

Compensation Report Summary

SUPPLEMENT TO THE INVITATION TO THE 2022 ANNUAL GENERAL MEETING

Dear Shareholder,

As Chair of the Human Resources and Compensation Committee, I am pleased to present the Compensation Report for 2021.

In 2021, the Group continued its strong growth with impressive results in all organizational units and set clear goals for a sustainable future. This success in the face of the COVID-19 business environment reinforces the confidence we have in our agility and our high-performance culture. As the waves of COVID-19 impact our customers in unpredictable and uncertain ways, we continue to keep our customer focus at the core of everything we do – from our business strategies to enabling agile processes. Through the leadership of the Executive Management Board and the high-performance culture embedded within the Group, we continue to quickly and effectively pivot to new tactics to manage shifting customer and patient needs and to delivering new solutions and products that our customers and patients have come to rely on from the Straumann Group. This agility is more important than ever before and is a clear pillar to our success this past year, and our growth and success in the future.

For our people, the pandemic has become part of our daily lives in the work that they do, where they do it and how it is accomplished. We have now implemented flexible working principles globally, in order to enable our staff to continue the benefit of home offices, while also maintaining a reinvigorated office culture. These principles have been adapted and adopted into local policies and practices as appropriate. We firmly believe this change will continue to help us attract and retain talent from around the world.

During 2021, we took the opportunity to review all employee benefits in our major markets and will extend this exercise in 2022 to all organizational units. The review covered key benefit programs, for example, pensions and insurance coverage, parental leaves, employee assistance programs or other local plans. The results of this analysis are being considered as part of our ongoing dialogue of our Total Rewards offering, to ensure our employees are provided with fair and competitive rewards across the Group, and that we are updating and upgrading with the goal of remaining an attractive employer. We also continue to focus on the topic of diversity, inclusion, belonging and equality, continually raising the bar to ensure the topic is at the forefront of all people practices. Further details on these can be found in the Empowering people section of the sustainability chapter in the Annual Report.

In the second half of 2021, we conducted the Equal Pay Analysis for our Switzerland-based entities in alignment with the requirements set out in Art. 13d of the Gender Equality Act (GEA) and Art. 7 of the Ordinance on the Examination of the Equal Pay Analysis. The analysis covered our relevant Swiss entities and complied with the GEA guidelines as it was validated by an independent audit on the analysis methodology and results. The results of the analysis showed no statistically significant effect of gender on pay in our Switzerland-based entities overall, which we believe reflects our culture and practices of fair and equal treatment of our employees. We will continue to expand the review of pay equity through the Group. We also took the opportunity to review the relevance of our performance metrics and targets for our incentive plans in the context of our strategic goals and in the wake of the pandemic. This review, conducted at the end of 2021, reassured us that our compensation model is attractive and it will remain stable in 2022.

Lastly, in response to feedback received by our stakeholders, the payout made for the 2021 short-term incentive (STI) payment to the Executive Management Board (and all eligible Group employees) will be based on the financial achievement of the Group and organizational financial targets. The Board's decision to approve an extraordinary and discretionary STI payment for 2020 to every eligible person employed in the Group, proved to be a highly motivational, inspirational, and important catalyst that maintained the rebound momentum of 2020 into 2021. This is evident in many of our performance metrics such as revenue growth and overall value creation, where the Group's agility and the strength of our high-performance culture is visible. Additionally, our financial performance during 2021 enabled us to grow in many aspects, and with that significantly from 7 340 to 9 054 employees.

LOOKING AHEAD

In 2021, our leadership announced the strategic direction for the future and continued extensive work to evolve the foundation of our culture and journey as an organization. We sharpened our purpose and vision and clearly redefined our mission and beliefs, as they guide our day-to-day decisions and actions for the future. This will support growth and help to capture new opportunities and continue our success inside and outside of the traditional dental implant industry.

We believe company culture is at the heart of a successful organization and defines how we do business. Our beliefs shape our behaviors, behavior drives culture, and culture drives results, helping us to deliver on our promise to impact more smiles every year. We will capitalize on our internal expertise by connecting talent with opportunities and deploying people to growth areas. Sustainable growth and expansion requires connecting people to new opportunities, which helps build succession pipelines and positions our talent to learn new skills, all while being supported by our global mobility and career mobility initiatives to be launched in 2022. With these initiatives, we will have tools in place to develop our people for the future, while managing a consistent focus on our customers, even when placed in new positions and geographies.

In this context we will revisit our talent management strategy and our compensation philosophy and practices during 2022 to ensure they are meaningful and competitive within these expanded markets and talent arenas. We will involve key stakeholders throughout the journey to ensure directional alignment and robust decision making.

I would like to thank every member of our global team for their commitment and achievements. I would also like to express my gratitude to the EMB and everyone in the Group for their continued efforts, as well as to the Board of Directors and to our shareholders, for their confidence and trust in the HRCC.

A handwritten signature in black ink, appearing to read 'B. Lüthi', with a stylized flourish at the end.

Beat Lüthi

Chairman of the Human Resources & Compensation Committee

COMPENSATION APPROVED, DISPENSED AND PROPOSED

in CHF million

		2021	2022
Board of Directors	members	8	8
Fixed compensation ¹	approved	2.7	
	dispensed	2.6	
	proposed ²		2.7
Executive Management Board	members	14	14
Fixed compensation ¹	approved	9	
	dispensed	8.7	
	proposed ²		9.7
Short-term incentive (variable) ³	approved	3.1	
	dispensed	3.1	
	proposed ²		5.6
Long-term incentive (variable) ³	approved	3.5	
	dispensed	3.4	
	proposed ²		3.8

1 1 April to 31 March

2 For approval at the 2022 AGM

3 1 January to 31 December