

Corporate Social Sustainability

Annual report
2019



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 the contribution to society in the countries and areas we operate in large parts of the world. We believe that a healthy Corporate Social Responsibility strategy is part of the foundation, when seeking to build a long-term sustainable business.

“Improving people’s lives” is one of our eight 3Shape values and a cornerstone for decision making in our business. We use that 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 have 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. 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 respect rights of our customers, partners and employees.

Business model

3Shape employs more than 1,750 employees globally in 26 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 center, 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 2019. The overview provides insight and understanding of the scope of our CSR work, 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 a large number of countries around the world. Whatever country 3Shape operates in, 3Shape strives to comply with equal rights and discrimination, working conditions and child labor legislation. 3Shape acknowledges the responsibility for human rights in the business activities generated 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 on rest breaks, hours, and overtime pay are respected, regardless of local norms or competitive pressures
- **Actions in 2019:** Respecting human and labor rights is a basic aspect of conducting responsible business. In 2019 the Ten Principles of the United Nations Global Compact was implemented in 3Shape's supplier agreement
- **Results:** In 2019 there has not been observed any non-compliance related to human rights
- **Goals:** Zero non-compliance cases related to human rights

Energy savings in facilities

Reporting area: Facilities' impact on climate

3Shape strives to run a sustainable production where energy efficiency in the production facilities and offices is a central target

- **Risks:** Poorly managed energy consumption has an impact on CO2 emissions
- **Actions in 2019:** The new production facility was in 2019 awarded the LEED certificate (Leadership in Energy and Environmental Design). The certificate is granted to eco-friendly buildings
- **Results:** In 2019 consumption per produced unit was 119 Kwh (2018: 46 Kwh).
The increase is primarily driven by the transition period, where 3Shape moved to a new production facility hence causing the need to run two production sites in parallel for a period of time
- **Goals:** Drive the energy consumption per produced unit down



Optimizing employee's transportation

Reporting area: Transportation and travelling impact on climate

3Shape encourages employees to have virtual meetings rather than 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 2019:** To reduce travel, 3Shape have had zero scheduled official management program in 2019
- **Results:** Average travel days per employee was 14.2 in 2019 compared to 14.5 in 2018
- **Goals:** Continue downward trend

Trade-in and trade-up program

Reporting area: Environment

Customers can trade a competing scanner to a Trios scanner (trade-in) or an old Trios/Lab scanner for a newer model (trade-up). Program allows customers to have the best scanner on the market and ensure correct disposal of used scanners

- **Risks:** There is a risk that the customers do not dispose the scanners correctly as environmental waste
- **Actions in 2019:** The trade-in and trade-up program expanded and 3Shape either disposes the scanners in a correct manner or refurbish for new sale
- **Results:** In 2019 1.217 scanners have been traded-in and traded-up for a newer scanner. An increase compared to 2018
- **Goals:** Further increase in trade-in and trade-up program and circular economy



Employees

Reporting area: Employee relations for employees

3Shape must be an attractive place to work, where employees enjoy working and live by the values

- **Risks:** The industry should address issues directly through policies, procedures, and trainings related to workplace discrimination and sexual harassment, and should monitor and engage the workforce to prevent discriminatory practices
- **Actions in 2019:** The values have been rolled out to all 16 offices
- **Results:** All 16 offices have now implemented the 3Shape Values
- **Goals:** 3Shape values should continue to guide strategic and operational decisions

Community

Reporting area: Social relations

3Shape advocates for and invests in efforts to improve health of patients and customers in the dental and hearing 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 2019:** 3Shape engaged in an educational partnership with Tianshi College in China. 3Shape still support BrighterWay Institute in USA and the annual 3Shape Christmas Collection in Poland for a select group of families in need for support
- **Results:** Two projects have continued, and one projected was added
- **Goals:** The goal is to continue the three projects



Suppliers

Reporting area: Anti-corruption for supplier

To maintain a sustainable business, it is important to maintain a high standard of integrity, safety and fairness in how 3Shape works with suppliers and how suppliers manage their own business

- **Risks:** There is a risk of suppliers non-compliance with legislation and regulation.
- **Actions in 2019:** In 2019 the Ten Principles of the United Nations Global Compact were implemented in 3Shapes supplier agreement
- **Results:** In 2019 there has not been observed any non-compliance related to anti-corruption
- **Goals:** To audit more than 30 suppliers

Employees

Reporting area: Anti-corruption for employees

3Shape do not tolerate the acceptance, offering, promising or paying of bribes of any kind. Employees may only give or accept gifts, meals or other things of value if these are within a reasonable level and have a specific and legitimate business purpose

- **Risks:** Corruption and bribery profoundly affect vulnerable communities—either by misdirecting funds that could be spent on healthcare, education, or other public goods, or by preventing participation in the democratic process
- **Actions in 2019:** A code of conduct for employees is implemented and can be found on the 3Shape intranet
- **Results:** In 2019 there has not been observed any corruption or bribery
- **Goals:** To have zero corruption or bribery cases



Employees (Board)

Reporting area: Gender distribution in the Board of Directors

There are currently no representatives from the underrepresented sex in the Board of Directors of 3Shape Holding A/S, 3Shape A/S, 3Shape Trios A/S and 3Shape Medical A/S.

3Shape is an owner-led group, and the composition of the Board of Directors is therefore based on other criteria

- **Targets with time horizon:** For a period of three years (2022), the objective of the company is to elect at least one person of the underrepresented sex to the Board of Directors
- **Reason if the target is not met:** In 2019, two new members of the Board of Directors were elected. 3Shape Holding A/S, 3Shape A/S, 3Shape Trios A/S and 3Shape Medical A/S has not yet been able to elect a person of the underrepresented sex for the Board of Directors. The criteria for selecting the two new members were industry knowledge within production, research, development, scale for growth, export, local market knowledge and previous experience as member of a Board of Directors



Employees (Management)

Reporting area: Gender distribution in the management

Proportion of female employees in 2019 in the management is 28% in 3Shape Holding A/S, 20% in 3Shape A/S, 11% in 3Shape Trios A/S and 0% in 3Shape Medical A/S 3Shape's employee base is characterized by a large share of engineers which in the large markets 3Shape operates in, is a group with large share of males

- **Policy:** 3Shape believes in the commercial advantage of diversity including gender equality. We would like to take advantage of as much 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 2019:** 3Shape is continuously growing as a global company. Hence, we have in 2019 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
- **Results:** The actions have led to a change of +4%-pts in 3Shape Holding A/S, +2%-pts in 3Shape A/S, +11%-pts in 3Shape Trios A/S and -13%-pts in 3Shape Medical A/S of the underrepresented sex within the management team
- **Goals:** The goal is to increase the proportion of the underrepresented sex in the management team



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