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# LETTER FROM THE CHAIRMAN OF THE HUMAN RESOURCES & COMPENSATION COMMITTEE (HRCC)

**Dear Reader,**

As Chair of the Human Resources and Compensation Committee, I am pleased to present the compensation report 2022.

In 2022, the Group had a successful year with strong financial results across all strategic objectives, despite facing headwinds. Thanks to our people, the Group was able to navigate these challenges successfully, underlying the importance of our high-performance culture.

“  
**With the right talents on board we will continue to progress towards becoming the most customer-focused and innovative oral care company in the world**

With the customer consistently at the center, the HRCC focused heavily on working with the leadership to enable continued connections to customer journeys and enabling growth through new opportunities for our people in the Straumann Group. These HRCC activities are conducted to ensure we strike the right balance of new innovation, value-added services and solutions for our customers.

A standard activity for the HRCC at year-end is to review the results of the 2022 engagement survey which showed, similar to the past, a very high level of engagement with a score of 81 and a 91 percent response rate. The results exceeded previous years in almost every category – and many categories were above the upper quartiles of the benchmark. When coupled with the uncertainties during the year, it is clear that our people are the engine that drive our strategic compass and steer our company into a sustainable future.

“  
**We follow a pay-for-performance philosophy**

Our strategy requires us to perform and transform and to support our growth. In that context the Group remains focused on finding the right talent and skill sets which challenges us to ensure we remain an attractive employer. During 2022, we dedicated a significant amount of time to review our Total Rewards framework to ensure it addresses the changing needs of our people and remains agile for the future. Specifically, we continued to focus on equity and inclusion initiatives, competitive benefits that contribute to a foundation of well-being and reviewed our base salary levels and bonus programs to ensure our offering to employees remains

competitive. The results showed that our Total Rewards offering continues to be robust, competitive and leans directly on rewarding successful outcomes, which follows our pay-for-performance philosophy.

In 2022, the HRCC continued a holistic approach to the people experiences at Straumann beyond talent and rewards. Therefore, the HRCC routinely focuses on cultural initiatives and their progress, diversity & inclusion and the overall ‘Empowering people’ commitment of our sustainability framework. We further embedded our non-discrimination policies into daily business practices, continued to focus on workplace flexibility to enable leadership, increase engagement and expand channels to connect people to opportunities that provide a meaningful experience. All these topics help us to attract and retain talent from around the world.



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**Looking ahead**

Developing people for the future will empower everyone to make a meaningful impact and unlock critical skills that will allow the organization to drive growth in new geographies and customer segments over the long term. In this respect, we have committed to review the Group talent strategy within the HRCC and the Board of Directors during 2023 and will involve key stakeholders in this dialogue to build a robust decision-making process that enables a strong impact. As the Group continues to grow it is critical that we provide opportunities for people to learn and grow to ensure success for a sustainable future for the Group.

“  
**The Empowering people commitment from our sustainability framework will be completely embedded in the HRCC responsibilities**”

To this end, and more broadly, the 2023 HRCC will take over the responsibility of the ‘Empowering people’ commitment of the sustainability framework following the dissolution of the ESG Task Force on the Board level. The HRCC is committed to focusing on these strategic elements that maintain the attractiveness of the Group and that motivate and retain our people to create millions more smiles for a sustainable future. In 2023, the HRCC has ‘Empowering people’ as a recurring agenda item to ensure it reflects the commitment of the Group to focus on sustainability.

As Chair of the HRCC, I would like to thank all Straumann Group employees for their commitment and achievements over the years. I would also like to express my specific gratitude to CEO Guillaume Daniellot and his EMB team for their continued efforts, as well as to the Board of Directors and to our shareholders, for their confidence and trust in the HRCC as well as the valued input during my time as a Chair of the HRCC. I have informed the Chairman of my wish to step down in April 2023 from this role and from the Board of Directors. I wish my successor and the other HRCC members every success for the future.



Beat Lüthi  
 Chairman of the Human Resources & Compensation Committee



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# COMPENSATION GOVERNANCE AND REGULATIONS

This report is prepared in line with Swiss laws and regulations, including the Swiss Code of Obligations and considers the Directive on Information relating to Corporate Governance of SIX as well as the Guidelines of the Swiss Code of Best Practice for Corporate Governance of economiesuisse.

The baseline for the compensation framework in place at Straumann is anchored in [the Articles of Association \(AoA\)](#).

At the AGM 2023, we will propose to amend the Straumann Group Articles of Association to reflect the new provisions of the Swiss Corporate law and to further strengthen shareholder rights.

The key elements of the AoA 2022 relating to compensation are summarized on the right.

The AoA do not allow for loans, advances, or credits to any current or former members of the EMB, the Board of Directors, or related parties.

Further, the agreements with the members of the Board of Directors as well as the EMB do not contain any severance provisions from which a benefit could be obtained in the event of a change of control. The AoA do not contain provisions for opting out or opting up.

**Article 4.1 Compensation of the members of the Board of Directors**

Compensation of members of the Board of Directors is made up of a fixed base compensation paid out in cash and/or in the form of shares and may include other compensation components and benefits.

**Article 4.2 Compensation of the members of the Executive Management**

Compensation of members of Executive Management is made up of fixed (base salary and may include additional compensation components and benefits) and variable compensation components (may include short- and long-term compensation elements). Payouts under the variable short-term compensation components depend on the achievement of diverse, typically annual, performance. Payouts under the variable long-term compensation components are share-based and adjusted to objective, multi-year performance targets and may occur in cash, or share(-based) instruments.

**Article 4.3 Supplement to compensation in case of changes in the Executive Management**

A supplementary amount is available for any member who joins the Executive Management or is promoted after the approval of the compensation by the AGM. The supplement for the CEO shall not exceed 140% of the last compensation paid to the departing Chief Executive Officer; the supplement for another member of the Executive Management shall not exceed 140% of average compensation of a member of the Executive Management (excluding the CEO).

**Article 4.5 Agreements and non-compete clauses**

Employment agreements with the members of the Executive Management can be of temporary or permanent nature whereas the latter have a notice period of no more than twelve months. Non-compete clauses may be agreed upon, whereas the amount of compensation shall not exceed the last annual compensation paid to relevant member and may be paid for a period not exceeding one year.



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**Human Resources & Compensation Committee (HRCC)**

The Board of Directors nominates the members of the HRCC for individual election by the Annual General Meeting (AGM) on an annual basis; re-election is possible. In 2022, the committee consisted of four members, Dr Beat Lüthi, Regula Wallimann, Juan José Gonzalez and Nadia Tarolli Schmidt who are all considered independent members. The Committee is entrusted with the design of the fee structure for the Board of Directors and the total rewards for the Executive Management Board (EMB), in addition to the review of the total rewards framework for all employees and other key people programs. The Committee reports its views on these programs and the rewards and compensation of the EMB to the Board of Directors at least once a year and proposes changes when necessary. Additional information can be found in the Charter of the Human Resources & Compensation Committee, available in the [Organizational Regulations of the Company](#).

Further information on the HRCC, including a list of external mandates at other companies, can be found on [page 133 of the corporate governance report](#).

The HRCC met 5 times in 2022 and all its members were present. Constantly seeking a broader view, the Committee spends significant time on the non-monetary components in its meetings and other dialogue throughout the year. For instance, in 2022 talent management was a key focus in addition to sustainability, diversity, inclusion and belonging initiatives. Other benefits such as work-life balance, pay equality, workplace flexibility, dependent care and special leave, as well as other activities that contribute to people development that lead to job enrichment. Beyond these standing agenda topics, a significant initiative of the HRCC will be to reshape the discussions around talent, engagement and a sustainable future.

Topics addressed by the HRCC in 2022	Feb	Apr	Aug	Oct	Nov
<b>Culture &amp; Leadership</b>					
Diversity, equity and inclusion	✓	✓	✓	✓	✓
Initiatives & programs	✓	✓			✓
Talent management & employee engagement	✓		✓	✓	✓
<b>Rewards</b>					
STI: Performance targets framework, etc.	✓	✓			✓
LTI: Grant, vesting, framework, etc.		✓			✓
EMB compensation	✓	✓	✓	✓	✓
Pension	✓	✓			
Global Compensation Framework	✓	✓	✓	✓	✓
Global Pay Equity	✓		✓	✓	
<b>ESG</b>					
Cooperation with ESG Task Force & external feedback		✓	✓		✓
<b>Succession</b>					
Key personnel changes	✓	✓	✓	✓	
BoD & EMB succession			✓	✓	✓
<b>Governance</b>					
Compensation report	✓		✓	✓	✓
HRCC objectives	✓		✓		✓
AGM: Process, feedback, etc.			✓		



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Attention was increasingly given to widened sustainability topics in 2022 by focusing on the sustainability framework. This multifaceted review approach provides a holistic basis for the HRCC to be able to give directional input related to people topics.

The Chairman of the Board of Directors and the CEO participated in all the meetings, except during discussions concerning the evaluation and determination of their own compensation, as guests without voting rights. The HRCC has the right to invite other internal as well as external guests without voting rights to their meetings.

**Regulations**

The Group’s compensation schemes for its executives and directors as well as its Articles of Association (AoA) fully reflect the Swiss Ordinance against Excessive Compensation (OaEC). The AoA do not allow for loans, advances, or credits to any current or former members of the EMB, the Board of Directors, or related parties. In addition, notice periods for the EMB are restricted to a maximum of 12 months. The compensation schemes and [AoA are available to the public here](#) as well as the Organizational Regulations of the Board of Directors and the EMB [here](#).

**Agreements with the Board of Directors and the Executive Management Board**

Agreements are concluded with members of the Board of Directors regarding the payments for their mandate (members are elected for a term of one year) and with members of the EMB regarding their employment. Non-compete clauses are permissible, and compensation may be paid as indemnity where it is determined necessary. In such cases, the compensation must not exceed the last annual total compensation paid to the individual and may not be paid for more than one year, as referenced in the AoA.

**Compensation**

Recommendations and decisions

Recipient	Compensation recommended by	Compensation decided by
Chairman of the Board	Human Resources & Compensation Committee/Board of Directors	AGM
Board Members		
CEO	Chairman of the Board/HRCC	Board of Directors
Executive Management	CEO/HRCC	Board of Directors
Senior Management	EMB	CEO
Management and staff	Line Management	EMB

**Termination provisions**

Variable compensation components are subject to forfeiture clauses that allow for partial or total forfeiture if the individual leaves the Group before the vesting date, subject to the Board of Directors’ assessment of the reasons for departure. Further, the agreements with the members of the Board of Directors as well as the EMB do not contain any severance provisions from which a benefit could be obtained in the event of a change of control.

The AoA do not contain provisions for opting out or opting up. Upon a change of control event, unvested equity-based long-term variable compensation awards vest with the number of the awards being adjusted on a pro-rata basis and the value per award being determined by the Board of Directors. These procedures apply to all recipients of long-term variable compensation awards irrespective of whether they belong to the EMB or not.



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## COMPENSATION PRINCIPLES

The compensation principles outlined below are valid for everyone working for wholly owned Straumann Group companies.

### Ethical, fair standards

The Group seeks to be in full compliance with international labor standards and, as an equal opportunity employer, is committed to treating all its employees fairly and equally. Compensation and access to rewards programs are prohibited from being discriminatory under local regulations. Local minimum wage regulations have no bearing on the remuneration policy, as the compensation surpasses them. The Group's commitment to remain competitive and live up to these standards is reflected in its use of benchmark data for periodic reviews to ensure compliance and internal standards. It is further anchored in the Group's culture of equity and inclusion, under which the aim is to foster an environment of mutual respect, transparency and recognition. Collective bargaining agreements and freedom of association may exist throughout the Group in compliance with laws and regulations.

### Value creation drives total rewards

The Group's view is that success depends largely on value creation for all stakeholders by its employees, which should be recognized and rewarded. A modern compensation system and access to competitive rewards are an important instrument for attracting, retaining, motivating and developing people. Therefore, we conduct regular benchmarking to ensure internal and external fairness, to incentivize sustainable growth and to provide benefits that recognize diverse lifestyles and interests.

Furthermore, our principles are founded on the belief that empowered and engaged employees help drive positive performance and ensure the resilience of our organization. Having an engaging culture energizes our colleagues, helps us attract new talent, increases commitment to purpose and helps us create our future. By giving our employees fulfilling work in a supportive environment that appreciates their well-being, we provide our team with the opportunity to fully explore their potential.

This is also reflected in our clearly outlined commitment to the broader societal agenda through the lens of the UN Sustainable Development Goals (SDGs). The UN SDGs are designed to be a 'blueprint to achieve a better and more sustainable future for all.' This commitment contributes to the following UN SDGs: 5 – Gender Equality and 8 – Decent Work and Economic Growth.

### Pay for performance

The total compensation of most of our employees includes a balance of fixed and variable elements (see next page). With regards to the variable compensation elements, the Group fosters a performance culture that focuses both on what was achieved and how it was achieved. This is done by setting relevant and challenging yet realistic performance ambitions thereby promoting accountability among employees for their performance and aligned to our core beliefs.

The goal of the variable elements is to reward employees for outperformance while at the same time effectively addressing underperformance. In combination with share-based long-term compensation elements, the focus of our Senior Management and particularly the EMB are

strongly aligned with the experience and interests of our shareholders.

### Comprehensive benchmarking

We seek to attract and retain top talents coming from various industries, backgrounds and locations. As a result our compensation benchmarking approach considers various contextual factors such as growth and future aspirations, business complexity, global footprint and market positioning, using a size-adjusted approach.

Benchmark reviews for all Group employees are supported using external surveys which include data from many companies in relevant local markets. Our approach is to provide fixed compensation that is competitive with comparable companies. In addition, we set our variable compensation levels to enable total compensation to move towards the upper quartile for outstanding performance.

For the EMB, the external benchmark data includes companies (and comparable companies) in the SMIM index, which comprises the 30 largest midcap companies in Switzerland. The benchmarking approach considers organizational factors such as market capitalization, headcount and revenue in the context of an individual's roles and responsibilities from a current and aspirational perspective. The most recent review of the EMB compensation was conducted at the end of 2021 and was reported in the prior year's report.

For the Board of Directors, the external benchmark was conducted in 2021 and no changes were made to the framework or amounts to be delivered to individual members.



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**Principles of compensation for the Board of Directors**

The compensation of the Board of Directors is subject to the approval of the AGM and consists of fixed compensation components paid in cash and shares in accordance with the AoA. The Board of Directors establishes the compensation payable to its members based on the recommendations of the HRCC and within the limits approved by the AGM. The principles remain unchanged in 2022.

Irrespective of role, all Board members are entitled to reimbursement from the company for their reasonable expenses for travel to and from Board meetings, travel on behalf of the Board and other related incidental expenses, in accordance with the expense regulations for Members of the Board of Directors of Straumann Holding AG.

The Chairman of the Board of Directors, who was previously a member of the EMB and served as CEO, participates in the Swiss pension plan, which is a fully funded defined contribution plan. Such coverage is necessary as he does not occupy any other executive function and therefore would otherwise not be covered by any occupational pension scheme. This is disclosed accordingly in the compensation tables below.

Furthermore, members of the Board of Directors are provided an opportunity to participate in a Board version of the Straumann pension plan. The Board pension plan mirrors all conditions of the Straumann plan with the exception that all contributions, including the employer portion, are to be funded by the respective members of the Board of Directors themselves without incurring any additional costs to the company.

**Principles of compensation for the Executive Management Board**

The principles for the compensation of the EMB specify both a fixed cash component, which includes base salary and other fixed compensation items and a variable component in accordance with the AoA, which includes a short-term and a long-term component as well as access to benefits that make up their total rewards. The compensation levels for each EMB member are determined according to the role's responsibilities and are reviewed based on external benchmarks as described in the section entitled comprehensive benchmarking.

The collective financial rewards of the EMB, including the CEO, are subject to approval by the shareholders at the AGM. If there are changes in the EMB after the AGM, the compensation of a new CEO or any other incoming member of the EMB will be determined in accordance with the AoA, which includes stipulations regarding total compensation to be offered and any supplementary compensation to offset losses of rights associated with giving up prior activities.

To demonstrate their commitment to the Group's value creation, EMB members are required to hold Straumann Group equity in a value corresponding at least to the aggregate of their individual annual base salary and short-term incentive at target. The requirement for the CEO is at least the aggregate of the annual base salary, short-term incentive at target and long-term incentive grant value. Incoming EMB members are expected to build up the required equity within five years.

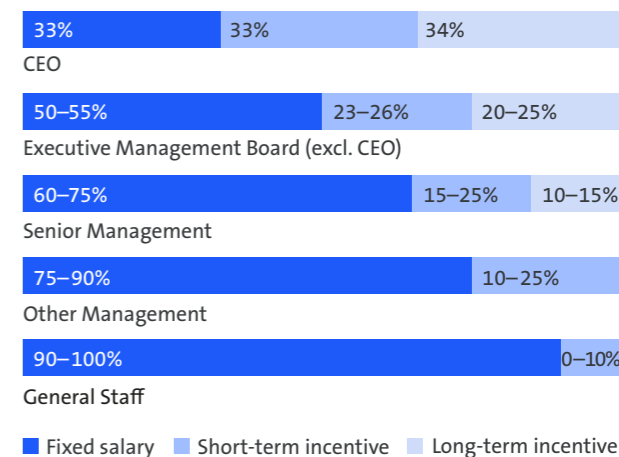
The HRCC reviews the holdings of the EMB members throughout the year, and all applicable members were in compliance with the requirements and surpassed them in most cases.

**Board of Directors compensation framework**  
in CHF 1 000

Recipient	Cash	Equity allocation
Chairman	400	300
Board Committee Chair	150	100
Other Board of Directors members	100	100

Board members are required to hold two years' annual compensation in shares.

**Group Pay mix corridor (at-target achievement)**



The numbers of shares in Straumann Holding AG held by the members of the EMB in office at the end of 2022 are shown in the table [on page 231](#).





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# GROUP COMPENSATION FRAMEWORK

The compensation framework for the Group remained the same in 2022 as in 2021.

**Compensation framework**

Element	Type	Delivery	Description
Fixed components	Base salary	Cash	<ul style="list-style-type: none"> <li>• For all employees (including EMB) a fixed compensation, determined by scope and complexity of the role</li> <li>• Generally, within 80–120% of relevant market median</li> </ul>
	Variable components	Short-term incentive	Cash
Benefits		Long-term incentive	Performance Share Units (PSUs)
	Pension plans		In line with local statutory guidelines and under consideration of the notions of equity and inclusion <ul style="list-style-type: none"> <li>• Pension plans are de-risked in line with Group guidelines</li> </ul>
	Other benefits		In line with local market practices <ul style="list-style-type: none"> <li>• Benefits are positioned towards relevant market medians where meaningful and necessary</li> </ul>
	Employee share participation plan (ESPP) <sup>1</sup>	Blocked shares	<ul style="list-style-type: none"> <li>• For Swiss-based employees: purchase of Straumann shares up to a maximum of 35% of their annual base salary at a discount of 35%</li> <li>• For senior management, the purchase cap is 25% of annual base salary with a discount of 25%</li> <li>• The shares are blocked for two years</li> </ul>

**Employee share participation plan**

	2022 <sup>1</sup>	2021	2020 <sup>2</sup>
Employees participating	480	299	-
Shares issued	103 526	9 014	-
Discount share price at issue	CHF 97.64 <sup>3</sup> CHF 84.62 <sup>4</sup>	CHF 927 <sup>3</sup> CHF 803 <sup>4</sup>	-
End of blocking period	April 2025	April 2023	-

- 1 Share split 2022 – 1:10
- 2 ESPP cancelled as part of COVID-19 cost-saving measures
- 3 25% discount
- 4 35% discount

1 During 2022, analysis of extending the ESPP into key locations continues to be reviewed



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**Fixed components**

Fixed compensation includes base salary and may include additional cash elements depending on local practice and regulation and are set through the previously described benchmarking practice. In 2022 the average fixed compensation of all employees in the Group amounted to CHF 80 154 per person (not including Executive Management). Compared to the 2021 the average has dropped by 2.9% due to our growth into locations where the compensation standards are lower than the 2021 global average.

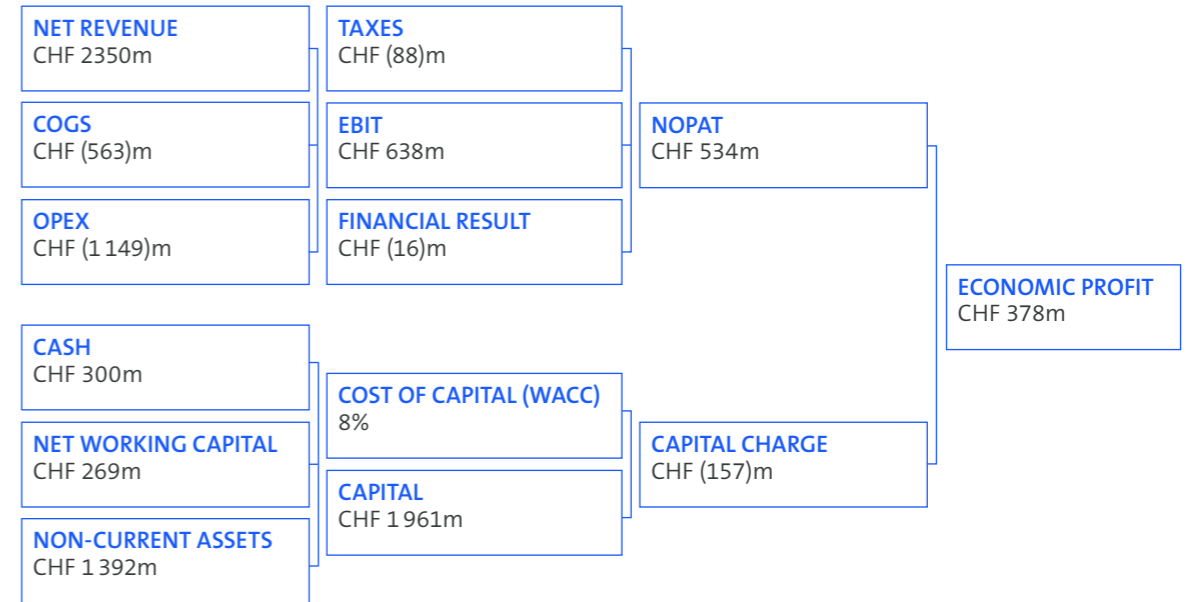
**Variable components**

During 2022, the HRCC has intensively discussed the introduction of ESG considerations in compensation decisions and specifically within variable pay. Despite the Group's strong focus on ESG both in its day-to-day business operations as well as from a strategic point of view, it was decided to not yet integrate these criteria directly into compensation decisions at an EMB or non EMB level. We will continue to have ongoing discussions in the HRCC.

**Short-term incentive (STI)**

Our STI scheme focuses on rewarding all participating individuals, based on company and team performance, incentivizing growth and value creation and are weighted as shown in the table on the right. Our STI scheme focuses on rewarding all participating individuals equally based on company and team performance and incentivizes growth and value creation. The payout is capped at 165%, 180% or 190% of the target, depending on the participant's managerial level and organizational unit focus.

**2022 EP Core result, FX adjusted**



NOPAT = Net operating profit after taxes; COGS = Cost of goods sold; OPEX = Operating expenses; EBIT = Earnings before interest and taxes.

**STI performance criteria weighting 2022**

Management level	Company performance (economic profit)	Organizational unit performance (financial targets)
Chief Executive Officer	100%	
Executive Management Board	100%	
Senior Management	40–100%	0–60%
Management	20–100%	0–80%
Staff	20–100%	0–80%

Targets and weighting by the hierarchical levels. For the CEO the target level of the STI corresponds to 103% of the base salary and between 43-51% for the EMB members. For all EMB members, the payout is capped at 190% of the target



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**Company performance**

Economic profit (EP) is the key performance indicator of company performance, which applies to all STI participants. EP is calculated by deducting a capital charge from the net operating profit after tax (NOPAT). The Board of Directors may exclude extraordinary elements from the calculation. The capital charge represents the cost of capital calculated based on an average equity return expected by investors. The Board of Directors sets the absolute target for EP generation in Swiss francs annually prior to the respective performance cycle. The target is based on medium-term business plans as well as the defined budget for the performance year and is commercially sensitive so that disclosure of such may provide an unfair advantage to Straumann Group's competitors. However, to increase transparency on the compensation decisions, EP performance realized during the respective performance cycle (see p. 166) as well as achievement against the target (see 'Realized CEO compensation', p. 172) are disclosed.

**Organizational unit performance**

Specific financial targets are applicable in addition to EP for participants in the majority of our organizational units. These targets are derived from annual budgets and are set by the CEO and CFO together with the member of the EMB responsible for the respective organizational unit.

**Long-term incentive (LTI)**

The LTI program is designed for the EMB, Senior Management and other key employees depending on role, responsibility, location, strategic impact and market practice. Participation is determined by the Board of Directors. The plan was introduced in 2012 and is designed to offer an attractive variable compensation element that aligns participants' interests with those of the shareholders and other key stakeholders. The plan uses Performance Share Units (PSU), which are granted to

eligible personnel with specific performance conditions that result in a potential vesting into Straumann shares after three years.

**Performance share unit grant 2022**

PSUs are granted once a year after the AGM and no cash investment is required from the participants. The number of PSUs granted is equal to the participant's LTI contractual grant value divided by the reference value of one PSU at the grant date. The LTI grant value is a percentage of the total target compensation and is determined in accordance with the participant's role in the organization. In 2022, 90 390 (adjusted to reflect the share split 10:1) PSUs were granted.

**Performance share unit value at grant 2022**

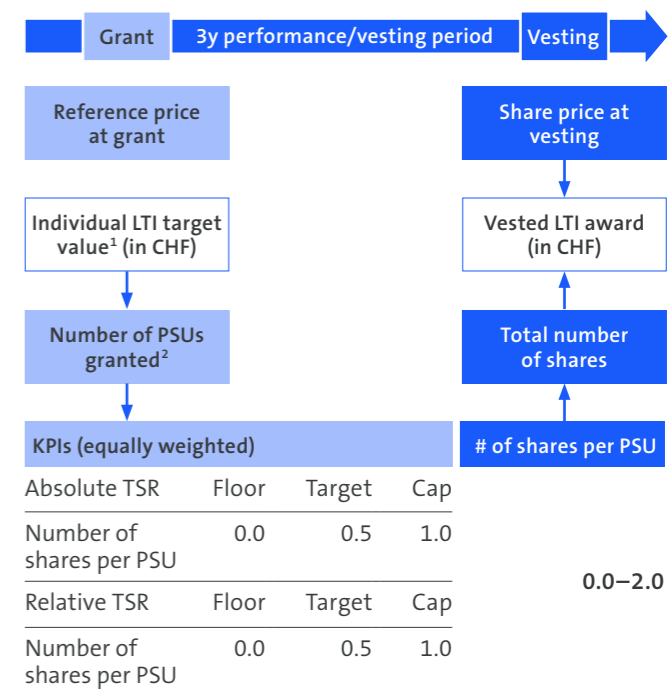
The value of the PSUs granted is determined based on the notion that it should accurately reflect the inherent risk of the underlying instrument. Under this assumption, for the 2022 grant and the foreseeable future, the Group estimates the PSU reference value to be at 25% below the share price at the time of grant, based on historical values where the fair value calculated by external professionals resulted in a range of 20–30% below market prices.

The LTI design includes the possibility for the PSU value at vesting to be higher or lower than the value at grant (or even zero). It is important to consider this potential for fluctuation when linking grant values to total target compensation in order to manage expected compensation with share volatility in the individual's earning potential performance conditions that result in a potential vesting into Straumann shares after three years.

**Conversion of PSUs into shares (vesting in 2025)**

The 2022 PSU grant will vest at the end of the performance period and will be converted into shares. The number of shares allocated per PSU depends on the achievement of the performance conditions, both directly

**Straumann 2022–2025 LTI program**



- 1 Grant value is defined as a percentage of the total target compensation taking into account participant's role in the organization
- 2 Results from division of the individual LTI grant value by the reference price of one PSU



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reflecting the shareholder experience and considered essential for sustaining shareholder value creation:

- Absolute TSR aims to link the LTI value at vesting directly with the absolute value created by the company for its shareholders
- Relative TSR shows the Group’s share performance in the context of the market and in comparison, with peer companies (SMIM index)

The performance conditions are weighted equally and vest independently of each other. For each performance condition, the maximum conversion factor is 1 share per PSU, leading to a total maximum conversion factor for the LTI for 2 shares per PSU.

**Total shareholder return (TSR)**

TSR is the profit (or loss) realized by an investment at the end of a year or specific period. It includes capital gains or losses from changes in the share price as well as gross dividends. Capital gain is calculated using the average of the closing share prices over the period of seven trading days starting on the ex-dividend date in the year of grant and in the year of vesting.

When determining the vesting curves, the Board considers ambitious yet realizable target performance levels to establish a statistically reasonable chance for target achievement. The vesting curves are chosen to warrant an overall more robust LTI program, whereby any decreases or improvements in performance are proportionately reflected in the number of vested PSUs. The Group believes that the overall approach to target setting adds to the competitiveness of its reward system for its executive and senior management and limits the possibility of excessive risk taking.

**Absolute total shareholder return**

The absolute TSR symmetrical vesting curve is parametrized around the target of 7.0%, whereby the

**Outstanding PSU Grants**

Group view, including EMB

	2022 <sup>1</sup>	2021	2020
Grant date	20.04.2022	21.04.2021	30.04.2020
Vesting date <sup>2</sup>	21.04.2025	20.04.2024	20.04.2023
Share price at grant	CHF 130.18	CHF 1 235.50	CHF 753.51
PSU reference value <sup>3</sup>	CHF 97.64	CHF 926.63	CHF 565.13
Granted PSUs	90 390	8 766	12 198

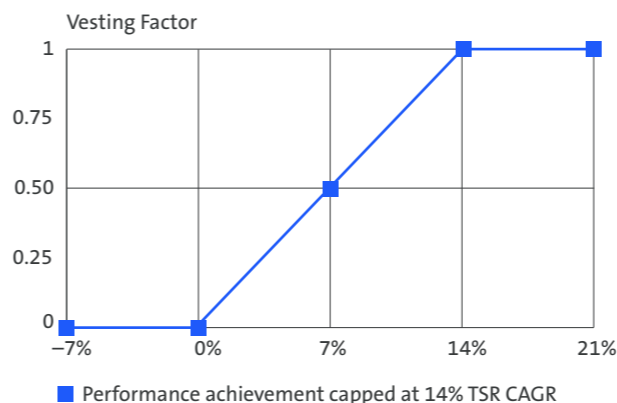
<sup>1</sup> For 2022 the values reflect the share split of 1:10  
<sup>2</sup> Seven trading days after the ex-dividend date  
<sup>3</sup> Average closing share price of 7 days ex-dividend less 25% discount

**Outstanding PSUs as of 31 December 2022**

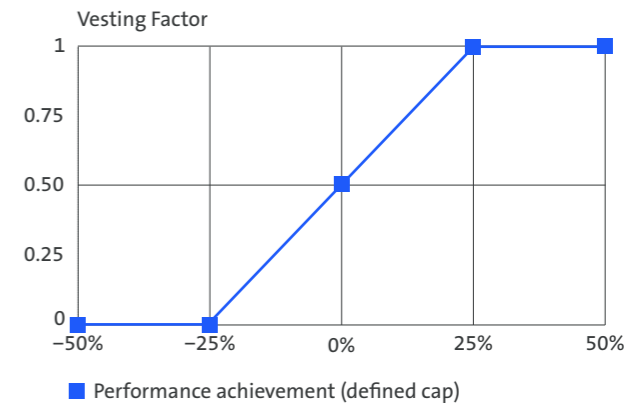
Group view, including EMB

	2022 <sup>1</sup>	2021	2020
As of 1 January	262 270	29 854	34 771
Granted PSUs	90 390	8 766	12 198
Vested PSUs	-77 360	-10 299	-14 927
Forfeited PSUs	-25 409	-2 094	-2 818
As of 31 December	249 891	26 227	29 854

**Absolute TSR – CAGR over 3 years**



**3-Year Relative TSR vs SMIM in percentage points**





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conversion rate of PSUs into shares ranges from 0% to 100%. The target is derived both under consideration of the internally applied cost of capital for the determination of economic profit as well as analyst estimates. Target achievement will result in a conversion rate of half a share per PSU, with any achievements below target achieving a conversion rate on a linear basis down to zero for any result below the minimum threshold.

If the absolute TSR CAGR amounts to 14.0% or more, the conversion rate of one PSU amounts to a full share. Maximum achievement of a full share by design must be challenging and this target shall be maintained for the foreseeable future. Over the past three years the share price has climbed from CHF 700 (70 post-split) to over CHF 2 000 (200 post-split) at times during 2022 as a result of strong growth; however, as the company continues to mature and expand, the probability of achieving the above-target TSR CAGR returns is expected to be very challenging.

**Relative total shareholder return**

The relative TSR symmetrical vesting curve allows for no payout in case of below-pre-defined threshold performance (SMIM performance alignment) and limits the maximum payout to a conversion rate of 100% in case of above-target performance.

No shares are allocated if the Group underperforms the SMIM by 25%-points or more (i.e., conversion rate of zero). Contrarily, each PSU converts into one share (i.e., conversion rate of 100%) if the Group outperforms the SMIM by 25%-points or more. Performance in line with the SMIM results in each PSU converting into half a share as shown in the vesting curves in [the chart on page 168](#). Relative TSR is calculated by taking the percentage points difference between the TSR of Straumann and that of the SMIM (Swiss Market Index Mid) index.

**Benefits Pension plans**

Internal analysis carried out in recent years showed that Straumann and its subsidiaries fulfil and, in some respects, exceed local legal requirements relating to pension plans. In most cases, pension obligations are fully funded; where this is not the case, liabilities are reported in the annual report following actuarial rules. Further information on pension plans is provided in Note 8.2 to the audited consolidated financial statements [on page 215](#). The pension funds are managed locally and invested through independent financial institutions. For example, the investment strategy of the Swiss pension fund, which represents the largest pension plan of the Group, is determined by the Group's Pension Fund Commission and executed by its Investment Committee. The pension funds publish regular reports for all members.

**Other benefits**

Straumann Group's benefit programs are designed to support our employees' professional, personal well-being and enable the Group to attract and retain talent. Programs are structured to support our overall business strategy and are aligned with local practices and legislation. Examples of benefits include, depending on location, public transport passes, lunch vouchers, the use of company cars, mobile phones and discounts on Straumann products. A global review of the competitiveness and market practice of the benefit plans took place during 2021 and extended into 2022 and were found to be aligned with local practices.

Specific to the EMB, according to article 4.3 of the Group's [Articles of Association](#), new members joining the EMB may be eligible to receive compensation for losses incurred because of the change of position. Such lost compensation is replaced on a like-for-like basis (i.e., no increase to the replacement value) and is reported under 'Other compensation and benefits' in the compensation table for the financial year in question.



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## 2022 BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT BOARD COMPENSATION

### Compensation for the Board of Directors

The 2022 AGM approved a maximum total compensation for the Board of Directors of CHF 2.7 million for the term of office ending at the 2023 AGM. It consists of a fixed fee paid in cash and shares and includes social security.

In 2022 none of the Board members received any compensation from the Straumann Group other than that disclosed in this report. No compensation was paid to related parties of members of the Board of Directors and no payments were made to former members of the Board of Directors or related parties.

### Shareholdings of the Board of Directors

The numbers of shares in Straumann Holding AG held by the members of the Board of Directors in office at the end of 2022 are shown in the table on the right.

### Compensation of the Executive Management Board

At the 2022 AGM, the shareholders prospectively approved a fixed compensation of CHF 9.7 million for the collective EMB (as composed in April 2022) for the period between 1 April 2021 and 31 March 2023. The shareholders also approved a maximum budget of CHF 3.8 million for the collective long-term variable compensation of the EMB for the 2022 business year. The variable STI for the business year ending 31 December 2022 will be submitted for approval by the shareholders at the AGM in 2023 based on the financial achievement of the Group using the economic profit target established in January of each year.

### Board of Directors compensation (audited table)

in CHF 1 000

2022 2021	Fixed cash compensation	Fixed share compensation	Social security	Other benefits	Pension	Total <sup>1</sup>
Gilbert Achermann (Chairman of the Board)	400 400	300 300	45 51	31 31	127 127	903 909
Marco Gadola (Chair of the Innovation & Technology Committee)	150 150	100 100	17 17	0 0	0 0	267 267
Juan Jose Gonzalez	100 100	100 100	14 14	0 0	0 0	214 214
Beat Lüthi (Chair of the Human Resources & Compensation Committee)	150 150	100 100	17 17	0 0	0 0	267 267
Petra Rumpf (from April 2021)	100 75	100 100	14 10	0 0	0 0	214 185
Nadia Tarolli Schmidt (from April 2022)	74 0	100 0	10 0	0 0	0 0	184 0
Thomas Straumann	100 100	100 100	14 14	0 0	0 0	214 214
Regula Wallimann (Chair of the Audit & Risk Committee)	150 150	100 100	17 17	0 0	0 0	267 267
Monique Bourquin (until April 2021)	0 27	0 0	0 2	0 0	0 0	0 29
Sebastian Burckhardt (until April 2022)	26 100	0 100	2 11	0 0	0 0	28 211
<b>Total</b>	<b>1 250</b> 1 252	<b>1 000</b> 1 000	<b>150</b> 153	<b>31</b> 31	<b>127</b> 127	<b>2 558</b> 2 563

1 Includes employer pension contribution in the amount of CHF 202 000 funded by the eligible Board members through a reduction to paid base fees



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**2022 Short-term incentive**

The target level of the STI corresponds to 100% of paid base salary for the CEO and between 43–51% of the base salary for the other EMB members. For all EMB members, the payout is capped at 190% of the target. The STI for the 2022 business year resulted in maximum achievement, therefore leading to a payout of 190% of target for all EMB members. This will be paid in 2023, subject to AGM approval.

**2022 Long-term incentive**

With reference to the 2019 grant that vested in April 2022, the EMB collectively received a vested value of CHF 4.5 million. Due to changes in the EMB from 2019 to 2022, 7 out of 13 EMB members vested in the LTI program in 2022 and the six members who departed the organization forfeited their outstanding grants. This resulted in a realized vesting value that represents 138% of the total grant in 2019.

In total, 34 925 (post-split volume) PSUs were granted in 2022, thereof 8 961 for the CEO and in total 25 964 for the other members of the EMB.

The target value of the CEO's LTI contractual grant value corresponds to 103% of annual base salary, while the target value of the respective LTI contractual grant values for other EMB members varies between 40–55% of base salary.

**EMB averaged fixed compensation 2022**

In 2022, as disclosed in the 2021 compensation report, the CEO total compensation was increased to reflect performance and remain competitive using the fundamentals described in the comprehensive benchmarking section. In addition, several other members of the EMB received performance-related adjustments, as approved in 2022 AGM. These increases resulted in a collective EMB and CEO increase of 4.3%

when removing the impact of the replacement awards to the new EMB members. In the 2023 AGM the overall average compensation of the EMB is forecasted to remain unchanged.

The ratio of the annual total compensation for the CEO compared to the median annual total compensation for all employees in 2022 (excluding the CEO) is 44:1.

The ratio of the percentage increase for the CEO to the median percentage increase for all employees in 2022 was 2:1. In 2022 the CEO received a market adjustment to compensation to recognize the company growth and competitiveness in the industry.

All employees of the Straumann Group were included in this analysis, using full-time equivalent compensation amounts. Compensation elements included in the analysis were annual base salary, target bonus and cash benefits for the calendar year.

**Changes to the EMB**

In 2022 the EMB was comprised of 13 members, compared to 14 members in 2021.

The Head of Western Europe and Digital Business Unit role were removed as Executive Management Board roles at the start of 2022.

The following EMB appointments and changes were made in 2022:

With effect as of April 2022:

- Jason Forbes joined the Group as Chief Consumer Officer, a newly created function of the EMB
- Sébastien Roche took over as Chief Operations and Supply Chain Officer, succeeding Mark Johnson who leaves the Group after navigating his team through the challenging pandemic period.

**Executive Management Board compensation (audited table)**

in CHF 1 000

	Annual base salary	Realized-short-term incentive	Performance share units (grant value)	ESPP discount	Social security & pension <sup>1</sup>	Other compensation & benefits <sup>2</sup>	Total
<b>13 members 2022</b>							
<b>14 members 2021</b>							
Guillaume Daniellot (CEO)	863 738	1 639 1 354	875 850	35 28	370 310	71 75	3 853 3 354
Other members <sup>3</sup>	5 323 5 090	4 420 3 894	2 535 2 333	40 77	1 720 1 472	1 928 1 782	15 965 14 648
<b>Total</b>	<b>6 185</b> <b>5 828</b>	<b>6 059</b> <b>5 248</b>	<b>3 410</b> <b>3 183</b>	<b>75</b> <b>105</b>	<b>2 090</b> <b>1 782</b>	<b>1 999</b> <b>1 857</b>	<b>19 818</b> <b>18 002</b>

- 1 This amount includes estimated social security contributions related to PSU grants to align the timing of social security reporting with the compensation element that creates it
- 2 Other compensation includes automobile lease for EMB members on Swiss contracts in addition to local benefits for EMB members in LATAM, APAC and the US as well as replacement awards for 2 new members who joined during the year and relocation costs to move them to their respective locations of employment
- 3 Includes members residing outside of Switzerland who receive their compensation in local currency, converted into CHF for reporting purposes



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In 2022, replacement awards were granted to Jason Forbes and Sébastien Roche, who joined the company during the year, to compensate them for lost awards when they resigned from their former employers and one member received a second installment of the replacement award agreed in 2021, but deferred until 2022 to respect a blocking period requirement.

Overall, the lost compensation is replaced on a like-for-like basis (i.e., no increase to the replacement value) and reported under 'other compensation and benefits' in the compensation table for the financial year in question. The amount spent of CHF 954 016 was within the permissible supplementary amount under Article 4.3 of the AoA.

**2022 Realized compensation of the CEO**

in CHF 1 000

Fixed compensation	Contractual 12 month salary	Annual-ized effect	ESPP discount	Realized social security and pension	other compensation and benefits	Realized fixed compensation
	900	863	35	370	71	1 339

**Variable compensation**

STI-related	LTI-related <sup>1</sup>	Quantitative measures and their contribution to variable compensation	Realized performance	Realized vs target performance	Target/granted compensation	Realized variable compensation
✓		Economic Profit 2022	100%	Max. achievement	190%	863 (100% of annual base salary)
	✓	Absolute Total Shareholder Return (TSR) Apr 2019 to Apr 2022	50%	Max. achievement	1 share per PSU	160 (40% of annual base salary) <sup>2</sup>
	✓	Relative Total Shareholder Return (TSR) Apr 2019 to Apr 2022	50%	Max. achievement	1 share per PSU	655 (incl. 17% annual share price appreciation between grant and realization dates and 25% valuation discount at grant) <sup>3</sup>

- 1 2019 grant which vested in 2022
- 2 Grant before Guillaume Daniellot was appointed CEO reflects % of base salary at the time of grant
- 3 Grant reference value was determined by the closing share price average of 7 days ex-dividend less 25% discount





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## APPROVAL OF COMPENSATION

The Board of Directors determines the compensation of the individual members of the Board and the EMB based on the recommendations of the HRCC and within the limits set by the AGM. The relevant criteria are explained on [page 162](#) and the compensation awarded to the Board of Directors and the EMB is disclosed in the tables on [page 170](#) and [page 171](#).

The AGM approves the maximum compensation payable to the Board of Directors and the EMB. At the 2023 AGM, the shareholders will be asked to approve:

- The total compensation of the Board of Directors from 1 April 2023 to 31 March 2024
- The total fixed compensation of the EMB from 1 April 2023 to 31 March 2024
- The short-term incentive (STI) of the EMB for the 2022 business year
- The total long-term incentive (LTI) for the 2023 grant including grant-related social security for the EMB
- The approved STI of the EMB for the 2021 performance year was paid in April 2022 as approved by the AGM in the amount of CHF 5.6 million (including social benefits)

The reconciliation of approved and dispensed compensation for the 2022–2023 AGM period is shown in the table on the right.

**Compensation approved and dispensed**

in CHF 1 000

	Board of Directors	Executive Management Board
Compensation earned during the financial year 2022 (A)	2 559	12 803 <sup>1</sup>
Compensation earned for the period 1 January to 31 March 2022 (3 months) (B)	377	2 045
Compensation to be earned for the period from 1 January to 31 March 2023 (3 months) (C)	400	2 400 <sup>1</sup>
Total compensation earned from 1 April 2022 to 31 March 2023 (A)–(B)+(C)	2 582	13 157
Amount approved by shareholders at the 2022 AGM	2 700	13 500 <sup>1</sup>
Compensation dispensed by the company within approved amount	yes	yes

<sup>1</sup> Does not include the following: STI 6 496 (including social security costs) to be paid in 2023 for 2022 performance year. Replacement awards for members who joined during 2022 (CHF 954)



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# REPORT OF THE STATUTORY AUDITOR ON THE AUDIT OF THE COMPENSATION REPORT TO THE GENERAL MEETING OF STRAUMANN HOLDING AG, BASEL



**Opinion**

We have audited the compensation report of Straumann Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the tables labelled “audited” on page 170 and page 171 of the compensation report.

In our opinion, the information on remuneration, loans and advances in the compensation report (page 170 and page 171) complies with Swiss law and Art. 14-16 VegüV.



**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 compensation 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 labelled “audited” on page 170 and page 171 of the compensation report, the consolidated financial statements, the stand-alone financial statements and our auditor’s reports thereon.

Our opinion on the compensation 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 compensation 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 compensation 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 compensation 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. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



**Auditor’s responsibilities for the audit of the compensation report**

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV 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 compensation report.

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

- Identify and assess the risks of material misstatement in the compensation 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.



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- 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 to 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.

Ernst & Young Ltd

Martin Mattes  
Licensed audit expert  
(Auditor in charge)

Fabian Meier  
Licensed audit expert

Basel, 20 February 2023

