



ENVIRONMENTAL SOCIAL GOVERNANCE

3shape 



ANNUAL REPORT 2021

INTRODUCTION

This report constitutes 3Shape's statutory reporting on §99a in the Danish Financial Statements Act where ESG encapsulates 3Shape's efforts related to corporate social responsibility ("Samfundsansvar").

3Shape is committed to conducting business in a way that balances financial results, impact on the environment and positive contribution to society in the countries and areas we operate. At 3Shape, we believe that a strong Environmental Social Governance (ESG) strategy and implementation is imperative to building a long-term sustainable business and maintaining positive relationships with our employees, resellers, partners, end-users and the communities that we serve. And it is simply the right thing to do.

"Improving people's lives" is one of our eight core values and a cornerstone for making decisions in our daily business. Our mission is to achieve this key principle through superior patient care on the journey of digitalizing the dental industry. This guiding principle is also at the center of our decisions when we innovate, develop, create, sell and support our solutions, and collaborate with stakeholders.

To achieve our goals, we have chosen three of the 17 UN Sustainable Development Goals (SDGs) which we deem as particularly relevant for 3Shape. These three SDGs will guide and align our work towards a more sustainable future.

The chosen **SDGs** are:

3 GOOD HEALTH
AND WELL-BEING



5 GENDER
EQUALITY



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



These three SDGs reflect the areas where we currently see the greatest potential to help create positive, enduring change by

- deploying our capabilities and expertise through innovation
- empowering our people to give back to communities
- managing our firm responsibly

We are committed to creating a corporate culture that ensures all employees understand the value of acting as a good corporate citizen and feel empowered to act. Testimony to that, several grassroots socially and environmentally responsible impact projects have been launched, driven and owned by employees. By continuing to implement these values in our day-to-day life as 3Shapers, we believe that our company can contribute to global dental health and build a more sustainable world. We also remain committed to being transparent and reporting on our progress.

* For SDG #9, our focus will be on innovation



BUSINESS MODEL

3Shape employs more than 1,900 employees globally in 27 countries. We specialize 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 in a digital way. Our organization encompasses 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.

“ This year, 3Shape has taken initial yet important steps towards implementing ESG across the organization. Not only has the ESG agenda been implemented as a business priority, but our early steps have also shown that there is a heart in 3Shape beating for sustainability and responsibility – and it is much bigger than expected.”



Cora Birkkjaer,
Lead ESG

ABOUT THIS OVERVIEW

This overview provides a status on 3Shape’s work within the area of ESG for the financial year of 2021. The overview provides insight into and an understanding of the scope of our ESG work, as well as how these activities are an integrated part of the day-to-day business of our company. The overview covers 3Shape’s biggest locations in terms of number of employees employed, including the four Danish entities 3Shape Holding A/S, 3Shape A/S, 3Shape Trios A/S and 3Shape Medical A/S, as well as 3Shape Ukraine LLC and 3Shape Poland sp. Z.o.o.

“ As 3Shapers we strive to make a positive impact not only in our industry but also in the communities we operate in.

With a current focus on gender equality, we do not only want to participate in socially responsible and sustainable initiatives, we want to drive them.”



Jakob Just-Bomholt,
CEO

Employee breakdown
by country



Through our global operations, we bring value to our communities in the following ways:



Improved quality of life for dental patients— we improve lives through more confident smiles



Job creation, productivity and competence building through an annual employee growth rate of 13.4 % percent*



Scientific progress in dental diagnostics and design due to relentless focus on innovation

*The number is based on the headcount data for end of 2020 and end of 2021, which is 1682 and 1931 respectively.



HUMAN RIGHTS

Policy

3Shape supports and respects the protection of internationally adopted human rights, including the principles contained within the Universal Declaration of Human Rights, the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights.

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. This can affect 3Shape’s business relationships and ultimately employee well-being negatively to the extent that suppliers or other business partners fail to respect human rights. Similarly, a failure to implement human rights due diligence processes in 3Shape can negatively affect involved communities.

Actions in 2021	Results	Goals for 2022
<ul style="list-style-type: none"> The Ten Principles of the UN Global Compact (UNGC) were implemented in a new supplier agreement template. A Whistleblower system has been put in place enabling third parties to anonymously raise concerns reg. – among others – human rights infringements and risks. 	<ul style="list-style-type: none"> In 2021, there have not been any observed human rights infringements. 2 out of approximately 330 suppliers signed the new supplier agreement including the 10 Principles of the UNGC. 	<ul style="list-style-type: none"> Onboard at least 25 new suppliers into the new standard supplier contract template. Update audit program to include audit of the 10 UNGC Principles.



ENVIRONMENTAL RESPONSIBILITY

FACILITIES IMPACT ON CLIMATE

Policy

3Shape is committed to protect the environment and promote efficient use of materials and energy. Employees are asked to always consider the environmental risks before starting a task and look for opportunities to minimize the environmental impact.

Risks

Mismanaged energy consumption has an impact on CO² emissions and can negatively contribute to 3Shape's overall impact on the environment. Use of unsustainable cleaning products and other products used in our office environments can lead to avoidable water, air, and paper pollution through hazardous waste materials.

Actions in 2021	Results*	Goals for 2022
<ul style="list-style-type: none">• 99% of all products used for cleaning and consumption in our DK facilities are eco-labelled.• Our PL facilities uses 100% recycled paper for most office purposes and uses biodegradable and recyclable cups.• Our UA office has a recycling system for paper and old batteries.• Employees in DK have been relocated from two separate offices into one, which will expectedly lead to improved energy utilization.	<ul style="list-style-type: none">• Energy consumption in our DK facilities was estimated* to have increased from 1,837 kWh in 2020 to 1,977 kWh per employee in 2021.• Energy consumption in our UA facilities was 106 kWh per employee in 2021. No data for 2020 was available for comparison.• Energy consumption in our PL facilities decreased from 4,226 kWh in 2020 to 3,550 kWh per employee in 2021, where 75% of energy usage comes from production in both 2020 and 2021**.• Average energy consumed per unit produced decreased from 104 kWh in 2020 to 72 kWh in 2021.	<ul style="list-style-type: none">• Adopt more sustainable energy practices by implementing at least 2 employee driven sustainability projects – incl. donation of old IT equipment and a campaign to reduce printing and paper use in DK offices.• Continue to collect data to monitor our progress. <p>* Data from December 2021 for Denmark was not yet available at the time of compiling the report, so total energy consumption was extrapolated by multiplying the monthly average by 12.</p> <p>** Energy consumption for PL is higher than other locations due to it being 3Shape's production facility.</p>

ENVIRONMENTAL RESPONSIBILITY

TRANSPORTATION AND TRAVELING IMPACT ON CLIMATE

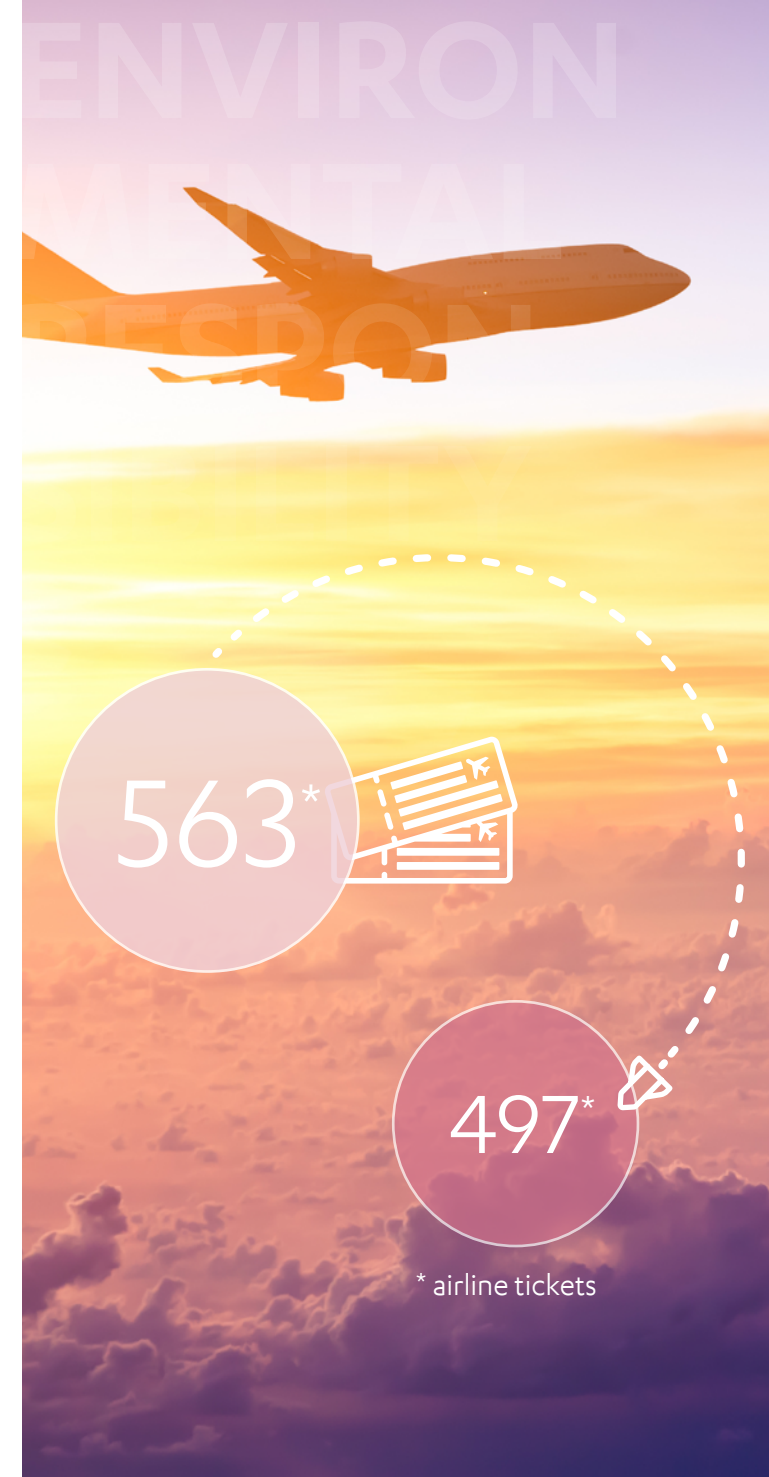
Policy

3Shape encourages employees to have video and telephone meetings rather than flying. If and when travelling, employees are urged to take public transport as much as possible and avoid rental cars and taxis, to decrease CO² emissions.

Risks

Transportation, specifically aviation, is one of the largest individual contributors of greenhouse gas emissions and is the fastest growing source of individual greenhouse gas emissions. Non-critical flight travel significantly increases 3Shapes greenhouse gas emissions and negatively impacts the climate. On the other hand, adverse climate events can lead to reduced productivity by preventing critical travel or impacting employees from being in-person at work. This is especially critical for our production sites, which require manual assembly.

Actions in 2021	Results	Goals for 2022
<ul style="list-style-type: none"> 3Shape is amending its travel policy to take effect in early 2022. The new policy is driven by three primary reasons, one of which is 3Shape's commitment to reduce its environmental footprint due to travel. Due to Covid, global meetings have been made virtual, reducing employee travel for attendance. 3Shape intends to keep this setup beyond Covid, in part to reduce environmental impact. 	<ul style="list-style-type: none"> Number of airline tickets booked decreased from 563 in 2020 to 497 in 2021. However, these numbers only include travel booked by the Travel Team; some employees book their own travel, and this is not accounted for in the above numbers. Total number of travel days is estimated to have increased from 614 in 2020 to 789 in 2021. 	<ul style="list-style-type: none"> Continue to decrease number of booked airplane tickets as well as number of travel days per employee, and offer reasonable alternatives for non-critical travel.



ENVIRONMENTAL RESPONSIBILITY

PRODUCT IMPACT ON ENVIRONMENT

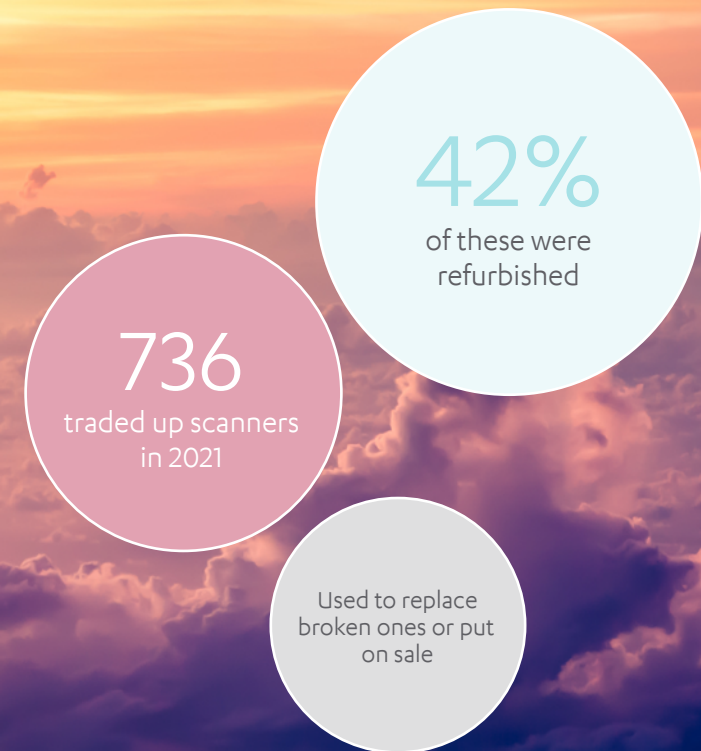
Policy

3Shape is committed to reducing waste and increasing reuse of waste material. The recycling of traded-up scanners is an example. Through the “trade-up” program, an old TRIOS/LAB scanner can be traded for a newer model. The purpose of the program is to secure customers with the best scanner on the market and to reduce the environmental impact of the product, by refurbishing and ensuring correct disposal of used scanners.

Risks

When left to the individual customers, there is a risk that used scanners are disposed incorrectly. Poor waste management can in turn contribute to climate change. All physical risks related to climate change, such as extreme weather events, can negatively affect and even disrupt 3Shape’s value chain.

Actions in 2021	Results	Goals for 2022
<ul style="list-style-type: none"> 3Shape continues to focus on the refurbishment or correct disposal of traded-up scanners. 	<ul style="list-style-type: none"> 736 scanners have been traded-up, an 18% increase from 2020. 42% of traded-up scanners have been refurbished and 58% have been disposed. Refurbished scanners are either offered for sale or used to replace broken scanners. 	<ul style="list-style-type: none"> Continue to focus on the trade-up program.



SOCIAL RESPONSIBILITY

SOCIAL RESPONSIBILITY

EMPLOYEE RELATIONS AND WORK ENVIRONMENT

Policy

We want our employees to co-create a diverse and inclusive environment where innovation and empowerment play a key role. As a company, we are continuously increasing the number of our workforce on a global scale, and we embrace the challenges that come with high growth. We want to celebrate the differences between our employees both current and future. Our goal is for all employees to feel safe to be who they are and to express their opinion.

A considerable number of our workforce comes from the STEM (Science, Technology, Engineering and Mathematics) area, where the underrepresentation of females has been a challenge for several years. A society that values higher education and equal access will provide a better workforce that will lead to more productivity, equality and innovation. 3Shape supports the efforts to encourage more young girls and women to see themselves working and excelling in the areas of STEM.

Risks

A lack of clear policies and procedures for creating a safe and inclusive workspace can lead to discrimination and unsafe working conditions. This can in turn lead not only to reduced productivity, but also to reduced retention – and most importantly – employee satisfaction.

2020

42 nationalities employed across 25 countries

2021

45 nationalities employed across 27 countries



SOCIAL RESPONSIBILITY

Actions in 2021	Results	Goals for 2022
<ul style="list-style-type: none">• Establishment of official ESG Program, defined, driven and owned by employees.• Celebration of PRIDE month organized in DK and at our APAC Town Hall.• Updated Global Code of Conduct e-learning to emphasize our policies against discrimination and corruption.• Implementation of flexible work guidelines to ensure employees are able to work from home, including increased number of fully remote positions.• “Safety Boards” displaying information on ergonomics and occupational health and safety placed in largest production site to raise safety awareness amongst employees.• Increased transparency around internal mobility processes through global communication on our Intranet.	<ul style="list-style-type: none">• Overall results of our Global People Survey (measuring overall employee satisfaction and wellbeing on a scale of 1 to 10, 10 being highly satisfied) have increased from 8.2 in 2020 to 8.4 in 2021.• In the survey, the statement ‘I feel safe when expressing my opinion openly at work’ has increased from 8.2 in 2020 to 8.6 out of 10 in 2021.• Number of nationalities employed has increased by 6% from 42 in 2020 to 45 nationalities in 2021. The global reach of employment has increased by 7% from 25 to 27 countries.	<ul style="list-style-type: none">• Celebrate Pride week as a minimum in DK and our APAC region to support inclusion of the LGBTQ+ community.• Continue to enforce our Flexible Work Guidelines to ensure that employees are able to work from home.• Improve inclusivity by implementing an external survey measuring employee perception of inclusivity in their work place in order to gather initial data.• Gather the initial data to create a starting point and roadmap for improvement of inclusivity by implementing an external survey solution to measure employee perception of inclusivity in their work environment.• As a long-term goal, senior leadership has set a long-term ambition for 70% of open director positions to be filled with internal talent.



SOCIAL RESPONSIBILITY

SOCIAL RELATIONS

Policy

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 through superior patient care. We also acknowledge that our responsibility goes further than our immediate customer base. Through the SDGs number 3, 5 and 9, 3Shape is committed to support and promote the well-being of - and equal opportunities for – not only our customers, but also our employees and the communities that we serve.

Risks

As a medical technology company, 3Shape is expected to make meaningful contributions to society by use of new technologies. Such new technologies are however often at risk of remaining unobtainable for those who need them most. With sizeable operations in a few markets, 3Shape should find ways to support local communities in a meaningful way.

Actions in 2021	Results	Goals for 2022
<ul style="list-style-type: none"> Continuation of educational partnership with Tianshi College in China. Annual Christmas Collection where donations go to families in need, an animal shelter and a food sharing organization in PL. Establishment of partnerships with the NGOs 'ReDi School of Digital Integration' and 'Women in Tech' to promote greater gender equality in the tech industry. TRIOS auction raising funds to help families recover from the bushfires in Australia. 	<ul style="list-style-type: none"> The establishment of 3Shape's ESG Program and SDG strategy has resulted in a significant growth of socially responsible initiatives to promote wellbeing both internally and externally. ESG workshop resulted in 15 potential new impact projects to be owned and driven by employees in HQ in 2022. 	<ul style="list-style-type: none"> Continue our partnerships with ReDi School of Digital Integration and Women In Tech to promote greater gender equality in the tech industry. Provide internship opportunities and mentorship programs for ReDi students and members of Women in Tech. Foster employee potential by continuing to support employee engagement in driving sustainability initiatives. Initiate at least 3 employee – defined and driven impact projects.



SOCIAL RESPONSIBILITY



Actions in 2021

- Employees in PL collected 300KGs of trash along the Odra riverside during the “Eco Ranger” activity.
- Cycling event in PL to raise funds for a wild animal shelter.
- Donation of used computers to children in collaboration with local elementary schools and social services in PL.
- Collaboration with local support program in PL for children living in tough conditions to provide summer internship opportunities for highschoolers.
- Arrangement of local “Blood Drives” in PL for employees to donate blood.
- Donation of used screens to the NGO ‘Coding Pirates’ in Denmark to inspire IT creativity among children.
- Donation of used phones and screens to Center Sandholm, a center run by Red Cross to support refugees in DK.
- Sustainability workshop in our headquarters to establish a platform for employees to share ideas on 3Shape’s sustainability agenda and drive impact projects.



ANTICORRUPTION

ANTICORRUPTION: EMPLOYEES

Policy

We want 3Shape to be a place where people like to work and customers enjoy doing business. Our ambition is to be at the forefront of ethical business conduct, with integrity as a non-negotiable priority. As a part of this ambition, compliance and high ethical standards are an absolute requirement. We have zero tolerance towards bribery, corruption, fraud, discrimination and other types of inappropriate business conduct.

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 our 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. Similarly, corruption can distort the market and undermine fair competition, creating additional costs for 3Shape and hinder innovation.

Actions in 2021	Results	Goals for 2022
<ul style="list-style-type: none">Mitigation of compliance through mandatory Code of Conduct (CoC) and GDPR e-learning trainings for all employees.Whistleblower mail has been maintained allowing employees to anonymously report issues of compliance.In December an updated whistleblower system hosted by an external law firm was implemented, enabling all employees, resellers, business partners and third parties to report cases fully anonymously.	<ul style="list-style-type: none">By the end of 2021, the completion rate for the CoC e-learning training was 94%, and 58% for the GDPR e-learning training.There has been 6 reports of non-compliance via our whistleblower system. All of which have been handled via a process including an initial assessment by the internal Legal team, followed by a dialogue with the employees responsible for the areas and actions involved in the reports.	<ul style="list-style-type: none">Increase employee awareness of ethical behavior by launching a global CoC communication campaign, including an updated CoC with expanded guidance on selected topics.Continue to launch mandatory CoC and GDPR e-learning trainings.Increase completion rate of the GDPR training above 80%.

ANTI CORRUPTION



ANTI CORRUPTION

ANTICORRUPTION: SUPPLIERS

Policy

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. This can have a negative effect on 3Shape's supplier relations as well as reputation. Similarly, insufficient standards or lack of supplier audits can lead to corrupt behavior by 3Shape business partners.

Actions in 2021	Results	Goals for 2022
<ul style="list-style-type: none">3Shape's standard supplier contract has been updated to further specify the 10 Principles of the UN Global Compact.	<ul style="list-style-type: none">No observed non-compliance related to anticorruption.2 out of approx. 330 suppliers signed the new supplier contract incl. the 10 Principles of the UN Global Compact.	<ul style="list-style-type: none">Onboard at least 25 new suppliers into the new standard supplier contract template.Update audit program to include audit of the 10 Principles in 2022.

GENDER DIVERSITY

GENDER DIVERSITY IN THE BOARD OF DIRECTORS

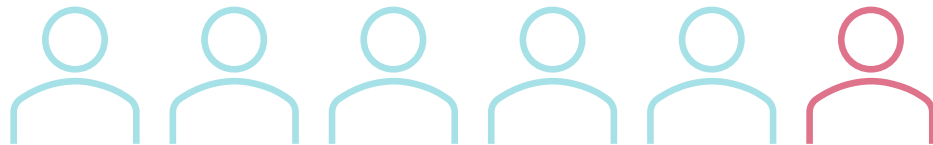
Policy

3Shape strives to create and sustain a working environment that actively embraces diversity and inclusion (D&I) – and to set a positive example of gender diversity in a male-dominated industry. We are committed to working towards increasing the share of the underrepresented gender in executive and managerial positions, including the Board of Directors (BoD). We believe that diversity in the BoD brings important business benefits, contributes positively to the working environment, and strengthens the company's performance and competitiveness.

Risks

Increased diversity is known to influence the innovativeness and variety of perspectives in discussion. Failure to diversify the BoD inhibits a valuable range of outlooks, opinions, and suggestions regarding decision-making and problem-solving.

Actions in 2021	Results	Goals for 2022
<ul style="list-style-type: none">In 2021 no new members have joined the BoDs for 3Shape Holding A/S, 3Shape A/S, 3Shape Trios A/S and 3Shape Medical A/S.	<ul style="list-style-type: none">There has been no changes to the gender split of the BoDs in 2021. The gender split remains 6 males and 1 female.	<ul style="list-style-type: none">Start the process of electing one qualified female candidate to the BoD, so that the gender split is 2 females and 5 males latest by 2025.



GENDER DIVERSITY



GENDER DIVERSITY IN MANAGEMENT

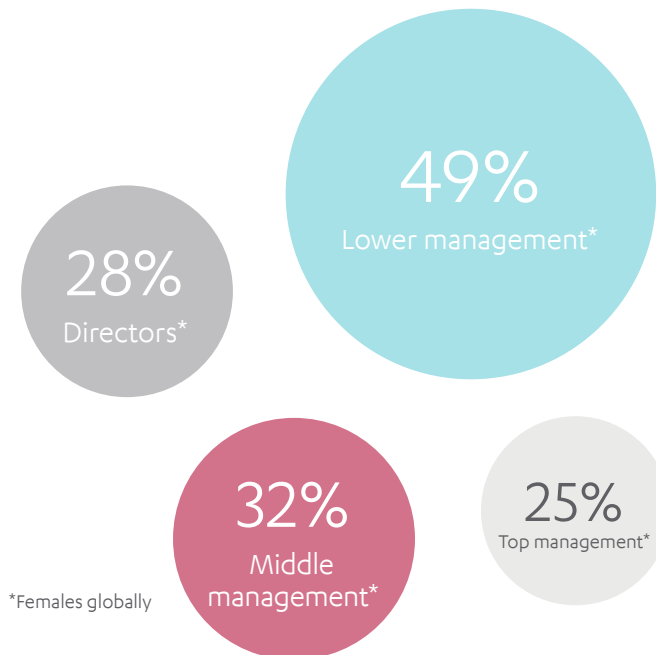
Policy

We are committed to developing and sustaining a diverse workforce built on a strong blend of social identity, including gender, educational background, age, nationality, religion, sexual orientation, etc. We encourage and value diversity of thought – for it is our differences that enable us to challenge the status quo and create opportunities for growth. At 3Shape, we want everyone to feel safe to be who they are and to express their opinion. To support this ambition, we constantly strive to create a safe work environment that provides employees with equitable opportunities in terms of personal and professional development.

3Shape is committed to celebrating diversity – also when it comes to management. The management role is changing, consequently more women in management act as catalysts for other types of management styles to gain a foothold in the management corridors. We are committed to working towards increasing the share of the underrepresented gender in executive and managerial positions. The goal is to increase the number of female leaders at all levels to represent the current ratio in 3Shape's employee population.

Risks

Lack of diversity in management can hinder innovation, competitiveness and decrease the heterogeneity of ideas and viewpoints. In addition, lack of female role models in management tends to have greater effect on the junior workforce, which may lead to a lack of conviction on prospects of promotion, less sponsorship in the company and thus, replication of the current gender distribution and the issues tied to it.



GENDER DIVERSITY IN MANAGEMENT

Actions in 2021	Results	Goals for 2022
<ul style="list-style-type: none"> 3Shape's CEO signed the Dansk Industri Gender Diversity Pledge committing 3Shape to globally work actively to create greater gender diversity in management and in the BoD. The target set by the Pledge is a minimum of 35% of the underrepresented gender in management in 2025 and 40% in 2030. Establishment of D&I Committee to create an internal forum for presenting, discussing and driving the D&I agenda. Launch of a Reverse Mentorship program to increase the Senior Leadership Team's and Vice Presidents' awareness and understanding of diversity challenges in 3Shape. The program pairs members of top management with a mentor of the opposite gender and of a more junior profile to discuss D&I in 3Shape. 	<ul style="list-style-type: none"> The current number of female managers in 3Shape globally is 36.5 %, which is a 2.5%-pts increase from last year. Percentage of female managers across management levels globally: <ul style="list-style-type: none"> Top management ¹: 25% Directors: 28.% Middle management ²: 32.% Lower management ³: 49% 	<ul style="list-style-type: none"> Overall goal is to achieve the target of 35% females per management level globally by 2025 and 40% by 2030. In 2022 we will take a step towards this goal by attracting new talent and promoting talent within our company in 2022. All key areas in the company will prepare individual D&I roadmaps to support the overall diversity activities and increase awareness.

1. Top Management refers to the levels of CEO, SVP and VP.

2. Middle management refers to people managers with manager title.

3. Lower management refers to foremen and team leads.



COVID-19 MEASURES

Policy

The health and wellbeing of 3Shape's employees and visitors are a top priority for us, and our guidelines are introduced in order to optimize the safety and health for everyone working in or visiting 3Shape. 3Shape has implemented different Covid-19 policies globally depending on local recommendations and situation. All reported cases of the virus are anonymized in compliance with GDPR, and employees categorized as close contacts are informed in all cases.

Risks

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

Actions in 2021	Results	Goals for 2022
<ul style="list-style-type: none"> In offices affected by lockdown a focus was placed on hosting online social activities to support wellbeing and psychological needs. Hand sanitizer and facemasks have continued to be available throughout our DK, PL and UA facilities. Canteen hours have been altered to promote greater health safety and minimize risk rush hours. Precautionary measures have continuously been updated and made available on the intranet to match the guidelines of the local authorities. 	<ul style="list-style-type: none"> The total number of Covid-19 cases at 3Shape globally has remained low. There has been no lockdowns in any of 3Shape's offices as a result of effective measures, and thus no layoffs. 	<ul style="list-style-type: none"> Continue to follow the guidelines of local authorities. Continue to prioritize the health and wellbeing of 3Shapers worldwide.
	<ul style="list-style-type: none"> Actions in 2021 <ul style="list-style-type: none"> Regular onsite testing has been provided to all production employees in PL, and EU approved vaccines have been provided to employees in UA. Enforcement of full remote flexibility whenever possible in PL and UA. 	

COVID-19 MEASURES



0 office lockdowns, and 0 Covid-19 inflicted layoffs





ENVIRONMENTAL SOCIAL GOVERNANCE

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