Triodos Investment Management

STRAUMANN AGM Date: 11 April 2014

1.1 Approval of the 2013 annual report, the 2013 annual financial statements and the 2013 consolidated financial statements **For**

Disclosure is acceptable and the report was made available sufficiently before the meeting. No serious Governance concerns have been identified. Acceptable proposal.

1.2 Approval of the 2013 compensation report **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 2013. 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. Performance or Severance arrangement criteria or have not been disclosed. Overall, there is 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.

2 Vote on the appropriation of available earnings : Dividends of CHF 3.75 per Share **For**

The Board proposes to pay a dividend of CHF 3.75 per share. Dividends are covered by earnings. Acceptable proposal.

3 Discharge of the board of directors **For**

The Board of Directors proposes that its members be granted discharge for their activities in the 2013 business year. No serious concerns have been identified that would lead to a recommendation to oppose the proposal to discharge the board of directors. Acceptable proposal.

4 Amendment of the articles of association **Oppose**

In March 2013, Swiss voters voted in favour of the popular initiative "against excessive pay", frequently named the Minder Initiative after its initiator, the council of states member Thomas Minder. The implementing ordinance of the Federal Council was adopted on 20th November 2013 and entered into force on 1 January 2014. The ordinance has a significant impact on shareholder rights and governance and will be valid until implementing legislation is enacted. Companies will be required to change their articles to give effect to the new regulations. In particular, depending on the existing article provisions, companies may need new powers in their articles to:

Propose separate annual binding shareholder votes on the total amount of

aggregate compensation of the Board of Directors and the executive management;
Propose an annual shareholder vote on the election of all members of the Board and, specifically, the Chairman and members of the Compensation Committee;
Prohibit Certain forms of compensation, including severance payments, compensation paid in advance and transaction bonuses;
Introduce an independent proxy as the only valid institutional shareholder representative;
Introduce a remote indirect electronic voting capability for shareholders wishing to vote in advance of the AGM;
Straumann is proposing changes and has summarised the general areas of policy where changes to article will be made however the company fails to provide explicit disclosure setting out how existing article wording is changing which frustrates analysis of the proposal. Based on the disclosure provided, the following concerns have been identified:
The new article wording fails to insist on an EGM in the event that the new pay vote is unapproved. The board need not make changes to a policy which is not approved until the following AGM.
In seeking a supplementary amount to accommodate a new CEO appointment post approval of aggregate executive pay the board has chosen to adopt a limit of 140% of existing aggregate pay. The limit tolerates a 40% increase in pay for the CEO role without justification of reference to additional responsibilities or changes in the role.
The proposed limit for external mandates is excessive. If approved board members could hold 15 external mandates which would potentially compromise the time available to carry out their duties to shareholders.
Based on these concerns, Triodos opposes.

5.1 Elections to the board of directors for a one-year term of office: For
Re-election of Gilbert Achermann as member and Chairman
Non-Executive Chairman. Not independent by the company, not considered independent as he was CEO of Straumann Holding until 31 March 2010. However, there is sufficient independent representation on the Board.

5.2 Elections to the board of directors for a one-year term of office: For
Re-election of Stefan Meister
Independent Non-Executive Director.

5.3 Elections to the board of directors for a one-year term of office: For
Re-election of Ulrich Looser
Independent Non-Executive Director.

5.4 Elections to the board of directors for a one-year term of office: For
Re-election of Dr. Beat Luethi
Independent Non-Executive Director.

5.5 Elections to the board of directors for a one-year term of office: For
Re-election of Dr. Sebastian Burckhardt
Non-Executive Director. Independence not declared by the Company, not considered to be independent as the Company bought services in the amount of CHF 118,000 during the year under review from Vischer AG where Dr. Burckhardt is partner. In addition, he has served on the board for more than nine years. However, there is sufficient independent representation on the Board.

5.6 Elections to the board of directors for a one-year term of office: Re-election of Roland Hess **For**

Independent Non-Executive Director.

5.7 Elections to the board of directors for a one-year term of office: Re-election of Dr. H.C. Thomas Straumann **Abstain**

Non-Executive Vice Chairman. Independence not declared by the company, not independent 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.

6.1 Elections to the compensation committee for a one-year term of office: Stefan Meister **For**

Independent Non-Executive Director.

6.2 Elections to the compensation committee for a one-year term of office: Ulrich Looser **For**

Independent Non-Executive Director.

6.3 Elections to the compensation committee for a one-year term of office: Dr. Beat Lüthi **For**

The Board proposes to the Compensation Committee Dr. Beat Lüthi for a one-year term of office.

7 Approval of the total amount of the maximum compensation of the board of directors for its next term of office **For**

The Board proposes a total compensation of the Board of Directors for the next term of office is not to exceed CHF 2,900,000.00. This compensation is made up of a fixed fee in cash in the amount of CHF 1,200,000.00 and an allocation of a total of 6,400 shares. The amount sought represents a modest increase on the fees paid for the current year, CHF 2 778,000. Acceptable proposal.

8.1 Approval of the total amount of the maximum fixed compensation of the executive management for the period from April 1, 2014 to March 31, 2015 **For**

The Board of Directors proposes the approval of the fixed compensation of the members of the Executive Management for the period from 1 April 2014 until 31 March 2015 in a total amount not to exceed CHF 4,700,000.00. Full individual disclosure on each member has been disclosed. No severance payments neither loans were paid during 2013. The figures remain unchanged from last year.

8.2 Approval of the variable long-term compensation components of the executive management for the current business year. **Oppose**

The Board of Directors proposes the approval of the variable long-term compensation components of the members of the Executive Management for the current business year in the total amount of CHF 2,500,000.00. Specific performance targets have not been disclosed.

9 Election of Neovius Schlager and partner as independent voting representative for a one-year term of office **Abstain**

The Board of Directors proposes to elect NEOVIUS Schlager & Partner in Basel as the independent voting representative for a term of one year. Regulatory changes in Switzerland now prohibit the appointment of a depositary or a corporate proxy. This changed is welcomed. Uninstructed proxy votes lodged with depositary banks acting as an intermediary in the proxy chain or with the company itself have traditionally been are treated as a vote in favour of all management resolutions. Straumann is seeking approval for the appointment of NEOVIUS Schlager & Partner to act on behalf of shareholders voting at the meeting. The term sought is for no longer than one year however no biographical details have been made available for the candidate and it is unclear whether the named proxy has other commercial relationships with the company.

10 Election of Ernst and Young AG as external auditors for a one-year term of Office **Oppose**

The Board of Directors proposes to elect Ernst & Young AG as the new external Auditors for a term of one year. Non audit fees in 2013 were up to 112%. On a three year aggregate basis they were of 169%. This level of non-audit fees may create a potential for conflict of interest on the part of the independent auditor.