

Corporate Social Responsibility

Annual report
2020



Let's change dentistry **together**

3shape 

Introduction

In 3Shape, we plan, develop, and operate our business in a way that balances our financial results, our impact on the environment, and our contribution to society in the countries and areas we operate. We believe that a strong Corporate Social Responsibility strategy and implementation is part of the foundation when seeking to build a long-term sustainable business.

“Improving people’s lives” is one of our eight values and a cornerstone for making decisions in our daily business. We use this guiding principle when we develop, create, sell and support our solutions, and when we collaborate with stakeholders. In the coming years, CSR will continue to receive increased attention with additional initiatives, as our business expands globally.



We aspire to create a corporate culture that ensures all employees understand the value of acting as a good corporate citizen. Combined with internal guidelines and fact-based decisions by management on CSR topics, we believe 3Shape can contribute to the global dental health and build a more sustainable world. All done in a way that helps improve well-being and respecting the rights and dignity of our customers, partners and employees.

Business model

3Shape employs more than 1,600 employees globally in 25 countries. 3Shape specializes in developing 3D scanners and software solutions that enable dentists, dental lab technicians and hearing aid professionals to treat more people, more effectively and with improved care. 3Shape has production facilities, research and development facilities, shared service centers, academy facilities, customer support offices and sales offices in Asia, Europe, Latin America and North America.



About this overview

This overview provides a status on 3Shape’s work within the area of Corporate Social Responsibility for the financial year of 2020. The overview provides insight and understanding of the scope of our CSR work by laying out 3Shape’s key initiatives, and how these activities are an integrated part of the day-to-day business of our company. The overview covers the four entities 3Shape Holding A/S, 3Shape A/S, 3Shape Trios A/S and 3Shape Medical A/S.

Supply Chain

Reporting area: Human Rights

3Shape's footprint covers many countries around the world. In all geographical areas that 3Shape operates in, we strive to comply with legislation on non-discrimination, dignity, equality, working conditions and labor rights. 3Shape acknowledges its responsibility for respecting human rights in its business activities both locally and globally.

Risks: In every sector, global expansion, technological progress, and consumer expectations have pushed companies to compete on flexibility and responsiveness. While this has resulted in significant gains in development in some places, it has also applied downward pressure in others to reduce wages and degrade working conditions. 3Shape should ensure that international norms regarding the responsibility to respect human rights are respected, regardless of local norms or competitive pressures.

Actions in 2020: Respecting human and labor rights is a basic aspect of conducting responsible business. In 2020, the 10 UN Global Compact principles have been implemented in 6 new Supplier Contracts, increasing the number from 0 to 6.

Results: In 2020 there has not been observed any human rights infringements.

Goals: Zero non-compliance cases related to human rights.

Energy savings in facilities

Reporting area: Facilities' impact on climate

Electricity is the largest energy consumption in 3Shape. 3Shape strives to run a sustainable production where energy efficiency in the production facilities and global offices is a central target.

Risks: Poorly managed energy consumption has a negative impact on CO2 emissions.

Actions in 2020: During 2020, 3Shape's production facility has been closely monitored to reduce energy consumption per produced unit.

Results: In 2020 consumption per produced unit was 104 kWh, reduced from 119 kWh in 2019. Further, 3Shape's LEED certificate (Leadership in Energy and Environmental Design), which is granted to eco-friendly buildings, has been maintained.

Goals: Further reduce the energy consumption per produced unit.



Optimizing employee transportation

Reporting area: Transportation and travelling impact on climate

3Shape encourages employees to meet digitally (e.g., via Microsoft Teams) as opposed to flying, and does not allow business class tickets to reduce indirect CO2 emissions.

Risks: Transportation is one of the largest contributors of greenhouse gas emissions.

Actions in 2020: Due to Covid-19 all travels have been on pause throughout most of 2020. Only critical travels have been allowed.

Results: Average travel days per employee have been reduced to 2,2 days.

Goals: To maintain employee flexibility with regards to having digital meetings, and to have less than an average of 7 travel days per employee.

Trade-in and trade-up program

Reporting area: Environment

3Shape has a 'trade-in and trade-up' program where a customer can trade a competing scanner to a Trios scanner (trade-in) or an old Trios/Lab scanner for a newer model (trade-up). The purpose of the program is to secure customers the best scanner on the market, and to ensure correct disposal of used scanners.

Risks: When left to the individual customers, there is a risk that used scanners are disposed of incorrectly.

Actions in 2020: 3Shape adjusted the value for competitor models commercially due to increased competition for the Trade-in. 3Shape had a promotion campaign running for 3Shape carts older than 5 years to have focus on lifecycle management.

Results: In 2020, fewer scanners were traded-in and traded-up back to 3Shape than in 2019.

Goals: Further increase in trade-in and trade-up program and circular economy.



Optimizing employee relations

Reporting area: Employee relations for employees

For 3Shape it is essential that 3Shape is an attractive place to work, where employees enjoy working at 3Shape and understand values of the 3Shape. 3Shape accepts the challenges of a growing and the factors that influence the overall commitment of employees and that both private and personal factors can play a role.

Risks: Without clear policies and procedures – and employee understanding thereof - there is a risk of discriminatory practices at the workplace.

Actions in 2020: Throughout 2020 3Shape's values have been reinforced by team discussions, and by adding clarifying statements in the company's People Survey.

Results: The main measure used to define the company values and the effectiveness of its implementation is the People Survey. The statement "I feel 3Shape acts in accordance with its values" in the survey has been supplemented with an additional explanatory statement.

Goals: 3Shape values should continue to guide strategic and operational decisions. For 2021 the goal is to exceed the current average People Survey score of 8.2 (measured on a scale of 1 to 10, with 10 being most satisfactory).

Giving back to the community

Reporting area: Social relations

3Shape advocates for and invests in efforts to improve the health of patients and customers in the dental and hearing aid industries. Our efforts enable people across the world to enjoy better lives.

Risks: As a high-tech company, 3Shape is expected to make meaningful contributions to the society by use of new technologies. With sizeable operations in a few markets, 3Shape should find ways to support local communities in a meaningful way.

Actions in 2020: 3Shape has continued to be engaged in an educational partnership with Tianshi College in China. Furthermore, 3Shape continues to have its annual 3Shape Christmas Collection in Poland, for a select group of families in need of support. Lastly, 3Shape still supports BrighterWay Institute in USA, however the support will be discontinued in 2021.

Results: Three projects promoting welfare and improved social relations have been completed in 2020.

Goals: The goal is to continue at least two of the above-mentioned projects in 2021.



Anti-corruption through supplier relations

Reporting area: Anti-corruption for suppliers

To maintain a sustainable and ethical business, it is important to maintain a high standard of integrity, safety and fairness in how 3Shape works with its suppliers, as well as setting a high standard for how suppliers manage their own business. 3Shape acknowledges its responsibility to require compliance and fair operations in its Supplier relations.

Risks: There is a risk that Suppliers do not comply with all international governing norms, legislation, and regulation.

Actions in 2020: The 10 UN Global Compact principles have been implemented into the company's standard supplier contract and has been signed by 6 suppliers. Due to the Covid-19 global pandemic, several of the planned audits were completed as desk audits. This form of Supplier verification will be continued in 2021.

Results: In 2020 there has been no observed non-compliance related to anti-corruption.

Goals: To audit more than 20 suppliers, and to roll out the standard supplier contract containing the 10 UN Global Compact Principles to more suppliers.



Anti-corruption through employee training

Reporting area: Anti-corruption for employees

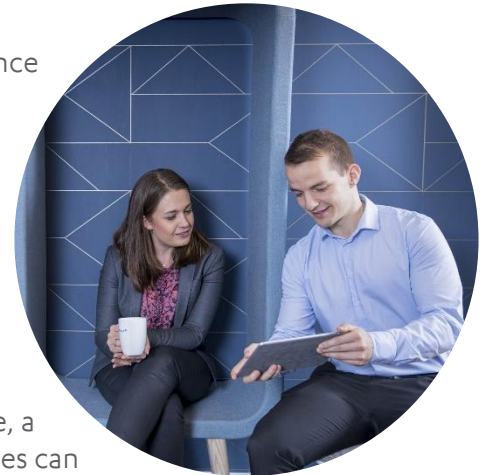
3Shape employees are subject to the laws of many countries and jurisdictions around the world. Employees shall comply with the 3Shape Code of Conduct and all applicable laws, rules and regulations and industry codes.

Risks: There is considerable focus on the importance of compliance in relation to areas in which 3Shape employee conduct is essential for the fulfillment of legal obligations as well as company values and policies. Non-compliance can lead to unethical conduct and breach of national and international laws and regulations.

Actions in 2020: Compliance related risk has been mitigated by issuing mandatory Code of Conduct e-learning trainings for all employees. The Code of Conduct has also been made available on the company Intranet site in multiple languages. Furthermore, a whistleblower mail has been maintained through which employees can anonymously report issues of compliance.

Results: In 2020 there has been no observed cases of corruption or bribery. Currently, the Code of Conduct e-learning training completion rate is 93 %.

Goals: Continuation of Code of Conduct e-learning training, and whistleblower email. Moreover, the whistleblower email and Code of Conduct training will be made more visible.



Gender equality in the Board of Directors

Reporting area: Gender distribution in the Board of Directors

3Shape believes in the commercial advantage of diversity including gender equality.

We would like to take advantage of as much a talent as possible and we believe that diversity in the Board brings important business benefits, contributes positively to the working environment, and strengthens the company's performance and competitiveness.

Actions in 2020: 3Shape is pleased to announce that the goal of 2019 has been met with the election of Henriette Schütze - one person of the underrepresented sex has joined the Board of Directors of 3Shape Holding A/S, 3Shape A/S, 3Shape Trios A/S and 3Shape Medical in 2020.

Results: There is currently one representative of the underrepresented sex in the Board of Directors of 3Shape Holding A/S, 3Shape A/S, 3Shape Trios A/S, and 3Shape Medical, with 1 out of 6 members being female.

Goals: 3Shape is committed to continuously better gender equality in 3Shape. The objective is to ensure a fair hiring process with a gender diverse candidate pool for future update to the Board of



Directors. As 3Shape is an owner-led group, the criteria for selecting new board members continue to be industry knowledge within production, research, development, scale for growth, export, local market knowledge and previous experience as member of a Board of Directors.

Gender equality in management

Reporting area: Gender distribution in the management

3Shape believes in the commercial advantage of diversity including gender equality. We would like to take advantage of as much a talent as possible and we believe that employee diversity brings important business benefits, contributes positively to the working environment, and strengthens the company's performance and competitiveness.

Actions in 2020: 3Shape is continuously growing as a global company. Hence, we have in 2020 focused on attracting talented employees, not only diverse in terms of gender but also with diverse backgrounds, cultures, perspectives, and experiences to support our innovation and continued growth. We are an *equal opportunity employer* and believe that diversity – in all levels of the organization – enables better decision making. Being an equal opportunity employer commits us to avoid implementing KPI's for selected groups of people (e.g., female, black, Asian, transgender, young, old etc.), as this would defeat the purpose of being an equal opportunity employer. Instead, we – through our culture and values – continuously encourage all of management to discuss unconscious bias in key decision-making processes.

Results: The proportion of the underrepresented sex (female employees) in management positions in 3Shape Holding A/S has increased 6%-pts: from 28% in 2019 to 34% in 2020.

3Shape A/S has had a 3%-pts increase: from 20% in 2019 to 23% in 2020.

3Shape Medical A/S has had zero increase with 0% females in management positions.

3Shape Trios A/S has had an 11%-pts increase: from 11% in 2019 to 22% in 2020.

Lastly, 3Shape is characterized by a minimum of 1/3 of the employee base being engineers, which is a market dominated by males.

Goals: The goal is to increase the proportion of female employees in the management.

COVID-19 measures

Reporting area: Covid-19

3Shape has implemented different Covid-19 policies globally depending on local recommendations and situation. All reported cases of the virus were anonymized (due to GDPR), and employees who had been in close contact were informed.

Risks: The Covid-19 pandemic has posed multiple risks to employee health and wellbeing, as well as posing challenges to the company's environmental responsibility by requiring the use of disposable cutlery and plates to reduce the risk of spreading the virus.

Actions in 2020: Measures taken to address COVID-19 related risks vary between locations depending on the local situation. Activities in the biggest locations include:

3Shape Denmark: Office closed between the months March and May. Once opened, employees have been encouraged to work from home. Hand sanitizer and facemasks have been made available in receptions and canteens, as well as hand sanitizers and

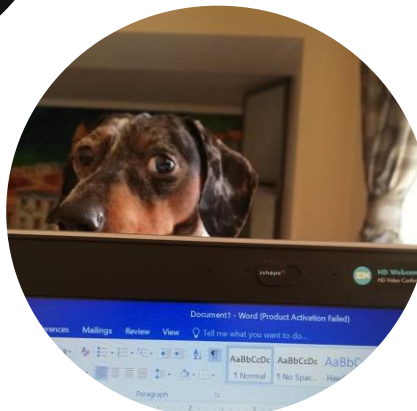
cleaning supplies in all meeting rooms. Individually packed cutlery and closed food containers have been used for lunch. Furthermore, there has been a switch from plastic cutlery and plastic food containers to individually packed reusable cutlery as well as cardboard containers, to reduce negative environmental impact.

3Shape Poland: A weekly testing of the employees was implemented. Full remote work flexibility was enforced whenever possible. Hand sanitizer and facemasks have been made available and wearing a facemask has been a requirement whenever not at one's desk. Hand sanitizers and cleaning supplies have been made available in all meeting rooms.

3Shape Ukraine: Full remote work flexibility has been enforced. Rotation system implemented for employees coming into the office, to avoid too many employees in the office at any time. Hand sanitizer and facemasks have been made available and wearing a facemask has been a requirement whenever not at one's desk. Hand sanitizers and cleaning supplies have been made available in all meeting rooms.

Results: The total number of Covid-19 cases at 3Shape (globally) has remained low. While Covid-19 and remote work has been proven to negatively affect the mental health of people, all 3Shape employees have been given the option of working from the office if deemed necessary.

Goals: 3Shape is committed to continuously follow local recommendations in the most sustainable way.



3Shape A/S

Holmens Kanal 7, 1060 Copenhagen C

+45 7027 2620

www.3shape.com

CVR Number: 25553489

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