TAX TRANSPARENCY REPORT 2022

February 2023

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1. INTRODUCTION

Rooted in our heritage of creating long-term value for all our stakeholders and doing business responsibly, sustainability is a strategic business priority. We are taking our efforts one step further and aspire to become a role model in our industry.

Sustainability drives value creation for Straumann Group and our communities. It helps run our company in terms of efficient use of resources and responsible business practices, it helps us secure the best talent, strategically prioritize our community activities, and engage with our stakeholders across the value chain. We act sustainably to improve the quality of life today and for future generations.

Acting with responsibility is an integral part of the Group's sustainability framework and paying taxes is inherent being an important source of government revenue to support the society as well as central to the fiscal policy and macroeconomic stability of most countries.

Alongside our emphasis on good corporate governance and ensuring we deliver on economic performance and impact in communities, we will add the new topic of tax transparency to our corporate materiality matrix in the annual report 2022. We aim to be more transparent in what we do, and to be a good corporate citizen – driving economic impact for communities and business.

It is essential for the Straumann Group to ensure that the company in general and the individual employees conduct business in a legal, ethical, and responsible manner. More details can be found in our Code of Conduct. Communicating transparently across all business activities is part of our obligation and includes tax transparency.

The purpose of this tax transparency report is to show who we are as a taxpayer and provide more insights into our approach. This report focuses on profit taxes which is most relevant to us. A list of other taxes, such as product taxes and employee taxes that apply to the group can be found in chapter 9.

This tax transparency report has been developed based on the GRI 207 standard.

PURPOSE: WE EXIST ...

TO UNLOCK THE POTENTIAL OF PEOPLE'S LIVES

VISION: WE BELIEVE IN ...

A WORLD WHERE ORAL HEALTH IS A SOURCE OF CONFIDENCE

MISSION: OUR GOAL IS TO BE ...

THE MOST CUSTOMER-FOCUSED AND INNOVATIVE ORAL CARE COMPANY IN THE WORLD

Group structure

Straumann's heritage of pioneering innovation spans more than sixty years. Straumann began as a family-owned institute in a rural village close to Basel, Switzerland, and went public in 1998. Today, the Straumann Group comprises a number of international companies and brands with 20 production sites around the world.

Our group structure is built on the strong growth the company has seen over the years and the commercial strategy.

- Straumann Holding AG is as the ultimate parent entity of the Group based in Basel, Switzerland.
- Institut Straumann AG is based in Basel, Switzerland, as well and is the operational headquarters providing services such as product and trademark development, marketing, IT, human resources, finance (including tax) as well as more than 60% of the Group's research & development activities.
- Straumann Villeret AG, based in Villeret, Switzerland, and Straumann Manufacturing Inc., based in Andover (US), are the contract manufacturers for Straumann Dental Implant Systems.
- The following manufacturers develop and produce implants as fully fledged manufacturers: JJGC Indústria e Comércio de Materiais Dentários S.A. (Neodent) based in Curitiba (Brazil), Medentika GmbH based in Hügelsheim (Germany), Anthogyr SAS based in Sallanches (France).
- Clear Correct (CC) Holdings Inc. based in Round Rock (US), produces clear aligners and software solutions.
- Dental Wings Inc. based in Montreal produces intra oral scanners.
- The remaining Group entities are mainly limited risk distributors and based in various jurisdictions around the world.

A full list of all subsidiaries and associates can be found in the annual report 2022 (chapter 9.5, page 223).

Fulfilling the requirements of BEPS Pillar II

Activities such as the Group wide management functions, the operative headquarters including intellectual property (IP) as well as the majority of research & development are located in Switzerland. Consequently the entities carrying the risk are mostly in Switzerland. As a result, risk allocation for profits and losses is therefore mainly in Switzerland.

Recent developments at the OECD and G20 indicate, that they strive to achieve a global minimum tax rate of 15% ("BEPS Pillar II") for all companies. Switzerland is perceived as a low tax jurisdiction under Pillar II due to the fact that tax rates can be below 15%. At the moment, Switzerland is working towards implementing a Qualified Domestic Top-up Tax to raise the tax rate to 15%. Following the implementation of this top-up tax, Switzerland would not be classified as a low tax jurisdiction anymore and therefore Straumann Group would not be present in any low tax jurisdiction.

2. TAX GOVERNANCE

The Straumann Group Tax Policy contains the principles, guidance and expectations set by the Management which is approved by the Audit and Risk Committee.

We follow the principle that tax planning must follow the business strategy and should facilitate a lean and straightforward business-oriented approach. In consequence a fair share of the profit should be realized on each step of the supply chain, which is the basis for the Transfer Pricing model of the Group (see chapter 5).

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

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

Tax governance model

Our Group Tax Policy applies to all companies the Straumann Holding AG owns a majority stake in. The policy also applies to all directors, managers and employees who are involved in, or whose actions impact, the management of taxes within the Straumann Group across all types of taxes (direct, indirect, collected and borne).

The responsibility for our tax risk management lays with our Head of Investor Relations, Tax & Treasury, who reports to the CFO and is overseen by the Audit and Risk Committee. The Board of Directors is ultimately responsible for the Group's risk management. The Global Head of Tax reports on tax risks or any other tax issues to the Group CFO on a continuous basis. Quarterly tax updates are presented to the Audit and Risk Committee.

Our Corporate Tax Team consist of experienced and appropriately qualified members who regularly attend industry meetings as well as education events and seminars to keep their knowledge up to date.
The Group Tax Policy defines the roles and responsibilities between the Corporate Tax Team and the Country Management Teams.

The Country Finance Team must inform the Corporate Tax Team on any interaction with tax authorities outside the ordinary course of tax compliance, any kind of tax audit, appeals against tax assessment and court decisions on tax matters as well as changes in local tax rates.

Tax compliance

The Straumann Group aims to comply with the tax legislation in all jurisdictions and is responsible to all stakeholders to meet the expectations of good tax practices. Therefore, we do not participate in any aggressive tax planning nor tolerate tax evasion of any kind, including facilitation of tax evasion.

Straumann Group is committed to comply with all applicable tax laws, rules and regulations, without exception. We aim to achieve an optimal tax position which is not defined as the lowest tax result possible but rather taking into consideration a sustainable approach to ensure a long-lasting business.

In general, the responsibility for tax compliance lies with our Corporate Tax Team which handles this responsibility through monitoring and enforcing the tax compliance of all legal entities. This central function coordinates, educates and supports the country finance teams to ensure tax compliance in line with local laws, regulations, reporting, filing and disclosure requirements, as well as standards and policies. We seek to perform tax compliance in-house and potential engagement of external providers has to be approved by the Corporate Tax Team.

Public reporting and transparency

As a reliant business partner, we aim to enable our stakeholders to make informed decisions about our organization's tax position. Therefore, public reporting on tax and the resulting increase in transparency on its tax strategy and positions is important for us.

3. TAX RISK MANAGEMENT

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

We are aware that tax legislation is often complex and the implementation may be unclear in certain instances. Therefore, at times it could be possible that our interpretation of obligations could differ from the one of the tax authorities which represents a risk for rejection.

Tax risk management is therefore mainly about understanding where risks arise and having clear guidelines as to how they are dealt and aligned with our objectives to deliver on our strategy.

As our tax strategy follows our business strategy, no general tax risks from tax schemes are considered to be in place. However, risks can occur due to changing political environments, business changes, unintended errors in the internal processes, interpretation issues and many more.

Financial and tax reporting

The Internal Control System (ICS) works as an identification and monitoring tool for all potential risks, including taxes. With the ICS we manage and allocate activities, controls and reviews while management is responsible for the effectiveness of the ICS. The Group Internal Audit in coordination with the External Audit is responsible to audit the ICS adherence.

4. STAKEHOLDER ENGAGEMENT

Relationships with tax authorities

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

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

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

Other stakeholders

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

From our materiality assessment we concluded that taking political influence is not a material topic to us. Accordingly, we are not part of any national or international association which takes influence on politics, especially not on tax topics. However, the Straumann Group is a member of the "Basel employers' association"[1] and of the "Basel Chamber of Commerce"[2], which both advocate for the economic needs of their members. The latter also speaks up for a competitive tax environment within Swiss cantons. Unless stated in their CV in the annual report, none of the Board of Directors or members of the executive management board held any official function or political position.

Approach to tax incentives

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

Straumann Group only seek and accept tax incentives when they both align with our tax policy and can be used in the way they were intended by the government offering them.

1 www.arbeitgeberbasel.ch
2 www.hkbb.ch

5. TRANSFER PRICING

At Straumann Group we accept the responsibility we have as a global taxpayer and we seek to pay taxes in countries where we create value. The OECD guidance and the “arm’s length” principle are applied to intercompany transactions which are benchmarked against comparable transactions to unrelated parties.

Our Corporate Tax Team reviews the allocation of profits within the Straumann Group on a regular basis to ensure that the transfer pricing policy results in profits being aligned with value creation. We therefore prepare annually a Master Transfer Pricing Study which is sent out to our Group entities to prepare a Local Transfer Price Study accordingly. Even though it is not mandatory to have a Local Transfer Pricing Study in all jurisdictions, Straumann Group internal policy requires that all Group entities undertake a Local Transfer Study to strictly ensure that tax follows the business.

6. COUNTRY-BY-COUNTRY REPORTING

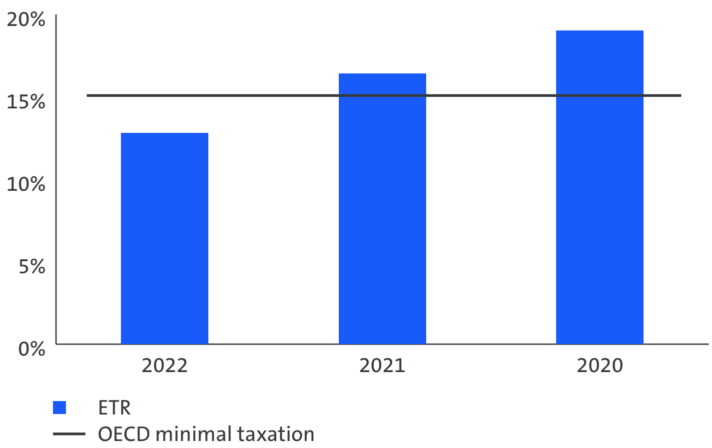
As a standard, the OECD requires countries to request multinational enterprises to prepare and file a country-by-country-report containing aggregate tax information per country relating to the global allocation of income, taxes paid and certain other indicators.

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

7. TAX ANALYSIS

The effective tax rate (profit tax) of the Straumann Group in 2022 was lower than the average of the previous years. This effect results due to the recognition of Tax Loss Carry forwards in 2022. Our effective tax rate is mainly driven by our Group structure based on our Swiss origins and the main risk bearing entities residence in Switzerland.

Effective tax rate



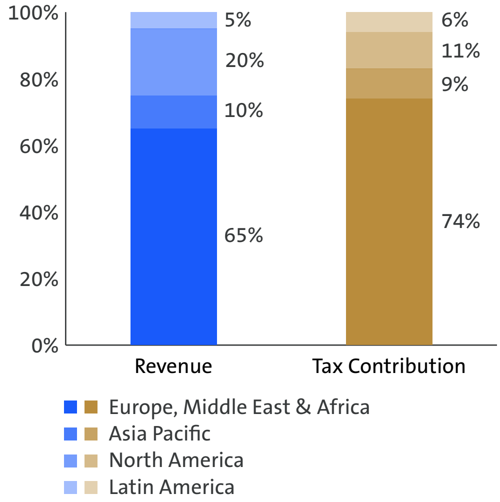
8. GLOBAL TAX FOOTPRINT

Total tax contribution by region

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

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

Total tax contribution by region



Keyfigures 2022

Revenue / CHF

2.3bn

EBIT / CHF

603m

Income tax paid / CHF

111m

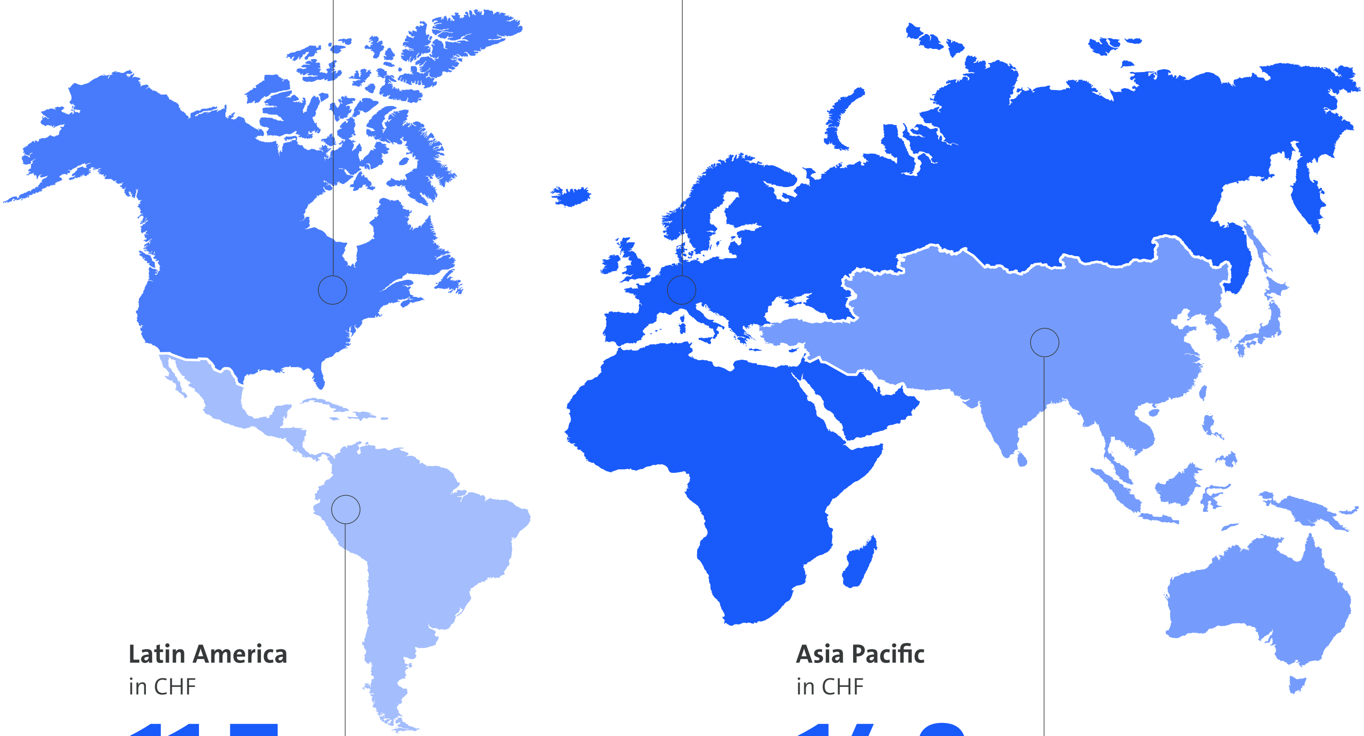
Income tax accrued / CHF

81m

Employees

10 478

Global tax footprint in 2022
Income tax by region



9. APPENDIX

What do we define as tax?

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

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

Which tax apply to us?

Profit taxes

Taxes paid on profits, capital gains or revenues. This includes withholding taxes on remittances.

Product taxes

All taxes and duties levied on the production, extraction, sale, transfer, leasing or delivery of goods, and the rendering of services, or in respect of the use of goods or permission to use goods or to perform activities (except where included in "other taxes" such as environmental taxes).

Employee taxes

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

Other taxes

Taxes included in this category are green taxes which comprise stamp taxes, CO_2 taxes, transport taxes, pollution taxes and resource taxes.

Tax borne versus collected

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

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

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