STRAUMANN HOLDING AGM: 2013-04-05

1.1 Approve the Annual Report, the Annual Financial Statements and the Consolidated Financial Statements **For**

1.2 Approve Pay Structure **Oppose**

The Board seeks approval of the Company's compensation report. Non-executive directors' remuneration consists of fixed fees, an annual performance bonus and other compensation. It is contrary to best practice to remunerate non-executives with variable remuneration as it undermines their independence. Executive remuneration consists of a base salary, an annual bonus, stock options and other benefits. The annual bonus was transitioned to a new short-term incentive scheme; the portion of Executives' short-term incentive is tied to the economic profit and corresponds to zero for 2012. It is attached to individual goals and to the economic profit, which is calculated by deducting a capital charge from the net operating profit after taxes. There is no disclosure of benchmarks and performance targets. Directors, executives and senior managers who participate in the bonus scheme receive part of their bonus in the form of restricted shares. Under the new compensation model, shares are awarded according to the number of Performance Share Units (PSU), based on total shareholder return achieved per annum over a three-year vesting period. At the end of the performance period, no shares will be allocated for a TSR of 0% p.a. or less; one share will be granted per vested PSU if the TSR is 10% p.a. and two shares per vested PSU for a TSR of 20% p.a. or more (capped at 200%). For a TSR between 0% and 10% p.a. or between 10% and 20% p.a., the number of shares allocated per vested PSU is calculated on a linear basis. However, it would be preferred to have two performance criteria attached that run concurrently. There is no disclosure of severance arrangements. Beat Spalinger who left the company by mutual agreement on 4 January 2014 did not receive any severance payment. The new CEO, Marco Gadola, will join the company on 1 March 2013. His compensation will be in line with that of the outgoing CEO. He will receive a onetime payment to compensate for the benefits forfeited through resignation from his previous employment.
There is no disclosure and further explanation of this one time payment. Due to insufficient disclosure of performance criteria, insufficient attachment of performance criteria on the company's new long-term incentives, and payments that may be granted at the board's discretion, we oppose.

2 Approve available earnings and distribute dividends **For**

3 Discharge the Board of Directors **For**

4.1 Re-elect Gilbert Achermann **For**

4.2 Re-elect Sebastian Burckhardt **For**

4.3 Re-elect Dominik Ellenrieder **Abstain**

Non-Executive Director. Independence not declared by the company, not considered independent as he has served on the board for more than nine years. There is sufficient independent representation on the board. However, there are concerns over his potential aggregate time commitments.

4.4 Re-elect Roland Hess **For**

4.5 Re-elect Ulrich Looser **For**

4.6 Re-elect Beat Luthi **For**

4.7 Re-elect Stefan Meister **For**

4.8 Re-elect Thomas Straumann **Abstain**

Non-Executive Vice Chairman. Independence not declared by the company, not independent by us as Dr. Straumann owns 17.3% of the company's issued share capital. In addition he served on the board for more than nine years and he was CEO and chairman until 1994. There is sufficient independent representation on the board. However, there are concerns over his potential aggregate time commitments.

5 Appoint the auditors **Oppose**

PricewaterhouseCoopers AG proposed. Non-audit fees were approximately 183% of audit fees during the year under review. Nonaudit fees over a three year basis were approximately 188% of audit fees. This level of non-audit fees may create a potential for conflict of interest on the part of the independent auditor. Therefore, we oppose.