

# Corporate Governance Report

**Responsible corporate management and control that are in the interests of shareholders, customers, employees and further stakeholders alike are the foundation of the CPH Group's ability to sustainably create value through its business activities.**

This section is structured in accordance with the corporate governance guidelines of the SIX Swiss Exchange. For some items, reference is made to the consolidated financial statements from Page 56, and in particular to the additional corporate governance information in the annex to the consolidated financial statements from Page 85. This section is based on the Organizational Regulations of CPH Chemie + Papier Holding AG, which are available for download on the [www.cph.ch](http://www.cph.ch) website under "Documentation" in the "Investors" section.

## Capital and group structure

### Capital structure

For further details of the capital structure, please see the additional corporate governance information on Page 85.

Shareholder structure (in %)	31.12.2018	31.12.2017
Uetikon Industrieholding AG	49.9	49.9
Ella Schnorf-Schmid	7.2	7.2
Sarasin Investmentfonds AG	5.0	5.0
Members of the Board of Directors and Group Executive Management (and related parties)	1.7	1.7
Publicly-held shares	31.0	30.6
Shares currently not listed in the Share Register	5.2	5.6
Total shareholders	923	824

## Management structure as of 31 December 2018

### Board of Directors

#### Committees

### Group Executive Management

CEO	Peter Schildknecht
CFO	Richard Unterhuber
Chemistry Division	Alois Waldburg-Zeil
Paper Division	Klemens Gottstein
Packaging Division	Wolfgang Grimm

The CPH Group comprises three autonomous divisions. The Group is led by the Group CEO; the divisions are headed by the Divisional CEOs. Group Executive Management consists of the Group CEO, the Group CFO and the Divisional CEOs. The Group CEO reports directly to the Chairman of the CPH Board of Directors. CPH Chemie + Papier Holding AG (the holding company) is domiciled in Perlen/Root, Switzerland. For an overview of the subsidiaries included in the consolidated financial statements, see Page 90.

## Board of Directors

The Board of Directors of CPH Chemie + Papier Holding AG is entrusted with the overall management of the company. The Board is responsible in particular for determining the company's strategic alignment and thrust, defining its accounting and financing principles, assessing business opportunities and risks and appointing and supervising Group Executive Management. In full compliance with the relevant legal provisions and the company's Articles of Incorporation, the Board of Directors has delegated the management of the company to Group Executive Management, headed by the Group CEO (see above). The delimitation of authorities here and the collaboration among the Board, its committees, Group Executive Management and the Group's three divisions are laid down in detail in the Organizational Regulations of CPH Chemie + Papier Holding AG.

The members of the Board of Directors are elected individually by the Ordinary General Meeting to serve for a one-year period. They may be re-elected. In accordance with the Organizational Regulations, a Board member's mandate will end at the latest at the Ordinary General Meeting of the year in which their 70th birthday falls.

The Chairman of the Board and the members of its Personnel & Compensation Committee are elected from the Board's ranks by the Ordinary General Meeting. Apart from these appointments, the Board is self-constituting, and elects from its ranks a Deputy Chairman, the members of its Finance & Auditing Committee and the chairs of its two committees. The Board consisted of six members as of 31 December 2018. No Board member currently serves the company in an executive capacity or has done so in the past three years.

## Members of the Board of Directors and its committees as of 31 December 2018

Board member since	Board function	Finance & Auditing Committee	Personnel & Compensation Committee
Peter Schaub	1994 Chairman	Member	Personnel only
Tim Talaat	1994 Deputy Chair		Member
Mauro Gabella	2005 Member		Chair
Kaspar W. Kelterborn	2015 Member	Chair	
Manuel Werder	2015 Member	Member	
Christian Wipf	2008 Member		Member

The Board of Directors has formed two permanent committees: Finance & Auditing and Personnel & Compensation. The committees take no decisions themselves: they primarily perform a preparatory and advisory function, helping the full Board to conduct its meetings more efficiently and take swift and well-founded decisions. Their duties are laid down in separate Descriptions of Duties.

The two board committees are currently composed as follows:

#### **Finance & Auditing**

The Finance & Auditing Committee consists of Kaspar Kelterborn (chair), Peter Schaub and Manuel Werder. The Group CEO and CFO also attend all committee meetings as permanent guests.

The committee's tasks comprise in particular:

- evaluating the Group's financing and accounting systems in terms of their appropriateness, reliability and effectiveness
- examining the annual and half-yearly accounts and financial statements and other financial information intended for publication, and determining 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 and its effectiveness
- monitoring the Group's business activities in terms of their observance and implementation of Board resolutions, company policy principles and directives and the relevant legal provisions, particularly those relating to stock exchange law
- assessing the work, performance, independence and remuneration of the external group and statutory auditors and making recommendations on the election of the same to the Board of Directors and the General Meeting, approving the auditing plan, processing audit reports and overseeing the adoption of the external auditor's recommendations
- monitoring the Group's real-estate strategy.

The committee met for three half-day deliberations and conducted one telephone conference in 2018.

#### **Personnel & Compensation**

The Personnel & Compensation Committee comprises Mauro Gabella (chair), Tim Talaat, Christian Wipf and Peter Schaub (personnel affairs only). 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 guidelines for the CPH Group's compensation and benefit policy (in particular the compensation principles for the Board and Group Executive Management) on behalf of the Board of Directors
- submitting proposals to the full Board of Directors for the Board's compensation
- assessing the performance of the Group CEO and the further members of Group Executive Management and their achievement of their annual targets, and submitting corresponding proposals for their fixed and variable compensation to the full Board of Directors

- monitoring the implementation of the CPH Group's personnel and compensation policies along with groupwide salary developments
- making recommendations to the full Board of Directors on elections to its ranks and the appointment of a new Group CEO and/or further members of Group Executive Management, and on their terms and conditions of employment.

The committee met for three half-day deliberations in 2018.

The Board of Directors met seven times in 2018: for three half-day meetings, three full-day meetings and a two-day strategy meeting. One of these meetings was held at the Group's Müllheim (Germany) operating site. The Board of Directors also toured the Group's new Utzenstorf and Rüti sites in Switzerland following Board meetings, and further undertook a one-and-a-half-day trip to visit the new Zvornik facility.

The Group CEO and the CFO are permanent guests at all Board meetings unless topics relating directly to them (such as their compensation) are being discussed. Its own internal issues are discussed by the Board in separate preliminary in-camera meetings.

The current and future development of each division are discussed in depth at dedicated annual half-day meetings. These are also attended by the full Divisional Management of the division concerned.

The Board's two-day strategy meeting is devoted to strategic issues and the medium-term development of the CPH Group and its divisions. The meeting is also attended by the full Group Executive Management and – for specific topics – members of the Divisional Management teams.

The Chairman of the Board is in regular contact with the Group CEO to support him in his duties and in the implementation of business strategy.

The Board of Directors supervises Group Executive Management through structured reporting and controlling processes. The Board receives a comprehensive monthly written report on current business trends, financial results, market developments, emerging risks and other key events. The Group CEO also reports on the latest business trends and performance and all further issues of relevance to the Group at every Board meeting.

#### **Risk management**

Risk management is practised in accordance with principles laid down by the Board of Directors and Group Executive Management under which the strategic and operational business risks, the hedging of currency exchange rate, interest rate, market, credit and liquidity risks and the Internal Control System (ICS) are regularly analyzed and reappraised. These risks are summarized in an annual Risk Report which is submitted to the Board of Directors. Further details of the ICS will be found in the annex to the consolidated financial statements on Page 88.

The external auditor supports the Board of Directors and its Finance & Auditing Committee as part of the statutory audit mandate by checking the existence of the internal control system (ICS).

### Group Executive Management

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

### Remuneration

For the remuneration paid to the Board of Directors and Group Executive Management, please see the Remuneration Report on Pages 46 and 47.

### Shareholders' rights and change of control

Shareholders' rights and change-of-control clauses will be found in the additional corporate governance information on Page 86.

### External auditor

#### Statutory and group auditor

PricewaterhouseCoopers AG, Zurich

First elected: 1971

Current term: the 2018 financial year

#### Auditor-in-charge

Thomas Illi (since 2016)

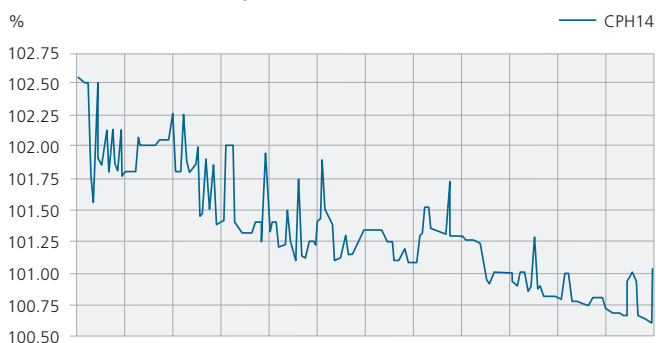
The remuneration paid to the external auditor is shown on Page 87. The Board of Directors' Finance & Auditing Committee examines the reports of the external auditor and assesses its work. The Committee then reports on this to the full Board. All the meetings of the Finance & Auditing Committee in 2018 were also attended by representatives of the external auditor.

### Information for shareholders and bondholders

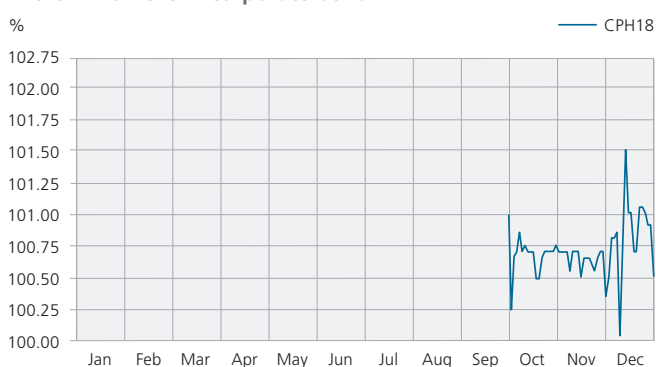
#### Bond price trends

CPH issued a five-year CHF 100 million bond with a coupon of 2.00% in October 2018. This is intended to refinance the existing 2.75% bond, which matures in 2019. Both bonds are listed on the SIX Swiss Exchange. The 2014–2019 bond closed the 2018 business year on 28 December at 101.03, compared to 102.55 at the end of 2017. The 2018–2023 bond closed the year at 100.10.

### The CPH 14–19 CHF corporate bond



### The CPH 18–23 CHF corporate bond



Bond information	CPH 18–23	CPH 14–19
Issued by	CPH Chemie + Papier Holding AG	CPH Chemie + Papier Holding AG
Listed on	SIX Swiss Exchange	SIX Swiss Exchange
Securities number	43 467 836	24 761 122
ISIN	CH0434678360	CH0247611228
SIX symbol	CPH18	CPH14
Trading currency	CHF	CHF
Nominal volume	CHF 100 million	CHF 120 million
Issue price	100.00	100.00
Coupon	2.00%	2.75%
Denomination	CHF 5 000	CHF 5 000
Annual coupon payment	12 October	10 July
Issue date	12 October 2018	10 July 2014
Maturity	12 October 2023	10 July 2019
Redeemable	No	No
Credit rating by rating agency	None	None

### Share price trends

The CPH share, which is listed on the SIX Swiss Exchange, closed at CHF 82.50 on 28 December 2018, a 54.1% increase on its closing price at the end of 2017. This was well above the performance of the market as a whole: the Swiss Performance Index (SPI) declined 8.8% over the same period.

### Share information

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

### The CPH share price

(compared to the Swiss Performance Index)



Per-share statistics <sup>1)</sup>	2018	2017	2016	2015	2014
Share price on 31 December in CHF	82.50	53.55	40.00	31.40	56.45
High in CHF	89.00	57.30	42.20	59.90	63.80
Low in CHF	54.00	39.00	29.80	30.00	55.95
Nominal value per share in CHF	2.00	5.00	5.00	5.00	5.00
<b>Key figures per share <sup>2)</sup></b>					
Equity per share in CHF	67.87	66.06	63.49	67.12	73.67
Price-to-book ratio on 31 December	1.22	0.81	0.63	0.47	0.77
Net result per share in CHF	7.05	2.66	-1.32	-5.52	1.75
Price/earnings ratio on 31 December	11.70	20.10	n.a.	n.a.	32.25
Cash flow per share in CHF	11.50	2.41	4.71	1.20	6.80
Free cash flow per share in CHF	3.05	2.14	0.32	0.23	0.07
Dividend per share (2018: recommendation) in CHF	1.80	0.65	0.65	0.60	0.65
<b>Market capitalization</b>					
Number of shares <sup>1)</sup>	6 000 000	6 000 000	6 000 000	6 000 000	6 000 000
Share capital in CHF million	12	30	30	30	30
Market capitalization in CHF million	495	321	240	188	339

<sup>1)</sup> All information restated in view of the 1:20 share split of 10 April 2015

<sup>2)</sup> Based on consolidated financial statements; excluding minorities

### Investor relations agenda

26 February 2019	Publication of the 2018 Annual Report; media conference and investors' meeting
19 March 2019	Ordinary General Meeting
19 July 2019	2019 Half-Year Report (to 30 June)

CPH's communications on its business trends and performance, its letters to shareholders and key ad-hoc disclosures may be obtained via an email service that is available from the [www.cph.ch](http://www.cph.ch) website (under Investors -> Communications).

The latest CPH corporate communications and interim reports will also be found on the [www.cph.ch](http://www.cph.ch) website, together with further corporate information.

### Investor relations contact

Richard Unterhuber, CFO  
CPH Chemie + Papier Holding AG  
CH-6035 Perlen  
Phone: +41 41 455 8000  
Email: [investor.relations@cph.ch](mailto:investor.relations@cph.ch)

# The Board of Directors

AS OF 31 DECEMBER 2018



## Peter Schaub

### Chairman

Peter Schaub (born 1960), Swiss national, lic. iur., attorney-at-law, was first elected in 1994 and has been Chairman since 2010.

#### Current positions

Partner at Weber Schaub & Partner AG, tax and legal consultants, Zurich; Chairman of the Board of Directors of Scobag Privatbank AG, Basel; Chairman of the Board of Directors of Zindel Immo Holding AG, Chur; Deputy Chairman of the Board of Directors of Mobimo AG, Lucerne; Deputy Chairman of the Board of Directors of Uetikon Industrieholding AG, Uetikon; Deputy Chairman of the Board of Directors of UBV Holding AG, Uetikon; Member of the Board of Directors of Rüegg Cheminée Holding AG, Zumikon; member of the boards of directors of various further unlisted companies; trustee of various foundations.

#### Former positions

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

## Mauro Gabella

Mauro Gabella (born 1952), Swiss and French national, Dr. sc. nat., was first elected in 2005 and has been chair of the Personnel & Compensation Committee since 2010.

#### Current positions

Chairman of the Board of Directors of The PME & Co, Luxembourg.

#### Former positions

Chairman of the Board of Directors of Pharmalp SA; Vice President Organizational Excellence & Project Management Europe, Sano-Aventis, Paris; Vice President Central & Southern Europe, Sano-Aventis, Paris.

## Manuel Werder

Manuel Werder (born 1974), Swiss national, lic. iur. and LL.M., attorney-at-law, was first elected in 2015.

#### Current positions

Partner at Niederer Kraft & Frey AG, Zurich; Member of the Board of Directors of Uetikon Industrieholding AG, Uetikon; Member of the Board of Directors of UBV Holding AG, Uetikon; member of the boards of directors of various further unlisted companies; trustee of various foundations.

#### Former positions

Senior Associate and Associate at Niederer Kraft Frey AG; secondment to Allende & Brea Abogados, Buenos Aires; Foreign Associate at Fox Horan & Camerini LLP, New York.

## Tim Talaat

### Deputy Chairman

Tim Talaat (born 1960), Swiss national, MSEE and MBA, was first elected in 1994 and has been Deputy Chairman since 2015.

#### Current positions

Majority shareholder and Chairman of the Board of Directors of Swiss Industrial Holding AG, Uetikon; Chairman of the Advisory Board of Single Holding GmbH, Hochdorf (Germany); Member of the Board of Directors of Bachofen AG, Uster.

#### Former positions

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

## Kaspar W. Kelterborn

Kaspar W. Kelterborn (born 1964), Swiss national, lic. oec. HSG, was first elected in 2015, and has been chair of the Finance & Auditing Committee since his election.

#### Current positions

CFO and Member of the Executive Committee of the Conzzeta Group, Zurich; member of the boards of directors of various Conzzeta AG subsidiaries.

#### Former positions

CFO and Member of the Executive Management of the Unaxis Group, Pfäffikon; leading executive functions in finance and controlling both in and outside Switzerland for the Clariant Group, Muttenz.

## Christian Wipf

Christian Wipf (born 1957), Swiss national, lic. oec. HSG, was first elected in 2008.

#### Current positions

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

#### Former positions

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

**From left:** Peter Schaub, Tim Talaat, Christian Wipf, Mauro Gabella, Manuel Werder and Kaspar W. Kelterborn.

# Group Executive Management

AS OF 31 DECEMBER 2018



## Peter Schildknecht

### Group CEO

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

Dr. Schildknecht is a Member of the Board of Directors of Renergia Zentralschweiz AG, Root, a Member of the Board and Vice-Chairman of Euro-Graph (the European Association of Graphic Paper Producers), Brussels and Deputy Chairman of the Board of the Central Switzerland Chamber of Industry & Commerce (IHZ), Lucerne.

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

## Klemens Gottstein

### Head of the Paper Division

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

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

## Alois Waldburg-Zeil

### Head of the Chemistry Division

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

Alois Waldburg-Zeil began his professional career as an auditor, and served with KPMG from 1993 to 1997. Between 1997 and 2009 he held a range of management functions with the Süd-Chemie Group (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).

## Richard Unterhuber

### Group CFO

Richard Unterhuber, who is a Swiss and Italian national, was born in 1967. A Certified Management Accountant and the holder of a Swiss FH Diploma in Business Administration and an MBA, he has been CFO of the CPH Group since 2016.

From 2006 to 2016 Richard Unterhuber served as CFO and a Member of Group Executive Management at the internationally active Multi-Contact industrial group based in Allschwil, near Basel. Prior to this he had held various executive finance and controlling positions at a number of further industrial companies including Head of Controlling at Swiss Post Aarau from 1995 to 1997, Business Controller at DCL Data Center Luzern AG from 1997 to 1998, Chief Commercial Officer and a Member of Executive Management at Sarnatech (Schweiz) AG, Triengen from 1998 to 2001 and Head of Shared Services and CFO of SCA Packaging Switzerland AG, Oftringen from 2001 to 2006.

## Wolfgang Grimm

### Head of the Packaging Division

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

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