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Letter from the Chair 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 2023.

In 2023, the Group had a successful year with strong financial results, continued growth and value creation while dealing with the challenges of global geopolitical and macroeconomic uncertainties. Despite these challenges, our people continued to persevere and serve our customers and stakeholders through relentless dedication and commitment that helped create 5.6 million smiles and continue our journey further towards becoming the most customer-focused and innovative oral care company in the world.

“A talent mindset is crucial to achieving sustained value creation

During 2023, the HRCC reviewed and focused on supporting management with initiatives that will continue to build the foundation for sustainable growth and customer driven products and services that shape our continued success today, and in the future. The key initiative that the HRCC focused on during 2023, and will continue

to invest in, is reviewing and balancing the talent pipeline. Performing for today and transforming for tomorrow requires a diverse talent landscape, and as our customer needs continuously evolve so do the development and growth needs of the people of the Straumann Group. Care and attention to our talent and growth will ensure that we are developing our people stride by stride with our customers which will strengthen this customer partnership for a sustainable future. The HRCC is convinced that this investment in a talent mindset is crucial to achieving sustained value creation and growth.

Strongly linked to the talent mindset, the HRCC prioritizes recognition as an Employer of Choice. To this end the HRCC continued to review the effectiveness of management in developing people towards new growth opportunities, and ensuring that attractive rewards and connections to opportunities are linked with customer growth and development, both of which are critical for the company’s success.

Throughout 2023, the HRCC supported various initiatives targeted at strengthening the Group’s high-performance culture through leadership and people development programs. These initiatives are directly at the core of our Group strategy and will embed a group-wide foundational focus on connections to opportunities for our people and customers, propelling the Group to outpace the competition and further establish the Straumann Group as a leader in the oral care space.



Marco Gadola
Chair of the Human Resources & Compensation Committee



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A key activity for the HRCC, CEO and the Group at year-end is to review the results of the 2023 engagement survey which showed, similar to the past, a very high level of engagement with a score of 81, and a 91% response rate. The results are consistently higher than the third quartile benchmark yet again, emphasizing the commitment and belief of our people to our purpose. The people feedback element of our high-performance culture is critical to understanding how well we are supporting each other in continued success, and how we can learn from each other in order to energize everyone towards a continued successful and sustainable future that will create millions of new smiles around the world.

We strive to maintain best practice compensation approaches for our employees

In line with the responsibilities assigned to the HRCC by our shareholders, the HRCC each year reviews best-practice compensation approaches in our Group compensation frameworks to ensure they are competitive, rewarding and relevant to our people. During 2023, the HRCC reviewed the EMB compensation framework against the external benchmark (SMIM companies) using the services of Mercer to understand if we are maintaining best practice and competitive levels in how we remunerate and reward the EMB.

The results indicated that our at-target compensation offering for the EMB needs an adjustment to ensure that the total compensation level and mix are appropriate in driving our strategic initiatives and retaining our talent over the long term. These adjustments will be proposed to the AGM 2024 for approval by the shareholders.

Looking ahead

Our Total Rewards offering follows our pay-for-performance philosophy and is designed to be robust, competitive and to reward successful outcomes. Beyond the 2024 EMB compensation adjustments that will be proposed, the HRCC supported a continued review of the target total reward offering for all levels of the organization to ensure our growth and organizational changes maintain competitiveness with the companies and industries in which we compete for the talent of today, and the talent we will need for the future.

Additionally, the HRCC reviewed the current setup of the performance metrics driving our long-term incentive plan against the Group strategy and concluded that the performance metrics should be modified slightly to incorporate an internal performance metric of EBIT growth, to ensure management focus on internal performance, and are rewarded when achieving it in line with our high-performance culture expectations and outcomes.

The HRCC also focused on cultural initiatives and plans in addition to ensure EMB and senior management focus on inclusion & diversity and the overall ‘empowering people’ commitment of our sustainability framework. The Group continued to reinforce and make visible the importance of non-discrimination practices, equity and inclusiveness into daily business practices, in addition to a continued focus on workplace flexibility, measures to communicate

and collaborate towards increased engagement and expand channels to connect people to opportunities that provide a meaningful experience. The HRCC reviews the progress and compliance of organizational leaders in respect of all of these topics and remains convinced that they are fundamental triggers to the success of our high-performance culture, which consistently helps us to attract and retain talent from around the world, and will continue this focus during 2024 and beyond.

To this end, we will use these foundational elements, in addition to listening to our customers and other key stakeholders to continue driving commitment to the talent agenda of the Group over the short and long term. We remain convinced that the people development agenda, focused on a talent mindset, will continue to provide connections to opportunities and ensure our people continue to grow with our customers’ needs.

As the new Chair of the HRCC, I would like to thank all Straumann Group people for their commitment and achievements during 2023. I would also like to express my specific gratitude to the EMB 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 their valued input. It has been an exciting first year in this role and I am looking forward to our future initiatives and advancements.



Marco Gadola
Chair 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, shareholders approved the proposed amendments to the Straumann Group Articles of Association to reflect the new provisions of the Swiss Corporate law and to further strengthen shareholder rights.

-
- 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 annual performance targets. Payouts under the variable long-term compensation components are share-based and adjusted to objective, multi-year performance targets.

 - 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 after the approval of the compensation by the AGM.
The additional amount may not exceed in total 30% of the respective last approved total amounts of the (maximum) fixed and variable compensation of the Executive Management.

 - 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 average of the compensation of the three last business years paid to the relevant member before the separation and may be paid for a period not to exceed 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 2023, the committee consisted of three members, Marco Gadola, Regula Wallimann, and Nadia Tarolli Schmidt. Further information on the HRCC can be found on p. 141 of the corporate governance report. Additionally, a list of external mandates of all members of the HRCC, as well as of the EMB can be found at the end of this report.

The Committee is entrusted with the design of the fee structure for the Board of Directors and the total rewards framework 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 to the Board of Directors at least once a year and proposes changes when necessary.

The Chair 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.

Additional information can be found in the Charter of the Human Resources & Compensation Committee, available in the [Organizational Regulations of the company](#).

Topics addressed by the HRCC in 2023	Feb	Apr	Aug	Oct	Nov
Culture & leadership	✓	✓	✓	✓	✓
Diversity, equity and inclusion	✓			✓	
Initiatives & programs	✓	✓	✓	✓	
Talent management & employee engagement	✓	✓	✓	✓	✓
Rewards	✓	✓	✓	✓	✓
STI: Performance targets framework, etc.	✓	✓		✓	✓
LTI: Grant, vesting, framework, etc.	✓	✓	✓	✓	✓
EMB compensation	✓			✓	
Pension	✓				
Global compensation framework	✓	✓	✓	✓	✓
Global pay equity		✓		✓	✓
ESG	✓	✓	✓	✓	✓
Succession	✓	✓	✓	✓	✓
Key personnel changes	✓	✓	✓	✓	
BoD & EMB succession	✓		✓	✓	✓
Compensation report	✓		✓	✓	✓

The HRCC met five times in 2023 and all its members were present. The Committee spends significant time on high performance culture and leadership-related components in its meetings, specifically during 2023, talent management remained a key focus, particularly at the EMB and senior management level. In addition to a thorough review of key development programs, significant time was spent on ensuring the effectiveness of people managers. In addition, the HRCC assumed a key role in acting as sounding board for empowering equality and inclusion programs at Straumann.

Attention was increasingly given to widened sustainability topics in 2023 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.



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Regulations

The Group’s compensation schemes for its executives and directors as well as its Articles of Association (AoA) reflect the relevant sections of the Swiss Code of Obligations (‘Obligationenrecht’), particularly articles 732 – 735. 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](#).

Compensation

Recommendations and decisions

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

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 average of the compensation of the three last business years paid to the individual and may not be paid for more than one year, as referenced in the AoA.

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.

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 fair-

ness, 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 wellbeing, 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. 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, aligned to our core beliefs.

The goal of the variable elements is to reward employees for high performance 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, with unique and relevant experiences, across many locations. As a result, our compensation benchmarking approach considers various contextual factors such as growth and future aspirations, business complexity, global footprint and geographical competitors and industry considerations.

Benchmark reviews for all Group employees are supported using external surveys which include data from relevant companies in 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 sustained outstanding performance.

For the EMB, the external benchmark data includes data from available 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.



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The most recent review of the EMB compensation was conducted during 2023 and took a holistic view of the framework and values of compensation positioning of the Executive Board members, as well as a review of the structure and pay-mix of each EMB member. The results indicated that competitive target compensation requires an adjustment to maintain competitive levels based on organizational strategy. A performance based adjustment will be proposed to the AGM for EMB members who were not in a competitive range that reflected their performance. When approved in the 2024 AGM, the adjustment will increase the EMB total compensation by 8.6% for business year 2024.

For the Board of Directors, the most recent external benchmark was conducted in 2021 and no changes were made to the framework or amounts to be delivered to individual members. The Board regularly conducts reviews of prevalent market practices to assess whether a new benchmark exercise would be necessary and will review the need to update it during 2024.

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 2023.

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 Chair 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.

Board of Directors compensation framework

in CHF 1 000

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

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.

Members of the Board of Directors are required to hold two years' annual fees in Straumann's shares. Newly elected members must build up the required ownership within two years of their election to the Board of Directors. The HRCC reviews the holdings of the Board members on an annual basis. All applicable members were in compliance with the requirements. The numbers of shares in Straumann Holding AG held by the members of the Board of Directors in office at the end of 2023 are shown in the table on the following page.

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.



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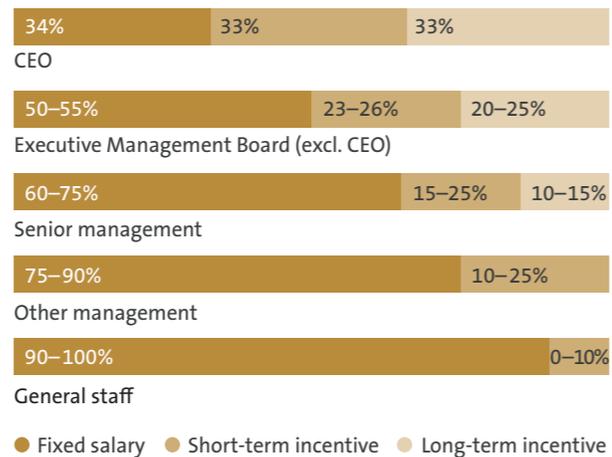
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To demonstrate their commitment to the Group's value creation, EMB members are required to hold Straumann Group equity in a value corresponding at least to the aggregate of their individual annual base salary and short-term incentive at target. The 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 on an annual basis. In 2023, all applicable members were in compliance with the requirements and surpassed them in most cases. The numbers of shares in Straumann Holding AG held by the members of the EMB in office at the end of 2023 are shown in the table on the right.

Group pay mix corridor (at-target achievement)



Equity instruments of the Board of Directors and Executive Management (audited table)

2023

	Shares	Performance share units		
		20 Apr 2024	21 Apr 2025	20 April 2026
Board of Directors				
Gilbert Achermann	310 919	0	0	0
Petra Rumpf	30 606	0	0	0
Dr. Olivier Filliol	30 728	0	0	0
Marco Gadola	62 336	0	0	0
Juan José Gonzalez	4 306	0	0	0
Dr h.c. Thomas Straumann	25 044 026	0	0	0
Nadia Tarolli Schmidt	1 496	0	0	0
Regula Wallimann	11 726	0	0	0
Total	25 496 143	0	0	0
Executive Management Board				
Guillaume Daniellot	30 756	9 170	8 961	8 497
Wolfgang Becker	11 212	2 050	1 946	1 943
Jason Forbes	1 647	0	3 073	2 428
Holger Haderer	9 180	1 890	1 946	1 846
Florian Kirsch	3 508	360	512	1 457
Patrick Loh	0	2 210	2 151	2 040
Alastair Robertson	6 534	2 160	2 151	2 040
Sébastien Roche	750	0	2 612	2 137
Aurelio Sahagun	870	3 370	2 560	2 185
Matthias Schupp	4 785	1 400	1 536	1 457
Dr. Christian Ullrich	1 369	1 940	1 844	1 748
Yang Xu	0	0	0	4 856
Total	70 611	24 550	29 292	32 634
Total	25 566 754	24 550	29 292	32 634



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Group compensation framework

The compensation framework for the Group remained the same in 2023 as in 2022.

Compensation framework

Element	Type	Delivery	Description
Fixed components	Base salary	Cash	<ul style="list-style-type: none"> For all employees (including EMB) a fixed compensation, determined by scope and complexity of the role Generally, within 80–120% of relevant market positioning
Variable components	Short-term incentive	Cash	For senior management and a broad group of employees, paid annually: <ul style="list-style-type: none"> Maximum payout potential: 165%, 180% or 190% of target, depending on hierarchy level. Performance measured against business results and financial targets
	Long-term incentive	Performance share units (PSUs)	For the EMB and a defined senior management group: <ul style="list-style-type: none"> Two independent performance criteria: absolute TSR, relative TSR (SMIM) PSUs to shares performance conversion factor: 0 to maximum of 1 share per PSU, per performance condition (maximum overall 2 shares per PSU for both conditions combined) Three-year vesting period
Benefits	Pension plans		In line with local statutory guidelines and under consideration of the notions of equity and inclusion <ul style="list-style-type: none"> Pension plans are de-risked in line with Group guidelines
	Other benefits		In line with local market practices <ul style="list-style-type: none"> Benefits are positioned towards relevant market medians where meaningful and necessary
	Employee share participation plan (ESPP)	Blocked shares	<ul style="list-style-type: none"> For Swiss-based employees: purchase of Straumann shares up to a maximum of 35% of their annual base salary at a discount of 35% For senior management, the purchase cap is 25% of annual base salary with a discount of 25% The shares are blocked for two years

Employee share participation plan

	2023	2022 ¹	2021
Employees participating	398	480	299
Shares issued	98 619	103 526	9 014
Discount share price at issue	CHF 102.98 ² CHF 89.25 ³	CHF 97.64 ² CHF 84.62 ³	CHF 927 ² CHF 803 ³
End of blocking period	April 2025	April 2024	April 2023

1 Share split 2022 – 1:10
2 25% discount
3 35% discount



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Fixed components

Fixed compensation includes base salary and may include additional cash elements depending on local practice and regulation and is set through the previously described benchmarking practice.

Variable components

Throughout the year in 2023, the HRCC continued their discussions in consideration of the compensation framework and the introduction of ESG targets, specifically in variable elements. The Group continues to focus on ESG both in the day to day business operations, as well as key strategic initiatives, and it has been decided to not yet integrate these criteria directly into compensation frameworks within the Group at this point. We expect continued dialogue within the HRCC, our stakeholders and the Board of Directors on this topic in the future.

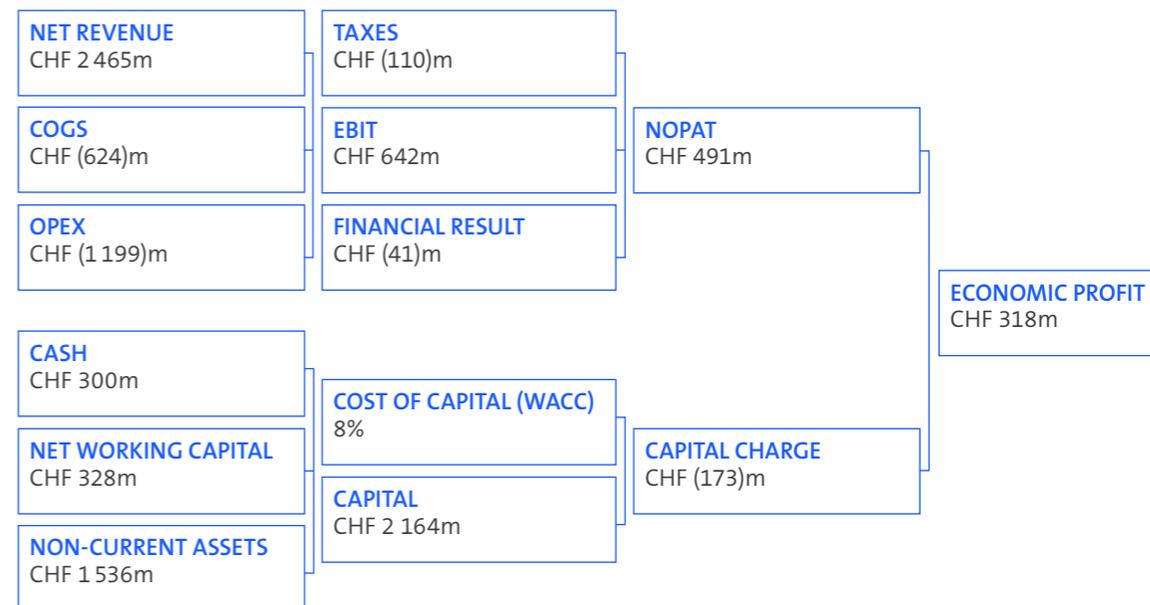
Short-term incentive (STI)

Our STI scheme focuses on rewarding all participating individuals, based on company and team performance, incentivizing growth and value creation, and is weighted as shown in the table below. 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.

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

2023 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 and 2023

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.



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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. 168) as well as achievement against the target (see ‘realized compensation of the CEO’, p. 174) 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. These targets include for example organizational unit performance, sales country/hub/region financial contribution to the group etc.

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 2023

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 2023, 84 283 PSUs were granted.

Performance share unit value at grant 2023

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 2023 grant and in line with previous years, 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.

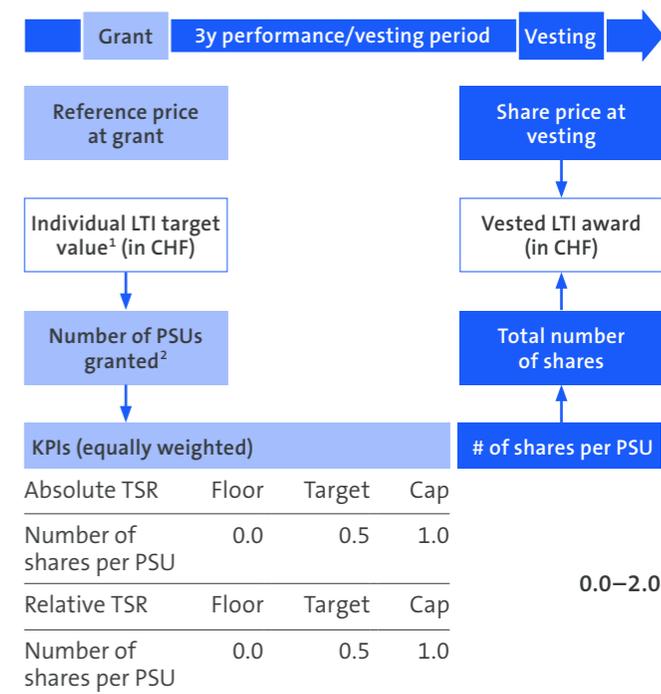
The LTI design includes the possibility for the PSU value at vesting to be higher or lower than the value at grant (or even zero). It is important to consider this potential for fluctuation when linking grant values to total target compensation in order to manage expected compensation with share volatility 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 2026)

The 2023 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 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

Straumann 2023–2026 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

- 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.



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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 parameterized around the target of 7.0%, whereby the 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.

Outstanding PSU grants

Group view, including EMB

	2023 (post-split)	2022 (post-split)	2021 (pre-split)
Grant date	20.04.2023	20.04.2022	21.04.2021
Vesting date ¹	20.04.2026	21.04.2025	20.04.2024
Share price at grant	CHF 137.31	CHF 130.18	CHF 1 235.50
PSU reference value ²	CHF 102.98	CHF 97.64	CHF 926.63
Granted PSUs	84 283	90 390	8 766

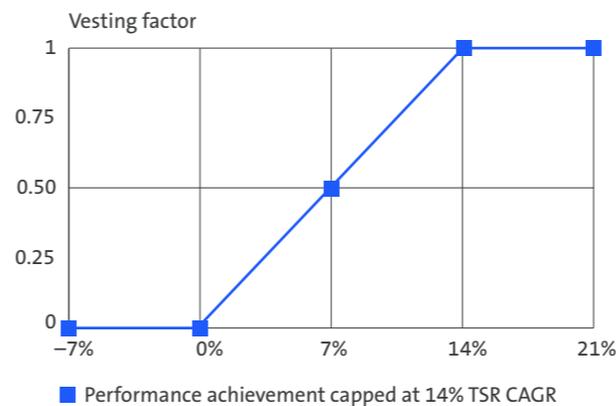
¹ Seven trading days after the ex-dividend date
² Average closing share price of 7 days ex-dividend less 25% discount

Outstanding PSUs as of 31 December 2023

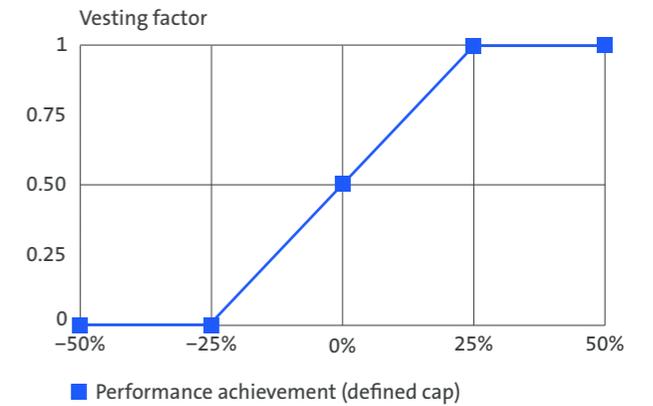
Group view, including EMB

	2023 (post-split)	2022 (post-split)	2021 (pre-split)
As of 1 January	249 891	262 270	29 854
Granted PSUs	84 283	90 390	8 766
Vested PSUs	-90 561	-77 360	-10 299
Forfeited PSUs	-22 004	-25 409	-2 094
As of 31 December	221 609	249 891	26 227

Absolute TSR – CAGR over 3 years



3-year relative TSR versus SMIM in percentage points





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Over the past three years the share price has been subject to high market volatility yet still demonstrating a solid growth; however, as the company continues to mature and expand and the overall business environment remains exposed to the ever-increasing risk, the probability of achieving the TSR CAGR returns is expected to be very challenging.

Relative total shareholder return

The relative TSR symmetrical vesting curve allows for no payout in the 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). However, 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 p. 170. 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.

Performance share unit grant 2024

For the grant year 2024, an additional KPI of absolute EBIT growth (EGA) will be introduced for assessing the performance-related vesting in 2027 for the LTI program. This KPI will be weighted at 50%, with TSR remaining as the other KPI, split between absolute (25%) and relative (25%) with the same thresholds as in previous years. The addition of this KPI reinforces our commitment to the strategic longer term objectives of continued growth value creation and profitability. The Company views the EBIT targets to be of strategic importance and will therefore not disclose the targets and thresholds for this KPI.

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 p. 219. 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 wellbeing 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 2022.

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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2023 Board of Directors and Executive Management Board compensation

Compensation for the Board of Directors

The AGM 2023 approved a maximum total compensation for the Board of Directors of CHF 2.7 million for the term of office ending at the AGM 2024. It consists of a fixed fee paid in cash and shares, and includes social security.

In 2023, 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 number of shares in Straumann Holding AG held by the members of the Board of Directors in office at the end of 2023 are shown in the table [on p. 166](#).

Board of Directors compensation (audited table)

in CHF 1 000

2023 2022	Fixed cash compensation	Fixed share compensation	Social security	Other benefits	Pension	Total ¹
Gilbert Achermann (Chair of the Board)	400 400	300 300	48 45	31 31	127 127	906 903
Petra Rumpf (Vice Chair of the Board, Chair of the Sustainability, Innovation & Technol- ogy Committee)	140 100	100 100	14 14	0 0	0 0	253 214
Oliver Filliol (from April 2023)	76 0	100 0	10 0	0 0	0 0	186 0
Marco Gadola (Chair of the Human Resources & Compensation Committee)	150 150	100 100	17 17	0 0	0 0	267 267
Juan Jose Gonzalez	100 100	100 100	13 14	0 0	0 0	213 214
Thomas Straumann	100 100	100 100	14 14	0 0	0 0	214 214
Nadia Tarolli Schmidt	100 74	100 100	13 10	0 0	0 0	213 184
Regula Wallimann (Chair of the Audit & Risk Committee)	150 150	100 100	17 17	0 0	0 0	267 267
Beat Lüthi (until April 2023)	38 150	0 100	2 17	0 0	0 0	40 267
Sebastian Burckhardt (until April 2022)	0 26	0 0	0 2	0 0	0 0	0 28
Total	1 254 1 250	1 000 1 000	148 150	31 31	127 127	2 560 2 563

1 Includes employer pension contribution funded by the eligible Board members through a reduction to paid base fees



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Compensation of the Executive Management Board

At the AGM 2023, the shareholders prospectively approved a fixed compensation of CHF 9.3 million for the collective EMB (as composed in April 2023) for the period between 1 April 2023 and 31 March 2024. The shareholders also approved a maximum budget of CHF 3.8 million for the collective long-term variable compensation of the EMB for the 2023-2024 grant cycle. The variable STI for the business year ending 31 December 2023 will be submitted for approval by the shareholders at the AGM in 2024 based on the financial achievement of the Group using the economic profit target established in January of each year.

Changes to the EMB

At the end of 2023 the EMB comprised 12 members, compared to 13 members in 2022.

The following EMB appointments and changes were made in 2023:

With effect as of 1 January 2023:

- Marc-Alain Weder joined the Group as Chief Financial Officer ad-interim

With effect as of 21 August 2023:

- Yang Xu was appointed Chief Financial Officer

With effect as of 1 October 2023:

- Rahma Samow left her role as Head Dental Service Organizations (DSO)
- Florian Kirsch was appointed Head of Orthodontics Business Unit in addition to his role as Head of Connected Customer Solutions (CCS)

With effect as of 1 November 2023:

- Camila Finzi left her role as Head of Orthodontics Business Unit
- Marc-Alain Weder’s fixed term contract as Chief Financial Officer ad-interim came to an end

In 2023, a replacement award was granted to Yang Xu, who joined the company during the year, to compensate her for lost awards when she resigned from her previous employer, replaced on a like-for-like basis in two installments. The first installment was made in financial year 2023 (CHF 550 000 in cash and equity grants) and an additional final installment of CHF 500 000 in a one-time performance based equity grant in 2024 that will vest in 2027.

2023 fixed compensation

In 2023, no changes were made to the CEO’s fixed compensation. In addition, two EMB members received a performance-related compensation adjustment, which on average increased the total EMB compensation by 0.3%.

2023 short-term incentive

The target level of the STI corresponds to 97% of paid base salary for the CEO and between 43–70% 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 2023 business year resulted in maximum achievement, therefore leading to a payout of 190% of target for all EMB members. This will be paid in April 2024, subject to AGM approval.

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 ¹	Other compensation & benefits ²	Total
12 members 2023							
13 members 2022							
Guillaume Daniellot (CEO)	900 ⁴ 863	1 663 1 639	875 875	37 35	442 370	61 71	3 978 3 853
Other members ³	5 292 5 323	5 441 4 420	2 685 2 535	28 40	1 711 1 720	1 872 1 928	17 029 15 965
Total	6 192 6 185	7 104 6 059	3 560 3 410	65 75	2 153 2 090	1 933 1 999	21 007 19 818

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 CHF 550 000 for the 2023 replacement award for Yang Xu, CFO
 3 Includes members residing outside of Switzerland who receive their compensation in local currency, converted into CHF for reporting purposes
 4 Reflects the annualized effect adjustment to base salary of CHF 900k in April 2022



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2023 long-term incentive

The target value of the CEO’s LTI contractual grant value corresponds to 97% of annual base salary, while the target value of the respective LTI contractual grant values for other EMB members varies between 40–77% of base salary. In total, 34 577 PSUs were granted to EMB members in 2023, thereof 8 497 for the CEO and in total 26 080 for the other members of the EMB.

With reference to the 2020 grant that vested in April 2023, seven EMB members including the CEO were eligible for vesting as the others had left the company prior to vesting. The maximum vesting factor of 2 shares per PSU granted resulted in a combined vested value of CHF 8.1 million for 2023. The vesting value represents a realized value of 298% of the 2020 grant through the maximum vesting factor of 2 shares per PSU and share price accretion during the three-year period. Additionally the CEO realized vesting in 2023 was the first CEO related LTI grant from 2020, which was higher than in his previous EMB role in North America.

The LTI performance between the grant in April 2020 and vesting in April 2023 exceeded the maximum performance thresholds, thus resulting in maximum vesting achieved.

Compensation ratios

In 2023, the average fixed compensation of all employees in the Group amounted to CHF 75 378 per person (not including Executive Management). Compared to 2022 the average has dropped by 5.8% due to our growth into locations where the compensation standards are lower than the 2022 global average, and the strength of the Swiss franc reporting currency in adjusting local compensation in countries outside Switzerland for reporting purposes.

The ratio of the annual total compensation for the CEO compared to the median annual total compensation for all employees in 2023 (excluding the CEO) is 43:1. The CEO did not receive an increase during 2023, therefore all employees receiving an increase in 2023 would be a higher percentage. 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.

2023 Realized compensation of the CEO

in CHF 1 000

Fixed compensation	Contractual 12 month salary	Annualized effect	ESPP discount	Realized social security and pension	Other compensation and benefits	Realized fixed compensation
	900	900	37	442	61	1 440

Variable compensation

STI-related	LTI-related ¹	Quantitative measures and their contribution to variable compensation	Realized performance	Realized vs target performance	Target/granted compensation ²	Realized variable compensation ²
✓		Economic Profit 2023	100%	Max. achievement	875	1 663
	✓	Absolute total shareholder return (TSR) Apr 2020 to Apr 2023	50%	Max. achievement	1 share per PSU	2 915 (includes conversion of 2 shares per PSU for max KPI achievement + share price accretion between grant and realization date)
	✓	Relative total shareholder return (TSR) Apr 2020 to Apr 2023	50%	Max. achievement	1 share per PSU	

1 2020 grant which vested in 2023
2 Amounts shown in CHF 1 000



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Compensation approved and dispensed

in CHF 1 000

	Board of Directors	Executive Management Board
Compensation earned during the financial year 2023 (A)	2 560	12 710 ¹
Compensation earned for the period 1 January to 31 March 2023 (3 months) (B)	377	2 112
Compensation to be earned for the period from 1 January to 31 March 2024 (3 months) (C)	400	2 400 ¹
Total compensation earned from 1 April 2023 to 31 March 2024 (A)–(B)+(C)	2 582	12 998
Amount approved by shareholders at the AGM 2023	2 700	13 100 ¹
Compensation dispensed by the company within approved amount	yes	yes

¹ Does not include the STI for performance year 2023 in the amount of TCHF 7 104 to be paid in 2024 and the compensation awarded to the CFO, who joined after the AGM approval of respective compensation (in the amount of TCHF 1 193)

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 [p. 165](#) and the compensation awarded to the Board of Directors and the EMB is disclosed in the tables on [p. 172](#) and on [p. 173](#).

The AGM approves the maximum compensation payable to the Board of Directors and the EMB. At the 2024 AGM, the shareholders will be asked to approve:

- The total compensation of the Board of Directors from 1 April 2024 to 31 March 2025
- The total fixed compensation of the EMB from 1 April 2024 to 31 March 2025
- The short-term incentive (STI) of the EMB for the 2023 business year
- The total long-term incentive (LTI) for the 2024 grant including grant-related social security for the EMB

The approved STI of the EMB for the 2022 performance year was paid in April 2023 as approved by the AGM.

The reconciliation of approved and dispensed compensation for the 2023–2024 AGM period is shown in the table on the right.

A part of the compensation of the new member of the EMB, Yang Xu, CFO, was funded by the allowable supplemental compensation that is available in such cases based on Article 4.3 of the AoA.



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Other mandates of Board of Directors and Executive Management Board members

The following table includes external mandates of the member of the EMB and the Board of Directors at other companies with an economic purpose in line with the disclosure requirement under Article 734e OR in the compensation report, as well as all activities and positions of the respective members in line with requirements under Section 3.2 and Section 4.2 of the Annex to Directive on Information relating to Corporate Governance of SIX.

Straumann Group Executive Management Board – memberships on other Boards (audited table)

EMB member	Company	Position
Guillaume Daniellot	Rodenstock GmbH	Member of the Advisory Board
Yang Xu	Gamestop Corp. (listed)	Member of the Board
Patrick Loh	Essence & DM Dental Industry Investment Partnership	Chair
Aurelio Sahagun	Harvard Dental School	Member of the Board of Fellows



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Straumann Group Board of Directors – memberships on other Boards (audited table)

Member	Listed companies	Private companies	Not-for-profit organizations	Location	Function
Gilbert Achermann	Julius Bär Group AG/ Bank Julius Bär & Co. AG			CH	Board member
	Ypsomed AG			CH	Chair
		Unilabs		DK	Chair
		GreenTEG		CH	Board member
			International Institute for Management Development (IMD)	CH	Supervisory Board member
			Basel Chamber of Commerce	CH	Board member
			International Team for Implantology (ITI)	CH	Board member
		Swiss Medtech	CH	Board member	
Olivier Filliol	Givaudan			CH	Board member
Marco Gadola	DKSH			CH	Chair
	MCH Group			CH	Vice Chair
	Medartis Holding AG			CH	Chair
		Bühler Group		CH	Board member
		AVAG Anlage und Verwaltungs AG		CH	Board member
		WS Audiology Ltd		DK	Chair
			Schweizerische Management Gesellschaft	CH	Advisory Board member
			Swiss American Chamber of Commerce	CH	Advisory Board member
			Basel Chamber of Commerce	CH	Board member
		Society of Political Economy and Statistics, Basel	CH	Chair	
Petra Rumpf	V-Zug Holding			CH	Board member
	Vimian Group			SE	Board member
		LimaCorporate		IT	Board member (until 3.1.2024)
		SHL-Medical		CH	Board member (Chair Audit Committee)
Thomas Straumann	Medartis Holding AG			CH	Vice Chair
		Centervision AG		CH	Chair
		CHI Classics Basel Ltd		CH	Chair



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Member	Listed companies	Private companies	Not-for-profit organizations	Location	Function
Nadia Tarolli Schmidt	Basellandschaftliche Kantonalbank (State Bank)			CH	Supervisory Board member
	Medartis Holding AG			CH	Board member
		EGK Group Companies		CH	Board member
		Parkresort Rheinfelden Holding AG		CH	Board member
		IKEA Pension Fund		CH	Supervisory Board member
		Genossenschaft Stadion St. Jakob-Park		CH	Board member
		BiomedVC AG		CH	Board member
Regula Wallimann		VISCHER AG		CH	Board member
			Nordic Cultural and Educational Foundation	CH	Supervisory Board member
	Adecco Group AG			CH	Board member
	Helvetia Holding AG			CH	Board member
		Swissgrid AG		CH	Board member
		Radar Topco S.à.r.l. (including Swissport Group, Opfikon, Switzerland)		LU	Board member
			University of St. Gallen, Institute of Accounting, Control and Auditing (ACA-HSG)	CH	Supervisory Board member



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To the General Meeting of
Straumann Holding AG, Basel

Basel, 26 February 2024

Report of the Statutory auditor on the audit of the compensation report



Opinion

We have audited the compensation report of Straumann Holding AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked 'audited' on pages 166, 172, 173 and 176 to 178 of the compensation report.

In our opinion, the information pursuant to Art. 734a-734f CO in the compensation report complies with Swiss law and the Company's articles of incorporation.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the 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 marked 'audited' on pages 166, 172, 173 and 176 to 178 in 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 financial statements

The Board of Directors is responsible for the preparation of a compensation 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 compensation report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the compensation system and defining individual compensation packages.



Auditor's responsibilities for the audit of the financial statements

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



Fabian Meier
Licensed audit expert
(Auditor in charge)



Adrian Hottinger
Licensed audit expert