

# COMPEN

## COMPENSATION

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

## DEAR READER,

As Chair of the Human Resources and Compensation Committee, I am pleased to present the Compensation Report 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 report ([see on p. 57](#)).

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. Additionally, our financial performance during 2021 enabled us to grow in many aspects and with that significantly from 7 340 to 9 054 employees ([see p. 58](#)).

**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 (see p. 12, 15). 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.



Beat Lüthi

Chairman of the Human Resources & Compensation Committee

# COMPENSATION GOVERNANCE AND REGULATIONS

## HUMAN RESOURCES & COMPENSATION COMMITTEE (HRCC)

The Board of Directors nominates the members of the HRCC for election by the Annual General Meeting (AGM). The Committee is entrusted with the design of the fee structure for the Board of Directors and the total rewards for the Executive Management Board (EMB), in addition to the review of the total rewards framework for all employees. The Committee reports and reviews its views on the rewards and compensation of the EMB to the Board of Directors at least once a year and proposes changes when necessary.

Further information on the HRCC can be found on [p. 101](#) of the Corporate Governance section.

The HRCC met 5 times in 2021 and all its members were present. Constantly seeking a broader view, the Committee includes non-monetary components in its review and in these meetings and other dialogue throughout the year. For instance, diversity inclusion and belonging initiatives, equity pay reviews, talent programs, the cultural journey and leadership programs, as well as other activities that contribute to people development and other factors that lead to job enrichment are on the agenda as recurring topics.

Attention was increasingly given to widened sustainability topics in 2021 as we considered the sustainability framework and targets in compensation decisions. For example the results of the equal pay analysis in Switzerland, as set out in Art. 13d of the Gender Equality Act (GEA) and Art. 7 of the Ordinance on the Examination of the Equal Pay was reviewed and approved by the HRCC. Through these efforts we

## Compensation

### Recommendations & decisions

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

especially look to maintain and build on our commitment to these initiatives. This multifaceted review approach provides a holistic basis for the Committee's directional input related to people topics.

The Chairman of the Board of Directors and the CEO participated in all the meetings as guests except during discussions concerning the evaluation and determination of their own compensation.

## REGULATIONS

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

## AGREEMENTS WITH THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT BOARD

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

## TERMINATION PROVISIONS

Variable compensation components are subject to forfeiture clauses that allow for partial or total forfeiture if the individual leaves the Group before the vesting date, subject to the Board of Directors' assessment of the reasons for departure.

Further, the agreements with the members of the Board of Directors as well as the EMB do not contain any

severance provisions from which a benefit could be obtained in the event of a change of control. The AoA does 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.

## 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 clearly surpasses them. The Group's commitment to these standards is reflected in its use of benchmark data for periodic reviews to ensure compliance and, most importantly, internal fairness. 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 talented people. Therefore, we conduct regular benchmarking to ensure internal and external fairness, incentivize sustainable growth and 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 maximizes their well-being, we provide our team with the opportunity to fully explore their potential.

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

### COMPREHENSIVE BENCHMARKING

We seek to attract and retain top talent from various industries. Our compensation benchmarking approach considers functional as well as various contextual factors such as growth and future aspirations, business complexity, global footprint and market positioning, using a size adjusted approach.

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

For the EMB, the external benchmark data includes the 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, revenue, in the context of their roles and responsibilities from a current and aspirational perspective.

## 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 2021. 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.

To demonstrate our commitment to the value creation for all stakeholders' varying interests, each member of the Board of Directors is required to hold shares in the value of at least two years' total annual compensation. New members are expected to build up the required shareholding within two years. Each Board member is an active mentor to the EMB and have regular one-to-one exchanges with their assigned mentee.

## PRINCIPLES OF COMPENSATION FOR THE EXECUTIVE MANAGEMENT BOARD

The principles for the compensation of the EMB specify both a fixed cash component, which includes base salary and other fixed compensation items and a variable component in accordance with the AoA, which includes a short-term and a long-term component as well as access to benefits that make up their total rewards.

The compensation levels for each EMB member are determined according to the role's responsibilities and are reviewed based on external benchmarks as described in the section entitled 'Comprehensive benchmarking'. The collective financial rewards of the EMB, including the CEO, are subject to approval by the shareholders at the AGM.

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

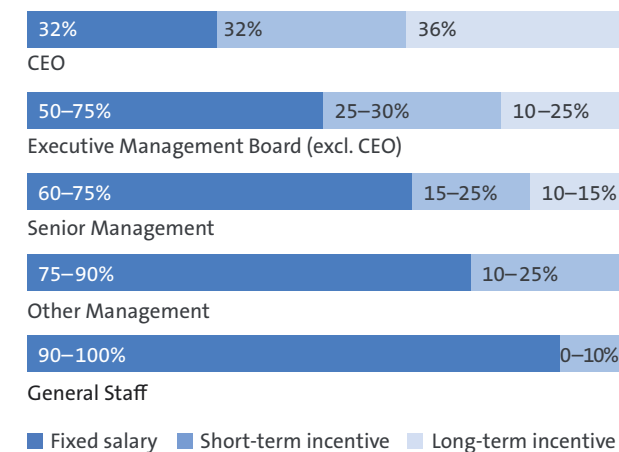
To demonstrate their commitment to the Group's value creation, EMB members are required to hold Straumann Group equity in a value corresponding at least to the aggregate of their individual annual base salary and short-term incentive at target. The requirement for the CEO is at least the aggregate of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

## Board of Directors compensation framework in CHF 1 000

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

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

## Pay mix corridor (at-target achievement)



# GROUP COMPENSATION FRAMEWORK

The compensation framework for the Group remained the same in 2021 and all benefit programs were reinstated after a temporary postponement or cancellation in 2020 due to COVID-19.

## Compensation framework

Element	Type	Delivery	Description
Fixed components	Base salary	Cash	<ul style="list-style-type: none"> <li>For all employees (including EMB) a fixed compensation, determined by scope and complexity of the role</li> <li>Generally, within 80–120% of relevant market median</li> </ul>
Variable components	Short-term incentive	Cash	For Senior Management and a broad group of employees, paid annually: <ul style="list-style-type: none"> <li>Maximum payout potential: 165%, 180% or 190%, depending on hierarchy level</li> <li>Performance measured against business results and financial targets</li> </ul>
	Long-term incentive	Performance Share Units (PSUs)	For the EMB and a defined Senior Management group: <ul style="list-style-type: none"> <li>2 independent performance criteria: absolute TSR, relative TSR (SMIM)</li> <li>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)</li> <li>3-year vesting period</li> </ul>
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"> <li>Pension plans are de-risked in line with Group guidelines</li> </ul>
	Other benefits		In line with local market practices <ul style="list-style-type: none"> <li>Benefits are positioned towards relevant market medians where meaningful and necessary</li> </ul>
	Employee share participation plan (ESPP) <sup>1</sup>	Blocked shares	<ul style="list-style-type: none"> <li>For Swiss-based employees: purchase of Straumann shares up to a maximum of 35% of their annual base salary at a discount of 35%</li> <li>For senior management, the purchase cap is 25% of annual base salary with a discount of 25%</li> <li>The shares are blocked for two years</li> </ul>

1 Beginning in 2022, the feasibility of extending ESPP beyond Switzerland will be reviewed

## Employee share participation plan

	2021	2020 <sup>3</sup>	2019
Employees participating	299	-	214
Shares issued	9 014	-	8 951
Discount share price at issue	CHF 927 <sup>1</sup> CHF 803 <sup>2</sup>	-	CHF 628 <sup>1</sup> CHF 544 <sup>2</sup>
End of blocking period	April 2023	-	April 2021

1 25% discount

2 35% discount

3 ESPP cancelled as part of COVID-19 cost-saving measures



## FIXED COMPONENTS

Fixed compensation includes base salary and may include additional cash elements depending on local practice and regulation and are set through the previously described benchmarking practice. In 2021 the average fixed compensation of all employees in the Group amounted to CHF 82 500 per person (not including Executive Management).

## VARIABLE COMPONENTS

In 2021, the variable compensation components included either or both of the following: Short-term incentive based on the business year performance and long-term incentive based on achievement of specific criteria over a 3-year period. In each case the payout can range from zero to a clearly defined cap depending on the extent to which the respective targets are achieved.

### SHORT-TERM INCENTIVE (STI)

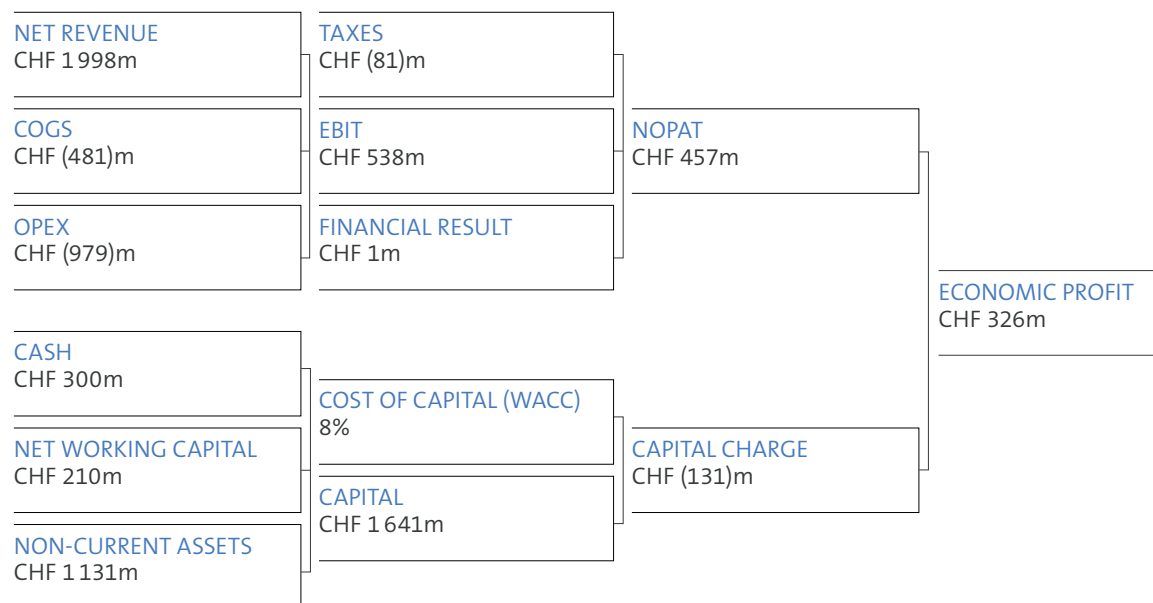
Our STI scheme focuses on rewarding all participating individuals equally based on company and team performance and incentivizes growth and value creation. The payout is capped at 165%, 180% or 190% of the target, depending on the participant's managerial level and organizational unit focus.

### 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 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

### Company performance – 2021 EP (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 2021

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%



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's competitors. However, to increase transparency on the compensation decisions, EP performance realized during the respective performance cycle (see on the upper right) as well as achievement against the target (see 'Realized CEO compensation', p. 130) are disclosed.

### ORGANIZATIONAL UNIT PERFORMANCE

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

### WEIGHTING OF COMPANY AND FINANCIAL TARGETS

The weighting of the performance targets depends on the level and organizational unit of the respective participant (see table on p. 124).

### 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. 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 2021

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 2021, 8 766 PSUs were granted.

### PERFORMANCE SHARE UNIT VALUE AT GRANT 2021

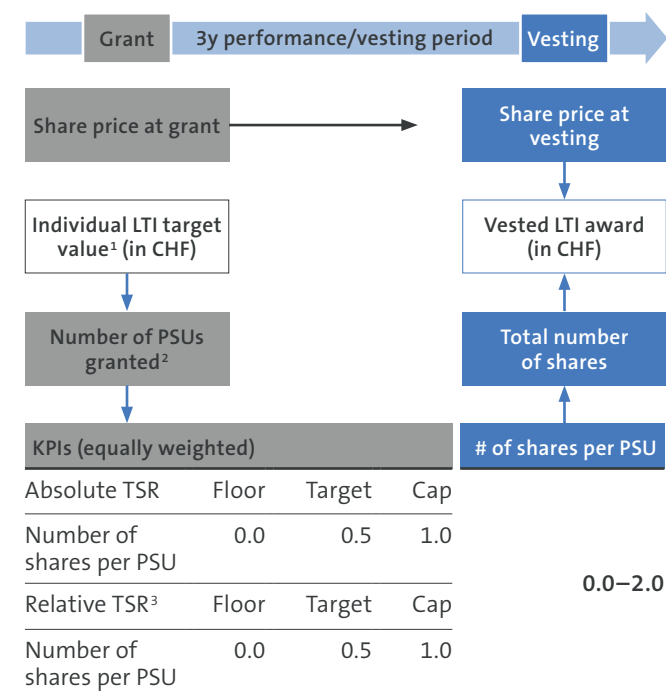
The value of the PSUs granted is determined based on the notion that it should accurately reflect the inherent risk of the underlying instrument. Under this assumption, for the 2021 grant and the foreseeable future, the Group estimates the PSU reference value to be at 25% below the share price at the time of grant, based on historical values where the fair value calculated by external professionals resulted in a range of 20–30% below market prices.

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

### CONVERSION OF PSUs INTO SHARES (VESTING IN 2024)

The 2021 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 two performance conditions, both directly reflecting the shareholder experience

### Straumann 2021–2024 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 value of one PSU

and considered essential for sustaining shareholder value creation:

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

The two performance conditions are weighted equally and vest independently of each other. For each performance condition, the maximum conversion factor is 1 share per PSU.

### TOTAL SHAREHOLDER RETURN (TSR)

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

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

### ABSOLUTE TOTAL SHAREHOLDER RETURN

The absolute TSR symmetrical vesting curve is parametrized around the target of 7.0%, whereby the conversion rate of PSUs into shares ranges from 0% to 100%.

### Outstanding PSU Grants

	2021	2020	2019
Grant date	21.04.2021	30.04.2020	30.04.2019
Vesting date <sup>1</sup>	20.04.2024	20.04.2023	20.04.2022
Share price at grant	CHF 1 235.50	CHF 753.51	CHF 837.60
PSU reference value <sup>2</sup>	CHF 926.63	CHF 565.13	CHF 628.00
Granted PSUs	8 766	12 198	11 062

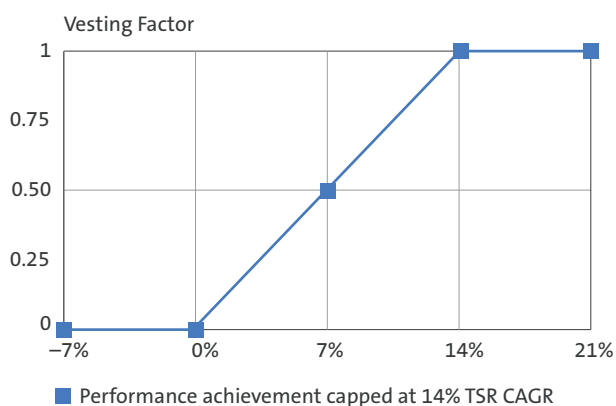
1 Seven trading days after the ex-dividend date

2 Average closing share price of 7 days ex-dividend less 25% discount

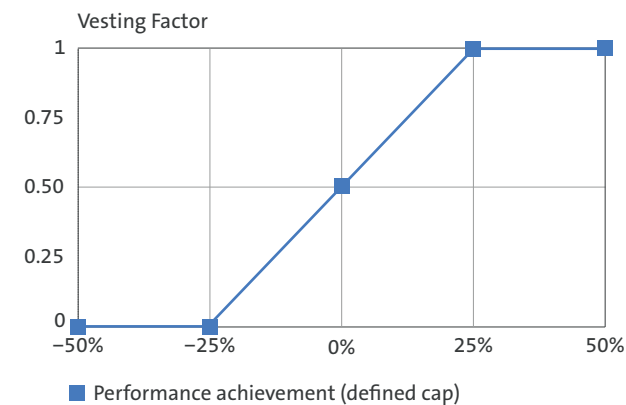
### Outstanding PSUs as of 31 December 2021

	2021	2020	2019
As of 1 January	29 854	34 771	40 833
Granted PSUs	8 766	12 198	11 062
Vested PSUs	–10 299	–14 927	–14 042
Forfeited PSUs	–2 094	–2 818	–3 100
As of 31 December	26 227	29 854	34 771

### Absolute TSR – CAGR over 3 years



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



The target is derived both under consideration of the internally applied cost of capital for the determination of Economic Profit as well as analyst estimates. Target achievement will result in a conversion rate of half a share per PSU, with any achievements below target achieving a conversion rate on a linear basis down to zero for any result below the minimum threshold.

If the absolute TSR CAGR amounts to 14.0% or more, the conversion rate of one PSU amounts to a full share. Maximum achievement of a full share by design must be challenging and this target shall be maintained for the foreseeable future. Over the past three years the share price has climbed from CHF 700 to over CHF 2 000 at times during 2021 as a result of strong growth; however, as the company continues to mature and expand, the probability of achieving the above-target TSR CAGR returns is expected to be very challenging.

#### RELATIVE TOTAL SHAREHOLDER RETURN

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

No shares are allocated if the Group underperforms the SMIM by 25%-points or more (i.e., conversion rate of zero). Contrarily, each PSU converts into one share (i.e. conversion rate of 100%) if the Group outperforms the SMIM by 25%-points or more. Performance in line with the SMIM results in each PSU converting into half a share as shown in the vesting curves in the chart on p. 126. 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.

#### LTI GRANTS PRIOR TO 2019

From 2016 to 2018 (vesting in 2019 to 2021), the LTI was determined by Total Shareholder Return (TSR) and EBIT Growth Amount (EGA) measured over a 3-year performance cycle and equally weighted. The vesting conditions for those grants remain unchanged.

The final grant under these vesting conditions was made in 2018 and the final vesting was in April 2021.

During the respective 3-year performance cycle (2018 to 2021), the Group achieved the maximum level for the absolute TSR target and the EBIT Growth amount resulted in slightly above target achievement. The resulting conversion of PSUs to shares at vesting was 1.52 shares per PSU. The EBIT Growth amount result was impacted by the COVID-19 heavily in the final performance year (2020).

#### 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. 174. 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's benefit programs are designed to support our employees' professional and personal well-being and enable the Group to attract and retain talent. Programs are structured to support our overall business strategy and are aligned with local practices and legislation. Examples of benefits include, depending on location, Employee Share Participation Plan (ESPP), 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 and will provide the Group context to determine if changes or additions are needed considering the new ways of working that are coming to the forefront of geographical and talent marketplaces.

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 are reported under 'Other compensation and benefits' in the compensation table for the financial year in question.

# 2021 EXECUTIVE MANAGEMENT BOARD AND BOARD OF DIRECTORS COMPENSATION

## COMPENSATION FOR THE BOARD OF DIRECTORS

The 2021 AGM approved a maximum total compensation for the Board of Directors of CHF 2.7 million for the term of office ending at the 2022 AGM. It consists of a fixed fee, paid in cash and shares and includes social security. The Board of Directors was expanded at the AGM in 2020 to include one additional member and the average budgeted compensation remained the same as in 2020.

In 2021, 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.

The Chairman of the Board of Directors, who was previously a member of the EMB and served as CEO, continues to participate in the Straumann 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.

Furthermore, starting from 2020, 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,

### Board of Directors compensation (audited table)

in CHF 1 000

2021 2020 <sup>1</sup>	Fixed cash compensation	Fixed share compensation	Social security	Other benefits	Pension	TOTAL
Gilbert Achermann (Chairman of the Board)	400 400	300 180	51 47	31 31	127 127	909 785
Beat Lüthi (Vice Chairman, Chairman of the HRCC)	150 150	100 60	17 15		0 0	267 225
Sebastian Burckhardt	100 100	100 60	11 9			211 169
Marco Gadola (Chair of the Innovation & Technology Committee)	150 113	100 60	17 13		0 0	267 186
Juan Jose Gonzalez	100 100	100 60	14 9			214 169
Petra Rumpf (from April 2021)	75 0	100 0	10 0		0 0	185 0
Thomas Straumann	100 125	100 60	14 14			214 199
Regula Wallimann (Chair of the Audit & Risk Committee)	150 150	100 60	17 15		0 0	267 225
Monique Bourquin (until April 2021)	27 100	0 60	2 9			29 169
Ulrich Looser (until April 2020)	0 38		0 3			0 41
<b>TOTAL</b>	<b>1 252 1 276</b>	<b>1 000 600</b>	<b>153 134</b>	<b>31 31</b>	<b>127 127</b>	<b>2 563 2 168</b>

1 Fixed share compensation reduced in 2020 by 40% at the Board's discretion due to COVID-19 measures

are to be funded by the respective members of the Board of Directors themselves without incurring any additional costs to the Company.

### SHAREHOLDINGS OF THE BOARD OF DIRECTORS

The numbers of shares in Straumann Holding AG held by the members of the Board of Directors in office at the end of 2021 are shown in the table [on p. 190 f.](#)

### COMPENSATION OF THE EXECUTIVE MANAGEMENT BOARD

At the 2021 AGM, the shareholders prospectively approved a fixed compensation of CHF 9.0 million for the collective EMB (as composed in April 2021) for the period between 1 April 2021 and 31 March 2022. The shareholders also approved a maximum budget of CHF 3.5 million for the collective long-term variable compensation of the EMB for the 2021 business year. The variable STI for the business year ending 31 December 2021 will be submitted for approval by the shareholders at the AGM in 2022 based on the financial achievement of the Group using the Economic Profit target established in January of each year.

### EMB AVERAGE FIXED COMPENSATION 2021

In 2021, the CEO total compensation was increased to reflect performance to remain competitive using the fundamentals described in the comprehensive benchmarking section. Additionally one EMB member received an adjustment to their base salary to reflect the cost of living increase in their country of employment. Overall these increases resulted in a combined 1% increase for the Executive Management Board.

Based on the 2021 benchmark review, the Board will request a collective increase of 7.1% of the current total compensation at target for the EMB to be adjusted in April 2022, at the AGM.

### VARIABLE COMPONENTS

The Board of Directors sets short and long-term (for the respective three-year performance period) targets for the CEO and EMB annually.

The STI paid in 2021 for the 2020 business year using the global discretionary achievement percentage of 80% for all personnel including the EMB provided the basis for continued motivation and inspired the drive to return our business results back to pre-pandemic expectations. As a result, in the 2022 AGM the Board will be proposing an STI payment of 190% of target for all EMB members aligned to the financial achievement for the year.

In April 2021, the EMB collectively received vesting of the LTI in the value of CHF 3.7 million related to the 2018 grant. Due to changes in the EMB from 2018 to 2021, seven members vested in 2021. This vesting value represents 219% of the total grant in 2018.

The LTI grant for 2022 will follow the aforementioned grant methodology with no changes from 2021 in the LTI framework.

### Executive Management Board compensation (audited table)<sup>1</sup> in CHF 1000

<b>14 members 2021</b> 14 members 2020	<b>Annual base salary</b>	<b>Short-term incentive</b>	<b>Performance Share Units (grant value)</b>	<b>ESPP discount</b>	<b>Social security &amp; pension<sup>3</sup></b>	<b>Other compensation &amp; benefits<sup>4</sup></b>	<b>TOTAL</b>
Guillaume Daniellot (CEO)	738 656	1 354 480	850 600	28 0	310 214	75 71	3 354 2 021
Other members <sup>2</sup>	5 090 5 091	3 894 2 164	2 333 2 110	77 0	1 472 1 768	1 782 2 727	14 648 13 860
<b>TOTAL</b>	<b>5 828</b> 5 747	<b>5 248</b> 2 644	<b>3 183</b> 2 710	<b>105</b> 0	<b>1 782</b> 1 982	<b>1 857</b> 2 798	<b>18 002</b> 15 881

1 2020 reduction in fixed compensation due to COVID-19. Includes 2020 voluntary reduction of 25% of base salary in the 2nd quarter (only)

2 Including compensation for members joining and leaving during the year

3 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

4 The reduction year on year for this category is due to a lower value of replacement awards compared to 2020. Other compensation includes automobile lease for EMB members on Swiss contracts in addition to local benefits for EMB members in LATAM, APAC and the US as well as replacement awards for 2 new members who joined during the year and relocation costs to move them to their respective locations of employment.

**CHANGES TO THE EMB**

The following EMB appointments and changes were made in 2021:

With effect as of 1 January:

- Robert Woolley, former Head Sales North America, was appointed Head Sales Western Europe, succeeding Jens Dexheimer, who left the company at the end of 2020
- Aurelio Sahagun joined from Microport Scientific, taking over from Robert Woolley as Head Sales North America

With effect as of 1 March:

- Rahma Samow joined from Siemens Healthineers as Head DSO, succeeding Petra Rumpf, who left the company at the end of 2020

With effect as of 1 October:

- Dr Christian Ullrich joined from Bayer to the new role of Chief Information Officer

With effect as of 31 December:

- Robert Woolley left the company at the end of 2021 and the EMB no longer includes the role of Head Sales Western Europe

The size of the EMB remained unchanged in 2021 and was reduced at the beginning of 2022 to 13 members (including CEO).

In 2021, replacement awards were granted to Christian Ullrich, Aurelio Sahagun and Rahma Samow who joined the company during the year to compensate them for lost awards when they resigned from their former employers. Such lost compensation is replaced on a like-for-like basis (i.e. no increase to the replacement value) and reported under 'other compensation and benefits' in the compensation table for the financial year in question. The amount spent

(CHF 317 000 total; CHF 105 000 for Dr Ullrich, CHF 92 000 for Mr Sahagun and CHF 120 000 for Ms. Samow respectively) was within the permissible supplementary amount under Article 4.3 of the AoA.

**SHAREHOLDINGS OF THE EMB**

The numbers of shares in Straumann Holding AG held by the members of the EMB in office at the end of 2021 are shown in the table on p. 190 f.

**REALIZED COMPENSATION OF THE CEO**

The table below shows the compensation realized by Guillaume Daniellot, Group CEO during 2021.

**Realized Compensation of the CEO**

STI-related	LTI-related <sup>1</sup>	Quantitative measures and their contribution to variable compensation		Realized performance	Realized vs Target Performance	Target/granted compensation	Realized compensation
✓		Economic Profit 2021	50%	Max. achievement	190%	CHF 712 500 (97% of annual base salary)	CHF 1 353 750
	✓	EBIT Growth (EGA) 2018 to 2020	25%	Near target achievement	.52 share per PSU	CHF 140 000 (35% of annual base salary) <sup>2</sup>	CHF 563 858 (incl. 25% annual share price appreciation between grant and realization dates and 25% valuation discount at grant) <sup>3</sup>
	✓	Total Shareholder Return (TSR) Apr 2018 to Apr 2021	25%	Max. achievement	1 share per PSU		

1 2018 grant which vested in 2021

2 Grant before Guillaume Daniellot was appointed CEO reflects % of base salary at the time of grant

3 Grant reference value was determined by using the fair value calculation under the Monte Carlo method



# APPROVAL OF COMPENSATION

The Board of Directors determines the compensation of the individual members of the Board and the EMB based on the recommendations of the HRCC and within the limits set by the AGM. The relevant criteria are explained on p. 120 ff. and the compensation awarded to the Board of Directors and the EMB is disclosed in the tables on p. 128 f.

The AGM approves the maximum compensation payable to the Board of Directors and the EMB. At the 2022 AGM, the shareholders will be asked to approve:

- The total compensation of the Board of Directors from 1 April 2022 to 31 March 2023
- The total fixed compensation of the EMB from 1 April 2022 to 31 March 2023
- The short-term incentive (STI) of the EMB for the 2021 business year
- The total long-term incentive (LTI) for the 2022 grant including grant-related social security for the EMB

The reconciliation of approved and dispensed compensation for the 2021–2022 AGM period is shown in the table on the right.

## Compensation approved and dispensed

in CHF 1 000

	Board of Directors	Executive Management Board
Compensation earned during the financial year 2021 (A)	2 592	12 502 <sup>1</sup>
Compensation earned for the period 1 January to 31 March 2021 (3 months) (B)	–386	–2 379
Compensation to be earned for the period from 1 January to 31 March 2022 (3 months) (C)	397	1 825 <sup>1</sup>
Total compensation earned from 1 April 2021 to 31 March 2022 (A)–(B)+(C)	2 602	11 948
Amount approved by shareholders at the 2021 AGM	2 700	12 500 <sup>1</sup>
Compensation dispensed by the Company within approved amount	yes	yes

1 Does not include STI to be paid in 2022 for 2021 performance year of CHF 5 600 000



# REPORT OF THE STATUTORY AUDITOR ON THE REMUNERATION REPORT

## To the General Meeting of Straumann Holding AG, Basel

We have audited the remuneration report of Straumann Holding AG for the year ended 31 December 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled “audited” on page 128 and page 129 of the remuneration report.



### BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### OPINION

In our opinion, the remuneration report for the year ended 31 December 2021 of Straumann Holding AG complies with Swiss law and articles 14–16 of the Ordinance.

Ernst & Young Ltd

Martin Mattes  
Licensed audit expert  
(Auditor in charge)

Fabian Meier  
Licensed audit expert

Basel, 14 February 2022

