

Corporate Governance

COLTENE Holding AG

This chapter describes the principles of corporate governance applied at Group and Senior Management level within the COLTENE Group. Good corporate governance safeguards the sustainable development and performance of the company. COLTENE is committed to openness and transparency and provides information on structures and processes, areas of responsibility and decision procedures, as well as rights and obligations of various stakeholders. The main elements are contained in the Articles of Incorporation and Organizational Regulations, and are based on the SIX Swiss Exchange guidelines. The compensation report is published separately in this Annual Report. All information is valid as at 31 December 2022, unless otherwise stated. Significant changes that have occurred between that date and the publication date of this report have also been indicated as appropriate.

Whenever a reference is made in this Corporate Governance report to the Articles of Incorporation, they are available in German as well as in an unofficial translation in English on the website at: <https://www.coltene.com/de/investoren-medien/corporate-governance/> (German version) and <https://www.coltene.com/investor-relations/corporate-governance/> (English version).

Group Structure and Shareholders

Group Structure

The COLTENE Group is active in the dental market only and operates one segment in line with its management structure, the organizational setup, the reporting, and the allocation of resources.

COLTENE Holding AG, headquartered in Altstätten, Switzerland, is the only listed company of the COLTENE Group. COLTENE Holding AG's registered shares (security no. 2.534.325, ISIN CH0025343259, symbol CLTN) are quoted on SIX Swiss Exchange. On 31 December 2022, the market capitalization amounted to CHF 455.3 million (previous year CHF 671.7 million). All Group companies are ultimately owned at 100 % by COLTENE Holding AG.

On 1 January 2021 Coltène/Whaledent AG, Altstätten, has acquired assets and liabilities from Kenda AG in Vaduz (owned by COLTENE Holding AG), through an asset deal, and SciCan Medtech AG, Zug, was merged with Coltène/Whaledent AG in Altstätten.

Information on the companies belonging to the COLTENE Group, which are not listed, is shown on page 111 of the Financial Report.

Major Shareholders

As of 31 December 2022, there were 2 185 shareholders (previous year: 2 020) entered in the share register and COLTENE received notification that the following shareholders held stakes equaling or exceeding the legal disclosure threshold of 3 % of the voting stock of COLTENE Holding AG:

HUWA Finanz- und Beteiligungs AG, Heerbrugg, Switzerland, held 1 339 541 registered shares. These equals voting rights of 22.42 %. Huwa Finanz- und Beteiligungs AG is representing the families of Ruedi Huber, Balgach, Switzerland, Helene Huber, Balgach, Switzerland, and Nick Huber, Balgach, Switzerland. Further details are available on the disclosure of shareholdings website of SIX Swiss Exchange. Nick Huber is Chairman of COLTENE Holding AG. He is neither the majority shareholder of HUWA nor does he have a decisive influence on the decision-making process at HUWA. In case of conflicts of interest, he has abstained from voting on board resolutions at HUWA level, e.g. on the question of how to vote with shares, which HUWA holds in a listed company where he is a member of the Board of Directors.

Arthur Zwingenberger, Luzern, Switzerland, held 1 032 501 registered shares. These equals voting rights of 17.28 %. Arthur Zwingenberger is the father of Allison Zwingenberger, member of the Board of Directors of COLTENE Holding AG. Allison Zwingenberger has no business connection with Arthur Zwingenberger and no influence on his voting decisions with regard to COLTENE shares.

Rätikon Privatstiftung, Bludenz, Austria, held 735 138 registered shares. These equals voting rights of 12.30 %. Rätikon Privatstiftung is under control of Franz Rauch,

Laterns, Austria. Direct shareholder is ESOLA Beteiligungsverwaltungs GmbH, Rankweil, Austria. Franz Rauch is the father of Jürgen Rauch, member of the Board of Director of COLTENE Holding AG. Jürgen Rauch has no business connection with Rätikon Privatstiftung and ESOLA Beteiligungsverwaltungs GmbH and no influence on their voting decisions with regard to COLTENE shares.

Robert Heberlein, Zumikon, Switzerland, held directly and indirectly through Burix Beteiligungen AG, Zurich, which he controls, 248 093 registered shares, representing 4.15 % of the voting rights.

Credit Suisse Funds AG, Zurich, Switzerland, held 193 188 registered shares or 3.23 % of the voting rights.

UBS Fund Management (Switzerland) AG, Zurich, Switzerland, held 186 780 registered shares or 3.18 % of the voting rights.

All other shareholders held a stake of 37.44 % of the voting rights of COLTENE Holding AG. The Company held 568 treasury shares amounting to 0.01 % (previous year: 0.00 %) at the balance sheet date. Shares pending registration of transfer amounted to 14.97 % (previous year 16.91 %) of the total as at 31 December 2022.

Disclosure notifications pertaining to shareholdings are published on the electronic publication platform of SIX Swiss Exchange AG. The notifications can be accessed via the following link to the database of the disclosure office of SIX Swiss Exchange:
<https://www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html>

Cross-Shareholding

COLTENE Holding AG has no cross-shareholding arrangements with other companies.

Structure of Group Operations

Group Management of the reporting year

The COLTENE Group is operationally headed by Group Management. COLTENE Group Management chaired by Martin Schaufelberger as CEO, consisted of Markus Abderhalden, CFO, who acted also as deputy CEO,

Stefan Helsing, COO, Martin Schlüter (Vice President R&D/Innovation), Werner Barth, Vice President Product Management/Group Marketing, Paul Frey (Vice President Sales & Marketing Communication of North America), and Christophe Loretan, Vice President Sales & Marketing Communication of Europe and Rest of the World (ROW).

Changes of Group Management

Markus Abderhalden (born in 1979 and a Swiss citizen), was appointed to succeed Gerhard Mahrle as Chief Financial Officer of the COLTENE Group from 1 January 2022. He brings solid industry experience in finance roles and many years of experience as an auditor. He joined COLTENE from the DGS Group where most recently he was CFO.

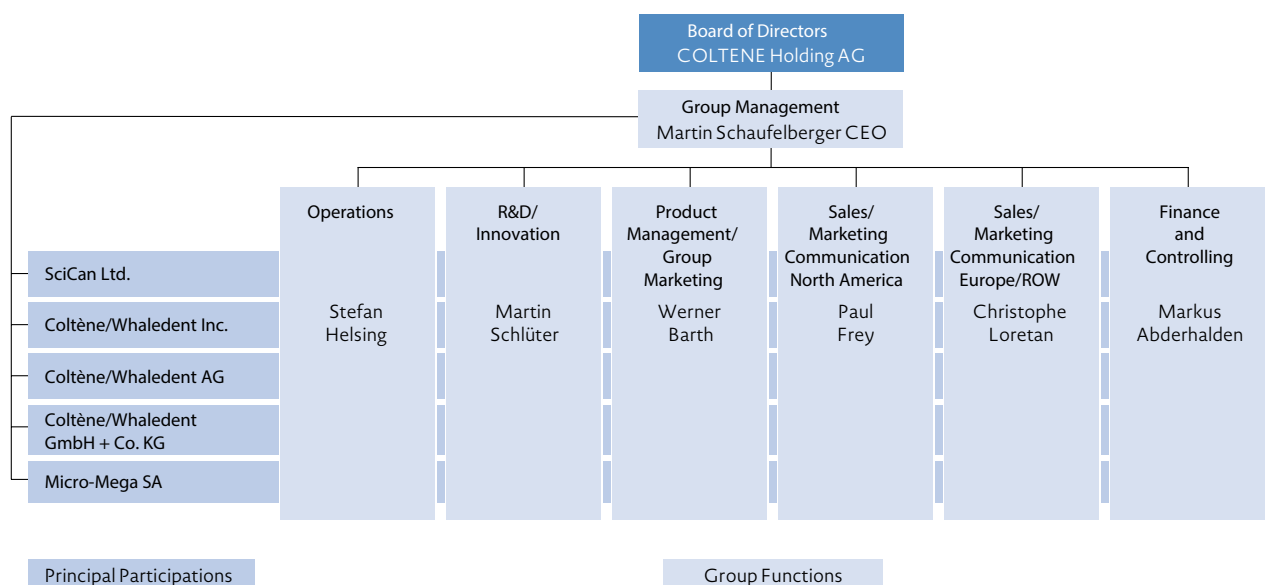
With effect from 1 January 2022, Paul Frey (age 47), Vice President Sales & Marketing Communication North America, was appointed to Group Management. Paul Frey is a US citizen and brings many years of experience in the dental industry to his roles. He previously worked for Kulzer Dental in North America. Based in the US, Paul Frey oversees the COLTENE Group's largest market from his home country. He joined the COLTENE Group in October 2021.

Stefan Helsing will step down from his position as Chief Operating Officer at the end of March 2023 due to retirement. Gregor Picard (52 years old, German citizen) has been appointed as successor and will take up his new position on 1 April. He has many years of experience in the dental and automotive industries. Most recently, he worked for the KaVo Group as Vice President Operations. Prior to that, he held various senior operations positions within VDW and Autoliv in Germany.

Group Structure and Group Management Organization

Group Management is responsible for the operational management of the holding company and the COLTENE Group. The Group is managed by the Board of Directors through Group Management. The Board of Directors and Group Management are assisted in their work by central Group functions. The separation of responsibilities between the Board of Directors and Group Management is explained in this report.

Group structure and management organization of the COLTENE Group as per 1 January 2023:



Capital Structure

Information about the capital structure can be found in COLTENE Holding AG's Articles of Incorporation, in the Financial Statements of COLTENE Holding AG as well as in the Investor Relations section on page 6 to 7 of this report.

Capital

Details on the capital are included in the COLTENE Holding AG's financial statements on pages 116 and 117.

Authorized or Conditional Capital

COLTENE Holding AG has no authorized or conditional capital.

Changes in Capital

The changes in equity of COLTENE Holding AG that occurred during the last three financial years are shown in the table below.

Changes in equity

In CHF 1000	31.12.2022	31.12.2021	31.12.2020
Share capital	598	598	598
Statutory reserves	120	120	120
Capital contribution reserve without foreign reference	49 983	49 983	49 983
Capital contribution reserve with foreign reference	55 273	74 988	92 913
Capital contribution reserve	105 256	124 971	142 896
Reserves for treasury shares	-45	-8	-2
Net income brought forward	39 823	36 639	29 061
Total	145 752	162 320	172 673

Based on the Annual General Meeting's decision on 21 April 2022, the Company distributed a dividend of CHF 3.30 (previous year CHF 3.00) per share paid out to its shareholders on 27 April 2022, from capital contribution reserves with foreign reference. The total amount paid was TCHF 19 716 (previous year TCHF 17 924).

Shares and Participation Certificates

COLTENE shares security no.:	2.534.325
ISIN:	CH0025343259
Symbol:	CLTN

The Company's share capital consists of 5 975 580 (previous year 5 975 580) registered shares with a par value of CHF 0.10 each (previous year CHF 0.10). All shares are fully paid up and entitled to dividends. They entitle the holder to one vote at the General Meeting. The right to apply the special rules concerning treasury shares held by the Company is reserved, particularly in relation to the exemption from the entitlement to dividends. There is no additional conditional or authorized capital.

The shares of COLTENE Holding AG are traded in the Swiss Reporting Standard and are part of the indices of the SPI family as well as of the SXI Life Sciences and SXI Bio+Medtech index at the SIX Swiss Exchange in Zürich. Since 1 February 2021, the shares of COLTENE Holding AG are part of both ESG indices of SIX Swiss Exchange SPI ESG and SPI ESG Weighted.

Profit-Sharing Certificates

COLTENE Holding AG has not issued any profit-sharing certificates.

Restrictions on Transferability of Shares and Nominee Registrations

According to Paragraph 4 of the Articles of Incorporation, only individuals who are registered in the share register may be recognized as the owners or beneficiaries of traded shares. Registration of ownership may be refused only in cases where the purchaser does not expressly declare that he has acquired the shares for his or her own account. The Board of Directors may cancel a registration of a shareholder or nominee in the share register, after hearing the respective parties, if the entry was made based on false declarations. The Board of Directors may define principles for the registration of fiduciaries or nominees and stipulate the necessary rules to guarantee compliance with the aforementioned principles.

The Board of Directors shall register nominees as shareholders with voting rights in the share register up to a maximum of 3 % of the total share capital outstanding at the time. Above this limit of 3 %, the Board of Directors decides on a case-by-case basis, provided such nominee declares that it will disclose the names, addresses, nationalities, and shareholdings of the

persons for which it holds 0.5 % or more of the total share capital outstanding at the time. In 2022, the Board of Directors has not registered any nominees with voting rights exceeding 3 %.

Convertible Bonds and Warrants/Options

COLTENE Holding AG has no outstanding convertible bonds or options.

Board of Directors

Members of the Board of Directors

On 31 December 2022, the Board of Directors of COLTENE Holding AG consisted of seven members. The Articles of Incorporation stipulate a minimum of five and in the maximum nine members.

All Board members are non-executive and none of the members of the Board of Directors was a member of the management of the Group or a Group company in the past three financial years. None of the Board members has a significant business relationship with COLTENE Holding AG or a Group company. In 2022, the law firm Lenz & Staehelin, Zurich, where the board member Astrid Waser is partner, received CHF 12 000 (2021: CHF 43 000 and 2020: CHF 27 000) for legal advice. In 2022, the main part of the fee was related to general legal advice in the course of ordinary business.

The personal details together with the other activities and vested interests of individual members of the actual Board of Directors are listed on pages 56 to 60.

Election and Term of Office

The members of the Board of Directors are elected by the shareholders for a period of one year. At the end of their term of office, members may be re-elected. There is no limit to the period of office or age of members of the Board of Directors. The members of the Board of Directors are elected person by person. The Chairman of the Board of Directors is elected by the shareholders for a period of one year. In the event of incapacity of the Chairman, the Chairman of the Audit and Corporate Governance Committee will temporarily assume the role of the Vice Chairman of the Board of Directors.

Restrictions on Activities outside of COLTENE Group

Restrictions on activities outside of the COLTENE Group of the members of the Board of Directors are governed in Paragraph 18 of the Articles of Incorporation.

Internal Organization

Allocation of Tasks within the Board of Directors

The Board of Directors is ultimately responsible for the management of the Company and the supervision of the persons in charge of the management. The Board of Directors represents the Company and takes care of all matters that are not delegated by law, the Articles of Incorporation, or the organizational regulations to another body.

The Board of Directors' main duties can be summarized as follows:

- Determination and formulation of the business strategy
- Purchase and sale of participations or establishment and liquidation of Group companies
- Approval of investments in and divestments of fixed assets exceeding CHF 200 000 in value
- Approval of intercompany loans in excess of CHF 400 000 per fiscal year per Group company
- Definition of COLTENE Group's finance strategy
- Determination of financial accounting and reporting, financial control, and financial planning
- Definition of COLTENE Group's organizational structure
- Appointment of the persons in charge of the management and their supervision
- Approval of the Auditor's report and Annual Report as well as preparation of the General Meeting of Shareholders and the execution of its resolutions

Membership of the Committees of the Board of Directors, their Duties and Responsibilities

The Board of Directors has delegated the operational management to Group Management headed by the Chief Executive Officer (CEO). The Chairman of the Board of Directors organizes and manages the work of the Board of Directors.

The permanent committees of the Board of Directors are composed as follows:

Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee has been set up by the Board as follows:

Chairman: Erwin Locher

Members: Jürgen Rauch, Astrid Waser

The Audit and Corporate Governance Committee assists the Board of Directors in its supervisory duties and has to perform the following main tasks and duties:

- Approval of the auditing program and audit fees and form a judgment of the effectiveness of the external audits
- Review, amendment, and approval of the risk management assessment and system as well as control of the fulfillment of defined measures
- Review and assessment of the functioning of the internal control system and control of the fulfillment of corrective actions
- Review of the consolidated financial statements as well as interim statements intended for publication
- Regular review of the principles concerning Corporate Governance
- Proposals to the Board of Directors of amendments to the Articles of Incorporation or internal regulations if necessary

Nomination and Compensation Committee

The Nomination and Compensation Committee is elected every year by the Annual General Meeting. The Nomination and Compensation Committee has been composed as follows:

Chairman: Matthew Robin

Members: Nick Huber, Roland Weiger

The Nomination and Compensation Committee carries out the following duties:

- Recommendation of the remuneration of the members of the Board of Directors
- Definition of the principles for the remuneration of the members of Group Management and submission of these to the Board of Directors for approval
- Definition of principles for the selection of candidates for election or re-election to the Board of Directors

- Preparation of the selection and assessment of the candidates for the position of the CEO
- Recommendation of appointments of members of Group Management
- Recommendation of the remuneration to be paid to Group Management
- Approval of the general guidelines for the Human Resources management of the Group
- Yearly elaboration of the compensation report to be presented to the AGM

Working Methods of the Board of Directors and its Committees

The Board of Directors meets annually for at least six ordinary, mainly one-day meetings. Extraordinary meetings may be held as necessary. Every member of the Board of Directors is entitled to request an immediate meeting if he/she names its purpose. In 2022, the Board of Directors met eight times (previous year eight times). These meetings lasted in average four to eight hours. In one meeting, the Board of Directors discussed the Group Strategy together with the enlarged Group Management during a one-day workshop.

The Audit and Corporate Governance Committee met three times (previous year three times) for usually a two- to three-hour meeting. The Nomination and Compensation Committee met three times (previous year four times) for a usually two-hour meeting.

In 2022, a member of the Board of Directors was excused from one Board of Directors meetings. In the previous year, a member of the Board of Directors was excused from two Board of Directors meetings and one Audit and Corporate Governance Committee meeting. Another member was excused from one Board of Directors meeting. All members were always present at the Nomination and Compensation Committee meetings in the reporting period and in the previous year. Prior to the respective meetings, the Chairman of the meeting obtained the opinions and the voting decisions of the absent members of the Board in a personal conversation. After each meeting, the CEO

informed the absent Board members about the decisions taken and the votes cast.

Attendance rates at meeting of	2022	2021
Board of Directors	98%	95%
Audit and Corporate Governance Committee	100%	89%
Nomination and Compensation Committee	100%	100%

Meetings are summoned in writing by the Chairman. An invitation together with a detailed agenda and documentation is sent to all participants normally seven days in advance of the date set for the meeting.

As a rule, the Chief Executive Officer and the Chief Financial Officer attend meetings of the Board of Directors as well as meetings of the committees. In order to ensure that the Board of Directors has sufficient information to make decisions, other members of the Group Management team or other members of staff or third parties may also be invited to attend.

The Board of Directors is quorate if all members have been duly invited and the majority of its members take part in the decision-making process. Members may participate in deliberations and the passing of resolutions by telephone, by video conference, or other suitable electronic media if all participants are in agreement. The decisions of the Board of Directors are taken on the basis of the votes submitted. In the event of a tie, the Chairman has the casting vote. Decisions may also be made in writing.

Proposals may also be sent to all members and they are regarded as passed if the majority of members agree unconditionally and no member insists on discussion of the issues in question in a formal meeting. Members of the Board of Directors are obliged to leave meetings when issues are discussed that affect their own interests or the interests of persons close to them.

All proposals and decisions are entered in the minutes to the meeting of the Board of Directors and its committees. The minutes also contain a summary of important requests to speak and any deliberations.

Definition of Areas of Responsibility

The areas of responsibility between the Board of Directors and Group Management are defined in COLTENE Holding AG's organizational regulations and can be summarized as follows: with the exception of decisions which according to article 716a of the Swiss Code of Obligations are part of its inalienable and non-transferable duties, and those additional duties listed on page 52, the Board of Directors has delegated the executive control of COLTENE Group and, with it, operational management of the entire COLTENE Group, to Group Management.

Information and Control Instruments vis-à-vis Group Management

As a rule, Group Management updates the Board of Directors on operations and COLTENE Group's financial position every month. In addition, the CEO and CFO report on business and all matters of relevance to the Board of Directors at each meeting of the Board of Directors.

Every member of the Board of Directors has the right to ask any member of Group Management for information about matters within his remit, even outside meetings. The Chairman of the Board of Directors is also informed by the CEO about all businesses and issues of a fundamental nature or of special importance.

Risk Management

Based on an approved Risk Management policy by the Board of Directors, an extensive system for monitoring and controlling the risks linked to the business activities is in place. Group Management is responsible for the risk identification, analysis, controlling, reporting, and monitoring the implementation. The implementation is organized along the Group's organizational areas with each member of Group Management heading the processes in their correspondent areas of responsibilities.

The Board of Directors reviews the risk management and the results of implemented corrective actions once a year, based on a detailed protocol. In 2022, a total of twenty-seven risks have been assessed in a matrix along four stages of probability of occurrence and four stages of impact on net income. The protocol additionally compares the current assessment to the previous year. Six out of the twenty-seven risks have been classified as critical in terms of potential impact on net income and probability of occurrence. For example, tax risks and respective potential impact are considered to be low, in contrast to cyber threats. The analysis includes newly assessed risks such as inflation.

The risks are assessed in the categories of Strategy, Operation, and Reporting. The topics cover customers as a stakeholder group and range from the global market environment and sales management to customer needs related to product groups, product and service quality, and flexibility in developing new online sales channels. Employees as another important stakeholder group are covered in the assessment of the image of COLTENE as an employer, career development as well as in their role in reputational processes towards other stakeholders. Regarding operations, general high-tech industry factors such as efficiency, adaptability, and trademark and brand awareness are weighed in. Leadership, internal and external reporting as well as compliance are also fields covered by the risk assessment. Financial risks are captured regarding currency exposures among other factors.

Based on an approved Internal Control System policy by the Board of Directors, the internal control mechanisms are reviewed and documented. At least once a year, a member of the Audit and Corporate Governance Committee reviews in detail the assessment of risk by Group Management as well as the corrective and mitigative actions implemented. The findings of the Committee are reviewed regularly by the Board of Directors. The external audit firm audits the internal control system of the COLTENE Group annually as part of their audit of the Group's risk management.

Self-Evaluation of the Board of Directors

In 2022, the Board of Directors conducted a self-evaluation. It was prepared by the Chairman of the Board of Directors and discussed with each member of the Board of Directors in a personal meeting.