer customers sustainable and long-lasting solutions for purifying and concentrating gaseous substances.

The Packaging Division primarily manufactures PVC films which are combined with aluminium to make pharmaceutical blister packs. The division is working on developing alternatives to these with smaller carbon footprints.

3.2 Leading market positions

The Chemistry Division is active in the molecular sieve, chromatography gel and deuterated solvent product segments. In its largest such segment – molecular sieves for industrial applications – the division is one of the world's top three suppliers, and is the market leader in

providing such products for the demanding process of concentrating oxygen. On the molecular sieve front, UOP, Arkema and Grace are among CPH's biggest competitors.

The Paper Division has raised its share of the Western European graphic printing paper market to around 10% over the past few years. For logistical reasons, the sales market here tends to be restricted geographically to a radius of some 700 kilometres from the Perlen manufacturing site. In Switzerland the Paper Division is the clear number-one supplier of graphic printing paper, accounting for about half the total market volume. The division's competitors include UPM, Norske Skog and Palm.

The Packaging Division is the only provider of packaging films in the world that focuses solely on the pharmaceutical industry. The division is one of the world's top three suppliers of coated barrier films for pharmaceutical applications and the leader in the provision of films with high-barrier properties. Its competitors include Klöckner Pentaplast and Liveo Research.

3.3 Three market segments

The CPH Group aims its products primarily at the pharmaceutical, industry and print markets.

Pharmaceuticals

The pharmaceutical industry plays a key role in ensuring and maintaining human health, and is almost entirely independent of economic fluctuations. The IQVIA institute expects the global medicines market to grow in value by 3% to 6% a year between now and 2027, or by as much as 7% to 10% in the emerging economies. The CPH Group produces PVC-based films for use in the pharmaceutical industry's blister packs. With the exception of the USA, where medicines are primarily supplied in bottles, blister packs are the preferred packaging form for tablets and capsules today. With production sites in Europe,

Asia and North and South America, the CPH Group has a local presence in all the key pharmaceutical markets, and offers a wide range of film products ranging from mono films to coated films that meet the highest barrier demands. The Group also manufactures molecular sieves for concentrating medical oxygen and gels for separating complex pharmaceutical agents.

Industry

Many of the processes in the petrochemical, chemical and manufacturing industries (such as steelmaking) involve the use of gaseous substances, particularly oxygen, hydrogen, natural gas, ethanol and olefin. The CPH Group manufactures molecular sieves which purify or concentrate these gases on an industrial scale. Molecular sieves are also used as industrial desiccants, such as in vehicle braking systems or to prevent misting between the panes of multipane windows. The CPH Group manufactures a wide range of high-quality molecular sieves at its production plants in Europe, Asia and the USA. Thanks to its strong innovation credentials, the Group is a global leader in the manufacture and provision of complex lithium-based molecular sieves that are used to concentrate oxygen, a field in which it has shown particular excellence in developing new products in close collaborations with its key customers.

Print

The CPH Group manufactures and distributes newsprint and magazine paper – graphic printing papers of the kind supplied to printing works and publishing houses, where they are used to produce newspapers, magazines and advertising supplements. The demand for graphic printing papers has been declining since 2010 as a result of fundamental structural change: the increasing replacement of printed products by electronic media.

The demand for printing paper is likely to continue to decline in the years ahead. But since print products still hold numerous advantages over digital formats, the CPH Group remains confident that supply and demand in the segment will even out again in the medium term, albeit at a lower volume level. With its advanced manufacturing machinery, its efficient production processes and its sustainable and almost carbon-neutral quality paper products, the CPH Group has established itself as a reliable partner within the paper market.

3.4 Global presence

With 11 production sites of its own, the CPH Group has an industrial presence in Europe, Asia and North and South America. This broad geographical spread enables full use to be made of the locational advantages of the various countries concerned, while also lowering currency movement risks.

The international customers of the CPH Group attach great value to the local links and assistance that such geographical distribution provides, and also appreciate the shorter and more direct communications channels. Maintaining such a local presence is essential for the Group to swiftly and effectively respond to customer wishes and needs. The resulting shorter transport journeys also help tangibly reduce the environmental impact of CPH's business operations. A local presence further lays a firm foundation for lasting customer relations that are based on trust and respect. In addition to its own experienced local distribution and service specialists in its main markets, who are well familiar with local customs and culture, the CPH Group can also draw on a comprehensive network of distribution partners in all its target markets.

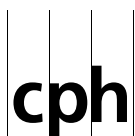
3.5 A consistent branding policy

Corporate brands

The CPH Group pursues a clear branding policy. At the corporate level the Group maintains five brands, which are aimed at differing markets and target groups. CPH Chemie+Papier Holding (CPH), the Group's holding company, is not operationally active, but serves as the industrial conglomerate's umbrella brand towards its various stakeholders.

The Group's three business divisions operate under their trademarked corporate brands of 'Zeochem', 'Perlen Papier AG', 'Perlen Packaging' and 'APS Altpapier Service Schweiz AG'. The Group's corporate brands enjoy outstanding acceptance and high familiarity in their target markets, where they are bywords for both innovation and tradition. Perlen Papier has been operating since 1873; the Packaging Division has been trading under its Perlen Packaging brand since 2010; and the Zeochem brand has been used since 1979, and originated at the Chemistry Division's US operation.

The corporate brands of the CPH Group



ZEOCHEM®



Product brands

The Group's various companies maintain a product brand architecture that uses the same prefix to identify and assign products within each division. Thus, Zeochem's product names generally begin with 'Zeo-' (such as Zeoprep), Perlen Papier's are prefixed 'Perlen-' (such as Perlentop) and Perlen Packaging's product names begin with 'Perla-' (such as Perlalux). The product names are also registered as trademarks wherever possible, to protect them from counterfeiting activities.

4 An over 200-year history

It was back in 1818 that the Schnorf brothers started producing sulphuric acid and iron and copper sulphates in Uetikon by Lake Zurich. In 1881 the Schnorf family acquired a financial interest in the Perlen paper factory, expanding into a related process industry. By around 1900, the Uetikon chemicals factory was Switzerland's biggest producer of sulphuric acid, nitric acid and hydrochloric acid.

1962 saw the creation of the packaging operation in Perlen, which went on to specialize in plastic coatings. The manufacture of molecular sieves began at the Uetikon site in 1973. Six years later the chemistry business embarked on a joint venture in the USA by the name of Zeochem, under which the Chemistry Division continues to trade today. (The US joint venture was subsequently acquired in full in 1997.)

The last 15 years have been marked by international expansion and market cultivation, with new companies founded, others acquired and production plants established in Germany, China, Bosnia and Herzegovina and Brazil, together with the closure of the original Uetikon site. The Perlen paper factory celebrated the 150th anniversary of its foundation in 2023.

Continuity is assured through the Group's holding company's anchor shareholders, who are among the present-day descendants of the founding families. Further details on CPH's history will be found at <https://cph.ch/en/the-cph-group/history>.

5 Attractive to investors

Megatrends drive value

The three business divisions of the CPH Group are all aligned to the long-term megatrends of healthcare, energy and the circular economy. The Group's business model is based on a diversification into differing industrial activities that helps partially smooth out the varying fluctuations and cycles within its target markets. The Group seeks to achieve organic volume growth over the medium term of at least 3 % a year by specifically positioning itself in growth markets in both product and geographical terms.

Success through constant innovation

The CPH Group invests constantly in developing new products and solutions and further enhancing its processes, to ensure it remains a market leader with the activities of its Chemistry and Packaging divisions and a cost leader in its Paper Division's production. The Group also operates development centres in Switzerland, Germany and the USA to generate further added value for its customers.

An outstanding track record

The members of CPH's Board of Directors and Group Executive Board are entrepreneurially minded individuals with a broad range of skills and expertise. They can draw on many years of management and industry experience, and are well familiar with the specific cycles and challenges in the various markets of the CPH Group.

The Group is further backed by anchor shareholders from the descendants of the founding families, who maintain a long-term outlook and perspective that strongly colour the Group's philosophy and approach and who are represented by the Chairman of the Board of Directors.

A sound financial foundation

With its firm focus on efficiency enhancements, its consistent alignment of its business portfolio to market needs and demand and its annual operational investments of between CHF 20 and 25 million, the CPH Group aims to achieve an average annual EBITDA margin of more than 12 % over the business cycles. With an equity ratio of more than 70 % and with net liquid assets of over CHF 100 million, the Group is in very sound financial health.

The CPH Group maintains a consistent dividend policy with a dividend distribution – with due regard to liquidity and free cash flow both current and projected – of 25 % to 50 % of its net annual result. With one sole exception, the Group has awarded shareholders a dividend every year since it was first listed on the Swiss Stock Exchange in 2001.

Sustainable success

The CPH Group strives to make a positive impact on the environment with its product portfolio. To explicitly underpin such aspirations, the Group had the shareholders at its 2023 Annual General Meeting enshrine its commitment to long-term and sustainable value creation in its Articles of Incorporation. The Group is also working to achieve net-zero emissions. More than half of its net sales are already earned through products that are of ecological benefit and that support the circular economy. The Group is constantly further improving its energy efficiency, too. It has reduced its carbon dioxide emissions by around 90 % in the past ten years, despite the substantial international expansion of its Chemistry and Packaging divisions over the same period. The Group can also count on a diverse workforce all over the world – a diversity which is the foundation of its creativity, its innovation and its lasting success.

Strong market positioning boosts sales and earnings levels



The Chemistry Division felt the benefit of high order volumes and raised its net sales 12.6 % to CHF 124 million. Annual EBIT was increased 14.1 % to CHF 16 million.

Strategy

The Chemistry Division develops, manufactures and supplies a wide range of products in growing markets such as the energy and the healthcare sectors. Its molecular sieves for purifying natural gas and ethanol in the energy sector and its deuterated products for use in laboratory analysis and OLED displays were in particularly strong demand in 2023. The production of oxygen for industrial and medical applications is also of key strategic importance to the division, but demand for these products in 2023 was below prior-year levels. The division continues to focus on high-quality products, and intends to further develop its global market position by investing in targeted further expansions of its production capacities.

The division's products are manufactured at four locations and distributed worldwide. High-value molecular sieves are produced in the USA, standard molecular sieves in China, molecular sieve powders, chromatography gels and special zeolites in Bosnia and Herzegovina and deuterated products in Switzerland. In addition to organic growth, an increased focus will also be put on acquisitions in future to further expand business and operations.

Market environment

A number of macroeconomic uncertainties and geopolitical conflicts created a challenging business and market environment. The continuing war in Ukraine and the outbreak of renewed conflict in the Middle East towards year-end both impacted on prices in the energy sector and on Europe's gas supplies. Following the cessation of natural gas provision from Russia, the USA became the world's largest liquefied gas exporter. Demand for the molecular sieves used for natural gas purification rose accordingly. The massive hikes in the prices of fossil fuels and the increasingly tangible evidence of global climate change prompted numerous countries to intensify their promotion of renewable energy use. This in turn increased the demand for the molecular sieves used in ethanol purification processes.

The demand for medical oxygen declined in the wake of the coronavirus pandemic. Rising interest rates and sluggish activity in the construction sector dampened many companies' willingness to order or invest. At the same time, however, demand for oxygen rose elsewhere, such as in the steelmaking and glassmaking sectors.

In the deuterated compound segment, the market remained buoyant for products destined for use in OLED displays, in the pharmaceutical sector and in analysis activities.

Business development

The varying economic trends in its different customer segments impacted accordingly on the demand for the corresponding products within the Chemistry Division. Sales of deuterated products for use in the pharmaceutical sector, in lab analyses and in OLED displays and sales of molecular sieves for concentrating industrial oxygen were up on 2022. But demand for the molecular sieves used for medical applications fell short of the levels recorded during corona times. Rising interest rates and weaker activity in the construction sector prompted a decline in the demand for the molecular sieve powders used in building applications.

The Chemistry Division achieved net sales for the year of CHF 124 million, a year-on-year increase of 12.6 %, or 18.2 % at constant currency. The costs of the energy and the raw materials needed in its production (and of lithium in particular) continued to substantially rise. It was not always possible for the division to pass on the higher procurement costs to the market. Thanks to its policy of focusing on higher-value products, EBITDA for the year was raised 15.2 % to CHF 22 million, while EBIT was improved 14.1 % to CHF 16 million. EBIT margin was slightly up on the prior year at 12.7 %. The Chemistry Division employed 283 personnel at the end of 2023, compared to 296 the year before.

Investments

A new administration building and a new building offering employee accommodation were formally inaugurated at the division's China site in the fourth-quarter period. Further investments were also made in increasing the production capacities for deuterated products in Rütli and in raising the productivity and the efficiency of the Chinese and US operations. All in all, the division invested some CHF 11 million in its fixed assets in 2023.

Outlook

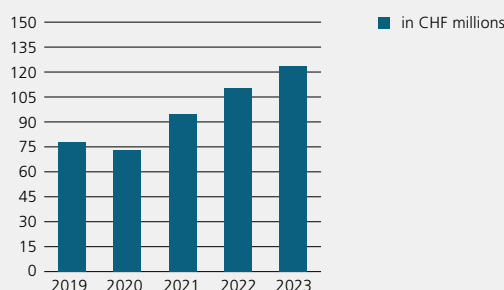
General economic conditions continued to cloud in the course of 2023, and declines in demand can be felt in some markets. The Chemistry Division expects to see higher energy prices along with increasing pricing pressures. Its net sales and EBIT are unlikely to quite reach their high prior-year levels, excluding the acquisition of Sorbead India and Swambe Chemicals.

The division plans to make further investments in its fixed assets in 2024 to support its long-term strategic development in areas such as further increasing its production capacities and further raising the productivity at its various operating sites.

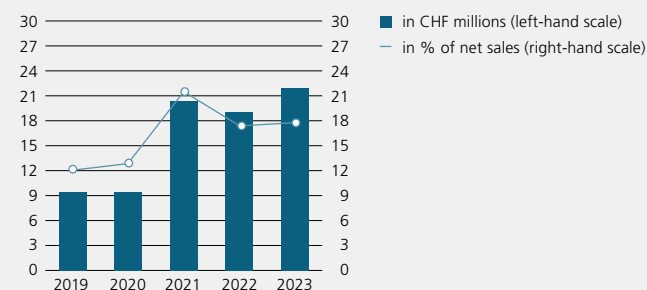
Chemistry net sales by region



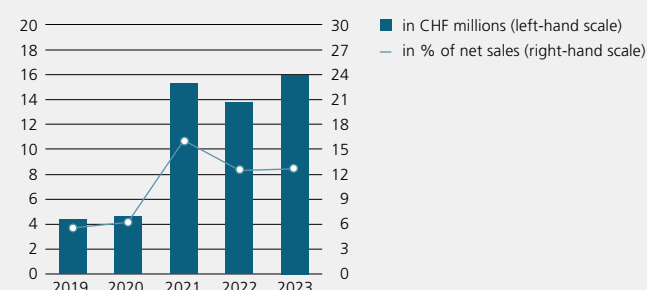
Chemistry net sales



Chemistry EBITDA

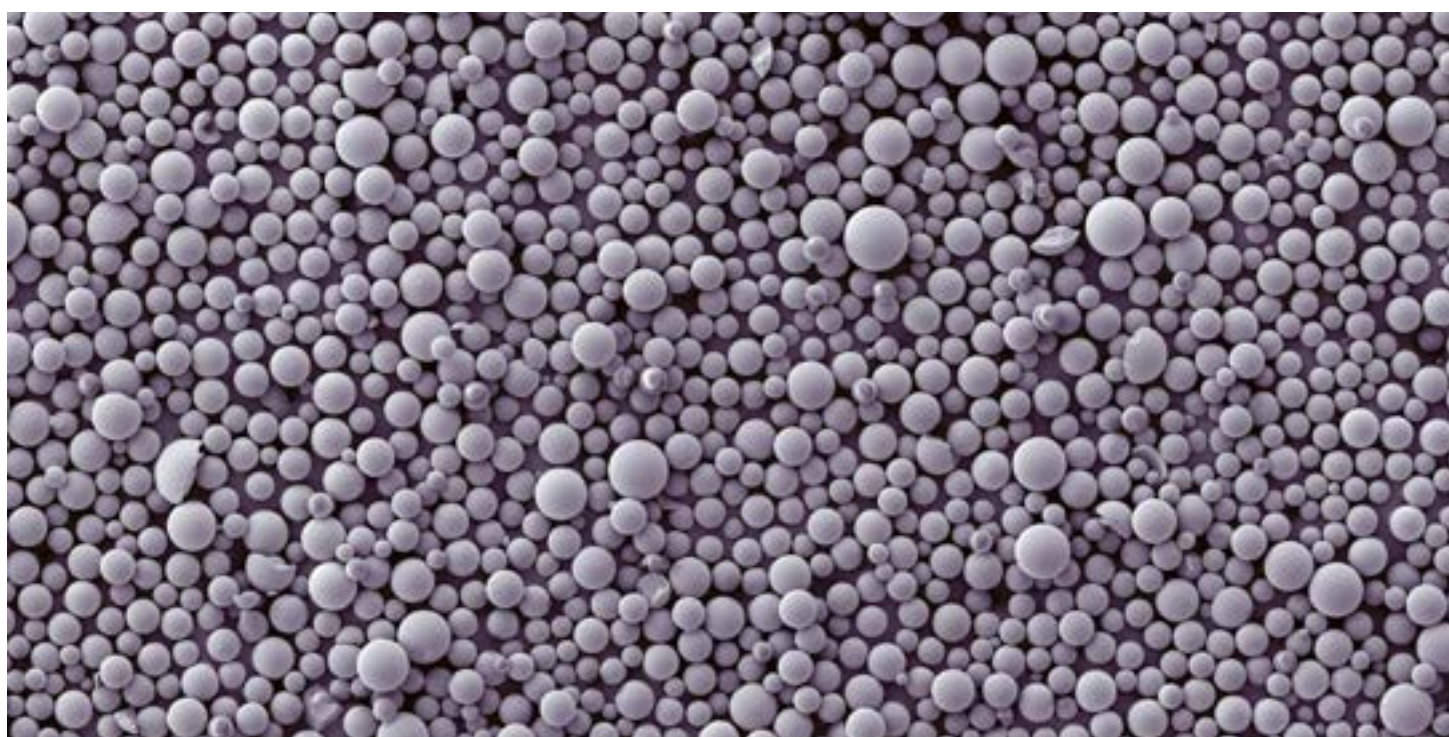


Chemistry EBIT



A new paradigm for manufacturing silica gel

Zeochem is a leading producer of silica gel. The irregularly shaped gel is one of the world's most popular chromatography sorbents for filtering and/or purifying biopharmaceuticals, active pharmaceutical ingredients, nutraceuticals, beverages and cosmetics. Zeochem's silica gel is available in raw or coated form, and is produced using the company's own in-house technology. Zeochem can draw on a long tradition of silica gel manufacture, and has built up a correspondingly broad customer base in the pharmaceutical and the biopharmaceutical sectors.



A close-up of the irregularly shaped silica gel, which is used in the purification of various substances such as biopharmaceuticals

Zeochem is further expanding its portfolio of highly effective products with the launch of its own line of higher-performance spheroidal chromatography gels under the ZEObeads brand. The company is developing its own fully flexible manufacturing technology to produce the new line. It also aims to further enhance the ZEObeads line by diversifying its products' surface and pore structures, performance and applications. By cultivating its own production of silica gel beads using an innovative continuous procedure, along with the downstream production of silica acid, Zeochem can accelerate its product development while simultaneously maintaining full quality and pricing control.

The purity and quality of a silica gel are extremely important if it is to be used for substance separation (chromatography) purposes. Using

Zeochem gels instead of standard gels for such procedures will deliver higher efficiencies, longer material lives and lower production costs.

The new production process entails many challenges. More than 20 different process parameters influence the specific properties of the silica gel produced (its pore structure, surface and pore volume) and thus its chromatographic performance.

In view of this, Zeochem teamed up with the specialists at the Swiss Federal Laboratories for Materials Science & Technology (Empa) in 2023 to conduct this research and development project and further strengthen the company's position in the silicium dioxide market. Under current plans, the products of the new technology should be brought to market in the course of 2024.



Dr. Victoria Custodis, Head of Research & Development and Product Management at Zeochem (left), and Dr. Ana Stojanovic, project leader at Zeochem, with the reactor for the new production process

“This collaboration with Empa is a great way to blend industrial and academic expertise and give us all an opportunity for genuine innovation,” says Dr. Ana Stojanovic, the project leader on the Zeochem side. Dr. Wim Malfait, project leader at Empa, agrees: “The chance to fine-tune intrinsic parameters and the chance to manufacture a range of products for various markets – these are the two great opportunities that this project provides. But in the complex dependence of product performance on so many different parameters, the project faces some major challenges, too.”

Net sales depressed by overcapacities and steep declines in demand



Net sales for the Paper Division amounted to CHF 262 million, down 31.7% from their prior-year level. EBIT margin remained solid at 11.6%, though this was also a substantial year-on-year decline.

Strategy

Digital media continue to compete with printed information channels, with corresponding swings in the sales volumes and earnings results of CPH's Paper Division. As a result of the industry's structural decline in demand, the newsprint and magazine paper market is one of overcapacities. Some of Perlen Papier's competitors announced the decommissioning of some of their paper machines in 2023; but these actions were insufficient to restore any meaningful balance between supply and demand. Despite such adversities, the Paper Division was able to further increase its European market share.

Perlen Papier is convinced that digital media will come to coexist with traditional print media using graphic papers, albeit with significantly lower printed media volumes. To continue to play its own active part in shaping the industry's future, the company pursues a cost leadership strategy. Its strong local roots also offer major customer benefits: close and direct customer relations, swift response times and good customer service, extensive flexibility and short delivery journeys with corresponding savings in carbon emissions. The Paper Division also uses carbon dioxide-free steam provided by the on-site Renergia waste incinerator facility to dry its paper webs.

Perlen Papier holds 50% of the Swiss and 10% of the European market, and is also Switzerland's biggest waste paper recycler. Sustainability is an increasing USP for CPH's Paper Division, and actions are constantly under way to reduce its carbon footprint. Its paper products are manufactured in Perlen with carbon dioxide emissions which, according to the Ten Toes model of CEPI, Europe's paper industry federation, are a quarter of those of its European competitors. For some years now, customers have also been offered carbon-neutral paper products for which the carbon dioxide emitted during manufacture is offset through a reforestation project in Uruguay.

Market environment

Demand for paper in Western Europe continued to fall in 2023, with newspaper consumption down 21% and magazine paper consumption as much as 25% down. The key reasons for the trend are growing digitalization and paper price increases in 2022 in response to higher energy costs as a result of the war in Ukraine. These developments affected both print runs and issue sizes of newspapers, magazines and other print items. Customers also reduced paper stocks in 2023 which they had accumulated in view of a possible energy shortage in winter 2022/23 and its potential impact on paper supplies.

The 2023 recovered paper market was volatile, too. The continued declines in the consumption of graphic papers resulted in a substantial reduction in the volumes of waste paper used in Perlen Papier's publication paper production and a corresponding initial growth in its recovered paper stocks. The company's reception volumes of recovered paper have now been downwardly adjusted to correlate more closely with the reduced need. Should the demand for paper products rise again in future, however, this could – as it has in previous years – prompt substantial shortfalls in the raw materials required.

The packaging industry remains a further consumer of recovered paper. For high-fibre applications, the entire recovered volume – paper and cardboard – can be used unsorted, reducing the availability of waste paper for graphic paper production. The prices of recovered paper did ease somewhat in the course of 2023, but they still remain high. Perlen Papier's paper products consist 80 % of recycled waste paper and 20 % of recycled wood.

Business development

The Paper Division sold 371 300 tonnes of printing paper in 2023, a volume which was slightly below its prior-year level. Of this, 269 600 tonnes were newsprint and 101 700 tonnes consisted of magazine paper. With the lower sales volumes combining with substantial pressures on sales prices, net sales for the year amounted to CHF 262 million, a decline of 31.7 % on 2022 or of 29.1 % at constant currency.

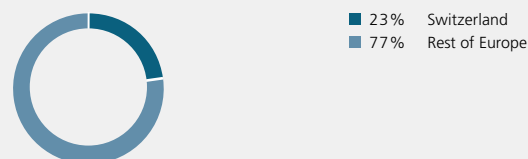
Despite comprehensive and continual savings and optimization endeavours, EBITDA for the year declined CHF 44 million to CHF 37 million, while EBIT amounted to CHF 31 million, compared to CHF 75 million in 2022. EBIT margin could not be maintained at its strong prior-year level, and fell to 11.6 %. The Paper Division invested CHF 17 million in renewing production equipment and further improving process efficiency. The divisional workforce numbered 354 employees, slightly down from the 371 of the previous year.

Outlook

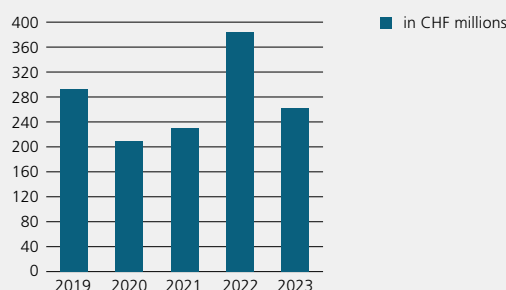
The paper manufacturing industry expects to witness further declines in the consumption of graphic papers and thus steep rises in production overcapacities in 2024. So sizeable consolidation pressures will continue to prevail. The cost of recovered paper is expected to remain high, while our energy procurement prices will also further increase. The Paper Division expects to post net sales and EBIT results for 2024 which are well below their prior-year levels, with the strong possibility of a negative annual EBIT result.

The Paper Division will continue to pursue its strategic and operational actions with undiminished vigour. Further removals of production capacity elsewhere will also be utilized to help raise its market share.

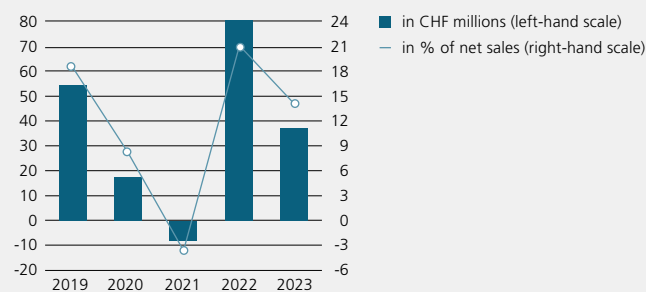
Paper net sales by region



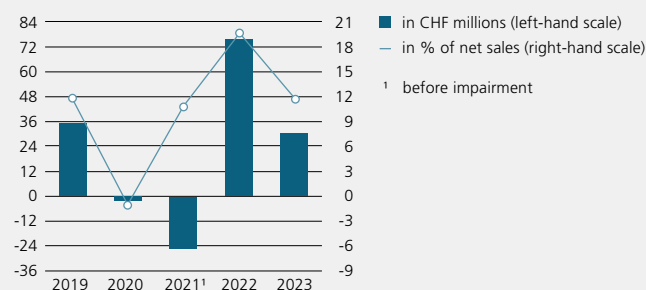
Paper net sales



Paper EBITDA



Paper EBIT



Lighter newsprint, major benefits



For Wolfgang Bucher, Perlen Papier's Head of Marketing & Sales, customer needs and products are the number one priorities. He achieved a particular highlight in his work in summer 2023: "In August we delivered the first 500 tonnes of our newly developed extremely light newsprint product."



The first batch of the new lighter newsprint stands ready for delivery

With the launch of its new light newsprint product, Perlen Papier proved its credentials once again in 2023 as the manufacturer of high-quality publication paper for markets in Switzerland and adjacent parts of neighbouring countries. In the past, for physical, haptic and optical reasons, the minimum weight of newsprint has been some 40 grams per square metre. Perlen Papier's new product, however, weighs just 38 grams. "The reduction has been achieved by using less fibrous material," Wolfgang Bucher, Head of Marketing & Sales, explains. "But the new paper still has to pass through all the processes – our paper machine, our reeling and the customer's print machines and further processing steps – cleanly and tear-free. And that, of course, requires us to give it a number of key properties that call on all of our paper-making expertise."

Provided the customer feedback is positive, Perlen Papier plans to develop even lighter newsprint products. Lighter paper translates into cost savings for the customer, not least because the costs of distributing their final newspaper and magazine products are dependent on the weights of the transports involved. Lower newsprint weights also mean that Perlen Papier's customer gets more printable surface per tonne, to provide more content. "And last but by no means least," concludes Wolfgang Bucher, "lighter paper has an even better environmental footprint."



The PM7, one of highest performance paper machines in the world



The finished new paper product

Packaging posts record sales and earnings results



High order volumes from the end of 2022 helped the Packaging Division achieve record new highs in its annual sales volumes. Net sales were raised 2.9% to CHF 237 million, while EBIT was increased some 53% to CHF 36 million.

Strategy

The strategy of the Packaging Division is focused both on further expanding its presence in the world's growth regions and on gaining more market share by centring its product range on films with very high barrier properties.

With its operating locations in Europe, the USA, China and (most recently) Brazil, Perlen Packaging can cover the key and emerging pharmaceutical markets and, in particular, benefit from the pharmerging markets and their disproportionately strong growth. The division thus maintains a global presence with its coating and slitting facilities which places it advantageously close to where the leading players in the pharmaceutical sector have their operations. This strategy also supports the division's objective of making the supply chains stronger and more resilient – an ambition which has gained in importance since the corona pandemic, and which the division will continue to pursue in the years ahead.

Perlen Packaging's second strategic thrust is to focus its product range on films with high barrier properties. A blister pack of tablets will usually consist of a lidding film of aluminium and a tray film made of

plastic. The Packaging Division manufactures the generally transparent plastic tray films and delivers these on rolls either to intermediate suppliers or directly to the pharmaceuticals manufacturers. The basis for such plastic films is the mono film, which the division either manufactures itself or buys in, and which has only low barrier properties. Perlen Packaging specializes in coating such mono films with PVdC to gradually enhance their barrier credentials. To do so, the PVdC used is applied to the film in dispersion form in a series of layers. The resulting barrier properties protect the sensitive medicinal products which will later be contained in the resulting blister pack from various agents, especially oxygen and water vapour, and help lengthen the product's shelf life. Perlen Packaging is the world's number one provider of high-barrier films, and continues to gain market share through its product focus strategy.

The division's innovation activities are primarily centred on further reducing its already small carbon footprint. The division has also concluded a collaboration with Etimex Primary Packaging GmbH to additionally offer polypropylene (PP) monoblister to the pharmaceutical sector. The aim of the new partnership is to provide customers with

top-quality sustainable and fully recyclable packaging solutions that optimally meet their needs.

Market environment

The Packaging Division benefited in 2023 from record order volumes at the end of the prior year which substantially facilitated its capacity use planning. The previous tensions in the procurement markets also increasingly eased as the year progressed. The downturn in activity in the construction sector weakened the demand for plastics such as PVC, whose purchase prices correspondingly declined. Energy costs remained at historically high levels, however, despite falling energy prices.

Business development

Production facilities were kept at peak operating capacity throughout the year. The division also invested worldwide in expanding its slitting capacities and in fully automating packaging capacities. A new coating plant in Brazil had already commenced operation at the end of 2022, and now directly supplies customers in the Latin American market with locally manufactured mono and coated films. New slitting facilities were also opened in Germany and Brazil at the end of 2023.

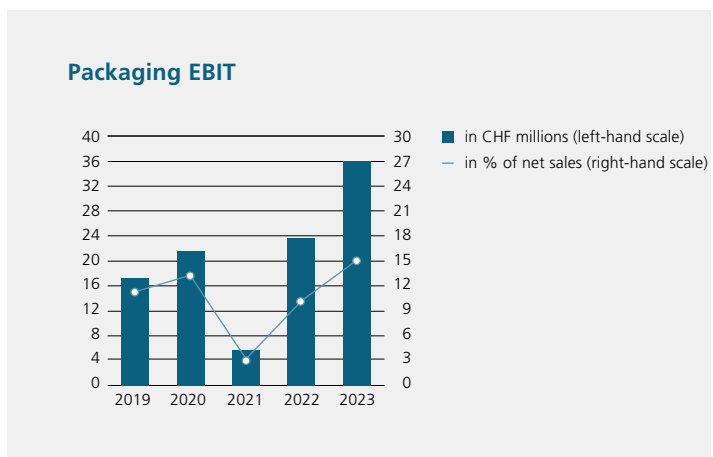
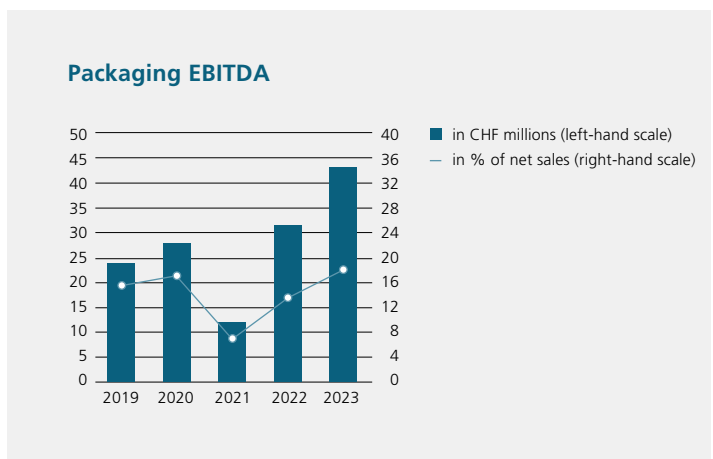
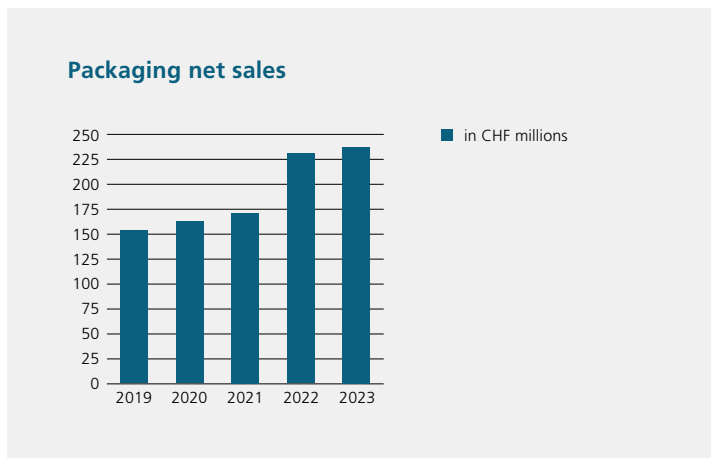
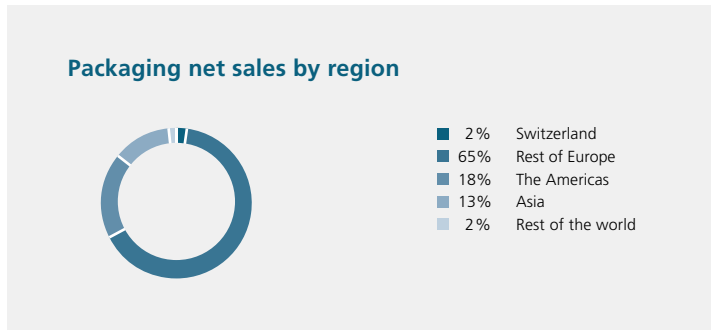
The higher sales volumes raised net sales for 2023 to CHF 237 million, a year-on-year increase of 2.9%, or of 7.1% at constant currency. With the return of the pharmaceutical companies' procurement activities to more normal levels, the division's order books also returned to their pre-corona volumes.

The very high capacity utilizations and the broad product mix of films with various barrier properties both impacted positively on EBIT margin for the year, which was raised to 15.2%. EBITDA was increased CHF 12 million to CHF 43 million, while EBIT was improved CHF 12 million to CHF 36 million. The division invested a total of CHF 7 million in its fixed assets over the course of the year. The divisional workforce grew from 507 to 551 employees. The increase is attributable partly to the recruitment of additional sales staff and production technology personnel, but largely to the ramping up of operations at the new Brazilian site.

Outlook

According to estimates by the IQVIA research company, the value of the global pharmaceutical blister pack market will grow by some 3% to 6% annually over the next few years. The Packaging Division will continue to invest in selling its products and expanding its capacities at all its operating locations.

Assuming that raw materials prices return to more normal levels, the Packaging Division expects to report net sales that are slightly down on their prior-year level. After its exceptional high in 2023, EBIT for the year is also likely to return to the range of its 2022 result.





A prototype of Perlen Packaging's single-material blister pack

Continuous innovation and investment reap their rewards

The CPH Group's Packaging Division has established itself worldwide as an innovative provider of packaging films for the pharmaceutical sector under the Perlen Packaging name. The films it produces are primarily used in blister packs, where they protect solid medicines such as tablets or capsules from outside influences such as moisture or oxygen.



Manufacture of the Perlux® ultra product (left), with gel capsules (bottom left) and in the quality check (below)



The comprehensive range of PVC mono films and coated PVdC barrier films that Perlen Packaging offers today could not have been achieved without continuous innovation which simultaneously paid due and full regard to the tried-and-trusted to date. In 2023, too, the company generated sizeable sales through the high-barrier products that have been developed over the past few years. And with encouraging customer demand for films ensuring strong protection of high-value medicines and the associated market success of its Perlux® ultra products, Perlen Packaging continues to steadily further expand its capacities for manufacturing and slitting its films in Europe, China and North and South America.

Most blister packs today consist of a plastic and an aluminium component. But with the economical separation of the different materials used in packagings for waste disposal purposes still in its early stages of development, Perlen Packaging is currently working on a single-material blister pack which would be correspondingly easier to process in recycling terms.

“Developing a single-plastic blister pack is a challenging undertaking, because the final product and the production process have to meet so many conditions,” says Lars Kirchhoff, Chief Sales Officer at Perlen

Packaging. “So for 2024 we’ve scheduled a whole series of trials of single-material plastic blister packs and their machine runnability. And we should be substantially assisted here by a new thermoforming machine that we’re installing at our Perlen site.”

In addition to its product innovations, Perlen Packaging also puts a firm focus on improving its existing production processes and procedures – including increasing the degree of their automation. Sustainability, too, is a prime and constant concern. “Following an innovation established in 2023, we now obtain all the heating we need for the production processes at our site in Müllheim, Germany, via green electricity instead of from the carbon-dioxide-intensive gas that we previously used,” says Chief Operating Officer Boie Karstens. “This will now enable us to rely solely on green energy in our Müllheim operations. And at our Perlen site, we plan to put a new totally automated production line for manufacturing high-quality packagings into operation in 2024.”

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

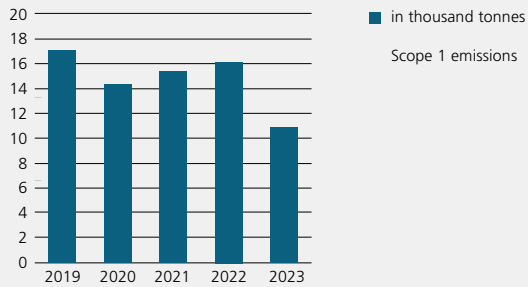
(prior year: 16)

Proportion of materials used which are of organic origin in %

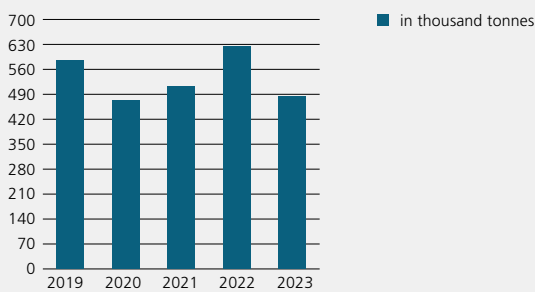
82

(prior year: 85)

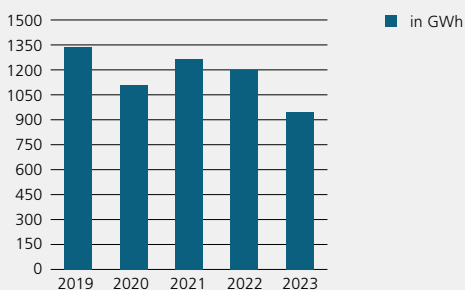
Carbon dioxide emissions



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

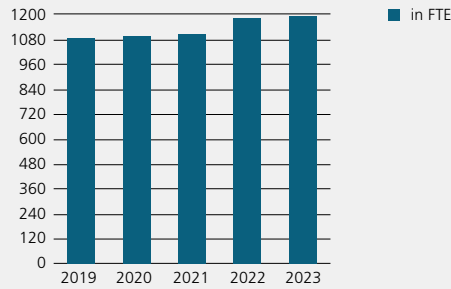
(last survey: 75)

CIP suggestions submitted

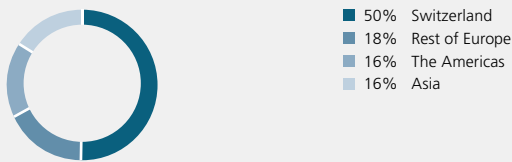
925

(prior year: 958)

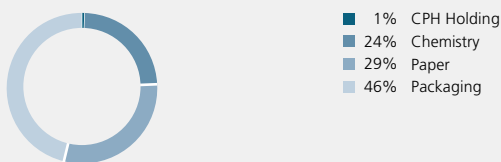
Total workforce numbers



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					•						

Corporate governance report

Responsible corporate management in the interests of its customers, employees, shareholders and further interest groups is the foundation of the CPH Group's ability to sustainably create value through its business activities.

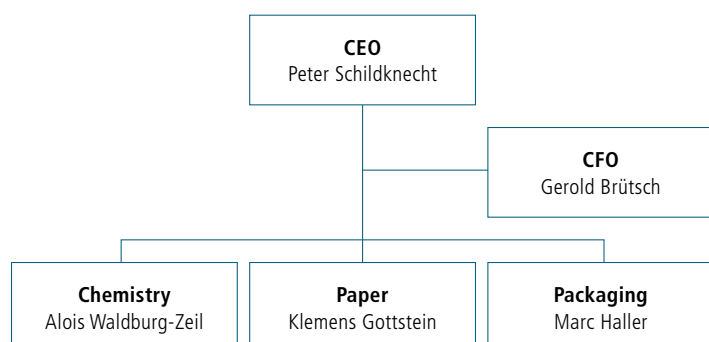
The CPH Group is internationally active in various markets and countries with varying laws and regulations, all of which are rigorously observed. Impeccable business management and high ethical standards which are maintained in line with the Group's size and structure are essential to its long-term success. This includes responsible corporate governance that is aligned to the Swiss Code of Best Practices for Corporate Governance of Economiesuisse. The foundation of the CPH Group's management is provided by the Group's Guiding Principles, its Articles of Incorporation and its Organizational Regulations and by the codes of conduct of its constituent divisions, which are available for download at <https://cph.ch/en/investors/documentation/> under 'Articles of incorporation, regulations and descriptions of duties'.

1 Group structure and shareholders

1.1 Group structure

The CPH Group comprises the three business divisions of Chemistry, Paper and Packaging, which each act autonomously in their specific markets. The parent company CPH Chemie+Papier Holding AG is domiciled in Perlen/Root, Switzerland. A list of the subsidiaries included in the consolidated financial statements will be found in the notes thereto on Page 70. The CPH Group is headed by the Group CEO, while the divisions are headed by the Divisional CEOs. The Group Executive Board consists of the Group CEO, the Group CFO and the Divisional CEOs.

Organization chart as at 31.12.2023



CPH Chemie+Papier Holding AG is the only stock exchange-listed company of those consolidated. Its registered shares (securities number 162471, ISIN CH0001624714) are listed on the SIX Swiss Exchange. Its market capitalization as at 31 December 2023 amounted to CHF 510 million.

1.2 Significant shareholders

A total of 1 052 shareholders were entered in the Share Register as at 31 December 2023. These shareholders had the following numbers of shares:

Number of shareholders	31.12.2023
1 to 2 000 shares	908
2 001 to 20 000 shares	92
20 001 to 200 000 shares	49
More than 200 000 shares	3
Total number of registered shareholders	1 052

A total of 256 271 or 4.3 % of the company's shares were not entered in the Share Register as at 31 December 2023.

The following significant shareholders with voting rights of more than 3 % are known to the company:

	31.12.2023
Shareholders' group Swiss Industrial Finance AG, Zurich, Switzerland (14.8 %) and Elly Schnorf-Schmid Foundation, Zurich, Switzerland (18.8 %), represented by Peter Schaub, Uster, Switzerland	33.6 %
J. Safra Sarasin Investmentfonds AG, Basel, Switzerland	7.0 %

The two anchor shareholders Swiss Industrial Finance AG and the Elly Schnorf-Schmid Foundation have concluded a shareholders' agreement to ensure a stable shareholder base, and jointly hold 33.6 % of all shares. Swiss Industrial Finance AG is owned by the family branch of Chairman of the Board of Directors Peter Schaub, who represents the shareholders' group.

Notifications of significant shareholders from the year under review and from previous years will be found on the website of the SIX Swiss Exchange (<https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/>).

1.3 Cross-shareholdings

There are no cross-shareholdings with any other company.

2 Capital structure

2.1 Ordinary capital

The company's issued share capital amounts to CHF 1 200 000 and consists of 6 000 000 fully-paid-up registered shares each of CHF 0.20 nominal value.

2.2 Authorized and conditional capital

The company has no authorized or conditional capital outstanding.

2.3 Changes in capital

There were no changes in capital in the 2021, 2022 or 2023 financial year.

2.4 Shares

The share capital of CHF 1.2 million consists of 6 000 000 fully-paid-up registered shares each of CHF 0.20 nominal value. Every voting registered share entered in the company's Share Register entitles its owner to one vote at the General Meeting. There are no transfer or voting right restrictions, except those specified in Item 2.6 below.

2.5 Participation and dividend-right certificates

No participation or dividend-right certificates have been issued.

2.6 Limitations on transferability

Acquirers of registered shares are entered into the Share Register by the Board of Directors as shareholders with voting rights at the shareholder's request. The Board of Directors may refuse such entry if the shareholder does not expressly declare that the shares concerned have been acquired in their own name and at their own expense, or if they make any false statement, if the volume of registered shares concerned amounts to more than 2 % of the outstanding share capital. No further restrictions on share transferability are stipulated in the Articles of Incorporation.

2.7 Convertible bonds and options

The CPH Group has no convertible bonds outstanding and has issued no options to any persons within or outside the Group.

3 Board of Directors

3.1 Members of the Board of Directors

The Board of Directors of CPH Chemie + Papier Holding AG comprises a minimum of three and a maximum of nine members. As of 31 December 2023, the Board of Directors comprised six members. Chairman of the Board Peter Schaub represents the Swiss Industrial Finance AG and Elly Schnorf-Schmid Foundation shareholders' group, which holds 33.6 % of the company's shares. The five further Board members are independent, i.e. none of them represents any shareholder holding more than 3 % of the company's shares or voting rights, none of them is currently active with the company in an executive capacity or has been so in the last five years, and none of them holds any cross-directorship with any member of the Group Executive Board.

	Board member since	Function	Finance & Auditing Committee	Personnel & Compensation Committee
Peter Schaub ¹	1994	Chairman since 2010	Member	Member
Tim Talaat	1994	Deputy Chmn. since 2015		Chair since 2020
Kaspar W. Kelterborn	2015	Member	Chair since 2015	
Claudine Mollenkopf	2021	Member		Member
Manuel Werder	2015	Member	Member	
Christian Wipf	2008	Member		Member

¹ Peter Schaub represents the Swiss Industrial Finance AG and Elly Schnorf-Schmid Foundation shareholders' group.

As can be seen from their background details hereafter, all the members of the Board of Directors possess extensive management experience in internationally active industrial or other companies. As a result, the Board of Directors consists of members with a wide range of knowledge, skills and experience:

	Kaspar W. Kelterborn	Claudine Mollenkopf	Peter Schaub	Tim Talaat	Manuel Werder	Christian Wipf
Industry experience	•	•	•	•		•
CEO experience		•		•		•
International experience	•	•	•	•	•	•
Experience in emerging economies	•	•	•	•		•
Financial expertise	•		•			
Legal training			•		•	
M&A	•	•	•	•	•	•
Digitalization		•		•		•
Experience with listed companies	•	•	•	•	•	•
Sustainability	•	•	•			•
Extensive knowledge of the CPH Group	•		•	•	•	•



The Board of Directors as at 31 December 2023 (from left): Kaspar W. Kelterborn, Christian Wipf, Claudine Mollenkopf, Peter Schaub, Tim Talaat and Manuel Werder

The proportion of women on the Board of Directors amounts to 16.7 %, which is below the legally envisaged guideline of 30 % applicable from 2026. The pool of suitable female candidates within the industry remains small. In addition to the diversity dimension, the prime criteria for evaluating such candidates are competence, experience and track record. The present female representation is the result of a careful assessment which paid due and full regard to all the skills and expertise required of a Board member. The CPH Group will be making every possible effort to observe the guideline in future.

3.2 Professional background, other activities and vested interests

Peter Schaub

Peter Schaub, lic. iur., attorney-at-law, born in 1960 and a Swiss national, has been Chairman of the Board of Directors since 2010. He has been a partner at Weber Schaub & Partner AG, tax and legal consultants, Zurich, since 1994. He is Chairman of the Board of Directors of Scobag Privatbank AG, Basel, Chairman of the Board of Directors of Zindel Immo Holding AG, Chur, Chairman of the Board of Directors of Mobimo AG, Lucerne, Chairman of the Board of Directors of Swiss Industrial Finance AG, Zurich, Deputy Chairman of the Board of Directors of UBV Holding AG, Uetikon, and a member of the Board of Directors of Rüegg Cheminée Holding AG, Zumikon. He serves as a member of the boards of directors of various further unlisted companies and as a trustee of various foundations.

He was previously a tax commissioner at the Cantonal Tax Office, Zurich (1990–1993), and a junior associate at the Schellenberg Wittmer law firm, Zurich (1987–1988).

Tim Talaat

Tim Talaat, MSEE and MBA, born in 1960 and a Swiss national, has been Deputy Chairman of the Board of Directors since 2015 and Chair of its Personnel & Compensation Committee since 2020. He is the majority shareholder and Chairman of the Board of Directors of SIHAG Swiss Industrial Holding AG, Uetikon (which has no connection with Swiss Industrial Finance AG), Chairman of the Advisory Board of Single Group GmbH, Hochdorf (Germany), and a member of the Board of Directors of Bachofen AG, Uster.

He was previously CEO of Looser Holding AG, Arbon (2009–2015), CEO of SR Technics Switzerland (2003–2007) and a member of the SR Technics Group Executive Board, Zurich Airport (1996–2003).

Kaspar W. Kelterborn

Kaspar W. Kelterborn, lic. oec. HSG, born in 1964 and a Swiss national, has been Chair of the Finance & Auditing Committee since 2015. He is a member of the Board of Directors of Burckhardt Compression AG, Winterthur, a member of the Board of Directors of Karl Bubenhofer AG, Gossau (SG), a member of the Board of Directors of RUAG International Holding AG, Bern, and a member of the Board of Directors of Wipf Holding AG, Brugg, a trustee of the Conzzeta Pension Fund, Zurich, and owner of Kelterborn Advisory AG, Wangen (SZ).

He was previously interim CFO and a member of the Executive Committee of the dormakaba Group, Rümlang (2022), CFO and a member of the Executive Board of the Conzzeta Group, Zurich (2006–2021) and CFO and a member of the Executive Board of the Unaxis Group, Pfäffikon (2002–2005), and held various executive finance and controlling functions in and outside Switzerland for the Clariant Group, Muttenz, between 1996 and 2002.

Claudine Mollenkopf

Claudine Mollenkopf, Dr. rer. nat., born in 1966 and a German and French dual national, has been President of the Specialty Additives Division at Evonik Industries and a member of the Executive Board of Evonik Operations GmbH, Essen, since 2022. She can draw on more than 25 years of experience in the chemicals industry.

She previously served as Senior Vice President and General Manager Silica at Evonik Operations GmbH, Essen (2019–2022), a member of the Executive Committee of Orion Engineered Carbons S.A., Luxembourg (2011–2019), and President of Orion Engineered Carbons France SAS, Berre l'Étang (2018–2019), and held further executive positions in the Evonik Group, most latterly General Manager Business Line Rubber/MRG Industries, between 1996 and 2010.

Manuel Werder

Manuel Werder, lic. iur. and LL.M., attorney-at-law, born in 1974 and a Swiss national, has been a partner at the Niederer Kraft Frey AG law firm in Zurich since 2015. He is a member of the Board of Directors of UBV Holding AG, Uetikon, serves on the boards of directors of various further unlisted companies and is a trustee of several foundations.

He was previously a senior associate at Niederer Kraft Frey AG, Zurich (2010–2015), a secondee to Allende & Brea Abogados, Buenos Aires (2007–2008), an associate at Niederer Kraft Frey AG, Zurich (2004–2007), and a foreign associate at Fox Horan & Camerini LLP, New York (2002–2004).

Christian Wipf

Christian Wipf, lic. oec. HSG, born in 1957 and a Swiss national, is Chairman and Delegate of the Board of Directors of Wipf Holding AG, Brugg, and chairman of the boards of directors of various subsidiaries within the Wipf Group.

He previously served as CEO of the Wipf Group, Brugg (1997–2020), as CEO of Wipf AG, Volketswil (2001–2007), and as a member of Executive Management at Seetal Schaller AG, Brugg (1991–1997), and held various executive functions at Philips AG, Zurich, and at Philips Electronics Ltd, Montreal, between 1982 and 1991.

3.3 Statutory provisions regarding the number of activities permitted under Swiss Code of Obligations Art. 626, Para. 2 (1)

Under Article 21 of the Articles of Incorporation of CPH Chemie+Papier Holding AG, members of the Board of Directors may hold up to 15 additional mandates, but no more than three thereof at stock exchange-listed companies. These calculations do not include:

- mandates at legal entities which control or are controlled by CPH Chemie+Papier Holding AG
- mandates at associations, foundations or staff welfare institutions, of which every Board member may hold up to five
- mandates at joint ventures in which CPH Chemie+Papier Holding AG is involved but which it does not control, of which every Board member may hold up to five

A mandate is regarded as any activity performed by a member of the Board of Directors in the top management or administrative bodies of legal entities that are obliged to enter themselves in the Commercial Register (or a corresponding register abroad) and that neither control nor are controlled by CPH Chemie+Papier Holding AG. Mandates at multiple legal entities which are under common control are regarded as one single mandate. No member of the Board of Directors holds more than the maximum number of external mandates specified in the Articles of Incorporation.

3.4 Election and term of office

The dates of the first election of Board members are stated in 3.1 above. In accordance with Article 13 of the Articles of Incorporation of CPH Chemie+Papier Holding AG, Board members are elected individually by the Annual General Meeting to serve for a one-year period. They may be re-elected. A Board member's mandate will end at the latest at the Annual General Meeting of the year in which their 70th birthday falls.

3.5 Internal organizational structure

The organization of the Board of Directors of CPH Chemie+Papier Holding AG is based on the law, the company's Articles of Incorporation and its Organizational Regulations. The last two of these are available (in German) on the CPH website at <https://cph.ch/en/investors/documentation/> (under 'Articles of incorporation, regulations and descriptions of duties').

The Board of Directors meets as often as business demands, but at least five times a year. The Board is quorate as long as a majority of its members are present. Resolutions are passed by a simple majority of the votes cast. The chair also has a vote, and has a further casting vote in the event of a tie. The Board met seven times in 2023, for three full-day sessions, three half-day sessions and a two-day strategy meeting. One of the full-day meetings was held in Anápolis (Brazil), in combination with a visit to the new production plant. Meeting attendance was either in person or (exceptionally) by video conference. All meetings were fully attended. The Board's strategy meeting is devoted to strategic issues and the medium-term devel-

opment of the Group and its divisions. This meeting is also attended by the entire Group Executive Board and – for specific topics – members of the divisional Executive Boards. The Chairman of the Board or their deputy convenes Board meetings, chairs the discussions and ensures that appropriate minutes are kept thereof. The Chairman also represents the Board towards outside parties. The Chairman is the immediate superior of the Group CEO. Apart from the above, the Chairman has no special powers or authorities unless these are individually delegated to them by the Board of Directors or the urgency of a situation requires an immediate decision to be made.

The Board of Directors has created two permanent committees: Finance & Auditing and Personnel & Compensation. These committees each consist of at least three non-executive members of the Board of Directors. The members of the Finance & Auditing Committee meet at least three times a year, while the members of the Personnel & Compensation Committee meet at least twice a year. The committees take no decisions themselves: they primarily perform a preparatory and advisory function, in particular by helping the full Board to conduct its meetings more efficiently and to take swift and well-founded decisions.

The Finance & Auditing Committee

The Finance & Auditing Committee consists of Kaspar W. Kelterborn (chair), Peter Schaub and Manuel Werder. Peter Schaub serves as a representative of the Swiss Industrial Finance AG and Elly Schnorf-Schmid Foundation shareholders' group; the two further committee members are independent. The Group CEO and CFO also attend all committee meetings as permanent guests. The committee met for three half-day deliberations and conducted one telephone conference in 2023. All meetings were fully attended.

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 their guidelines, quality standards and content
- 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 (ICS) and assessing the effectiveness thereof
- 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 Annual 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 Board of Directors entrusted the Finance & Auditing Committee with the additional task at the end of 2023 of advising the full Board in future on sustainability and climate strategy issues. The committee will henceforth be known as the Finance, Auditing & Sustainability Committee to reflect its expanded remit.

The Personnel & Compensation Committee

The Personnel & Compensation Committee comprises Tim Talaat (chair), Claudine Mollenkopf, Peter Schaub (except for matters regarding his own compensation) and Christian Wipf. Peter Schaub serves as a representative of the Swiss Industrial Finance AG and Elly Schnorf-Schmid Foundation shareholders' group; the further committee members are independent. The committee held three half-day meetings in 2023, which were all fully attended. The Group CEO also attends all committee meetings as a permanent guest, unless his own compensation or other topics relating to him are being discussed.

The committee's tasks comprise in particular:

- devising the guidelines for the CPH Group's compensation policy (in particular the compensation principles for the Board of Directors and the Group Executive Board) on behalf of the Board of Directors
- submitting proposals for the compensation of the Board of Directors and the members of the Group Executive Board to the full Board of Directors
- assessing the performance of the Group CEO and the further members of the Group Executive Board and their achievement of their annual targets, and submitting corresponding proposals for the fixed and variable compensation of the same to the full Board of Directors
- monitoring the implementation of the CPH Group's personnel and compensation policies along with groupwide salary developments

3.6 Definition of areas of responsibility

In accordance with Article 716a of the Swiss Code of Obligations, the Board of Directors has certain non-transferrable and inalienable duties. The authorities of and the collaborations between the Board of Directors, its committees and the Group Executive Board are laid down in the Organizational Regulations, which will be found (in German) at <https://cph.ch/en/investors/documentation/> under 'Articles of incorporation, regulations and descriptions of duties'.

The Board of Directors has the following group-level duties:

- to determine the Guiding Principles and general corporate policy
- to determine the group structure, group policy, group objectives and general group strategy and define the strategic growth areas
- to formulate targets for operational key performance indicators, financing policy and investment returns
- to assign resources and decide on the use of funds within the Group
- to appoint the boards of directors of subsidiary companies
- to approve strategic collaboration agreements concluded by Group companies among themselves or with other companies
- to decide on entry into or withdrawal from key business segments

- to appoint and dismiss members of the Group Executive Board
- to exercise supervisory authority over the Group’s management, particularly with regard to the observance of laws, the Articles of Incorporation, regulations and directives and the adoption of actions resolved
- to determine the remuneration principles for and the remuneration of the members of the Group Executive Board
- to assess the risk management system and business risks

For the business divisions, the Board of Directors has the following duties:

- to determine divisional objectives and divisional strategies
- to decide on the establishment or closure of operating sites and branch business operations

3.7 Information and control instruments vis-à-vis the Group Executive Board

The Chairman of the Board of Directors is in regular contact with the Group CEO to support them in their performance of their duties and their implementation of business strategy. The Board of Directors supervises the Group Executive Board through structured reporting and controlling processes. The Board of Directors 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 of Directors’ meeting.

Risk management

Being internationally active, the CPH Group is exposed to various financial and non-financial risks that are inseparably linked with its business activities. These risks are defined in the broadest sense as the danger that financial, operational or strategic objectives may not be achieved as planned. To ensure the Group’s long-term success, therefore, it is essential to effectively identify such risks, to analyze them and to eliminate or reduce them through appropriate steering and management actions.

Assessment of significant risks at the end of 2023

The significant risks identified for the CPH Group as at the end of 2023 included the energy shortages in Europe, geopolitical risks, inflation (and the associated rising input costs), IT systems security and changes in the market environment as a result of both economic trends and developments in the competitive environment (including declining demand for paper products). Actions have been defined to reduce these and other risks, and such actions are being taken in close coordination with the strategic objectives of the Group and its three divisions.

Financial risks overview

Risk	Description	Management
Currency risks	Being internationally active, the CPH Group is subject to currency risks that can impact on operating and financial results and on group equity. The euro and the US dollar are the Group’s most important foreign currencies.	<ul style="list-style-type: none"> – Wherever possible, the payment flows within the Group’s divisions are naturally hedged by procuring goods in the same currency in which products are sold. – Currency risks are reduced through the use of derivative financial instruments. – Foreign currency risks relating to the carrying values of the net assets of subsidiaries outside Switzerland or to translations of the results of such subsidiaries are not presently hedged.
Interest rate risks	Interest rate risks may arise through changes to future interest payments as a result of fluctuations in market interest rates and through interest-related risks arising from changes in market value.	<ul style="list-style-type: none"> – The CPH Group has no significant variable-interest assets or liabilities that would be substantially impacted by major changes in the interest rate environment.
Credit risks from business operations and financial transactions	Credit risks consist in the possibility of suffering financial loss should a customer or counterparty fail to fulfil their contractual obligations. Credit risks may derive from receivables, financial investments, credit balances with financial institutions, securities held and/or derivative financial instruments.	<ul style="list-style-type: none"> – Regular monitoring of independent ratings of financial institutions. – Further reduction of any risks to liquid funds by ensuring that the funds concerned are maintained not at a single bank but at multiple financial institutions. – Reducing cluster risks for receivables and financial investments by maintaining large numbers of customers and a broad geographical spread. – Monitoring the creditworthiness of customers through past experience and specific checks.
Liquidity risk	A liquidity risk derives from the possibility of being unable to meet financial obligations when these become due for payment.	<ul style="list-style-type: none"> – Prudent liquidity management includes retaining adequate reserves of liquid funds and permanently monitoring these, and maintaining credit line options.

Financial risk management

By virtue of its business activities, the CPH Group is particularly exposed to financial risks such as currency risks, credit risks, liquidity risks and interest rate risks. Its overarching risk management is focused on the unforeseeability of developments on the financial markets, and is geared to minimizing any potential negative impact thereof on the Group's financial health. Risk management is performed by the Group's Finance Department, in accordance with the guidelines approved by the Board of Directors. These specify the use of derivatives and the handling of currency risks, interest rate risks and credit risks. These guidelines are binding for all Group companies. The table on Page 49 provides an overview of the financial risks, together with their description and their management.

Risk management organization

Financial and operational risk management are conducted within the Group in accordance with the principles and the guidelines laid down by the Board of Directors and the Group Executive Board. The group and statutory auditors support the Board of Directors and its Finance & Auditing Committee by verifying the existence of the Group's Internal Control System (ICS) in the course of their performance of their legal audit mandate.

Risk management principles

The Group's risk management principles guide the regular assessment of operational and strategic business risks, the hedging of currency, interest rate, credit and liquidity risks and the Internal Control System (ICS). Guidelines have also been established for the management of liquid funds and for loan procurement activities.

Risk overview

The regularly recorded and analyzed risks are summarized in an annual Risk Report which is submitted to the Board of Directors. The significant business risks are also defined in a detailed risk catalogue and a risk matrix and are assessed in terms of their likelihood of occurrence and their damage potential, and appropriate action is determined to minimize the same. Insurance coverage is also annually appraised.

Reporting

Reports on the Group's risk management are submitted annually to the Board of Directors and the Group Executive Board. Strategic and operational risks are specified therein. Any extraordinary incidents are reported immediately to the Board of Directors. In the Board's opinion, with the risk management established, the actions required have been taken to ensure the CPH Group's future development, although the possibility can never be excluded of unforeseen risks arising as a result of special circumstances or uncertainties.

4 The Group Executive Board

4.1 Members of the Group Executive Board

As at 31 December 2023 the Group Executive Board comprised:

Name	Function	Held since
Dr. Peter Schildknecht	Group CEO	2009
Gerold Brüttsch	Group CFO	2022
Dr. Alois Waldburg-Zeil	Head of Chemistry	2010
Klemens Gottstein	Head of Paper	2012
Marc Haller	Head of Packaging	2022

4.2 Professional background, other activities and vested interests

Peter Schildknecht

Peter Schildknecht, Dr. sc. techn., born in 1962 and a Swiss national, joined CPH in 2008 and has been Group CEO since 2009. He is a member of the Board of Directors of Renergia Zentralschweiz AG, Root, a member of the Board of Directors of Kowema AG, Rotkreuz, a member of the Board of Directors of Buss AG, Pratteln, a member of the Board of Directors of Hoffmann Neopac AG, Thun, and Deputy Chairman of the Board of the Central Switzerland Chamber of Industry & Commerce (IHZ), Lucerne (until the 2024 AGM).

From 2001 to 2007 he was a member of the Group Executive Board of Sarna Kunststoff Holding AG, Sarnen, and led various group divisions, most latterly Sarnafil. From 1995 to 2001 he held various functions in the Von Roll Group, including CEO of Von Roll BETEC AG and serving as Head of Industrial Services and a member of the Executive Board at Von Roll Infratec Holding AG, Bern.

Gerold Brüttsch

Gerold Brüttsch, B.Sc. in Business Administration, Swiss Certified Accountant and US Certified Public Accountant, born in 1966 and a Swiss national, has been Group CFO since 2022.

He served as Group CFO, Deputy CEO and Head of the Corporate Center of Starrag Group Holding AG, Rorschacherberg, from 2000 to 2021. Prior to this he was CFO in charge of finance, controlling, IT and administration at Müller Martini Bookbinding Systems, Felben-Wellhausen, from 1997 to 1999, and he served as an audit and consulting manager with KPMG in Zurich and San Francisco from 1990 to 1997.

Alois Waldburg-Zeil

Alois Waldburg-Zeil, Dr. iur., born in 1963 and an Austrian national, joined the CPH Group as Head of Chemistry in 2010. He is a member of the Board of Directors of Canexis Pharma AG, Schlattingen.



The Group Executive Board as at 31 December 2023 (from left): Marc Haller, Klemens Gottstein, Peter Schildknecht, Gerold Brüttsch and Alois Waldburg-Zeil

Between 1997 and 2009 he held various management functions with the Süd-Chemie Group (which is now part of 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). Prior to this, from 1993 to 1997 he served as an auditor with KPMG.

Klemens Gottstein

Klemens Gottstein, industrial engineer, paper manufacturer and MBA, born in 1961 and a German national, joined the CPH Group as Head of Paper in 2012. He is also a member of the Board of EURO-GRAPH, the European Association of Graphic Paper Producers, Brussels.

Between 1989 and 2011 he held various functions at the Myllykoski Group including HR Director, General Manager of the Dachau and Ettringen works and Director of Business Development for Coated Papers. Most latterly he served as Executive Vice President Operations and a member of the Executive Board of Myllykoski Europe, with responsibility for its six European plants and Human Resources Europe.

Marc Haller

Marc Haller, FH Diploma in Business Administration and Executive MBA, born in 1970 and a Swiss national, joined the CPH Group as Head of Packaging in 2022.

Between 2007 and 2020 he held various executive functions within the Sulzer corporation, and was a member of the Sulzer Management Group. From 2016 to 2020 he was a member of Applicator Systems Divisional Management and CEO of Sulzer Mixpac AG, Haag; from 2014 to 2016 he served as Senior Vice President Strategy & Business Development at Sulzer Chemtech AG, Winterthur; and from 2007 to 2013 he was Global Head of Sales & Marketing at Sulzer Mixpac AG, Haag. From 2000 to 2007 he served as Head of Sales & Marketing at Plaston AG, Widnau.

4.3 Statutory provisions regarding the number of activities permitted under Swiss Code of Obligations Art. 626, Para. 2 (1)

Under Article 21 of the Articles of Incorporation of CPH Chemie+Papier Holding AG, members of the Group Executive Board may hold up to five additional mandates, but no more than one such mandate at a stock exchange-listed company. Such calculations do not include:

- mandates at legal entities which control or are controlled by CPH Chemie+Papier Holding AG
- mandates at associations, foundations or staff welfare institutions, of which every Group Executive Board member may hold up to five
- mandates at joint ventures in which CPH Chemie+Papier Holding AG is involved but which it does not control, of which every Group Executive Board member may hold up to five

A mandate is regarded as any activity performed by a member of the Group Executive Board in the top management or administrative

bodies of legal entities that are obliged to enter themselves in the Commercial Register (or a corresponding register abroad) and that neither control nor are controlled by CPH Chemie+Papier Holding AG. Mandates at multiple legal entities which are under common control are regarded as one single mandate. No member of the Group Executive Board holds more than the maximum number of external mandates specified in the Articles of Incorporation.

4.4 Management contracts

No management contracts have been concluded with companies or natural persons outside the CPH Group.

5 Compensation, shareholdings and loans

The compensation and shareholdings of the members of the Board of Directors and the Group Executive Board, and the responsibilities and procedures for determining these, are specified in the remuneration report of this Annual Report, from Page 55 onwards.

6 Shareholders' participation rights

6.1 Voting rights restrictions and representation

Every CPH Chemie+Papier Holding AG registered share entitles its holder to one vote at the company's General Meeting. There are no voting right restrictions.

In accordance with Article 9 of the Articles of Incorporation, any shareholder may be represented at a General Meeting by means of a written proxy issued either to another person or to the independent shareholders' representative. The company's shareholders may provide the independent shareholders' representative with their proxy for any General Meeting, either in writing or by means of the Sherpany platform (www.sherpany.com).

6.2 Quorums required by the Articles of Incorporation

Unless required otherwise by law, the General Meeting passes resolutions and conducts elections by a majority of the votes cast. Abstentions, voting ballots submitted blank and invalid votes are not counted in such calculations. In accordance with Article 12 of the Articles of Incorporation, all such votes and elections are open, unless the meeting chair or any other attendee demands a secret ballot.

6.3 Convocation of the General Meeting

In accordance with Article 10 of the Articles of Incorporation, a General Meeting is convened by written letter to the shareholders or by announcement in the Schweizerisches Handelsamtsblatt (Swiss Official Gazette of Commerce). This invitation must be extended at least 20 days in advance. The invitation will include the meeting agenda and the proposals and recommendations of the Board of Directors and any shareholders who have demanded the convocation of a General Meeting or have submitted an agenda item (as permitted under Article 699, Paragraph 3 of the Swiss Code of Obligations).

6.4 Inclusion of items on the agenda

In accordance with Article 4 of the Articles of Incorporation, any request by a shareholder for an item's inclusion on a General Meeting agenda must be submitted to the Board of Directors in writing at least 60 days in advance. Subject to the provisions for General Meetings at which all shareholders are represented in full, no resolution may be passed by a General Meeting on any matter not communicated in this way.

6.5 Entries in the Share Register

In accordance with Article 9 of the Articles of Incorporation, all shareholders entitled to attend a General Meeting and exercise their share voting rights thereat must have been accordingly entered in the Share Register in advance of the General Meeting concerned by a cutoff date specified by the Board of Directors.

7 Changes of control and defence measures

7.1 Duty to make an offer

In accordance with Article 6 of the Articles of Incorporation, any acquirer of CPH shares whose total shareholding thereby exceeds a legally prescribed ownership threshold is not obliged to make a public takeover offer as specified in the Swiss Financial Market Infrastructure Act ('opting-out' clause).

7.2 Clauses on change of control

There are no change-of-control clauses.

8 Auditors

8.1 Duration of the mandate and term of office of the lead auditor

PricewaterhouseCoopers AG, Zurich (PWC), has been the statutory and group auditor of the CPH Group since 1971. Norbert Kühnis has been the auditor in charge since the 2023 financial year. In accordance with Article 730a, Paragraph 2 of the Swiss Code of Obligations, a new auditor in charge is designated every seven years.

8.2 Auditing and other fees

The following fees were paid to the auditors:

in CHF thousands	2023	2022
Audit fees	469	406
Tax consulting	45	26
Due diligence	41	-
Total fees to PWC	555	432

Audit fees are the amounts paid for the services provided each year to give an opinion on the consolidated financial statements and compile reports on the financial statements of Group companies required under local law.

8.3 Information instruments pertaining to the external audit

The work, performance, independence and remuneration of the external auditors are assessed by the Finance & Auditing Committee, which approves the audit plan, processes the audit reports and oversees the adoption of the external auditors' recommendations.

The Finance & Auditing Committee submits an annual report on these activities to the full Board of Directors. In 2023, representatives of the auditors attended all the meetings of the Finance & Auditing Committee for those agenda items which concerned them.

9 Information policy

9.1 Information tools

The CPH Group maintains an open communications culture towards its employees, its shareholders and the public. The Group publishes an Annual Report as at 31 December and a Half-Year Report as at 30 June. The printed Annual Report is sent directly to all shareholders. Copies can also be ordered at <https://cph.ch/en/investors/documentation/> on the CPH website.

Written company communications to shareholders as required by law are sent to the most recent address provided in the Share Register for the shareholder or their proxy for such communications.

The 'Investors' section of the CPH website at <https://cph.ch/en/investors/> offers full information for shareholders and investors such as key company figures, the current CPH share price and the calendar of coming financial events. Contact details are also provided in the form of the info@cph.ch email address, via which further information about the CPH Group can be obtained. Interested parties can also register on the website at <https://cph.ch/en/investors/ir-contacts> to automatically receive

CPH Group email communications. All the company's ad-hoc announcements are made immediately available at <https://cph.ch/en/media/ad-hoc-announcements-pursuant-to-art-53-lr/>, and all further media releases issued are provided at <https://cph.ch/en/media/media-releases/> upon their publication. An analysts' and media conference is also held for the publication of the Group's annual results.

Information on the CPH Group's three business divisions will be found on their individual zeochem.com, perlen.ch and perlenpackaging.com websites. The Chemistry Division also runs the dedicated www.zeotope.com website for its deuterated products. The companies of the CPH Group further maintain their own LinkedIn social media profiles at:

- linkedin.com/company/cph-chemie-papier-holding-ag/
- linkedin.com/company/zeochemllc/
- linkedin.com/company/perlen-papier-ag/
- linkedin.com/company/perlen-packaging/

9.2 Information for shareholders

The CPH share, which is listed on the SIX Swiss Exchange, closed at a price of CHF 85.00 on 30 December 2023, compared to CHF 78.00 at the end of the previous year. At +9.0% the performance of the CPH share in 2023 was above that of the market in general, where the Swiss Performance Index Price (SPIX) rose by 2.9%.

Share information

Listed on	SIX Swiss Exchange
Securities number	162 471
ISIN	CH0001624714
Reuters symbol	CPH.S
SIX symbol	CPHN

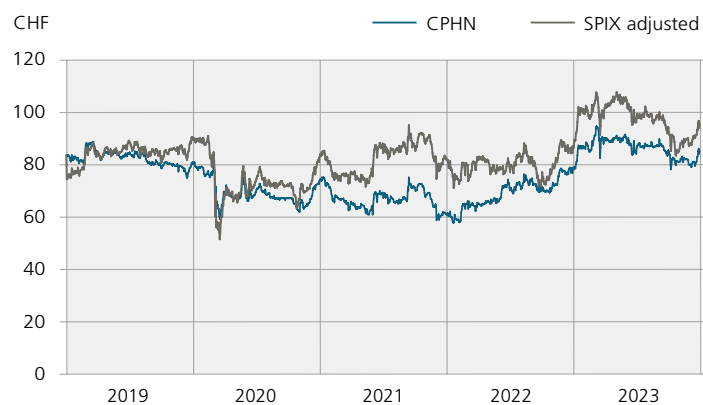
Share statistics

in CHF	2023	2022	2021	2020	2019
Share price as at 31 December	85.00	78.00	61.00	72.60	79.20
Share price, annual high	95.00	78.80	75.40	80.80	88.50
Share price, annual low	78.00	56.20	58.20	57.00	74.00
Price-earnings ratio as at 31 December	6.5	4.6	-2.4	9.3	9.8
Earnings per share	13.15	16.83	-25.26	7.82	8.06
Dividend per share	4.00 ¹	4.50	1.30	1.80	1.80
Shareholders' equity per share	72.73	66.37	51.52	78.45	73.29
Dividend yield	4.7%	5.8%	2.1%	2.5%	2.3%
Number of issued registered shares	6 000 000	6 000 000	6 000 000	6 000 000	6 000 000
Market capitalization (in CHF millions)	510	468	366	436	475

¹ Board of Directors' proposal to Annual General Meeting of 20 March 2024

The CPH share price 2019–2023

Compared to the SPIX in CHF



9.3 Information for bondholders

CPH repaid the outstanding 'CPH 18-23' CHF 100 million corporate bond with a coupon of 2.00 % upon its maturity on 12 October 2023.

9.4 Investor relations agenda

20 February 2024	Media conference & investors' meeting, publication of the 2023 Annual Report
20 March 2024	Annual General Meeting (in Lucerne)
11 June 2024	CPH Group Investors' Day in Perlen
18 July 2024	Publication of the 2024 Half-Year Report
25 February 2025	Media conference & investors' meeting, publication of the 2024 Annual Report
18 March 2025	Annual General Meeting (in Lucerne)

9.5 Investor relations contact

Gerold Brüttsch, CFO
CPH Chemie + Papier Holding AG
CH-6035 Perlen
Phone: +41 41 455 8000
Email: investor.relations@cph.ch

10 Quiet periods

Members of the CPH Board of Directors and Group Executive Board and all CPH employees and external parties involved in the compilation and publication of the annual and half-year accounts and financial statements may not trade any securities whose value is significantly determined by developments in the CPH share price from 1 December at the latest and from 1 June at the latest respectively before and until 48 hours after the publication of the financial results concerned. No exceptions were granted to the above general quiet periods in the year under review.

Special quiet periods may be additionally imposed for particular projects. The provisions of the 'Regulations concerning disclosure of management transactions and prohibition of insider trading', which are available (in German) for download on the CPH website at <https://cph.ch/en/investors/documentation/> under 'Articles of Incorporation, regulations and descriptions of duties', shall also apply.

Remuneration report

This remuneration report describes the remuneration policy and the remuneration system for the CPH Board of Directors and Group Executive Board and the remuneration paid thereto. This report has been compiled in compliance with the Swiss Code of Obligations (CO), the Directive on Information relating to Corporate Governance of the SIX Swiss Exchange (DCG) and the principles of the Swiss Code of Best Practice for Corporate Governance issued by Economiesuisse.

1 Principles of remuneration policy and the remuneration system

The CPH Group is an attractive employer with well-qualified and high-performing personnel who are remunerated in line with market levels. CPH views such remuneration as a combination of a fixed and a variable salary component. The amount of each individual's overall remuneration and the components thereof are set by regularly reappraising the current classification of each function and the remuneration paid and comparing these remuneration amounts to market rates. This approach ensures that the remuneration awarded to each individual is in line with market rates and is appropriate to the duties and tasks, the performance delivered and the results achieved by the individual concerned.

2 Remuneration processes

The role of the Annual General Meeting

The Annual General Meeting (AGM) elects the members of the Personnel & Compensation Committee individually to serve for a one-year period.

In accordance with the legal provisions for companies whose shares are listed on the stock exchange (CO Article 732ff) and the Articles of Incorporation of CPH Chemie + Papier Holding AG, the AGM approves the maximum aggregate remuneration payable to the Board of Directors in toto for the period until the next AGM. In accordance with the same provisions, the AGM also approves the maximum aggregate fixed and variable remuneration payable to the Group Executive Board in toto for the business year following the AGM concerned.

The proposals for the maximum aggregate remuneration payable to the Board of Directors and the Group Executive Board are prepared by the Personnel & Compensation Committee, verified by the Board of Directors and submitted to the AGM for approval. If a proposal is rejected, a new

proposal may be submitted by the Board of Directors. If it does so and this second proposal is also rejected, either an Extraordinary General Meeting may be convened within three months or the Board of Directors may submit the remunerations concerned to the next AGM for retrospective approval.

Since the maximum aggregate remuneration payable to the Board of Directors and the Group Executive Board are prospectively resolved, the AGM will also conduct an annual non-binding consultative referendum on the remuneration report.

The role of the Board of Directors

The Board of Directors resolves a remuneration policy based on the Articles of Incorporation which pays due and full regard to the company's culture and strategic objectives. The Board of Directors also determines the basic framework and design of the remuneration system for its members and the members of the Group Executive Board.

The Board of Directors proposes new Board members to the AGM, appoints the Group CEO and the further Group Executive Board members and specifies their terms and conditions of employment.

The Board of Directors resolves which maximum aggregate remuneration amounts payable to the Board of Directors and the Group Executive Board should be submitted to each AGM for approval.

In determining individual remuneration amounts, the Board of Directors abides by the resolutions of the AGM and by the relevant statutory and regulatory provisions regarding the division of authorities between itself and the Personnel & Compensation Committee. Within this framework, the Board of Directors bears ultimate responsibility for determining the remuneration payable to itself, the Group CEO and the further members of the Group Executive Board.

The Board of Directors compiles an annual remuneration report for submission to the AGM. The Board of Directors is also responsible for ensuring transparency in the remuneration awarded to its own members and the members of the Group Executive Board.

The role of the Personnel & Compensation Committee

For details of the composition of the Personnel & Compensation Committee, please see the corporate governance report. The Personnel & Compensation Committee is responsible in particular for:

- devising the guidelines for the CPH Group's remuneration policy (in particular the remuneration principles for the Board of Directors and the Group Executive Board) on behalf of the Board of Directors
- submitting proposals for the remuneration of the Board of Directors and the Group Executive Board to the full Board of Directors

- assessing the performance of the Group CEO and the further Group Executive Board members 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 personnel and remuneration policies along with groupwide salary developments

The Personnel & Compensation Committee generally meets three times (and at least twice) a year. The committee held three half-day meetings in 2023.

Every meeting of the Personnel & Compensation Committee is preceded by an agenda that is communicated to each member of the Board of Directors. The Committee also informs the other Board members at the next Board meeting of the topics it has discussed and the background to any proposals or recommendations submitted.

Any proposed changes to the remuneration of the Board of Directors, the Group CEO or further Group Executive Board members are submitted to the Board of Directors for approval by its Personnel & Compensation Committee, with due reference to the market comparisons conducted.

Market comparisons

The structure and amounts of the remuneration paid for certain functions are externally benchmarked every three years.

The latest such benchmark analysis of the remuneration paid for the various functions on the Board of Directors was conducted in the 2022 business year by a specialist outside company. The benchmark was performed against Swiss-based internationally active industrial companies of comparable size, corresponding to Group 1 for the Group Executive Board. Its findings were channelled into the corresponding remuneration from the 2023 AGM onwards.

The remuneration paid to the members of the Group Executive Board and the Divisional Managements was also analyzed by an external company in 2022. For the remuneration of the Group Executive Board, three benchmark groups were created. Group I consisted of Swiss-based internationally active industrial companies of comparable size (such as Huber + Suhner, Feintool, Burckhardt Compression, Aluflexpack and Vifor). Group II consisted of Swiss-based industrial companies active in Switzerland in comparable industrial sectors, i.e. chemistry, paper and packaging (such as Ems, Dottikon, Vetropack and Gurit). Group III comprised international subsidiaries (including those of companies in Groups I and II) based in China, Germany, the USA, Brazil and Bosnia and Herzegovina. The findings of these analyses in terms of the structure and the amounts of the remuneration paid were channelled into remunerations for 2023.

3 Remuneration system

Remuneration system for the Board of Directors

The remuneration paid to members of the Board of Directors consists of a fixed monetary sum whose amount depends on the function held (chairman, deputy chairman, technical committee chair or member). Members' work on either of the Board's two technical committees is additionally remunerated via meeting attendance fees. Board members are further awarded a flat daily allowance for any work beyond their normal meeting activities.

The remuneration awarded to members of the Board of Directors is basically paid in monetary form, though every member may elect to receive up to 20% thereof in the form of CPH shares from 2024. Should they choose to do so, the share price for share allocation purposes is the arithmetic mean of the closing prices of the CPH Chemie+Papier Holding AG share for the 15 consecutive calendar days immediately before and immediately after the publication of the annual results. Such shares carry voting and dividend rights from the moment of their award, but are subject to a three-year vesting period thereafter. During this vesting period the number of shares awarded is not subject to any further performance or results criteria or vesting conditions. But their value will vary depending on the share's stock-market price trends.

After this three-year vesting period, the shares awarded are at the recipient's free and full disposal.

To ensure that they remain independent in their exercising of their supervisory duties, the members of the Board of Directors are not awarded any remuneration in variable compensation form. The members of the Board of Directors are also not insured under any CPH occupational pension scheme.

The remuneration awarded to the members of the Board of Directors is determined on the basis of comparisons with published data for comparable Swiss industrial companies whose shares are also listed on the SIX Swiss Exchange. The corresponding proposal is then submitted by the Personnel & Compensation Committee to the full Board of Directors.

Remuneration system for the Group Executive Board

The remuneration awarded to the members of CPH's Group Executive Board consists of fixed compensation, variable compensation (STI), share-based remuneration (LTI), contributions to the occupational pension scheme and social security institutions and further remuneration components.

Fixed compensation:

The basic fixed compensation of each Group Executive Board member is awarded in full in monetary form.

Variable compensation (STI):

Individual performance influences the total remuneration awarded to all personnel, including management members. On the basis of this principle, in addition to their fixed compensation, the members of the Group Executive Board also receive variable compensation in the form of a short-term incentive or STI, which is paid in monetary form with the amount awarded based on the achievement of specified targets.

60 % of the variable compensation is based on the achievement of quantitative targets set for the financial metrics of EBIT, operating cash flow and net working capital (each weighted equally), with the remaining 40 % based on the achievement of clearly defined performance targets in the fields of customers & market, innovation, processes, leadership & personnel and sustainability (underpinned by quantitative and qualitative goals). These non-financial targets help ensure the further sustainable development and the long-term appreciation in the value of the CPH Group and its constituent divisions.

The Heads of Divisions' performance in financial metrics terms is based two-thirds on the results of their division and one-third on Group results.

For each Group Executive Board member, a target STI variable compensation is agreed which is paid if the targets concerned are achieved in full. The actual variable compensation paid is based on the degrees to which such targets are met, with the maximum STI compensation payable amounting to 150 % of the target set. The gradations between the bottom and top variable compensation payment limits of 0 % and 150 % may be linear or stepped for each individual target: the details are determined in the annual target-setting process, which is used to determine the degrees of target achievement and thus to determine the variable compensation payable.

The maximum STI variable compensation payable is 100 % of fixed basic compensation for the Group CEO and 50 % of fixed basic compensation for the further Group Executive Board members.

The targets for all target areas are prescribed by the Board of Directors for all Group Executive Board members (with financial targets derived directly from agreed budget parameters). The Group CEO and the further Group Executive Board members may make target proposals, and the Group CEO may make proposals for the remuneration of the further Group Executive Board members. The latter have their achievement of their annual targets assessed by the Group CEO, who submits their resulting recommendations to the Personnel & Compensation Committee, while the Group CEO's performance is assessed by the Chairman of the Board. All such assessments are discussed by the Personnel & Compensation Committee, which then submits a report to the full Board on the degrees to which each Group Executive Board member has achieved the targets set, together with recommendations on the individual STI variable compensations to be paid.

Group Executive Board members joining or leaving the company during a business year have their STI variable compensation entitlement for the year concerned calculated on a corresponding pro rata basis.

Share-based variable remuneration (LTI):

The members of the Group Executive Board are further offered the long-term incentive (LTI) of share-based variable remuneration in the form of a restricted stock plan. From the 2023 business year onwards, the number of shares assigned thereunder is based on performance and results and calculated on the basis of the target LTI award and the degree of achievement of the STI targets set. The award price of such shares is the arithmetic mean of the closing prices of the CPH Chemie+Papier Holding AG share for the 15 consecutive calendar days immediately before and immediately after the publication of the annual results for the business year concerned.

The shares are bindingly awarded immediately after their award price has been set. Such shares carry voting and dividend rights from the moment of their award, but are subject to a three-year vesting period thereafter. During this vesting period the number of shares awarded is not subject to any further performance or results criteria or vesting conditions. But their value will vary depending on the share's stock-market price trends.

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

The number of shares to be awarded to each Group Executive Board member is determined on the basis of their individual target LTI award and their actual degree of target achievement. The shares required for such awards are acquired by CPH Chemie+Papier Holding AG on the equities market. The shares are awarded in annual tranches, immediately after their award price has been set following publication of the corresponding annual results.

Group Executive Board members joining or leaving the company during a business year have their LTI variable compensation entitlement for the year concerned calculated on a corresponding pro rata basis.

The above restricted stock plan was extended by analogy to the members of the CPH Group's three Divisional Executive Boards in the 2023 business year.

Occupational pension scheme:

An occupational pension scheme is maintained for the CPH Group under which all the Group's Swiss-based employees are insured, including the members of the Group Executive Board. There is no additional occupational pension scheme for Group Executive Board members.

Further remuneration:

The further remuneration awarded consists of the private use of company cars and any long-service awards.

Any new members of the Group Executive Board who are appointed and assume their duties after the AGM has approved the maximum aggregate Group Executive Board remuneration for the business year concerned may – under Article 23 of the Articles of Incorporation of CPH Chemie + Papier Holding AG – be paid an additional amount totalling (for all such new members) no more than 40 % of this maximum aggregate amount.

The Group CEO has a contractual notice period of twelve months, while the further Group Executive Board members have a contractual notice period of six months. There are no contractual agreements for severance payments.

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

The amounts shown are the remuneration paid for the year concerned, regardless of when such payment was made, i.e. they are presented on an accrual basis. The remuneration is shown in net form, i.e. the employee's and the employer's occupational pension scheme and social security contributions are separately shown. The shares assigned to members of the Group Executive Board are shown at actual market value.

Notes on the remuneration paid to the Board of Directors

A maximum aggregate remuneration of the Board of Directors of CHF 0.9 million was approved for the period between the 2022 and the 2023 Annual General Meetings by the Annual General Meeting of 17 March 2022. At an actual aggregate remuneration for the period of CHF 0.9 million, this maximum was duly observed.

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

	Function	Finance & Audit Committee	Personnel & Compensation Committee	Fixed remuneration	Vice chairman
in CHF thousands					
2023					
Peter Schaub	Chairman	Member	Personnel only	309	-
Tim Talaat	Deputy Chairman		Chairman	91	16
Kaspar W. Kelterborn	Member	Chairman		91	-
Claudine Mollenkopf	Member		Member	91	-
Manuel Werder	Member	Member		91	-
Christian Wipf	Member		Member	91	-
Total Board of Directors				764	16
2022					
Peter Schaub	Chairman	Member	Personnel only	300	-
Tim Talaat	Deputy Chairman		Chairman	85	-
Kaspar W. Kelterborn	Member	Chairman		85	-
Claudine Mollenkopf	Member		Member	85	-
Manuel Werder	Member	Member		85	-
Christian Wipf	Member		Member	85	-
Total Board of Directors				725	-

¹ From 2023, the employee share of social security contributions will be paid to members of the Board of Directors who are not subject to Swiss social security.

The remuneration shown for 2023 was slightly above its prior-year level, because the maximum aggregate remuneration between AGMs was increased to CHF 1.0 million from the 2023 AGM onwards on the basis of the benchmark analyses conducted. The composition of the Board of Directors and thus also the number of Board members saw no changes in 2023.

No remuneration was paid to any former members of the Board of Directors.

Chair Board committees	Meeting fees Board committees	Total remuneration, net	Social security contributions, share of employee ¹	Total remuneration, gross	Social security contributions, share of employer	Total remuneration
-	-	309	19	328	19	347
16	8	131	9	140	9	149
16	8	115	8	123	8	131
-	8	99	7	106	-	106
-	8	99	7	106	7	113
-	8	99	5	104	5	109
32	40	852	55	907	48	955
-	-	300	19	319	19	338
15	8	108	7	115	7	122
15	8	108	7	115	7	122
-	8	93	-	93	-	93
-	8	93	6	99	6	105
-	8	93	6	99	6	105
30	40	795	45	840	45	885

Notes on the remuneration paid to the Group Executive Board

A maximum annual aggregate remuneration of the Group Executive Board of CHF 4.0 million was approved for the 2023 business year by the Annual General Meeting of 14 March 2023. Actual aggregate remuneration of the Group Executive Board for 2023 was lower than this maximum by CHF 0.5 million.

The fixed compensation and the total remuneration paid to the Group Executive Board for 2023 were below their prior-year levels. This was partly because the compensation amounts paid were adjusted on the basis of benchmark analyses from the 2023 business year onwards. It was also because certain Group Executive Board functions had been doubly occupied at times in the previous year owing to personnel changes: the Group CFO position from January to March 2022 and the Head of Packaging position from February to April 2022.

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

No remuneration was paid to any former Group Executive Board members.

5 Transactions with members of the Board of Directors, members of the Group Executive Board and related parties (audited)

No loans were made to any current or former members of the Board of Directors or the Group Executive Board or any parties related to the same, and no such loans are outstanding.

No remuneration was paid to any parties related to members of the Board of Directors or the Group Executive Board (with the exception of those shown under Note 31, 'Transactions with related parties' of the Notes to the consolidated financial statements). No transactions were conducted on non-market terms with any natural persons or legal entities related to any Board of Directors or Group Executive Board members.

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

in CHF thousands	Fixed remuneration	Variable remuneration (STI)	Share-based remuneration (LTI)	Total remuneration, net	Social security contributions, share of employee	Total remuneration, gross	Social security contributions, share of employer	Further remuneration	Total remuneration
2023									
Peter Schildknecht, CEO	456	287	93	836	154	990	178	4	1 172
Other members of the Group Executive Board	1 053	409	202	1 664	316	1 980	347	48	2 375
Total Group Executive Board	1 509	696	295	2 500	470	2 970	525	52	3 547
2022									
Peter Schildknecht, CEO	444	387	51	882	151	1 033	173	10	1 216
Other members of the Group Executive Board	1 105	401	125	1 631	328	1 959	359	55	2 373
Total Group Executive Board	1 549	788	176	2 513	479	2 992	532	65	3 589

6 Shares held (audited)

Board of Directors

Number of shares ¹	31.12.2023	31.12.2022
Peter Schaub, Chairman	892 012	892 012
Tim Talaat, Deputy Chairman	145 542	145 542
Claudine Mollenkopf	300	300
Manuel Werder	128 347	128 347
Christian Wipf	400	400
Total Board of Directors	1 166 601	1 166 601

¹ including related parties, insofar as under significant influence

Group Executive Board

Number of shares ¹	31.12.2023					31.12.2022				
	not restricted	restricted until 11.03.24	restricted until 14.03.25	restricted until 07.03.26	Total	not restricted	restricted until 11.03.23	restricted until 11.03.24	restricted until 14.03.25	Total
Peter Schildknecht, CEO	993	894	955	677	3 519	200	793	894	955	2 842
Gerold Brütsch, CFO	-	-	478	339	817	-	-	-	478	478
Klemens Gottstein, Head of Paper Division	397	447	478	339	1 661	-	397	447	478	1 322
Marc Haller, Head of Packaging Division	-	-	478	339	817	-	-	-	478	478
Alois Waldburg-Zeil, Head of Chemistry Division	797	447	478	339	2 061	400	397	447	478	1 722
Total Executive Board	2 187	1 788	2 867	2 033	8 875	600	1 587	1 788	2 867	6 842

¹ including related parties, insofar as under significant influence

7 External mandates held by members of the Board of Directors and the Group Executive Board (audited)

The table below shows all the external mandates held by the members of the Board of Directors and the Group Executive Board at the end of 2023 in comparable functions at other companies with a business purpose. Details of the professional backgrounds, other activities and vested interests of all members of the Board of Directors and the Group Executive Board are provided in the Corporate Governance section from Page 44 onwards.

Board of Directors member	Company	Mandate
Peter Schaub	Weber Schaub & Partner AG	Partner
	FineSolutions AG	Chairman of the Board of Directors
	LBK Capital Group AG	Chairman of the Board of Directors
	Mobimo AG	Chairman of the Board of Directors
	Oakbridge AG	Chairman of the Board of Directors
	Scobag Privatbank AG	Chairman of the Board of Directors
	Swiss Industrial Finance AG	Chairman of the Board of Directors
	Zindel Immo Holding AG	Chairman of the Board of Directors
	UBV Holding AG	Vice-Chairman of the Board of Directors
	ECOVIS ws&p AG	Member of the Board of Directors
	Rüegg Cheminée Holding AG	Member of the Board of Directors
	Sportbahnen Hochwang AG	Member of the Board of Directors
Tim Talaat	SIHAG Swiss Industrial Holding AG	Majority shareholder and Chairman of the Board of Directors
	Bachofen AG	Member of the Board of Directors
	Single Group GmbH	Chairman of the Advisory Board
Kaspar W. Kelterborn	Kelterborn Advisory AG	Owner
	Burckhardt Compression AG	Member of the Board of Directors
	Karl Bubenhofer AG	Member of the Board of Directors
	RUAG International Holding AG	Member of the Board of Directors
	Wipf Holding AG	Member of the Board of Directors
Claudine Mollenkopf	Evonik Industries	President of the Specialty Additives Division
	Evonik Operations GmbH	Member of the Executive Board and Member of the Boards of Directors of various subsidiaries
Manuel Werder	Niederer Kraft Frey AG	Partner
	KAEFER International AG	Member of the Board of Directors
	Nikathron Holding AG	Member of the Board of Directors
	UBV Holding AG	Member of the Board of Directors
	Dreyfuss & Co SA	Director
	Fabrique de montres Rotary S.A.	Director
	Omniva Technologies (CH) GmbH	Manager
Christian Wipf	Wipf Familienholding AG	Member of the Board of Directors and Chairman of the Boards of Directors of various subsidiaries

Group Executive Board member	Company	Mandate
Peter Schildknecht	Rennergia Zentralschweiz AG	Member of the Board of Directors
	Kowema AG	Member of the Board of Directors
	Buss AG	Member of the Board of Directors
	Hoffmann Neopac AG	Member of the Board of Directors
Alois Waldburg-Zeil	Canexis Pharma AG	Member of the Board of Directors

Report on the audit of the remuneration report

Opinion

We have audited the remuneration report of CPH Chemie+Papier Holding AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to article 734a–734f CO in the tables and sections marked 'audited' on pages 55 to 62 of the remuneration report.

In our opinion, the information pursuant to article 734a–734f CO in the remuneration report (pages 55 to 62) complies with Swiss law and the Company's articles of incorporation.

Basis for opinion

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

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

Other information

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

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

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

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

Board of Directors' responsibilities for the remuneration report

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

Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information pursuant to article 734a–734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

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

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

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

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

PricewaterhouseCoopers AG



Norbert Kühnis
Licensed audit expert



Josef Stadelmann
Licensed audit expert

Auditor in charge

Zürich, 9 February 2024

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Financial report

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Consolidated income statement

in CHF thousands	Note	2023	2022
Net sales	1, 2	623 982	725 351
Other operating income	3	13 422	21 013
Change in inventories		-7 896	18 742
Total income		629 508	765 106
Cost of materials		-303 185	-397 417
Cost of energy		-66 169	-73 243
Personnel expense	4	-102 912	-101 707
Maintenance and repairs		-22 064	-27 887
Other operating expense	5	-33 173	-33 758
Operating result before depreciation and amortization (EBITDA)		102 005	131 094
Depreciation on tangible fixed assets	14	-17 812	-16 353
Amortization of intangible assets	16	-1 390	-2 276
Operating result (EBIT)		82 803	112 465
Financial result	6	-2 821	-4 288
Ordinary result		79 982	108 177
Non-operating result	7	11 998	-8 021
Result before income taxes		91 980	100 156
Income taxes	8	-12 974	886
Net result		79 006	101 042
Thereof:			
– Shareholders of the company		78 885	100 953
– Minority shareholders		121	89
Earnings per share (in CHF)	9	13.15	16.83
Diluted earnings per share (in CHF)	9	13.15	16.83

Consolidated balance sheet

in CHF thousands	Note	31.12.2023	31.12.2022
Assets			
Cash and cash equivalents	10	107 640	143 614
Trade receivables	11	71 100	93 931
Other receivables	12	19 285	21 880
Inventories	13	102 077	113 097
Prepayments and accrued income		5 847	9 644
Total current assets		305 949	382 166
Tangible fixed assets	14	221 977	213 662
Financial assets	15	66 339	65 836
Intangible assets	16	3 926	4 527
Total fixed assets		292 242	284 025
Total assets		598 191	666 191
Equity and liabilities			
Financial liabilities	17	723	98 851
Trade payables	18	71 039	93 011
Other payables	19	7 724	6 546
Provisions	20	8 848	7 835
Accrued expenses and deferred income	21	32 278	27 229
Total current liabilities		120 612	233 472
Other liabilities		48	1 718
Provisions	20	41 260	31 434
Total non-current liabilities		41 308	33 152
Share capital	22	1 200	1 200
Capital reserves		-45	-56
Own shares	23	-408	-
Retained earnings	24	435 524	397 066
Total shareholders' equity without minorities		436 271	398 210
Minorities		-	1 357
Total shareholders' equity		436 271	399 567
Total liabilities and equity		598 191	666 191

Consolidated cash flow statement

in CHF thousands	Note	2023	2022
Net result		79 006	101 042
Depreciation on fixed assets	14, 16	19 202	18 629
Change in provisions	20	11 331	13 434
Result from sale of fixed assets		-18 871	-1 263
Other non-cash items		-330	-2 388
Cash flow before change in non-financial net working capital		90 338	129 454
Change in trade receivables	11	18 722	-26 720
Change in inventories	13	7 443	-27 230
Change in other receivables, prepayments and accrued income		3 263	3 525
Change in trade payables	18	-17 104	6 858
Change in other payables, accrued expenses and deferred income		7 200	11 741
Cash flow from operating activities		109 862	97 628
Capital expenditures for tangible fixed assets	14	-33 772	-32 878
Capital expenditures for intangible assets	16	-874	-1 027
Disposal of tangible fixed assets	14	19 063	4 285
Purchase of minorities	32	-2 416	-
Cash flow from investing activities		-17 999	-29 620
Free cash flow		91 863	68 008
Change in current financial liabilities	17	656	-3 200
Repayment of bond	17	-98 730	-1 270
Repayment of non-current financial liabilities	17	-	-6 505
Purchase of treasury shares	23	-588	-213
Distribution to shareholders		-27 000	-7 800
Cash flow from financing activities		-125 662	-18 988
Currency translation on cash and cash equivalents		-2 175	-490
Net change in cash and cash equivalents		-35 974	48 530
Cash and cash equivalents as at 1 January	10	143 614	95 084
Cash and cash equivalents as at 31 December	10	107 640	143 614

Consolidated statement of changes in shareholders' equity

	Share capital	Capital reserves	Treasury shares	Retained earnings				Total shareholders' equity without minorities	Minorities	Total shareholders' equity
				Retained earnings, gross	Currency translation	Goodwill	Total			
in CHF thousands										
Shareholders' equity as at 1 January 2022	1 200	-56	-	392 596	-21 593	-63 021	307 982	309 126	1 368	310 494
Distribution to shareholders				-7 800			-7 800	-7 800		-7 800
Net result				100 953			100 953	100 953	89	101 042
Share-based remuneration			213				-	213		213
Purchase of treasury shares			-213				-	-213		-213
Currency translation					-4 069		-4 069	-4 069	-100	-4 169
Shareholders' equity as at 31 December 2022	1 200	-56	-	485 749	-25 662	-63 021	397 066	398 210	1 357	399 567
Distribution to shareholders				-27 000			-27 000	-27 000		-27 000
Net result for the period				78 885			78 885	78 885	121	79 006
Share-based remuneration		11	180				-	191		191
Purchase of treasury shares			-588				-	-588		-588
Purchase of minorities						-1 019	-1 019	-1 019	-1 397	-2 416
Currency translation					-12 408		-12 408	-12 408	-81	-12 489
Shareholders' equity as at 31 December 2023	1 200	-45	-408	537 634	-38 070	-64 040	435 524	436 271	-	436 271

See also Note 22, Share capital, Note 23, Treasury shares and Note 24, Retained earnings.

Notes to the consolidated financial statements

Introductory information

Company information

The CPH Group is active in three industrial sectors. The Group develops, manufactures and distributes chemical products, newsprint and magazine paper and blister pack films for pharmaceutical customers. Headquartered in Switzerland, the Group maintains production facilities at

eleven locations in 6 countries in Europe, Asia and North and South America. With its innovative products, the CPH Group offers its customers clear added value.

The shares of the Group's holding company CPH Chemie+Papier Holding AG are listed on the SIX Swiss Exchange.

Scope of consolidation

The scope of consolidation extends to the following controlled companies, which are all fully consolidated (changes from prior year are explained below):

	Currency	Capital in thousands	Shareholding
CPH Chemie + Papier Holding AG, Root, Switzerland	CHF	1 200	100 %
CPH Immobilien AG, Root, Switzerland ¹	CHF	500	100 %
Chemistry			
Zeochem AG, Rüti ZH, Switzerland ¹	CHF	1 000	100 %
Zeochem L.L.C., Louisville, USA	USD	36 547	100 %
Zeochem d.o.o., Zvornik, Bosnia-Herzegovina	BAM	2	100 %
Jiangsu Zeochem Technology Co. Ltd., Lianyungang, China ¹	CNY	82 800 ²	100 % ²
Zeochem Pte. Ltd., Singapore, Singapore	SGD	1	100 %
Paper			
Perlen Papier AG, Root, Switzerland ¹	CHF	81 000	100 %
Perlen Papier Immobilien AG, Root, Switzerland	CHF	1 000	100 %
APS Altpapier Service Switzerland AG, Root, Switzerland	CHF	100	100 %
Perlen Deutschland GmbH, Munich, Germany	EUR	100	100 %
Hotel & Gasthaus Die Perle AG, Root, Switzerland ³	CHF	100	100 %
Packaging			
Perlen Packaging AG, Root, Switzerland ¹	CHF	24 000	100 %
Perlen Packaging L.L.C., Whippany, USA	USD	1 000	100 %
Perlen Packaging GmbH, Müllheim, Germany	EUR	1 300	100 %
Perlen Packaging (Suzhou) Co., Ltd., Suzhou, China	USD	13 000	100 %
Perlen Packaging Anápolis Indústria e Comércio Ltda., Anápolis, Brazil	BRL	2 464	100 %

¹ Directly held by CPH Chemie + Papier Holding AG

² Until 18 September 2023 92 % of CNY 90 million, see note 32 to the consolidated financial statements

³ Founded on 6 September 2023

Accounting principles

Presentation principles

These consolidated financial statements present a true and fair view of the financial performance and positions of the CPH Group. They have been prepared in accordance with all the current guidelines set out in the Swiss GAAP FER Accounting and Reporting Recommendations. They also comply with the provisions of the Listing Rules of the SIX Swiss Exchange and the Swiss law on accounting and financial reporting. The accounting principles of the CPH Group were unchanged in 2022.

The consolidated financial statements are based on the annual financial statements of the Group companies, which are prepared using common accounting principles. The consolidated financial statements are based on the historical cost principle, and have been prepared on a going concern basis.

Consolidation principles

The consolidated financial statements consist of the annual financial statements of all the companies of the CPH Group in and outside Switzerland for which CPH Chemie+Papier Holding AG directly or indirectly controls the financial and business activity. This is generally the case with an equity holding of more than 50%. In accordance with the full consolidation method, these companies' assets and liabilities and income and expenditures are incorporated in full. Intermediate profits from intragroup deliveries and services are eliminated.

The shares of minority shareholders in the shareholders' equity and the net results of consolidated companies are shown separately as minority interests on both the consolidated balance sheet and the consolidated income statement.

Shareholdings in associated companies are presented using the equity method. These are companies which the CPH Group does not control but on which the Group still exercises significant influence. This is generally the case when voting rights of between 20% and 50% are held.

Business combinations

Group companies acquired in the course of the year are consolidated as of the date of CPH's assumption of control. When a company is acquired, its net assets are determined at their current value and integrated using the purchase method. The resulting goodwill is offset against shareholders' equity.

In the case of step acquisitions of minorities, the goodwill is determined separately for each acquisition step. If the purchase price of an acquisition includes elements that are linked to future earnings, the value of these elements is estimated as accurately as possible at the time of acquisition for goodwill calculation purposes. Should there be deviations from these estimates when the final purchase price is determined, the goodwill offset against Group equity is adjusted accordingly.

Group companies disposed of in the course of the year are deconsolidated as of the date of CPH's cession of control. The cumulative goodwill relating to the business concerned is derecognized in shareholders' equity and disclosed in the income statement as part of the profit or loss on the disposal.

Foreign currency translation

The consolidated financial statements are presented in Swiss francs (CHF). The financial statements of consolidated companies which are in other currencies are translated into Swiss francs as follows:

- assets and liabilities: at the exchange rate on the balance sheet date
- shareholders' equity: at historical rates
- income statements and cash flow statements: at the average rate for the year
- movements in fixed assets and provisions: at the average rate for the year

Any differences arising from foreign currency translation are taken to shareholders' equity not affecting net income. Any translation differences arising from long-term intragroup financing of an equity nature are credited or debited to shareholders' equity. The currency

translation differences shown in shareholders' equity derive from the development of shareholders' equity.

In the event of the disposal of a part of the business, the corresponding cumulative foreign currency translation differences deriving from the translation of the financial statements and from any intragroup loans with equity character are derecognized and disclosed in the income statement as part of the profit or loss on the sale.

In the individual financial statements subject to consolidation, transactions in foreign currencies are translated into the local currency at the exchange rate valid as at the time of the transaction. Assets and liabilities in foreign currencies are translated at the exchange rate valid on the balance sheet date.

Assumptions and estimates

These consolidated financial statements are based on assumptions and estimates which have an influence on the presented financial performance and positions. These assumptions and estimates have been made to the best of CPH's knowledge and on the basis of the information available at the time of compiling the statements. Actual results may deviate accordingly from the values presented. The greatest influence on the consolidated financial statements derives from estimates in the following areas:

- Impairments: All assets are subject to an assessment on the balance sheet date of whether any indications exist that the carrying value of the asset concerned exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and its value in use. If an impairment is required, the asset's carrying value is reduced to its recoverable amount, with the impairment amount charged to the result for the period concerned.
- Income taxes: The calculations of current tax liabilities are subject to the interpretation of the tax laws in the countries concerned. The applicability of these is largely retroactively assessed for multiple financial years in the light of definitive assessments and of company audits by the tax authorities.
- Provisions: Provisions are made for liabilities whose amount is uncertain. In view of this, such provisions may have to be adjusted in the light of future events, with a corresponding impact on the income statement.

Subtotals

These consolidated financial statements include subtotals (or alternative performance indicators) which are not prescribed or defined by Swiss GAAP FER. Such subtotals are used by management to steer and control the Group's business divisions and to enhance the informative value of these consolidated financial statements. Such subtotals include:

- Total income: Total income, which is shown in the consolidated income statement, is the total of net sales, other operating income and change in inventories.
- EBITDA (earnings before interest, taxes, depreciation and amortization): EBITDA, which is shown in the consolidated income statement, is the total of earnings before interest and taxes (EBIT) plus depreciation and amortization on fixed assets and any impairments thereto.

- Cash flow before change in non-financial net working capital: This amount, which is shown in the consolidated cash flow statement, is the total of the cash flows from operating activities plus changes in non-financial net working capital.
- Free cash flow: This amount, which is shown in the consolidated cash flow statement, is the total of the cash flows from operating and from investing activities.

Capitalization and valuation principles

Net sales

Net sales comprise the sales of products and services resulting from ordinary business activities. A sale is recorded when it is likely that its economic benefit will accrue to the CPH Group and its amount can be reliably calculated.

The sale is regarded as realized with the transfer to the customer of the benefit and the risks concerned. Silicate chemistry products, newsprint, magazine paper and coated pharmaceutical packaging films are the Group's main sales generators; sales from its services are negligible. Net sales are sales less such deductions as price reductions, rebates, discounts, special distribution charges, value-added tax and bad-debt losses.

Change in inventories

This item comprises the changes to the inventories of semi-finished and finished products.

Other operating income

The operating income shown under this item derives mainly from energy sales, from sales of carbon credits, from sales of reusable materials and from leases and rentals of business premises.

Cost of materials

This item comprises all the costs of raw, auxiliary and operating materials, the cost of merchandise and the expenses incurred through the external manufacture or processing of the Group's own products (third-party services).

Cost of energy

Cost of energy includes the costs of electricity and steam obtained from external suppliers, heating oil, natural gas, water and fuelwood.

Personnel expense

Personnel expense comprises all the amounts paid to employees employed under the labour law for the work they perform. It also includes all compulsory and voluntary social security contributions, including company pension scheme premiums and contributions. It further includes other personnel expense such as the costs of temporary personnel, recruitment, initial and further training and the reimbursement of expenses incurred in connection with professional training.

Occupational pensions

The CPH Group maintains various occupational pension schemes and plans which are each aligned to the local requirements and conditions in the countries concerned. These occupational pension schemes are legally autonomous, and are financed by contributions from employers

and employees. The occupational pension benefit obligations of the Group companies in respect of old age, death or disability are aligned to the local provisions and practices in the countries concerned. The Group's most significant companies are located in Switzerland, where occupational pension provision is grouped within an independent foundation.

The actual economic impact of these plans on the CPH Group is calculated as of the balance sheet date. The determination of any funding surplus or funding shortfall is based on annual financial statements compiled for each scheme in accordance with Swiss GAAP FER 26 for Swiss-domiciled companies, and on the corresponding local provisions for Group companies domiciled outside Switzerland. Economic benefit is capitalized – if such action is permissible and intended – for use in future pension scheme contributions from the CPH Group. Economic obligations are recognized as liabilities if the requirements for the creation of a provision are met. Freely disposable employer contribution reserves are capitalized.

Share-based compensation

Share-based compensation is valued at the share price applicable as at the date the shares are allocated and is recorded under both shareholders' equity (deduction from own shares held) and personnel expense. The difference between the share price as at the date of allocation and the purchase price of the own shares is disclosed in the capital reserves.

Research and development

Research costs are recognized in the income statement as they occur. Development costs are capitalized as intangible assets only to the extent that the amount capitalized is covered by expected future income. All other development costs are recognized in the income statement as they occur.

Maintenance and repairs

This item comprises expenditure on maintenance, repairs and servicing (including the materials required) which are performed by third parties and are not capitalized as value-adding fixed assets. It also includes the cost of materials used in maintenance and repairs performed by the Group's own personnel.

Other operating expense

This item consists of sales and administration costs and other operating expenses.

Non-operating result

The non-operating result includes any income or expenses deriving from sources that are clearly separate from operating activities.

Extraordinary result

The extraordinary result includes any income or expenses that arise from business transactions which clearly deviate from ordinary business operations.

Income taxes

Income tax expense comprises all the income taxes levied on the taxable profit of the CPH Group. Provisions are made for all current income tax liabilities under accrued liabilities. Deferred income taxes are recognized for differences in valuation between the assets and liabilities valued on the consolidated balance sheet using standard groupwide guidelines and the taxable values thereof. The deferred income taxes on these valuation differences are calculated at the local tax rates which are expected to apply. In the event of any change to these tax rates or to the valuation differences, these deferred tax amounts are adjusted accordingly via the income statement. Deferred tax liabilities are disclosed under provisions, while deferred tax assets are disclosed under financial assets. Any adjustments to deferred income taxes are booked to deferred income tax expense.

Provisions are only made for taxes (withholding taxes in particular) levied on distributions of retained earnings (primarily of Group companies) if the distribution of such retained earnings is considered likely.

Deferred income taxes on temporary differences may only be recognized if they are likely to be fiscally offset through future profits. Deferred taxes on losses carried forward are not capitalized.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, postal and bank account balances and call and term deposits with a residual term to maturity of 90 days or less. They are measured at nominal value.

Trade receivables

Trade receivables consist of amounts due for deliveries made and services rendered which have been invoiced but for which payment has not yet been received. They are stated at nominal value less any necessary individual value adjustments. Necessary value adjustments are determined on the basis of the maturity structure and identifiable credit risk.

Other receivables

Other receivables consist of short-term claims that are not based on deliveries made and/or services rendered. Other receivables are stated at their nominal value, less any necessary value adjustments.

Inventories

Inventories are stated at the lower of their average purchase price or production cost, but at no higher than their net realizable value. Any discounts received on purchases are treated as purchase price reductions. In addition to their direct material and personnel costs, the production costs of semi-finished and finished inventories include a proportion of their production overheads. Appropriate value adjustments are effected for obsolete stock with due regard to identifiable risks.

Prepayments and accrued income

This item consists of expenses paid in the current accounting period that will be charged in a later accounting period, and of income earned in the period but not accounted for and collected until after the balance sheet date.

Tangible fixed assets

Tangible fixed assets (including those held solely for investment purposes) are capitalized at their purchase price less necessary depreciation and/or impairments. All depreciation is effected using the straight-line method over the asset's useful life. Maintenance and repair expense is charged directly to the income statement. Extensive overhauls of fixed assets are capitalized if they result in measurable added value in the form of higher performance or an extended useful life.

The useful lives assumed for depreciation purposes are as follows:

- Land: not depreciated
- Land use rights: duration of right of use
- Residential property: 50–100 years
- Office buildings: 33–66 years
- Industrial buildings and infrastructure: 25–50 years
- Installations in rented premises: length of rental agreement
- Installations, production plant and machinery: 5–30 years
- IT hardware: 3–8 years
- Other tangible fixed assets: 5–15 years

Financial assets

Financial assets may consist of minority shareholdings, employer's contribution reserves for occupational pension schemes, economic benefit from occupational pension schemes, deferred income tax assets and/or interest-bearing or non-interest-bearing non-current receivables.

Minority shareholdings in companies over which the CPH Group does not exercise substantial influence (which is generally the case with a voting share of less than 20 %) are capitalized at their purchase price less any necessary value adjustments.

Employer's contribution reserves without waiver of use are capitalized at their nominal value. Any changes in them are recognized in the income statement as personnel expense.

Economic interests in occupational pension schemes are capitalized to the extent that these may be used for the company's future occupational pension scheme payment obligations. Any changes in them are recognized in the income statement as personnel expense.

Interest-bearing and non-interest-bearing non-current financial receivables are recorded at their nominal value less any necessary individual value adjustments.

Intangible assets

Intangible assets include software, capitalized development costs, licences, patents and brands. These are valued at their purchase price or manufacturing cost less any amortization required. Amortization is effected on a straight-line basis over the item's useful life, up to a maximum five-year period.

Intangible assets also include the carbon credits issued free of charge by the Swiss Federal Office for the Environment, which are initially capitalized at their zero acquisition price. Carbon credits are derecognized upon their use or sale. Any income from such sales is disclosed under other operating income.

Impairment of assets

All assets are assessed for any impairment in value as at the balance sheet date. This assessment is based on any events and/or indications which suggest that an asset may have been impaired.

If the asset's book value exceeds its realizable value (i.e. the higher of its net market value and its value in use), a corresponding impairment will be effected, with the impairment loss recognized in the income statement. If the factors previously considered in the calculations of an asset's realizable value have significantly improved, an impairment effected in an earlier accounting period will subsequently be partially or wholly reversed.

Financial liabilities

Financial liabilities consist of interest-bearing liabilities, particularly due to banks, bondholders and lessors (via financial leases). They are stated at their nominal value. Financial liabilities maturing in one year or less are recognized as current financial liabilities; financial liabilities maturing in more than one year are recognized as non-current financial liabilities.

Trade payables

Trade payables include all non-interest-bearing current liabilities resulting from ordinary business activities. They are recorded at their nominal value.

Other payables

Other payables are liabilities that are not classified as trade payables or as financial liabilities. They are measured at their nominal value. Other payables are presented under current or non-current liabilities, depending on their maturity.

Provisions

Provisions are effected for future liabilities that are likely to arise from an event in the past (i.e. before the balance sheet date) whose amount and/or due date is uncertain but may be estimated. All provisions made are reappraised on every balance sheet date. Any release of provisions is effected via the same position on the income statement through which the provision was originally effected. A distinction is made between current provisions (for obligations likely to be due within one year) and non-current provisions (for obligations likely to be due later than this).

Accrued liabilities and deferred income

This item consists of liabilities incurred before the balance sheet date that will not be due for payment until a later accounting period as well as income accrued before the balance sheet date for a product or service to be provided in a later accounting period.

Shareholders' equity

Shareholders' equity consists of share capital, capital reserves, own shares, retained earnings and minorities. The nominal value of the company's share capital is disclosed as share capital.

The net result is credited to retained earnings. Dividend payments are deducted from retained earnings. The differences deriving from currency translations for Group companies are credited to or debited from retained earnings. The goodwill deriving from acquisitions is offset against retained earnings at the time of acquisition, while any negative goodwill is credited to retained earnings.

All other changes in capital are offset against capital reserves.

Treasury shares

Treasury shares are shown at their original purchase price. Treasury shares held are presented as a negative item in shareholders' equity. Treasury shares are not revalued following their initial valuation. If they are later sold, the resulting profit or loss is credited to or debited from the capital reserves.

Goodwill

Goodwill deriving from acquisitions is offset against retained earnings at the time of acquisition. In the event of the subsequent disposal or closure of a part of the business concerned, any associated goodwill previously offset against shareholders' equity is derecognized and is disclosed in the income statement as part of the profit or loss from the sale.

The impact of any theoretical capitalization and amortization is shown in the notes. For theoretical accounting purposes, goodwill is generally written down over its useful economic life (typically five years). Impairments are effected if required.

Leases

A finance lease is deemed to exist if the lessor transfers the benefit of ownership of the leased item and the key risks associated with it to the lessee. The leased item is capitalized at the start of the leasing period as both a fixed asset and a liability, at the lower of its current market value or the net cash value of the future leasing instalments. Each leasing instalment is divided into a financing expense and a repayment amount to produce a constant interest rate for the resulting financial liability. Financing costs are recognized directly in the income statement, where they are shown as interest expense in the financial result. Capitalized leasing items are depreciated over the shorter of their estimated service life or the lease's duration.

An operating lease is deemed to exist if a large part of the risks associated with ownership of the leased item remains with the lessor. Operating lease payments are recognized in the income statement as a constant other operating expense over the lease's duration.

Derivative financial instruments

Derivative financial instruments intended as hedges of future cash flows are not capitalized, but are disclosed in the notes to the consolidated financial statements. Derivative financial instruments intended as hedges of balance sheet items are subject to the same valuation principles as the underlying hedged item. Changes in their value since the previous valuation are recorded in the result for the period. Derivative financial instruments intended for trading purposes are recorded at their market value. Changes in such market value since the previous valuation are recorded in the financial result.

Notes to the consolidated income statement

1. Segment information

in CHF thousands	Chemistry		Paper		Packaging		Other/ Consolidation		CPH Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net sales	124 169	110 257	262 482	384 478	237 331	230 616	-	-	623 982	725 351
EBITDA	22 060	19 141	36 573	80 570	42 861	31 360	511	23	102 005	131 094
EBITDA margin	17.8 %	17.4 %	13.9 %	21.0 %	18.1 %	13.6 %			16.3 %	18.1 %
EBIT	15 762	13 811	30 538	75 095	36 106	23 668	397	-109	82 803	112 465
EBIT margin	12.7 %	12.5 %	11.6 %	19.5 %	15.2 %	10.3 %			13.3 %	15.5 %

2. Net sales by region

in CHF thousands	2023	%	2022	%
Switzerland	66 539	10.7 %	84 910	11.7 %
Rest of Europe	381 872	61.2 %	471 576	65.0 %
Americas	101 335	16.2 %	102 130	14.1 %
Asia	60 309	9.7 %	47 732	6.6 %
Rest of the world	13 927	2.2 %	19 003	2.6 %
Total net sales	623 982	100.0 %	725 351	100.0 %

In the reporting year, net sales were CHF 101.4 million below their prior-year level, despite new record figures in the Chemicals and Packaging divisions, owing in particular to the steep decline in demand for the Paper Division's products. This corresponds to a decrease of 14.0 % (or -10.4 % at constant currency).

3. Other operating income

The other operating income of CHF 13.4 million (prior year: CHF 21.0 million) includes income from the sale of energy, recyclable materials and carbon credits, rental income, own work capitalized and various further operating income.

4. Personnel expense

in CHF thousands	Note	2023	2022
Salaries and wages		84 882	83 082
Pension benefit expense	25	5 144	5 894
Other social security charges		9 783	10 229
Other personnel expense		3 103	2 502
Total personnel expense		102 912	101 707

Personnel expense increased by CHF 1.2 million or 1.2 % in the year under review. Total headcount increased by 14 full-time equivalents (+1.2 %), driven by the high utilization of production facilities and the capacity expansions in the Chemistry and Packaging divisions.

5. Other operating expense

The other operating expense of CHF 33.2 million (prior year: CHF 33.8 million) includes sales and administrative costs and various other operating expenses.

6. Financial result

in CHF thousands	2023	2022
Interest income	937	67
Interest expense	-1 389	-2 335
Currency result	-2 165	-1 489
Other financial income	286	74
Other financial expense	-490	-605
Total financial result	-2 821	-4 288
Thereof:		
– Financial income	1 223	141
– Financial expense	-4 044	-4 429

Interest expense includes the CHF 1.3 million (prior year: CHF 2.0 million) interest paid on the outstanding CHF 100 million corporate bond, which was repaid from the company's own cash on its maturity on 12 October 2023 (see also Note 17, Financial liabilities). The 'Bond' line item for 2022 comprises the unsecured CHF 100 million 2 % corporate bond which matured on 12 October 2023.

7. Non-operating result

in CHF thousands	2023	2022
Non-operating income	18 871	1 835
Non-operating expense	-6 873	-9 856
Total non-operating result	11 998	-8 021

The non-operating result consists of expenditure on and income from the disposal and rental of former production sites in Uetikon am See (Switzerland) and Full-Reuenthal (Switzerland) and real estate in Buchrain (Switzerland). The non-operating income derived primarily from the sale of industrial land at the Full-Reuenthal former production site. The non-operating expense includes, among others, an increase in environmental provisions (see also Note 20, Provisions).

8. Income taxes

in CHF thousands	2023	2022
Current income taxes	6 573	4 047
Deferred income taxes	6 401	-4 933
Total income taxes	12 974	-886

in CHF thousands	2023	2022
Result before income taxes	91 980	100 156
Expected income tax expense	14 188	13 897
Expected income tax rate	15.4 %	13.9 %
Use of not capitalized tax loss carry forwards	-5 229	-15 677
Tax loss carry forwards not capitalized	1 002	327
Income tax expense from earlier periods	2 347	12
Non-taxable income/non-deductible expenses	93	586
Effect of changes in tax rate	343	-
Various	230	-31
Total income tax	12 974	-886
Effective income tax rate	14.1 %	-0.9 %

The CPH Group's expected income tax rate for the year under review amounted to 15.4 % (prior year: 13.9 %). This is the weighted average tax rate based on the results before taxes and individual tax rates for each Group company in the year under review. The change in the expected income tax rate is due to the profit/loss situation and to changes in the tax rates at the various Group companies.

The difference between the expected income tax expense and the income tax expense disclosed in the income statement is largely attributable in both the year under review and the prior year to the use of non-capitalized tax loss carry forwards (see also Note 15, Financial assets).

The calculation of deferred income taxes was based on expected local tax rates at individual Group companies, which averaged 13.0 % (prior year: 13.3 %).

Non-capitalized tax loss carry forwards decreased in the year under review from CHF 13.3 million to CHF 7.4 million, primarily due to their use. Of these, CHF 0.2 million expire within a year (prior year: CHF 1.4 million) and CHF 0.0 million are of indefinite duration (prior year: CHF 0.1 million).

9. Earnings per share

Earnings per share are calculated by dividing the net result for the year less the portion thereof attributable to minority shareholders by the average number of company shares held during the year (excluding treasury shares; see also Note 23, Treasury shares). The average number of such shares held in 2023 amounted to 5 998 512 (prior year: 5 999 868). On the basis of a net result attributable to shareholders of the company of CHF 78.9 million (prior year: CHF 101.0 million), this produces earnings per share of CHF 13.15 (prior year: CHF 16.83). Since the company has not issued any share options or convertible bonds, diluted earnings per share are identical to the earnings per share result.

Notes to the consolidated balance sheet

10. Cash and cash equivalents

Cash and cash equivalents decreased by CHF 36.0 million to CHF 107.6 million in the year under review as a result of the free cash flow and following the repayment of the outstanding corporate bond and the dividend distribution.

11. Trade receivables

in CHF thousands	31.12.2023	31.12.2022
Trade receivables, gross	72 620	101 245
Valuation allowance	-1 520	-7 314
Total trade receivables	71 100	93 931

Gross trade receivables decreased by a substantial CHF 28.6 million in the year under review as a consequence of the lower net sales. The valuation allowance for doubtful receivables decreased by CHF 5.8 million as a result of the derecognition of long-standing receivables which are definitively no longer recoverable.

12. Other receivables

This position includes the current portion of the remaining receivable from Canton Zurich for the sale of the former production site in Uetikon am See (Switzerland) which the canton has retained as security in respect of the portion of the costs of cleaning up the adjacent bed of Lake Zurich that is to be borne by the CPH Group. This remaining receivable is reduced by the expenditure on the lake bed clean-up that is to be borne by the CPH Group, charged to the established provisions and paid by Canton Zurich (see also Note 15, Financial assets and Note 20, Provisions).

In the year under review, other receivables decreased by CHF 2.6 million from their prior-year level.

13. Inventories

in CHF thousands	31.12.2023	31.12.2022
Raw materials	23 919	28 569
Semi-finished and finished goods	66 970	74 160
Supplies and spare parts	16 644	16 538
Valuation allowance	-5 456	-6 170
Total inventories	102 077	113 097

Inventories were CHF 11.0 million lower in the year under review than their prior-year level, owing primarily to declines in materials costs.

14. Tangible fixed assets

	Undeveloped property	Land and buildings	Machines and equipment	Other tangible fixed assets	Tangible fixed assets under construction	Total tangible fixed assets
in CHF thousands						
Acquisition cost as at 1 January 2022	6 979	334 645	710 608	349 699	18 393	1 420 324
Additions	-	1 131	12 102	4 326	19 485	37 044
Disposals	-	-133	-3 076	-1 079	-	-4 288
Reclassification	-	5 283	8 588	1 239	-15 110	-
Currency translation	-111	-1 706	-2 850	-452	74	-5 045
Acquisition cost as at 31 December 2022	6 868	339 220	725 372	353 733	22 842	1 448 035
Additions	-	147	10 512	3 333	18 807	32 799
Disposals	-	-330	-4 814	-1 358	-	-6 502
Reclassification	-	2 739	16 871	604	-20 214	-
Currency translation	-162	-4 204	-9 316	-1 122	-574	-15 378
Acquisition cost as at 31 December 2023	6 706	337 572	738 625	355 190	20 861	1 458 954
Cumulative depreciation and impairment as at 1 January 2022	-158	-265 617	-639 162	-318 913	-	-1 223 850
Depreciation	-32	-2 657	-9 909	-3 755	-	-16 353
Disposals	-	85	2 497	1 030	-	3 612
Reclassification	-	-	2	-2	-	-
Currency translation	13	378	1 548	279	-	2 218
Cumulative depreciation and impairment as at 31 December 2022	-177	-267 811	-645 024	-321 361	-	-1 234 373
Depreciation	-28	-2 637	-11 210	-3 937	-	-17 812
Disposals	-	242	4 714	1 354	-	6 310
Currency translation	20	1 733	6 359	786	-	8 898
Cumulative depreciation and impairment as at 31 December 2023	-185	-268 473	-645 161	-323 158	-	-1 236 977
Carrying value as at 1 January 2022	6 821	69 028	71 446	30 786	18 393	196 474
Carrying value as at 31 December 2022	6 691	71 409	80 348	32 372	22 842	213 662
Carrying value as at 31 December 2023	6 521	69 099	93 464	32 032	20 861	221 977

The Chemistry Division invested in various expansion projects at its Rütli ZH (Switzerland), Louisville (USA) and Lianyungang (China) operating sites in 2023. The Paper Division invested in maintaining and further improving the efficiency of its production facilities. The Packaging Division invested primarily in increasing manufacturing capacities and enhancing production efficiencies at its Perlen (Switzerland), Müllheim (Germany) and Anápolis (Brazil) sites.

The carrying value of tangible fixed assets includes CHF 8.0 million of assets held solely for investment purposes (prior year: CHF 8.1 million) and land use rights of CHF 1.7 million (prior year: CHF 2.0 million). The carrying value of leased tangible fixed assets (finance leases) amounts to CHF 0.0 million (prior year: CHF 0.1 million). These consist in particular of company cars, forklifts and other fixed assets (see also Note 17, Financial liabilities).

15. Financial assets

in CHF thousands	Note	31.12.2023	31.12.2022
Minority interests in companies		10 000	10 000
Employer contribution reserves	25	11 072	10 961
Economic share from patronage fund	25	13 843	13 197
Deferred tax assets	8	15 103	16 582
Non-interest bearing receivables		16 321	15 096
Total financial assets		66 339	65 836

'Minority interests in companies' includes a 10 % equity holding in Renergia Zentralschweiz AG, Root (Switzerland). The company operates a waste incineration facility on land purchased from the CPH Group and supplies the Paper Division with around 60 % of its steam needs in the form of carbon dioxide-free low-pressure steam.

'Deferred tax assets' considers the impact in tax terms of valuation differences between the values stated on the consolidated balance sheet and the corresponding values applicable under fiscal law. These have largely arisen as a result of intragroup real estate transactions, for which use has been made of existing tax loss carry forwards.

'Non-interest bearing receivables' includes the non-current portion of the remaining receivable from Canton Zurich for the sale of the former production site in Uetikon am See (Switzerland) which the canton has retained as security in respect of the portion of the costs of cleaning up the adjacent bed of Lake Zurich that is to be borne by the CPH Group. This remaining receivable is reduced by the expenditure on the lake bed clean-up that is to be borne by the CPH Group from the established provisions and paid by Canton Zurich (see also Note 12, Other receivables and Note 20, Provisions).

16. Intangible assets

in CHF thousands	Software	Other intangible assets	Total intangible assets
Acquisition cost as at 1 January 2022	16 130	2 119	18 249
Additions	1 012	15	1 027
Disposals	-111	-946	-1 057
Currency translation	-143	-55	-198
Acquisition cost as at 31 December 2022	16 888	1 133	18 021
Additions	874	-	874
Disposals	-2	-357	-359
Currency translation	-196	-88	-284
Acquisition cost as at 31 December 2023	17 564	688	18 252
Cumulative amortization as at 1 January 2022	-11 943	-471	-12 414
Amortization	-1 314	-962	-2 276
Disposals	111	946	1 057
Currency translation	133	6	139
Cumulative amortization as at 31 December 2022	-13 013	-481	-13 494
Amortization	-1 375	-15	-1 390
Disposals	2	357	359
Currency translation	180	19	199
Cumulative amortization as at 31 December 2023	-14 206	-120	-14 326
Carrying value as at 1 January 2022	4 187	1 648	5 835
Carrying value as at 31 December 2022	3 875	652	4 527
Carrying value as at 31 December 2023	3 358	568	3 926

'Additions' consist primarily of investments in software systems used in business operations.

As at the end of the previous year, other intangible assets include 98 000 carbon credits intended for sale. 96 000 such credits for 2021 were issued to the Paper Division by the Swiss Federal Office for the Environment in 2022. No such credits were issued in 2023. Some 140 000 such credits are expected to be issued for the 2022 and 2023 business years. These carbon credits are recognized at their zero acquisition cost. No income was earned from the sale of carbon credits in 2023 or 2022.

Goodwill deriving from acquisitions is offset directly against retained earnings in shareholders' equity (see also Note 24, Retained earnings).

17. Financial liabilities

in CHF thousands	31.12.2023	31.12.2022
Bond	-	98 730
Financial leasing	-	102
Other current financial liabilities	723	19
Total current financial liabilities	723	98 851

The 'Bond' line item for 2022 comprises the unsecured CHF 100 million 2 % corporate bond which matured on 12 October 2023. The outstanding portion thereof was repaid from the company's own cash on its maturity on 12 October 2023.

18. Trade payables

Trade payables decreased by CHF 22.0 million in 2023, owing largely to lower materials and energy prices and the reduced production volumes of the Paper Division.

19. Other payables

Other payables increased by CHF 1.2 million (see also Note 25, Occupational pensions).

20. Provisions

in CHF thousands	Environment	Major repairs	Deferred income taxes	Other provisions	Total provisions
Provisions as at 1 January 2022	19 226	3 702	7 234	1 331	31 493
Addition	9 582	4 742	20	1 388	15 732
Utilization	-5 575	-	-	-620	-6 195
Release	-	-	-1 421	-257	-1 678
Currency translation	-	-	-66	-17	-83
Provisions as at 31 December 2022	23 233	8 444	5 767	1 825	39 269
Addition	3 124	542	5 639	3 554	12 859
Utilization	-293	-	-	-1 250	-1 543
Release	-	-	-88	-190	-278
Currency translation	-	-	-176	-23	-199
Provisions as at 31 December 2023	26 064	8 986	11 142	3 916	50 108
Thereof:					
– current	5 085	-	-	3 763	8 848
– non-current	20 979	8 986	11 142	153	41 260

Environmental provisions relate to the environmental protection measures required at former Chemistry Division production sites. These include the lake bed clean-up in Uetikon am See (Switzerland), the former production site in Full-Reuenthal (Switzerland) and obligations associated with various waste disposal sites. The lake bed clean-up began in 2022 and should be completed in two to three years. It is being conducted in close collaboration with Canton Zurich, which is serving as the project leader with the CPH Group represented in the project management group. 80 % of the costs of the clean-up are to be borne by the CPH Group and 20 % by Canton Zurich. The work is being financed with the funds generated by the sale of the Uetikon site to Canton Zurich in 2016. The costs involved are not cash-relevant, and reduce both the provisions effected for the work and the remaining receivable from Canton Zurich (see also Note 12, Other receivables and Note 15, Financial assets).

The provisions for major repairs relate to the renovation work needed on the weir in Perlen (Switzerland) under the concession requirements of Canton Lucerne. The related project planning is well advanced, and the work should be performed in the next few years.

For the provisions for deferred income taxes, please see Note 8, Income taxes. Other provisions include claims for customer complaints.

The provision amounts were reviewed as of the balance sheet date and adjusted in line with the latest estimates and assessments. New findings on the scope and the costs of the actions needed – in the light of the requirements of the authorities, work progress to date and inflation-based increases in construction costs – entailed an increase in the provision amounts (see also Note 7, Non-operating result).

21. Accrued expenses and deferred income

in CHF thousands	31.12.2023	31.12.2022
Personnel expense	8 257	7 782
Commissions	2 974	3 250
Income taxes	3 057	1 863
Other accrued expenses and deferred income	17 990	14 334
Total accrued expenses and deferred income	32 278	27 229

22. Share capital

The share capital of CHF 1.2 million consists of 6 000 000 registered shares of CHF 0.20 nominal value (unchanged from the prior year).

23. Treasury shares

Number of shares	2023	2022
Treasury shares as at 1 January	-	-
Purchases	6 863	3 345
Share-based remuneration	-2 033	-3 345
Treasury shares as at 31 December	4 830	-

A total of 6 863 (prior year: 3 345) treasury shares were purchased in 2023 at an average purchase price of CHF 85.54 (prior year: CHF 63.62) per share. No such shares were sold in either the year under review or the prior year. A total of 2 033 (prior year: 3 345) shares with a vesting period of three years (with no further performance, profit or other vesting conditions) were definitively awarded in the form of share-based remuneration. The resulting personnel expense at a share price on assignment of CHF 88.54 (prior year: CHF 62.78) per share amounted to CHF 0.2 million (prior year: CHF 0.2 million).

24. Retained earnings

The non-distributable retained earnings of the CPH Group amounted to CHF 17.2 million at the end of 2022 (prior year: CHF 17.2 million).

Goodwill arising from acquisitions is offset against retained earnings in shareholders' equity at the time of the acquisition. The impact of a theoretical capitalization of goodwill, applying a five-year useful life, on the consolidated balance sheet and income statement is shown below:

in CHF thousands	Note	2023	2022
Goodwill at cost at 1 January		63 021	63 021
Additions	32	1 019	-
Goodwill at cost at 31 December		64 040	63 021
Accumulated amortization and impairment at 1 January		-61 921	-61 032
Theoretical goodwill amortization		-637	-889
Accumulated amortization and impairment at 31 December		-62 558	-61 921
Theoretical carrying value at 1 January		1 100	1 989
Theoretical carrying value at 31 December		1 482	1 100

in CHF thousands	2023	2022
Net result	79 006	101 042
Theoretical goodwill amortization	-637	-889
Theoretical net result	78 369	100 153

in CHF thousands	31.12.2023	31.12.2022
Shareholders' equity	436 271	399 567
Theoretical carrying value of goodwill	1 482	1 100
Theoretical shareholders' equity	437 753	400 667

Further notes

25. Occupational pensions

The CPH Group has various pension schemes in place, which are each aligned to local conditions and requirements in the countries concerned. The table below offers an overview of the funding surplus or deficit and the economic shares attributable to the employer:

in CHF thousands	Pension plans with surplus		Patronage fund		Pension plans with deficit		Pension plans without surplus/deficit		Total occupational pensions	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Surplus/deficit as at 31 December	3 477	169	13 843	13 197	-1 321	-1 562	-	-	15 999	11 804
Economic share as at 31 December	-	-	13 843	13 197	-1 321	-1 562	-	-	12 522	11 635
Change of economic share	-	-	-646	-330	-241	206	-	-	-887	-124
Accrued contributions	5 044	4 675	-	-	152	407	946	596	6 142	5 678
Result from employer contribution reserve	-111	340	-	-	-	-	-	-	-111	340
Pension benefit expense	4 933	5 015	-646	-330	-89	613	946	596	5 144	5 894

'Pension plans with surplus' refers to the CPH Group Pension Scheme, which is domiciled in Root (Switzerland). This is a legally autonomous foundation with a board of trustees on which employer and employees are equally represented. The CPH Group Pension Scheme meets the occupational pension provision needs of the Group's Swiss-based companies under its own responsibility on a defined contribution basis. The benefits are determined on the basis of the existing retirement assets. They therefore depend on the contributions paid, the vested benefits contributed and the purchases, in each case including interest. The scheme is funded by statutorily prescribed employer's and employees' contributions. The existence of any funding surplus or deficit is determined on the basis of the scheme's annual financial statements (after deduction of fluctuation reserves), which are compiled in accordance with Swiss GAAP FER 26. At the end of 2023 the scheme showed a funding surplus of CHF 3.5 million (prior year: CHF 0.2 million). This surplus is available in full to the scheme's beneficiaries, which is why no economic share is capitalized.

The 'Patronage fund' refers to the Perlen Group Assistance Fund, which is domiciled in Buchrain (Switzerland). The fund provides pension benefits for employees and financial assistance for employees and their families in hardship situations. The fund can also be used to finance the employer's contributions to the occupational pension schemes of the Group's Swiss-based companies. The existence of any funding surplus or deficit is determined on the basis of the fund's annual financial statements (after deduction of fluctuation reserves), which are compiled in accordance with Swiss GAAP FER 26. At the end of 2023 the fund showed a funding surplus of CHF 13.8 million (prior year: CHF 13.2 million). This surplus is available in full to the employer, which is why the corresponding amount is capitalized as an economic share under financial assets.

'Pension plans with deficit' refers to the defined-benefits pension scheme in the USA which has been frozen since the end of 2015. The associated pension obligations have not increased since 2015, and no new beneficiaries are being admitted to the scheme. The scheme should be liquidated in 2024. The funding deficit of CHF 1.3 million, determined using the current liability method, is an economic liability of the CPH Group, and is recognized under current liabilities (prior year: funding deficit of CHF 1.6 million, recognized under other non-current liabilities).

'Pension plans without surplus/deficit' includes a defined-contribution 401(k) pension plan in the USA and other non-material pension plans in other countries. Such plans have neither a funding surplus nor a funding deficit, so no economic shares are recognized on the balance sheet.

The CPH Group had accumulated an employer contribution reserve in previous years. This developed as follows in 2022:

in CHF thousands	2023	2022
Nominal value as at 31 December	11 072	10 961
Waiver of use as at 31 December	-	-
Addition	-	-
Carrying value as at 31 December	11 072	10 961
Result from employer contribution reserve	111	-340

26. Pledged assets

in CHF thousands	31.12.2023	31.12.2022
Cash and cash equivalents	1 132	1 735
Land and buildings	2 341	2 821
Inventories	3 473	4 556

27. Derivative financial instruments

in CHF thousands	31.12.2023	31.12.2022
Foreign exchange forwards		
Contract value	136 721	159 816
Positive replacement value ¹	4 804	2 935
Negative replacement value ¹	-	825
Foreign exchange options		
Contract value	30 312	-
Positive replacement value ¹	48	-
Negative replacement value ¹	-	-

¹ Not recognized in the balance sheet

The open currency hedging contracts are hedges on future cash flows, primarily in EUR and USD. No derivative financial instruments held to hedge balance sheet items or for trading purposes are recognized.

28. Non-capitalized operating lease liabilities

in CHF thousands	31.12.2023	31.12.2022
Due within 1 year	2 480	2 052
Due within 2 to 5 years	5 244	4 564
Due after more than 5 years	480	759
Total operating leases	8 204	7 375

The non-capitalized operating lease liabilities relate primarily to premises rentals and vehicles.

29. Sureties and guarantee obligations

As in the prior year, there were no off-balance-sheet sureties or guarantee obligations towards third parties at the end of the year under review.

30. Purchase obligations

Off-balance-sheet purchase obligations not terminable within one year for the acquisition of fixed assets, materials and energy totalled CHF 130.5 million at the end of the year under review (prior year: CHF 113.6 million).

31. Transactions with related parties

The following transactions were effected for services rendered with related companies of the CPH Group and members of its Board of Directors:

in CHF thousands	2023	2022
Weber Schaub & Partner AG (Peter Schaub)	54	42
Niederer Kraft Frey AG (Manuel Werder)	60	79
Single Group GmbH (Tim Talaat)	39	-
UBV Immobilien Treuhand AG (Peter Schaub, Manuel Werder, Tim Talaat)	10	31
Total transactions with related parties	163	152
Total liabilities to related parties as at 31 December	29	42

As in the prior year, no loans or credits were granted to related parties in the year under review.

32. Purchase of minorities

CPH Chemie+Papier Holding AG acquired the remaining 8% shareholding in Jiangsu Zeochem Technology Co. Ltd., Lianyungang, China on 18 September 2023 and now holds 100% of the company's shares. The purchase price amounted to CHF 2.4 million. CHF 1.4 million of this was derecognized in shareholders' equity under minorities, and the remaining CHF 1.0 million was offset as goodwill against retained earnings.

33. Currency translation rates

in CHF	Average rate		Closing rate	
	2023	2022	31.12.2023	31.12.2022
1 EUR	0.9720	1.0050	0.9300	0.9870
1 USD	0.8990	0.9550	0.8420	0.9250
1 CNY	0.1270	0.1420	0.1187	0.1331
1 BAM	0.4970	0.5138	0.4755	0.5046
1 BRL	0.1800	0.1850	0.1730	0.1750

34. Events after the balance sheet date

The CPH Group announced its purchase of the Indian-based Sorbead India and Swambe Chemicals company in January 2024. The acquisition marks the Group's entry into the Indian market in line with its international expansion strategy. The transaction is expected to close in the second quarter of 2024. Apart from this, no events occurred between the balance sheet date and 9 February 2024, the date of the approval and release for publication of these annual consolidated financial statements by the Board of Directors, which would require adjustments to the Group's assets, equity and liabilities or would need to be disclosed here. These consolidated financial statements are also subject to the approval of the Annual General Meeting of 20 March 2024.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of CPH Chemie+ Papier Holding AG and its subsidiaries (the Group), which comprise the consolidated income statement for the year ended 31 December 2023, the consolidated balance sheet as at 31 December 2023, the consolidated cash flow statement and consolidated statement of changes in shareholders' equity for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 66 to 87) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

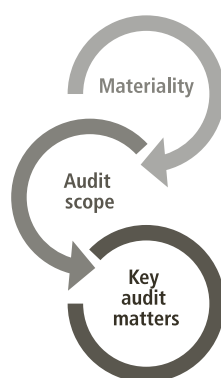
Basis for opinion

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

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

Our audit approach

Overview



Overall Group materiality: CHF 6.2 million

Full scope audit work was concluded at seven Group companies in four countries. For two additional companies, specified audit procedures were performed. Our audit scope addressed 91 % of the net sales of the Group.

Additionally, we concluded reviews at a further two Group companies, which represented an additional 6 % of the net sales of the Group. As key audit matter the following area of focus has been identified:

Assessment of the adequacy of the provisions for environmental protection measures.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 6.2 million
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Benchmark applied	Net sales
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Rationale for the materiality benchmark applied	We chose net sales as the benchmark because, in our view, it is an appropriate benchmark given the Group's volatile earnings performance in recent years, and it is a generally accepted benchmark for materiality considerations.
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Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The audit strategy for the audit of the consolidated financial statements was determined taking into account the work performed by the Group auditor and the component auditors from the PwC network and from a third party. Where audits were performed by component auditors, we ensured that, as Group auditor, we were sufficiently involved in the audit in order to assess whether sufficient appropriate audit evidence was obtained from the work of the component audi-

tors to provide a basis for our opinion. The involvement of the Group auditor was based on audit instructions and standardised reporting. In addition, it included telephone conferences with the component auditors and participation in audit closing meetings for selected components in which local management, the local auditor and selected Group representatives also participated.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of the adequacy of the provisions for environmental protection measures

Key audit matter

As at the balance sheet date, current and non-current provisions for environmental protection measures amounting to CHF 26.1 million have been recognised in connection with the closure and disposal of the production site at Uetikon and the obligation to decontaminate and absorb the costs of various landfills and properties.

In view of the magnitude of the future costs of the environmental protection measures and the significant estimates involved in calculating them, we consider the completeness and accuracy of these provisions as a key audit matter.

Information regarding the provisions for environmental protection measures can be found in notes 7 and 20 of the notes to the consolidated financial statements.

How our audit addressed the key audit matter

We performed the following audit procedures:

- Review and assessment of Management memos and file notes concerning the amount of provisions recognised.
- Sample-based testing of the calculations of and the assumptions relating to the cost estimates of the environmental protection measures.
- Inspection of the contract awards, expert opinions and bids on which the calculations are based and of the correspondence, meeting minutes and cost overviews.
- Discussions with Management and the Finance and Auditing Committee.
- Assessment of whether the disclosure of the provisions complies with the requirements of Swiss GAAP FER.

On the basis of our audit results, we consider the approach chosen by Management for recording and disclosure of the provisions for environmental protection measures to be reasonable.

Other information

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

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

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

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

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

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

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website: <http://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the consolidated financial statements.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Norbert Kühnis
Licensed audit expert
Auditor in charge



Josef Stadelmann
Licensed audit expert

Zürich, 9 February 2024

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich,
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Supplementary definitions of financial ratios

The financial information in this annual report is supplemented by certain financial ratios which are not defined in the Swiss GAAP FER. These help the management to assess and quantify the company's performance. They may differ from similar metrics used at other companies, and should not be regarded as replacing the Swiss GAAP FER ratios. They are defined as follows:

Growth rate

The growth rate is the increase or decrease in a ratio, expressed as a percentage of the corresponding value for the prior period.

Changes at constant currency

Changes at constant currency are calculated by translating the ratios in question using the exchange rates valid in the prior period.

Gross profit / gross profit margin

Gross profit is calculated as:

- + Net sales
- + Other operating income
- + Change in inventories
- Cost of materials
- Cost of energy

Gross profit margin is gross profit as a percentage of net sales.

EBITDA / EBITDA margin

EBITDA (operating result before depreciation and amortization) is calculated as follows:

- + Operating result (EBIT)
- + Depreciation on tangible fixed assets
- + Amortization on intangible assets
- + Impairment of fixed assets

EBITDA margin is EBITDA as a percentage of net sales.

EBIT / EBIT margin

EBIT (earnings before interest and taxes) is the operating result. EBIT margin is EBIT as a percentage of net sales.

EBIT before impairment / EBIT margin before impairment

EBIT before impairment is calculated as follows:

- + Operating result (EBIT)
- + Impairment of fixed assets

EBIT margin before impairment is EBIT before impairment as a percentage of net sales.

Return on equity

Return on equity is calculated by dividing the net result by average shareholders' equity. Average shareholders' equity is the average of the shareholders' equity at the beginning and at the end of the reporting period.

Cash flow

Cash flow (before change in non-financial net working capital) is calculated as follows:

- + Cash flow from operating activities
- + Change in trade receivables
- + Change in inventories
- + Change in other receivables, prepayments and accrued income
- + Change in trade payables
- + Change in other payables, accrued expenses and deferred income

Free cash flow

Free cash flow is calculated as follows:

- + Cash flow from operating activities
- + Cash flow from investing activities

Net liquid assets

Net liquid assets are calculated as follows:

- + Cash and cash equivalents
- Current and non-current financial liabilities

Net debt

Net debt is calculated as follows:

- + Current and non-current financial liabilities
- Cash and cash equivalents

Net-debt-to-EBITDA ratio

The net-debt-to-EBITDA ratio is calculated by dividing net debt by EBITDA (operating result before depreciation and amortization).

Equity ratio

The equity ratio is shareholders' equity (including minorities) as a percentage of total assets.

Capital employed

Capital employed is calculated as follows:

- + Trade receivables
- + Other receivables
- + Inventories
- + Prepayments and accrued income
- + Tangible fixed assets
- + Financial assets
- Deferred income tax assets
- + Intangible assets
- Trade payables
- Other current and non-current liabilities
- Current and non-current provisions
- + Deferred income tax liabilities
- Accrued expenses and deferred income

Net operating profit after tax (NOPAT)

- + EBIT (earnings before interest and taxes) before impairment
- Income tax calculable thereon at the tax rate expected for the period

Return on capital employed (ROCE)

Return on capital employed (ROCE) is calculated by dividing net operating profit after tax (NOPAT) by average capital employed. Average capital employed is the average of the capital employed at the beginning and at the end of the reporting period.

Income statement

in CHF thousands	Note	2023	2022
Dividend income		-	4 300
Interest income		8 447	5 157
Other financial income		1	158
Total financial income		8 448	9 615
Service income		5 539	5 418
Other operating income		142	327
Total operating income		14 129	15 360
Personnel expense		-3 714	-3 642
Other operating expense		-2 213	-2 199
Depreciation on tangible fixed assets		-20	-38
Interest expense	3	-1 330	-2 026
Other financial expense		-2 880	-941
Non-operating income	6	-	26 176
Income taxes		-408	-131
Net result		3 564	32 559

Balance sheet

in CHF thousands	Note	31.12.2023	31.12.2022
Assets			
Cash and cash equivalents		31 788	75 672
Other receivables from third parties		6 110	4 095
Other receivables from group companies		1 322	687
Prepayments and accrued income		10	23
Total current assets		39 230	80 477
Tangible fixed assets		-	20
Loans granted to group companies	1	259 016	340 334
Investments	2	88 671	88 671
Total fixed assets		347 687	429 025
Total assets		386 917	509 502
Equity and liabilities			
Interest-bearing liabilities due to third parties	3	-	98 753
Other payables due to third parties		389	345
Accrued liabilities and deferred income		1 163	1 206
Total current liabilities		1 552	100 304
Share capital	4	1 200	1 200
Statutory capital contribution reserves		7	7
Own shares	5	-408	-
Statutory retained earnings		10 016	10 016
Retained earnings		370 986	365 416
Net result of the year		3 564	32 559
Total shareholders' equity		385 365	409 198
Total liabilities and equity		386 917	509 502

Notes to the financial statements

Accounting principles

Presentation

The annual financial statements of CPH Chemie+Papier Holding AG have been compiled in accordance with the provisions on commercial accounting of the Swiss Code of Obligations.

The company provides consolidated financial statements in accordance with Swiss GAAP FER accounting standards. In view of this, the company has elected not to provide expanded notes to these financial statements, a management report and a cash flow statement.

The major balance sheet items have been presented as follows.

Receivables and loans

Receivables are stated at their nominal value less any necessary individual value adjustments. Such value adjustments are determined on the basis of maturity structures and identifiable credit risks.

Investments

Investments are stated at their purchase price less appropriate value adjustments for likely long-term impairments. Investments are valued individually if and insofar as they generate separate cash flows.

Interest-bearing liabilities

Interest-bearing liabilities are stated at their nominal value. Those with a residual term to maturity of up to one year are shown under current liabilities; those with a residual term to maturity of more than one year are shown under non-current liabilities.

Foreign currency translation

Transactions effected in foreign currencies are translated into Swiss francs at the exchange rate valid as at the date of the transaction. Assets and liabilities in foreign currencies are translated into Swiss francs at the exchange rate valid as at the balance sheet date, and applying the imparity principle.

Notes to individual items of the financial statements

1. Loans granted to Group companies

Loans granted to Group companies decreased by CHF 81.3 million in 2023.

2. Investments

	Currency	Capital in thousands	Shareholding
CPH Immobilien AG, Root, Switzerland ¹	CHF	500	100 %
Chemistry			
Zeochem AG, Rüti ZH, Switzerland ¹	CHF	1 000	100 %
Zeochem L.L.C., Louisville, USA	USD	36 547	100 %
Zeochem d.o.o., Zvornik, Bosnia-Herzegovina	BAM	2	100 %
Jiangsu Zeochem Technology Co. Ltd., Lianyungang, China ¹	CNY	82 800 ²	100 % ²
Zeochem Pte. Ltd., Singapore, Singapore	SGD	1	100 %
Paper			
Perlen Papier AG, Root, Switzerland ¹	CHF	81 000	100 %
Perlen Papier Immobilien AG, Root, Switzerland	CHF	1 000	100 %
APS Altpapier Service Switzerland AG, Root, Switzerland	CHF	100	100 %
Perlen Deutschland GmbH, Munich, Germany	EUR	100	100 %
Hotel & Gasthaus Die Perle AG, Root, Switzerland ³	CHF	100	100 %
Packaging			
Perlen Packaging AG, Root, Switzerland ¹	CHF	24 000	100 %
Perlen Packaging L.L.C., Whippany, USA	USD	1 000	100 %
Perlen Packaging GmbH, Müllheim, Germany	EUR	1 300	100 %
Perlen Packaging (Suzhou) Co., Ltd., Suzhou, China	USD	13 000	100 %
Perlen Packaging Anápolis Indústria e Comércio Ltda., Anápolis, Brazil	BRL	2 464	100 %

¹ Directly held by CPH Chemie + Papier Holding AG

² Until 18 September 2023 92 % of CNY 90 million, see note 32 to the consolidated financial statements

³ Founded on 6 September 2023

3. Interest-bearing liabilities

Interest-bearing liabilities for the prior year included the unsecured CHF 100 million 2 % corporate bond maturing on 12 October 2023. The outstanding portion thereof was repaid from the company's own cash on its maturity on 12 October 2023.

The CHF 1.3 million interest paid on this bond is included in interest expense (prior year: CHF 2.0 million).

4. Share capital

The share capital of CHF 1.2 million consists of 6 000 000 registered shares of CHF 0.20 nominal value (unchanged from the prior year).

5. Treasury shares

Number of shares	2023	2022
Treasury shares as at 1 January	-	-
Purchases	6 863	3 345
Share-based remuneration	-2 033	-3 345
Treasury shares as at 31 December	4 830	-

A total of 6 863 (prior year: 3 345) treasury shares were purchased in 2023 at an average purchase price of CHF 85.54 (prior year: CHF 63.62) per share. No such shares were sold in either the year under review or the prior year. A total of 1 016 (prior year: 1 433) shares with a vesting period of three years (with no further performance, profit or other vesting conditions) were definitively awarded in 2023 in the form of share-based remuneration. The resulting personnel expense at a share price on assignment of CHF 88.54 (prior year: CHF 62.78) per share amounted to CHF 0.1 million (prior year: CHF 0.1 million). A further 1 017 (prior year: 1 912) treasury shares at an average transaction price of CHF 88.54 (prior year: CHF 62.78) per share were transferred to Group companies for their share-based remuneration.

6. Non-operating income from asset transfer

To achieve and maintain a clear separation between the operating activities and the real estate business of the CPH Group, non-operating real estate of CPH Chemie + Papier Holding AG with a carrying value of CHF 0.4 million was transferred to a Group company in the 2022 financial year via an asset transfer agreement dated 1 December 2022. The consideration consisted of a receivable from the acquiring Group company. The asset transfer had no impact in personnel terms. The resulting profit from this asset transfer was reported as non-operating income.

7. Number of full-time-equivalent employees

The average number of employees (in full-time equivalents) was below ten in both the year under review and prior year.

8. Off-balance-sheet leasing obligations

As at the balance sheet date and as at the prior-year balance sheet date, there were no off-balance-sheet leasing obligations.

9. Guarantees to third parties

Total guarantees for third parties' obligations amount to CHF 11.8 million (prior year: CHF 30.0 million). As in the prior year, CPH Chemie + Papier Holding AG continues to provide a guarantee of up to CHF 10.0 million for the obligations of Zeochem AG, Rütli (Switzerland) towards Canton Zurich regarding the lake bed clean-up in Uetikon (Switzerland) (see also Note 20, Provisions in the Notes to the consolidated financial statements). Further guarantees totalling CHF 1.8 million exist for Group companies' liabilities (prior year: guarantees totalling CHF 20.0 million for Group companies' bank credit facilities).

10. Contingent liabilities

Under the corresponding group taxation provisions, CPH Chemie + Papier Holding AG is jointly and severally liable for the value-added tax obligations of the CPH Group's Swiss-based member companies.

11. Events after the balance sheet date

No events occurred between the balance sheet date and 9 February 2024, the date of the approval and release for publication of these annual financial statements by the Board of Directors, which would require adjustments to the company's assets, equity and liabilities or would need to be disclosed here. These financial statements are also subject to the approval of the Annual General Meeting of 20 March 2024.

Appropriation of retained earnings

Proposal of the Board of Directors to the Annual General Meeting of 20 March 2024

in CHF thousands	2023	2022
Net result of the year	3 564	32 559
Retained earnings carried forward from prior year	-	-
Retained earnings at the end of the year	3 564	32 559
Allocation from/to reserves from retained earnings	20 436	-5 559
Dividend payment	-24 000	-27 000
Retained earnings to be carried forward to next year	-	-

The Board of Directors will propose to the Annual General Meeting of 20 March 2024 that CHF 20.4 million will be released from reserves from retained earnings and that a dividend of CHF 4.00 per share will be distributed to shareholders.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CPH Chemie+Papier Holding AG (the Company), which comprise the income statement for the year ended 31 December 2023, balance sheet as at 31 December 2023 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 93 to 97) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

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

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

Our audit approach

Overview



Overall materiality: CHF 3.8 million

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

As key audit matter the following area of focus has been identified:

Valuation of loans granted to group companies and of investments in group companies.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality CHF 3.8 million

Benchmark applied Total assets

Rationale for the materiality benchmark applied We chose total assets as the benchmark for determining materiality because it is a generally accepted benchmark for materiality considerations relating to a holding company.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of loans granted to group companies and of investments in group companies

Key audit matter

We consider the valuation of loans granted to group companies and of investments in group companies as a key audit matter. These items are disclosed on the balance sheet in the amounts of CHF 259.0 million and CHF 88.7 million, respectively.

The valuation of loans granted to group companies and of investments in group companies depends on the financial substance and profitability of the subsidiaries.

Please refer to notes 1 and 2 in the notes to the financial statements.

How our audit addressed the key audit matter

We performed the following audit procedures with regard to the valuation of loans granted to group companies and of investments in group companies:

- For significant investments in group companies and loans granted to group companies, we tested the recoverability based on the net assets valued in accordance with Swiss GAAP FER or, if necessary, on the basis of other Management assessments of net asset or capitalised earnings.

On the basis of our audit results, we consider the approach chosen by Management for assessing the valuation of loans granted to group companies and investments in group companies to be reasonable.

Other information

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

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

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

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

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website: <http://www.expert-suisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the financial statements.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Norbert Kühnis
Licensed audit expert
Auditor in charge



Josef Stadelmann
Licensed audit expert

Zürich, 9 February 2024

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This Annual Report contains future-oriented statements. These reflect the CPH Group's views and assessments at the time of the Report's compilation of the market environment, economic developments and future events. Such future-oriented statements are subject to economic, regulatory and political risks, uncertainties, influencing factors and assumptions over which the CPH Group has no influence. As a result, actual developments may deviate substantially from the future-oriented statements made and the information published in this Report. In view of this, the CPH Group accepts no liability for such future-oriented statements, and is under no obligation to update them. This Annual Report does not represent either an offer or a solicitation for the purchase or the sale of CPH shares.

This Annual Report is also available in the original German. In the event of any discrepancy, the German version shall prevail.