

An aerial photograph of a rugged coastline. The water is a vibrant turquoise color, contrasting sharply with the dark, almost black, rocky land. The land features jagged, irregular shapes and textures, with some lighter, sandy or pebbly areas visible. The overall composition is dynamic and abstract, with the coastline curving and twisting across the frame.

TAX TRANSPARENCY REPORT 2023

straumanngroup





TABLE OF CONTENTS

1 INTRODUCTION	3
2 BEPS 2.0 – BASE EROSION & PROFIT SHARING GUIDE	4
3 TAX GOVERNANCE	5
4 TAX RISK MANAGEMENT	6
5 STAKEHOLDER ENGAGEMENT	7
6 TRANSFER PRICING	8
7 COUNTRY-BY-COUNTRY REPORTING	9
8 TAX ANALYSIS	10
9 GLOBAL TAX FOOTPRINT	11
10 APPENDIX	13



1. INTRODUCTION

Rooted in our heritage of creating long-term value for all our stakeholders and doing business responsibly, sustainability is a strategic business priority. We are aware that being an industry leader entails great responsibility and are committed to contributing to the society as a good corporate citizen.

This includes our financial responsibility to contribute to the societies where we operate. Our tax payments support social programs and influence fiscal policy and macroeconomic stability.

In the 2023 double materiality assessment, Business Conduct was rated as a critical topic for the Group by internal and external stakeholders. Due to its importance, tax transparency belongs to business conduct and is covered in that part of the annual report 2023. This report focuses on our approach to a transparent tax system, the Group's tax structure and corporate governance as well as provides insights on our economic performance and impact.

In addition, recent changes in Tax legislation such as the G20 and OECD's BEPS 2.0—Base Erosion and Profit Sharing tax initiative are explained.

PUBLIC REPORTING AND TRANSPARENCY

As a reliant business partner, we aim to enable our stakeholders to make informed decisions about our organization's tax position. Therefore, public reporting on tax, and the resulting increase in transparency on its tax strategy and positions, are of utmost importance to us. This tax transparency report has been developed based on the GRI 207 standard.

PURPOSE: WE EXIST ...
**TO UNLOCK THE
POTENTIAL OF
PEOPLE'S LIVES**

VISION: WE BELIEVE IN ...
**A WORLD WHERE
ORAL HEALTH
IS A SOURCE OF
CONFIDENCE**

MISSION: OUR GOAL IS TO BE ...
**THE MOST
CUSTOMER-
FOCUSED AND
INNOVATIVE ORAL
CARE COMPANY
IN THE WORLD**

2. EPS 2.0 – BASE EROSION & PROFIT SHARING GUIDE

BEPS: PILLAR II ...

**A 15 % MINIMUM
EFFECTIVE TAX
RATE ACROSS
MULTIPLE
JURISDICTIONS**

MISSION: OUR DUTY IS TO BE ...

**PREPARED FOR
CHANGE AND
OPEN WITH
REGARDS TO OUR
TAX STRATEGY**

BEPS 2.0

BEPS stands for Base Erosion and Profit Shifting. It is a set of rules that was proposed by the OECD mainly to address the tax challenges arising from the digitalization of the economy. The rules aim to ensure that multinational enterprises pay a minimum level of tax on their income, regardless of where they operate or are headquartered. Straumann Group will be directly affected by this minimum tax regime, which will ultimately lead to a higher group tax rate.

It has been argued that the current international tax system is outdated and inadequate for a more digital economy. It was designed for a time when companies operated mainly through a physical presence in different countries. Now, with the rise of digital companies and the digitalization of goods and services, the old tax system fails to fully capture the value created by these new business models.

This initiative will create obstacles, close some gaps and hinder opportunities in terms of international tax rules that currently allow multinational enterprises to adjust their tax burden in their home countries. Likewise, it will reduce the ability for multinational enterprises to adjust tax rates wherever they operate.

This new global tax system will look to end schemes it seems as unfair but in doing so puts limits on legitimate tax strategies. Mechanisms previously available to tax departments, now obsolete, affect our ability to formulate a versatile tax response. This will impact our own tax strategy and ultimately lead to a higher group tax rate.

Note: Switzerland introduced this OECD/G20 minimum tax regime as per January 1, 2024. During its meeting on 22 December 2023, the Federal Council decided to begin levying the supplementary tax in Switzerland from 1 January 2024. This will prevent erosion of the tax base in favor of other countries. The Federal Council will decide on other elements of the OECD/G20 regulatory framework at a later date.

3. TAX GOVERNANCE

The Straumann Group Tax Policy outlines the rules, standards and expectations established by the Management which is approved by the Audit and Risk Committee.

We adhere to the principle that tax planning should align with the business strategy and should support a lean and efficient business-oriented approach. As a result, a fair share of the profit should be realized on each step of the supply chain, which is the basis for the Transfer Pricing model of the Group.

By following those principles, we aim to create long-term value and a lasting positive impact for all stakeholders and ensure that taxes are paid where value is created.

Taxes paid by an organization reflect the profitability which depends on many external factors, such as access to workers, markets, public infrastructure and services, natural resources, and the public administration. To ensure that the Straumann Group pays a fair share of taxes in the respective jurisdictions, we comply with the following principles:

TAX GOVERNANCE MODEL

The Straumann Group's tax policy applies to all entities that are majority-owned by Straumann Holding AG. The policy covers all managers and staff who have a role in, or whose actions affect, the tax management of the Straumann Group for all kinds of taxes (direct, indirect, collected and paid).

The Global Head of Tax is responsible for managing our tax risk and reports to the CFO. The Audit and Risk Committee oversees the tax risk management. The Board of Directors has the ultimate responsibility for the Group's risk management. The Global Head of Tax provides regular updates on tax risks or any other tax issues to the Group CFO. In addition, the Audit and Risk Committee receives quarterly tax reports.

Our Corporate Tax Team has qualified and experienced members who attend industry events and training sessions regularly to keep their skills current. The Group Tax Policy sets out the roles and responsibilities of the Corporate Tax Team

and the Country Management Teams. The Country Finance Team must notify the Corporate Tax Team of any communication with tax authorities that is not part of the normal tax compliance process, any tax audits, appeals against tax assessments and court rulings on tax matters, as well as changes in local tax rates.

TAX COMPLIANCE

Tax compliance is the process of fulfilling the legal obligations related to taxation. It involves reporting income, expenses, assets, liabilities, and other relevant information to the tax authorities, as well as paying the correct amount of tax on time. Tax compliance can be challenging for individuals and businesses, especially if they operate in multiple jurisdictions or have complex transactions.

The Straumann Group is no different. We follow the tax laws in every country where we operate, and we are committed to good tax practices for all our stakeholders. We do not engage in any abusive or overly aggressive tax schemes, nor do we tolerate any form of tax evasion, including facilitation of tax evasion.

We respect and follow all the tax laws, rules and regulations that apply to our business. We do not seek the lowest tax result possible, but rather a sustainable tax position that supports our long-term goals and values.

Our Corporate Tax Team oversees tax compliance for all legal entities. They monitor and enforce tax compliance with local laws, regulations, reporting, filing and disclosure requirements, as well as formation of standards and policies. They also coordinate, educate and support the country finance teams on tax compliance matters. We prefer to do tax compliance in-house and any external providers need the approval of the Corporate Tax Team.

4. TAX RISK MANAGEMENT

STRATEGY: WE DO NOT SEEK
**THE LOWEST TAX
RESULT POSSIBLE,
BUT RATHER A
SUSTAINABLE TAX
POSITION, THAT
SUPPORTS OUR
LONG TERM GOALS
AND VALUES**

Tax risk management is the process of identifying, assessing and mitigating the potential tax consequences of business decisions and transactions. It involves developing and implementing policies, procedures and controls to ensure compliance with tax laws and regulations, as well as minimizing the exposure to tax audits, disputes and penalties. Tax risk management is an essential part of good corporate governance and can enhance the reputation and value of an organization.

OUR POSITION ON TAX RISK

The Straumann Group regularly monitors legal and regulatory changes and their implications for the Group. Based on these developments, we implement the necessary changes in our policies and training tools. We specifically focus on anti-corruption, data protection and privacy, antitrust insider trading as well as finance legislation.

We understand that tax laws can be complicated and sometimes ambiguous in their application. As a result, there may be situations where our view of our obligations may not match the view of the tax authorities, which then poses a risk of non-compliance.

We must predict and identify the different sources of tax risks and follow clear rules to manage them in a way that supports our strategic goals. This is what tax risk management means for us.

Our business strategy guides our tax strategy, so we do not engage in any risky tax schemes. However, we may face tax risks due to various factors, such as political changes, business developments, internal process errors, interpretation issues and others.

FINANCIAL AND TAX REPORTING

The Internal Control System (ICS) is a tool that identifies and monitors all possible risks, including tax-related ones. It helps us to organize, control and evaluate our activities, while the management ensures the ICS is effective. The Group Internal Audit and the External Audit work together to check the compliance of the ICS.

1 www.arbeitgeberbasel.ch

2 www.hkbb.ch

5. STAKEHOLDER ENGAGEMENT

RELATIONSHIPS WITH TAX AUTHORITIES

It is essential to maintain a proactive and transparent relationship with tax authorities around the world. The Straumann Group aims for an open and cooperative relationship with tax authorities.

It is our intention to fulfill all our compliance obligations and comply with all requests from the tax authorities. Further we aim to submit all tax returns as well as pay our taxes on time.

In cases where tax risks can be mitigated through a tax ruling, we proactively communicate with the tax authorities and file a tax ruling. However, it is not our intention to use tax rulings for aggressive tax planning or to attain extensive tax incentives.

OTHER STAKEHOLDERS

Tax is one of the key contributions to fulfill the social responsibility. We therefore consider it critical that we, as taxpayers, engage with industry bodies and other business networks to discuss issues and help inform any decisions taken on Tax Policy and practices.

The Straumann Group is a member of the “Basel employers’ association”¹ and of the “Basel Chamber of Commerce”², which both advocate for the economic needs of their members. The latter also promotes a fair tax environment among Swiss cantons. None of our board members or executives have any official or political roles, unless stated in their CV in the annual report.

APPROACH TO TAX INCENTIVES

Some of the countries where we do business may offer tax incentives or preferential tax reliefs to companies, for instance, to attract investments or encourage the creation of jobs.

Straumann Group only seeks and accepts tax incentives when they both align with our tax policy and can be used in the way that they were intended by the government granting them.

6. TRANSFER PRICING

INTERCOMPANY TRANSACTIONS

Straumann Group is a global company that pays taxes where we add value. We follow OECD guidance and the “arm’s length” principle for intercompany transactions. We compare transactions between our entities with similar transactions between unrelated parties. These are the fundamentals of the Transfer Pricing Process.

The Straumann Group's Corporate Tax Team monitors the distribution of profits among the Group to make sure that the transfer pricing policy matches profits with value creation. We prepare a Master Transfer Pricing Study every year and send it to our Group entities to help them create a Local Transfer Price Study. Although not all jurisdictions require a Local Transfer Pricing Study, the Straumann Group's internal policy mandates that all Group entities do a Local Transfer Study to strictly ensure that tax follows where value is created.

7. COUNTRY-BY-COUNTRY REPORTING

As a standard, the OECD requires multinational enterprises to prepare and file, for each country, a report containing aggregate tax information per country. The report should show the income, taxes paid and other indicators of their global activities.

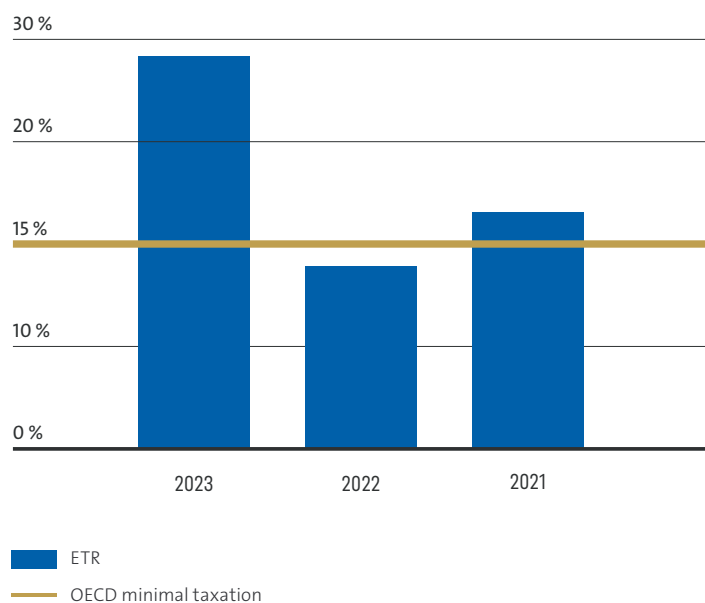
As a multinational enterprise, Straumann Group has prepared and filed the country-by-country-report to the Swiss Federal Tax Administration since 2016 on an annual basis.

8. TAX ANALYSIS

The effective tax rate is the percentage of income that a person or a business pays in taxes after taking into account all the deductions, credits, and exemptions. It is different from the marginal tax rate, which is the tax rate applied to the last dollar of income. The effective tax rate can be calculated by dividing the total tax liability by the taxable income.

The effective tax rate (profit tax) of the Straumann Group in 2023 was higher than the average of the previous years. The high tax rate in 2023 is a result of the impairment of DrSmile. Our effective tax rate is mainly driven by our Group structure based on our Swiss origins and the main risk bearing entities residence in Switzerland.

Effective tax rate



9. GLOBAL TAX FOOTPRINT

TOTAL TAX CONTRIBUTION BY REGION

The chart shows revenue and the total tax contribution by region. We are paying tax in the jurisdiction in which value is created in accordance with the arm's length principle.

Most of our tax contributions were in the EMEA region. This is our largest market and from where we are running our business.

Key figures 2023

Revenue / CH

2.4 bn

EBIT / CHF

411 m

Income tax paid / CHF

80 m

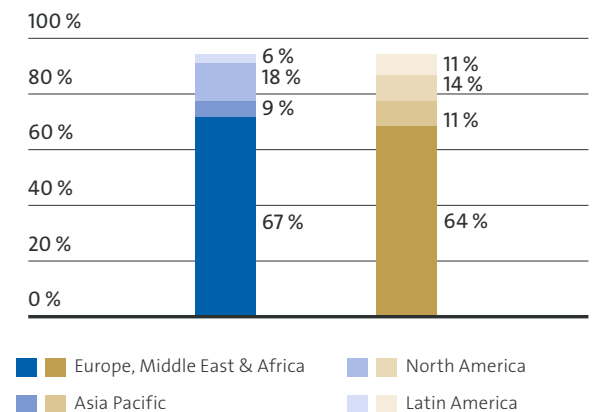
Income tax accrued / CHF

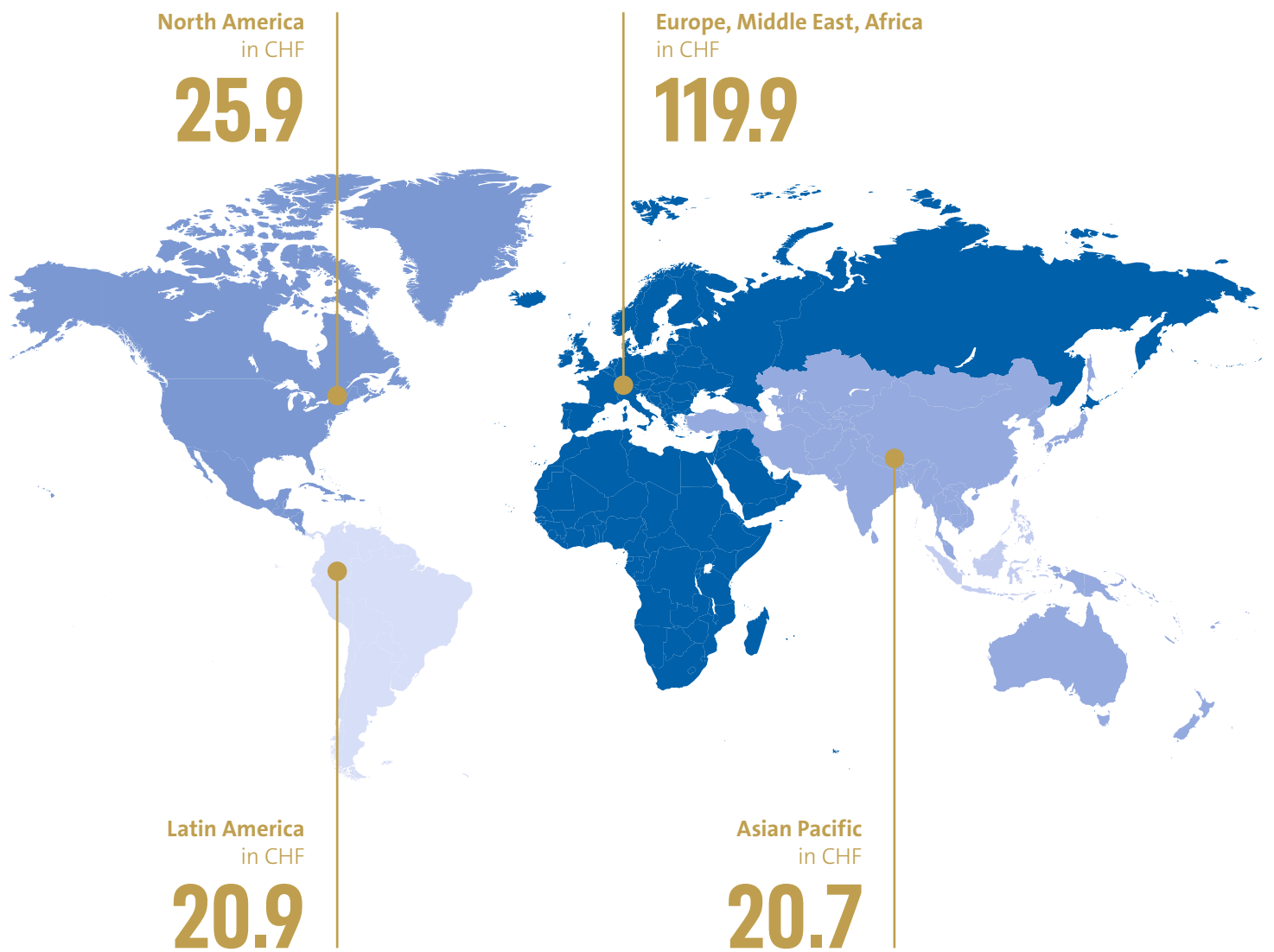
107.4 m

Employees

11 109

Total tax contribution by region





10. APPENDIX

WHAT DO WE DEFINE AS TAX?

Tax systems across the world are complex and can often be difficult to compare. Certain payments to governments may be classified as tax in one country, but not in another.

Therefore, we use the OECD's Classification of Taxes and Interpretive Guide as a basis to decide in a consistent manner what payments constitute a tax.

WHICH TAXES APPLY TO US?

Profit taxes

A tax on corporate profits is a levy imposed by the government on the income of businesses. It is one of the main sources of revenue for the public sector, and it affects the allocation of resources and the distribution of income in the economy. The tax rate and the tax base are the two key parameters that determine the amount and the incidence of the tax.

Product taxes (or Tax on Goods and Services)

A tax on goods and services is a type of indirect tax that is levied on the consumption of goods and services. It is usually collected by the seller from the buyer and then remitted to the government. The tax rate may vary depending on the type and value of the goods and services. The tax on goods and services aims to raise revenue for the government and to influence consumer behavior.

Employee taxes

Taxes borne or collected by an employer arising in relation to their employees. This includes taxes on salary and most social security payments.

Other taxes

This category of taxes includes green taxes, which are taxes that aim to reduce environmental damage or encourage sustainable behavior. Examples of green taxes are stamp taxes, CO2 taxes, transport taxes, pollution taxes and resource taxes.

Tax borne versus collected

Taxes borne are a cost of the company doing business which they bear. This is the businesses cost. For example, the corporate income tax of a business or a tax payable on the occupation of a business' premises is a tax charged upon and borne by the company.

This is contrary to a tax collected by the company on behalf of another taxpayer which is then paid to governments. For example, personal income tax charged upon employees is a tax on the employee, however, the employer often collects that tax and pays it to the tax authority.

While there are taxes which may be both borne and collected depending on the situation, irrecoverable value-added tax (VAT) is a tax borne while net VAT is a tax collected.



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