

SUSTAINABILITY

OUR RESPONSIBILITY

IS TO CREATE VALUE FOR OUR SHAREHOLDERS, CUSTOMERS, PATIENTS, STAFF AND COMMUNITIES IN A SUSTAINABLE MANNER WITH DUE RESPECT FOR THE ENVIRONMENT.

The success of our customers and the quality of care provided to their patients are priorities for Straumann. This is articulated in our vision, mission, and core beliefs, which also highlight our commitment to ‘simply doing more’ in all our external interactions and internal processes. Partnership and trust are essential for our long-term business success, which is why we have continued to engage in open dialogue with various stakeholder groups, especially with those who determine our performance and upon whom we have a major impact, including employees, customers, communities, and shareholders.

OPEN DIALOGUE AND INTEGRITY

In 2008, we completed our first full employee survey and started implementing action plans based on its findings. We continued to communicate and collaborate closely with customers in developing new and improved products, supported by our unique partnership with the ITI, which is a broad platform for dialogue with dental professionals. We also interacted with several nonprofit groups to focus our charitable activities on dental treatment for people who otherwise would not have access to it. More details on these dialogue activities can be found in the subsequent chapters on employees, customers, and communities.

As usual, we engaged with investors and representatives of the financial community throughout the year (see pp. 86–87), and collaborated with several non-profit groups who advise shareholders and stakeholders on sustainability and environmental excellence. These contacts have encouraged us to refine our environmental reporting and prompted, for example, our participation in the Carbon Disclosure Project as well as the Trucost survey on corporate environmental impacts and resource efficiency.

Company visits provided a further opportunity for direct contact with stakeholders. In 2008, our Swiss sites alone received well over 1500 visitors. Including customers, educators, sci-

entists, investors, analysts, members of the public, and business/cultural delegations from abroad.

SAFEGUARDING ETHICAL BEHAVIOR

To safeguard ethical business behavior in all our activities, Straumann has a Code of Conduct and internal policies that formalize our corporate stance on nondiscrimination, anticorruption, fair competition, truth-

ful marketing etc. As this Code is central to the way we work with our key stakeholder groups, it is referred to throughout the following chapters. Rather than formal subscriptions to other external economic, environmental, or social charters or association memberships, the Code is the basis of Straumann’s identification with, and management of, sustainability issues and goals. Employees are obliged to report any violation or suspected violation of the Code or any other suspected misconduct. In 2008, there were no reports of alleged violation or suspected misconduct. The Code of Conduct is aligned with national and local rules, including those of the FASMED (Federation of Swiss Medical Devices’ Trade and Industry Association).

To promote responsible and transparent business conduct in our sector, Straumann spearheaded an initiative in 2008 to encourage membership of AdvaMed (Advanced Medical Technology Association) compliance program. Straumann USA and other leading dental implant companies in the US will belong to AdvaMed in 2009.

SAFEGUARDING QUALITY

Straumann recognizes that quality is an essential element in conducting business responsibly. In 2008, we continued to strengthen our Corporate Quality Management function, adding leadership, resources, procedures, and experience at all levels. We also updated our global quality policy, which emphasizes high standards of quality not just in our products and their effectiveness, but also in our services, information, training, and support. The policy and our quality

QUALITY APPLIES TO EVERY EMPLOYEE AND ALL OUR ACTIVITIES.

objectives emphasize the importance of both internal and external quality and apply to every employee and all our activities. They reinforce our commitment that 'we never compromise on quality.' In 2008, we trained our staff on the revised quality policy in Switzerland and relevant training will be organized at each site worldwide.

The health and safety of patients and the 'fitness for use' of our products are overriding priorities for Straumann. The safety and effectiveness of our products is assured over the entire product life cycle, from conceptualization, research, development, and manufacturing through storage, distribution, and in-market support.

Straumann has never accepted nor will accept shortcuts to market in order to boost short-term sales. Our products are launched only after thorough preclinical and clinical testing, which continues after launch. The results are often published in peer-reviewed scientific journals.

Our quality system and products are subject to regular audits by external bodies to demonstrate our compliance with the requirements of the US Food and Drug Administration (FDA), as well as the European and other applicable regulations worldwide.

In mid-year, the quality system of our Biora unit was successfully reinspected by the FDA. As a result, we were able to make our oral tissue regeneration products available again to US dental professionals and their patients. The objective to establish an effective, compliant, and sustainable quality system at Biora was reached. In September 2008, our Basel and Villeret sites were subject to routine FDA inspections, which were concluded successfully. For the year under review, we are not aware of any incidents of non-compliance with regulations or voluntary codes concerning the health and safety of products throughout the Straumann Group.



CEO STATEMENT

Gilbert Achermann
President and CEO

For Straumann, quality, integrity (reliability), and responsibility are at the core of successful business development, allowing us to thrive in times of market expansion and to prevail through challenging and uncertain times. The activities presented in the following four chapters of this report reflect these attributes and show how they contributed to strengthening our stakeholder relationships.

Dialogue and feedback are essential if we are to improve – not only as a provider of products and services, but also as an employer. This is why we conducted our first global employee survey, and have taken steps to address the deficits and build on the strengths it revealed.

To ensure that our environmental management is based on robust data, we commissioned a consulting firm specializing in sustainability to develop a Group-wide environmental data monitoring tool. We also continued our charitable dental care commitments from Alaska to Cambodia, knowing that non-profit programs need reliable sponsors particularly in economically uncertain times.

In the prevailing economic downturn we – like most companies – shall have to adapt our organization and costs to the market conditions. However, we will not make cuts that compromise our ability to bring proven innovations to market and to provide a superior service to customers, because our long-term success depends to a great extent on these factors. Nor will we neglect our social responsibilities to our staff and the communities in which we operate.

CLEAR RESPONSIBILITIES

Clear responsibilities ensure that issues relating to sustainability are managed effectively and with direct lines of reporting to the top executive level. Product responsibility issues are monitored by our Product Safety Officer, who reports to the Head of Corporate Quality, who in turn reports directly to the CEO. Labor issues fall within the responsibilities of the Head of Corporate Human Resources, and dialogue with external stakeholders are the responsibility of the Head of Corporate Communications, both report to the CEO. Compliance with our Code of Conduct – including human rights issues – is managed by our General Counsel. Environmental management is carried out by local environmental officers at our research and production sites, ensuring closeness to operations, and is overseen by the Head of Operations.

At the governance level, strategic aspects of sustainability management are ultimately the joint responsibility of all members of the Board of Directors, which has delegated operational aspects related to sustainability to Management. The Board reviews sustainability performance data annually. While there are no formal procedures for determining qualifications of Members of the Board, for example on environmental social issues, or for assessing the Board's performance on them, the tradition of success at Straumann is based on its Board of Directors taking a long-term view of business performance. This includes protecting the reputation Straumann has gained as a responsible business partner and employer with a good environmental record.

To protect our partners and our reputation, Straumann generally applies the precautionary principles of risk management (see pp. 108–111). Products are designed and produced with stringent requirements concerning safety and effectiveness. In the rare case of a complaint indicating a potentially serious product safety issue, our Product Safety Officer can call a Safety Board meeting at extremely short notice to initiate field safety corrective actions and a product recall.

Our production processes are optimized for environmental protection wherever possible, without compromising on quality or health and safety. We continuously strive for environmental excellence, extending and refining our environmental monitoring and reporting to adapt it to the needs of our business development. For example, in 2008 our recently acquired etkon sites were included in our new environmental data monitoring system.

SUSTAINABLE DEVELOPMENT AND STRAUMANN

Key issues regarding the sustainable development of our societies and our planet are summarized in the UN Millennium Development Goals. Most of these are related to poverty, hunger, basic education, and life-threatening illness – areas where Straumann, as a provider of dental regenerative, restorative and replacement products that improve quality of life but are not life-saving, does not have a direct impact. Two UN Millennium Development Goals, however, have direct application in our internal operations: the promotion of gender equality and of environmental sustainability. We exercise a policy of equal opportunity and non-discrimination. We also monitor and minimize our environmental impacts carefully, even though they are moderate. This is mainly because our products are high-value but small and light devices produced in well-contained modern facilities.

Sustainable development can be seen as a balanced evolution of social, environmental, and economic systems that allows the present generation to meet its needs without compromising the ability of future generations to do the same. The ageing of populations around the globe and the health impacts of this are the major global development trends that impact Straumann, increasing the incidence of tooth damage and loss. Implant treatment is ultimately the best replacement solution in many cases, and our ability to provide our customers with proven and reliable products that preserve dental function and esthetics is our main contribution to a sustainable future.

The scientific basis of our products, and the high quality of service provided by our competent and motivated employees, allow us to excel in our industry and to achieve high treatment success rates and lasting customer satisfaction. Our unique partnership with the ITI, renewed in 2008, is an important part of ensuring that our customers are able to deliver the highest quality of care, and that future patients can benefit from the constant stream of proven innovations that we are able to create through this partnership.

In the absence of reimbursement, the general economic conditions determine the ability of patients to afford treatment. The current economic environment is thus a clear challenge for all participants in our markets. However, this also presents an opportunity for those players who have their houses in order to improve their market position and increase profitable growth in the long term. Throughout this report, we discuss why we are confident that Straumann will be able to turn the current challenges into an opportunity in this manner.

The general lack of reimbursement and the lack of trained implantologists in many parts of the world compel us to focus our business activities on markets with a certain degree of consumer affluence – for example, Europe, North America, and parts of Asia. Notwithstanding, we believe that part of our responsibility as a good corporate citizen is to help other patients with particular needs, which is why we support initiatives around the globe that provide underprivileged patients with access to dental implant treatment and general dental care (see pp. 56-57).

The importance that Straumann attaches to sustainability is underlined by the fact that the sustainability reporting guidelines of the Global Reporting Initiative (GRI) were followed in preparing the present Annual Report.



We base our sustainability reporting on the guidelines disseminated by Global Reporting Initiative (GRI), a nonprofit, multi-stakeholder organization that strives to provide companies with a systematic basis for disclosure regarding sustainability performance. This 2008 Annual Report was checked by GRI for application of its guidelines at B-Level, and successfully passed that check.

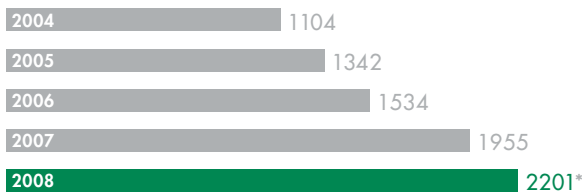


FTSE Group confirms that Straumann Holding AG has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognized corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent social, ethical and environmental criteria, and are positioned to capitalize on the benefits of responsible business practice.

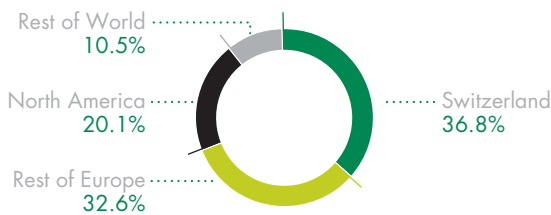
EMPLOYEES

BECAUSE PEOPLE ARE OUR GREATEST ASSET, WE FOCUS ON ATTRACTING, TRAINING, DEVELOPING AND RETAINING COMPETENT, ENGAGED EMPLOYEES WITH THE RIGHT MINDSET AND SHARED OBJECTIVES.

EMPLOYEES (WORLDWIDE)



EMPLOYEES BY REGION



EMPLOYEES BY FUNCTION



To support strong sales growth and business expansion we have almost doubled our workforce over the past five years. At the end of 2008, we employed 2201 people in more than 25 countries, having created 246 new jobs, almost all of which were filled in the first eight months. The economic downturn in the fourth quarter made it necessary to stop recruiting for the time being and even to introduce temporary reduced working hours in our implant production. With no turn around in the market, we took measures to reduce our global team by 3% early in 2009.

* 2274 including contracted sales force

Keeping our team aligned with market needs, attracting, developing and retaining people to sustain our business in the future are challenging objectives and keys to success. To this end, we have continued to globalize our Human Resources (HR) function and to make it more process-oriented.

ATTRACTING AND DEVELOPING THE RIGHT TALENT

As part of our Strategic Management Development (SMD) program to assess, develop, and deploy key people, we conducted our first international internal talent development program with participants from various levels and regions. This supports our mid-term goal of filling at least 50% of key management positions with internal candidates.

We continued to invest substantially in staff learning, spending approximately CHF 3 million globally. An average of at least 3 days per employee was devoted to training and learning over the year, with the emphasis on sales and products. We established a systematic conceptual framework for development and learning and created a Straumann Academy. Due to launch in 2009, the latter is a cost-effective, virtual campus open to all employees. It features an e-learning portal with a 'self service' approach to web-based training on teamwork, managerial and other skills.

SECURING EMPLOYEE ENGAGEMENT

To leverage employee engagement – and thus to add value for stakeholders- we conducted our first global staff survey assisted by Towers Perrin ISR (TPI), a leading international specialist. In April 80% of our 2115 employees participated in the survey, which was both voluntary and anonymous.

The results compared very well with TPI's benchmarks for high performance companies, and showed that engagement is generally very high at Straumann. We scored exceptionally with regard to innovation, image and brand. In contrast, several weaknesses were revealed, for example the perception of leadership capabilities and communication between management and staff. Action plans to address the issues at all levels are being implemented. Follow-up initiatives have

included: improvements in our onboarding programs, broadening the scope, reach and managerial content of our internal magazine, and the inception of a project to create a Group-wide information portal.

INSPIRING PERFORMANCE THROUGH DIALOGUE

Performance Management and SMD activities are based on core competencies that are linked to our core beliefs (see p. 11). In our annual performance appraisals, personal objectives, development and improvement are discussed with each employee and direct feedback and robust dialogue are encouraged. It is also part of our open dialogue culture that we inform our staff about operational changes appropriately and as early as possible.

All of Straumann's units allow freedom of association in compliance with relevant laws and regulations. There is, however, a general preference for informal employee dialogue rather than union representation. Our labor contracts are therefore individually negotiated rather than through collective bargaining.

REWARDING EXCELLENT ACHIEVEMENTS

Overall, we spent more than CHF 250 million on salaries and benefits worldwide in 2008. Details of these and our remuneration system are provided in the Compensation Report on pp. 90–99. Our compensation is in line with local practices and bonuses are directly tied to economic profit. Besides bonus payments Straumann regularly presents 'Simply Doing More Awards' – cash awards of up to CHF 1000, given to employees on a quarterly basis. Recipients are nominated by their colleagues for having gone beyond the norm in serving customers, colleagues or other stakeholders.

COMMITMENT TO FAIR AND EQUAL TREATMENT

We aim to comply with the standards of the International Labor Organization, and are committed to fair and equal treatment of all our employees. We offer equal employment opportunities to disabled persons. Our Code of Conduct prohibits discrimination, defined in internal regulations as dis-

crimination based on gender, race, background, religion, and sexual orientation. In 2008, our Chief Compliance Officer received no reports of alleged cases of discrimination.

Staff diversity is constantly monitored. The proportion of women in our global workforce was approximately 45% at year-end. Women occupied 25% of our managerial positions, and more than 15% of our extended SMD pool were female. 28 nationalities are represented in our workforce in Switzerland and the average age of our global staff is 38.

To allow men and women flexibility in balancing work and family obligations, we offer part-time employment in a number of positions: 7% of our staff used this option. We continued our support for child care to enable staff to pursue their careers in parenthood. We also joined the Swiss national 'Daughter's Day' initiative, inviting staff at headquarters to show their children what they do at work.

Staff fluctuation was slightly above 15%, which is unremarkable given our dynamic business environment. In Switzerland, where we track data on workplace absence, there were virtually no absences related to workplace accidents in 2008, and, at less than 2.5%, the absence rate due to sickness was very low.

OUTLOOK

In 2009, we will continue to manage our human resources in line with the dynamics of our markets and therefore do not foresee staff increases in the near term, except in critical positions. We will continue to refine and implement our search and select processes with the objective of strengthening our global talent base. Our efforts to develop our team will continue with the launch of the Straumann Academy, starting with a scalable e-learning portal. Follow-up actions from the employee survey will also continue, as we work towards the next global survey in 2010.

CUSTOMERS

WE COVER ALL CUSTOMER SEGMENTS IN DENTISTRY AND SIMPLY DO MORE TO MEET ALL CUSTOMER PREFERENCES AND EXPECTATIONS.

CLOSE TO CUSTOMERS ALL OVER THE WORLD

Straumann conducts business with thousands of customers around the world using a direct sales model. We serve them through a team of several hundred highly trained dedicated representatives and customer service professionals. Less than 6% of our business comes through distributors. Direct access means being close to customers and enables us to provide a unique service that includes education, practice building, networking etc.

Regular personal contact provides us with insight into the use and performance of our products and enables us to integrate customer needs into development. It also enables us to ensure that every customer experience with Straumann is positive.

REACHING NEW CUSTOMERS

Some of the principal channels for reaching new customers are: personal contacts, events (such as study clubs, trade shows and scientific congresses), education courses, the internet, and publications such as our customer magazine 'Starget'. In 2008, we intensified these activities to make our value proposition even more distinct.

To extend our reach and service, we increased our global sales team. In key countries we added specialists to support our CAD/CAM and regenerative franchises. At the same time we began implementing a global sales process to optimize territory allocation, targeting, call planning and customer-specific business proposals. In addition, we extended our web-based services with the launch of a webshop, adding convenience for customers.

Our presence at key dental congresses throughout the year was very impressive, not just in terms of exhibition format and customer events, but also with regard to the high level scientific presentations by key opinion leaders. More than 30 leading clinicians presented and discussed their results and experience with our products at the top ten international scientific meetings in 2008.

A STRONG FOCUS ON EDUCATION

Training & Education are of utmost importance to the success of our customers and the well-being of their patients. We therefore offer extensive training and continuous education courses in every country where our products are sold. The program addresses all specialties and skill levels, and the clinical curricula are jointly developed with our academic partner, the ITI.

As in previous years, the number of customers trained in our courses continued to expand. Course participation rose 10%, with the majority of courses taking place in established key markets, such as the US, Germany and Switzerland. The biggest increases were in the Asia/Pacific Region (+27%) and Eastern Europe.

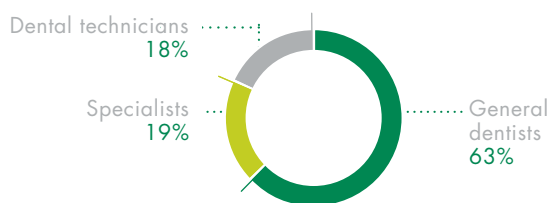
A PORTFOLIO OF PRODUCTS AND SERVICES TO COVER THE DENTAL NETWORK

The combination of the aforementioned activities and the strength and range of our products all contributed to a marked increase in the number of prosthetically active dentists who use our system. These customers are particularly important because they drive patient referrals to specialists for implant placement or periodontal treatment.

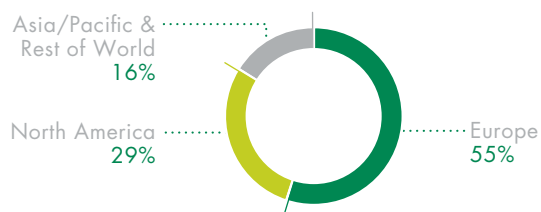
Apart from this, the distribution of our global customer base of specialists (oral and maxillofacial surgeons, prosthodontists, periodontists), general dentists (GPs) and dental technicians remained fairly stable with the latter group increasingly reflecting our growth in CAD/CAM.

- 53 Rocuzzo M, Aglietta M, Bunino M, Bonino L. Early loading of sandblasted and acid-etched implants: a randomized-controlled double-blind split-mouth study. Five-year results. *Clin Oral Implants Res* 2008; 19: 148–152.
- 54 Bornstein MM, Schmid B, Belsler UC, Lussi A, Buser D. Early loading of non-submerged titanium implants with a sandblasted and acid-etched surface. 5-year results of a prospective study in partially edentulous patients. *Clin Oral Implants Res* 2005; 16: 631–638.
- 55 Cochran D, Oates T, Morton D, Jones A, Buser D, Peters F. Clinical field trial examining an implant with a sandblasted, acid-etched surface. *J Periodontol* 2007; 78: 974–982.
- 56 Fischer K, Stenberg T, Heden M, Sennerby L. Five-year results from a randomized controlled trial on early and delayed loading of implants supporting full-arch prosthesis in the edentulous maxilla. *Clin Oral Implants Res* 2008; 19: 433–441.

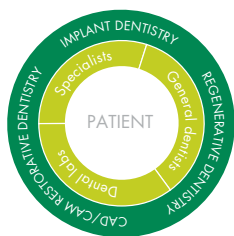
STRAUMANN'S CUSTOMERS BY SEGMENT



STRAUMANN'S CUSTOMERS BY REGION



INTERRELATION WITH CUSTOMER GROUPS



- Straumann solutions
- Participants in the dental network

Our portfolio encompasses the full dental customer network facilitating customer retention and netlinking.

CUSTOMER RELATIONS AND SUPPORT

Throughout 2008, we continued to assist customers in building their practices. Increasing their long-term success rates is an integral part of this. Our achievement here is exemplified by a 5-year clinical study of SLA implants, published in 2008 and showing success rates of 100%⁵³; this confirms the excellent success rates of more than 95% observed in other 5-year studies^{54,55,56}.

As part of our commitment to quality and our responsibility towards customers, we place high value on the truthfulness and accuracy of our marketing materials. Much of the scientific information used to endorse our products is peer reviewed prior to publication. In 2008, we implemented a process and guidelines to ensure worldwide consistency of our marketing materials and the correctness of our claims.

LEARNING FROM CUSTOMER PERCEPTIONS

Understanding customers is fundamental to our future success. Market research commissioned in 2008 provided in-depth knowledge on patients, referring doctors, and specialists across all relevant regions and price segments. For instance, two US studies, which collectively interviewed more than 400 dental professionals, showed that we have a good base of specialists who identify with Straumann. Notwithstanding, we still have to improve our value proposition to become the partner of choice among dentists who place implants less frequently. The fact that our customers value and are prepared to pay a premium for genuine innovation is evidenced, for example, by the proportion of our implants sold with the SLActive surface, which reached 30% in 2008.

OUTLOOK

In 2009 and beyond, we shall continue to integrate customers in our innovation process. We shall invest in deepening our understanding of customers and will strengthen our selling power to create an unparalleled customer experience. In this context we shall focus on maintaining our leading position in customer relationship management and care, which we believe will be fundamental to capturing further market share.

COMMUNITIES

OUR GUIDING PRINCIPLE OF 'SIMPLY DOING MORE' EXTENDS TO HELPING THE UNDERPRIVILEGED IN A PRAGMATIC WAY.

One of the most significant contributions that we can make to the community is to produce high quality, safe, effective dental solutions that restore lasting dental function and thereby improve medical health in general. The fact that our products and solutions significantly improve the quality of life through restoring esthetics, self confidence, social interaction and psychological well-being underscores the importance of their contribution to society in general.

In 2008, almost a million patients spread across 60 countries invested in a Straumann dental solution and we have simply done more to ensure that it will meet their expectations for many years to come. At the same time, we are aware that many people around the world are unable to benefit from tooth restoration/replacement due to geographic and economic limitations. As a leader in our industry and as a responsible corporate citizen, we believe we have a duty to help in a practical, meaningful way. Our aim is to ensure that our contribution benefits not only the recipients but also, indirectly, our other stakeholders.

UNBUREAUCRATIC HELP

The structured global program we worked on in 2007 to assist patients who need implant treatment but are unable to afford it was rolled out in 2008. Called 'Straumann AID' (Access to Implant Dentistry), the program relies on the assistance of dental professionals in the ITI network, who provide treatment to 'hardship cases' free of charge. For our part, we donate all the Straumann products necessary for the treatment. True to our core belief that 'simplicity is our strength', we have made every effort to keep Straumann AID unbureaucratic and simple to administer.

DENTAL SPONSORING AROUND THE GLOBE

Our Corporate sponsoring strategy is to concentrate primarily on charitable activities where we can have the greatest impact, based on our own competencies and the collaboration of our partners. For this reason, we focus on dentistry-related charitable programs, helping, in particular, people who do not have access to dental care or cannot afford implant

dentistry. Our contributions in 2008 included the following:

- **Teeth for Alaska:** For the fourth consecutive year, we supported a mission of the American Academy of Prosthodontics, which provides dental treatment in a remote part of Alaska. The six-person team treated 14 patients and fitted 27 full dentures.
- **Orphans in the Caribbean:** We contributed to a dental relief project conducted by five dentists from the Dental Institute at Zurich University. They provided treatment and instruction on oral hygiene to 200 orphans in the Dominican Republic.
- **Cambodia:** 'Hope for All' provides basic medical care to the underprivileged in the Phnom Penh region. The project was expanded to include a dental clinic, for which Straumann donated the dental chair in 2008. We also committed to sponsoring the training of two dental students at the clinic. In addition, we supported a team of young dentists from the University of Basel for the fifth consecutive year to provide treatment and preventive care to orphaned children and their carers.
- **Chile:** we supported a team of eight dentists from the University of Connecticut on a mission to provide dental care to indigenous patients in Chile.
- **Nicaragua:** for the third year running we supported the provision of dental treatment and care to children in need. This year, the 'Sonrisa' project treated 300 orphans.

Our support of these and similar charitable projects in 2008 totalled approximately CHF 45 000. Thanks to the assistance of our partners in dentistry, these projects have been an extremely efficient use of funding and have made a real difference to hundreds of people, most of whom are children.

ECTODERMAL DYSPLASIA RELIEF

Ectodermal Dysplasia (ED) refers to a group of genetic disorders characterized by abnormal development of the skin and associated structures. Patients typically have missing or severely malformed teeth. Today, several thousand individuals are affected by ED around the world, but very few are covered by insurance. The National Foundation for Ectodermal

Dysplasia (NFED), based in Mascoutah, Illinois, is committed to providing help to affected patients and their families around the globe. Straumann offers free implants and prosthetics to ED patients. We also supported the NFED with financial aid for the fourth year running. Our sponsorship for ED in 2008 amounted to CHF 25 000.

ETHICAL BUSINESS BEHAVIOR AT ALL TIMES

A significant contribution to the communities in which we operate is the provision of jobs. We added in the region of 246 new jobs worldwide in 2008. However, the global economic slowdown made organizational alignments necessary shortly after year-end. In the absence of a turnaround in the market, approximately 80 job reductions could not be avoided early in 2009. We have approached this issue in a socially responsible manner, using natural attrition and early retirement wherever possible.



The joy of dentistry! One of several hundred underprivileged children treated through dental projects sponsored by Straumann in 2008.

AS A RESPONSIBLE CORPORATE CITIZEN, WE BELIEVE WE HAVE A DUTY TO HELP IN A PRACTICAL, MEANINGFUL WAY.

HIGH ETHICAL STANDARDS

Straumann applies high standards of ethical behavior, as reflected in our Code of Conduct, which is integrated into all our employment contracts. All new employees are made aware of the Code as part of the 'onboarding' program.

The code requires the company and our employees to act ethically

and uphold human rights at all times. Although child labor and forced labor are not significant risks in any of the locations where we operate, we have strict internal regulations prohibiting both throughout our organization.

Working with suppliers who respect human rights is important for us. In 2008, we asked all our suppliers of titanium, a key input material for our production, to renew their prior written confirmations that they do not use child or forced labor. The Straumann Code of Conduct furthermore strictly prohibits all forms of corruption.

In our sponsorship activities, we maintain political neutrality and do not provide financial support or contributions in kind to politicians or political parties. Furthermore, we do not make statements on public policy positions, or participate in political lobbying.

OUTLOOK

We intend to continue our global charitable activities aimed at providing the disadvantaged with access to treatment, including the continuation of Straumann AID, our support for the NFED and other relief projects. In difficult economic times funding for charitable activities is often cut. We will, therefore, continue our level of support in 2009, not least because the projects we sponsor strengthen our reputation and thus add value for our shareholders.

ENVIRONMENTAL PROTECTION

ENVIRONMENTAL PROTECTION IS AN INTEGRAL PART OF RESPONSIBLE BUSINESS PRACTICE. WE ARE THEREFORE COMMITTED TO REFINING PRODUCTS AND PROCESSES, CONSERVING RESOURCES, RECYCLING, AND MONITORING ENVIRONMENTAL PERFORMANCE.

ENVIRONMENTAL PROTECTION – A CASE OF ‘SIMPLY DOING MORE’

Straumann duly regards all applicable laws and regulations relating to environmental protection, health, and safety in the workplace. The company is regularly assessed to ensure compliance. Beyond this, our Code of Conduct obligates every employee to comply with all laws and internal regulations regarding environmental matters. The Code also requires managers to encourage employees to consider environmental protection as part of their daily responsibility.

EXTENDED ENVIRONMENTAL REPORTING AND CERTIFICATION

2008 was a landmark year for Straumann in terms of environmental reporting, as we were able to include all our production and R&D facilities for the first time. In 2006, we extended coverage to Andover and Malmö, in addition to our Basel and Villeret sites. The present report features corresponding data from our recently acquired CAD/CAM manufacturing and research sites: Leipzig and Gräfelfing in Germany, and Arlington in Texas, USA. This was made possible thanks to the implementation of a robust environmental data monitoring tool developed especially for Straumann by a specialist consultant.

Another achievement was the successful outcome of our efforts to obtain ISO 14001 certification for our Andover facility. Shortly after year-end our Environmental Management System received the relevant certification recommendation. The majority of our production is now carried out at sites that have been certified to ISO 14001.

CAREFUL MONITORING OF OUR LOW ENVIRONMENTAL IMPACTS

Straumann's business and product range is focused entirely on the production of dental implants and abutments (from titanium), crowns and bridges (from ceramic, cobalt-chrome, titanium, and polymer), and oral tissue regeneration products

(using proteins, calcium, and PEG). We also manufacture certain instruments from stainless steel and plastic. Our packaging materials are predominantly cardboard, plastic, and paper. Owing to the small size of our products, only a small surface area of the package is printed. Straumann also assembles electrical laser scanners from prefabricated parts for use by dental laboratories in CAD/CAM tooth restoration.

We do not produce other products that are typical for dental supply manufacturers, which range from conventional filling materials to dental surgery equipment. Thus, we do not use relevant amounts of metals like mercury, lead, and manganese etc. that may be found in production processes of other manufacturers serving the dental industry.

Even though our environmental impacts are comparatively moderate, we believe in the importance of open internal and external communication and thus disclose our key environmental data in our annual report. Our environmental monitoring focuses on the main physical processes, since this is where our efforts to improve and sustain environmental performance are most meaningful.

Our main product group is dental implants, which are produced on computerized CNC lathes from titanium rods. The machining process, in which cutting oil is used as a lubricant, is followed by sand-blasting, acid-etching, cleaning and sterilization. Thorough testing of raw materials, laser inscription of parts for traceability and – in the case of SLActive implants – processing in nitrogen followed by storage in purified isotonic saline to preserve surface activity all contribute to the high quality of our products.

Other product groups include oral tissue regeneration products, the production of which is more similar to that of biopharmaceuticals with respect to its environmental footprint.

A NEW MONITORING TOOL ENABLES US TO REPORT ROBUST ENVIRONMENTAL DATA FOR HQ AND ALL PRODUCTION SITES.

Our crown and bridge business relies on compact laser scanners, which are assembled in-house from externally produced components. Dental technicians use the scanners to model prosthetics by computer. These are then produced at one of our milling centers and sent to third party dental labs for coloring and finishing. In the milling process, we use modern biocompatible, durable and esthetic materials, including high-performance ceramics such as Zerion, a highly pure zirconium oxide.

Beyond production and research, the physical activities of Straumann include those typical for any organization of our size, such as heating and other energy use, water consumption, and solid waste production.

DETAILED MONITORING AND REPORTING OF ENVIRONMENTAL PERFORMANCE

As far as data availability allows, we publish the environmental performance related to the aforementioned processes for all our production sites and for Group headquarters in Basel. Since our other facilities are generally smaller and focus on sales and distribution, they are not included in this report due to their minor impact and a lack of meaningful data.

In the discussion of our environmental performance below, we have compared 2007 and 2008 data for our original environmental reporting sites (i.e. Andover, Basel, Malmö, and Villeret). The subtotal change numbers are reflected in the environmental performance table at the end of this chapter, along with our total 2008 environmental performance numbers, which now include our Arlington, Gräfelfing and Leipzig sites.

TITANIUM AND OTHER RAW MATERIALS

The consumption of titanium, our primary raw material, increased slightly overproportionately to net revenue. This was due mainly to an increase in the number of CNC machines and the introduction of new products, both of which result in an increase in scrap titanium due to calibration etc. Titanium waste is collected carefully and recycled for non-medical uses.

The other main raw materials reported on – cobalt chrome, yttrium stabilized zirconium oxide, and polymethylmethacrylate (PMMA) – are used in the production of crown and bridge solutions at our CAD/CAM milling centers. As this is the first time these materials have been included in our reporting, a consumption comparison will begin next year.

OPERATING MATERIALS

Consumption of cutting oils increased significantly in 2008, both in absolute terms and in relation to net revenue growth, due to the addition of further CNC machines both in Andover and Villeret. The increase was also due to the scheduled maintenance of machines installed in Andover in 2005/6. To keep oil consumption and recycling as low as possible in the future, analytical methods to determine the optimal time for oil changes have already been implemented in Villeret and are planned for Andover in summer 2009.

The overall amount of consumed/recycled cleaning solvents decreased. While cleaning solvent use increased in Andover as a result of implant production expansion, the increase was more than compensated by a reduction achieved in Villeret through the more consistent use of container lid closures.

The amount of acid recycled increased both overall and in relation to net revenue. This was almost entirely due to the increase in SLActive production in Villeret. The main single reason for the overall increase in paper consumption was the increase in documentation related to traceability and quality.

ENERGY AND CO₂

While electricity consumption increased overall due to production increases, it decreased on a per capita basis. The nature of our production is energy-intensive, but this is partly offset by energy optimization at our Basel facility, where we do not operate an air-conditioning system, and electricity-saving systems in Andover, which include room occupancy sensors to control lighting.

Heating energy use increased both in absolute terms and per capita. While the heating energy at our sites using district heat decreased, these savings were surpassed by increased heating energy use in Andover and Villeret, which use natural gas for heating. This was attributable to lower climatic temperatures at both of these sites toward the end of 2008, as compared to 2007.

We monitor our carbon footprint in tons of CO₂ equivalent that result from our electricity consumption and heating. Business activities with minimal impact or for which meaningful data are not available, such as emissions resulting from the transportation of our products (which are small and light), sales representative travel, or employee commuting, are not included. To provide a comprehensive perspective on our global warming potential impact, the carbon footprint numbers reported reflect emissions from 'primary energy' use caused by the final electric and heating energy we consume⁵⁷. The results show that our global warming potential values increased overall, but remained approximately constant per capita.

WATER

Water consumption increased both overall and per capita. An increase in SLActive production in Villeret, a new machine for implant washing, and maintenance of a cooling system for special testing equipment in Basel all contributed to this increase. To limit water consumption, restrooms, showers, and kitchens at most sites are equipped with low-flow devices.

Our untreated waste water contains comparatively low concentrations of cleaning detergents, solvents, acid, and oil. This water is disposed of separately by authorized specialist contractors, and is mainly due to maintenance work on our waste water treatment station in Villeret. The amount of untreated waste water needing disposal decreased significantly by comparison with 2007, when special maintenance had to be conducted.

WASTE

Hydroxide sludge, which results from the treatment of industrial waste water in Villeret, increased due to higher implant output and the related use of water for washing and acid treatment. Contaminated materials, such as oil-contaminated cleaning rags, air filters, and oil filters, also rose slightly due to increases in production. Solvent waste increased significantly, mainly due to the increase of implant production in Andover, which involves multiple rinse steps prior to visual inspection of implants.

A reduction in refuse was achieved both overall and per capita. This was because the increases in Andover and Villeret were offset by a strong decrease in Basel, where paper recycling was successfully started in 2008, and 23 000 kg of paper were recycled.

OUTLOOK

We will continue to monitor our environmental impacts carefully. Our goal is to keep the use of resources and emissions in line with, or lower than, increases in production wherever possible. The introduction of geothermal heating in part of our Leipzig site is one initiative that will reduce our impact on the environment in 2009 and beyond.

⁵⁷ This accounts for the energy required globally to produce, transform, refine, transport, and distribute the energy we use. These primary energy figures are then translated into greenhouse gas emissions related to each type of energy source used, which are consolidated into an overall global warming potential expressed in tons of CO₂ equivalents. Further details on our carbon accounting methodology can be found in the GRI Addendum on the Straumann website.

SUMMARY OF ENVIRONMENTAL PERFORMANCE FIGURES

Performance indicator	Unit	2008	2008	2007	
		All 7 sites ¹ (sum or individually)	Original 4 sites ² (sum or individually)	(sum or individually)	
Raw materials					
Titanium	Consumption	kg	12 254	11 938	9 983
	Recycled (consumption minus product)	kg	9 877	9 592	7 762
	Consumption/net revenue	kg/CHF million	16	15	14
Cobalt chrome	Consumption	kg	3 493	0	0
	Recycled	kg	3 208	0	0
Zirconium³	Consumption	kg	4 014	0	0
Polymethylmethacrylate	Consumption	kg	11	0	0
Operating materials					
Oils	Consumption	kg	66 634	66 242	47 862
	Recycled	kg	50 432	49 261	37 746
	Consumption/net revenue	kg/CHF million	86	85	67
Cleaning solvents	Consumption	kg	41 412	41 412	43 481
	Recycled	kg	30 780	30 780	30 934
Acids	Recycled	kg	41 719	41 719	35 352
	Consumption/net revenue	kg/CHF million	54	54	50
Paper	Consumption	sheet	6 971 000	6 301 000	5 551 350
	Consumption per capita ⁴	sheet/employee	6 224	6 135	5 989
Energy and CO₂					
Electricity	Consumption	kWh	13 997 874	12 687 417	11 930 116
	Consumption per capita	kWh/employee	12 498	12 354	12 870
Heating⁵	Total heating energy	kWh	4 750 737	4 721 934	3 906 465
	Natural gas	kWh	3 962 256	3 933 453	3 098 911
	District heat	kWh	788 481	788 481	807 554
	Total heating energy per capita	kWh/employee	4 555	4 598	4 214
CO₂⁶	CO ₂ equivalents (excl. vehicle fuel)	tons	4 686	3 756	3 386
	CO ₂ equivalents (excl. v. f.) per capita	tons/employee	4.18	3.66	3.65
Water					
Water⁵	Consumption	m ³	29 241	29 012	23 961
	Consumption per capita	m ³ /employee	28	28	26
Untreated waste water	Disposal	kg	4 666	4 666	5 900
Waste					
Diverse waste	Hydroxide sludge	kg	13 900	13 900	9 436
	Contaminated material	kg	13 045	13 045	12 733
	Solvents	kg	1 424	1 424	800
Refuse⁵	Total	kg	151 043	119 143	128 012
	Per capita	kg/employee	149	120	144

¹ Andover, Arlington, Basel, Gräfelfing, Leipzig, Malmö and Villeret. ² The sites reporting prior to 2008 are: Andover, Basel, Malmö and Villeret. ³ Yttrium stabilized zirconium oxide. ⁴ Per-capita figures refer to employees at the relevant sites only. ⁵ Due to limited data availability, heating and water consumption numbers do not include Gräfelfing and Leipzig, and heating related CO₂ emissions are also not reflected for those sites. Data availability also precludes inclusion of refuse numbers for Gräfelfing, Leipzig, and Malmö. ⁶ CO₂ equivalent numbers for 2007 are adapted following a methodological revision.