

CLIMATE

Developing Solutions to Use Resources Responsibly

We acknowledge our role in decarbonizing the global economy and are committed to being a responsible steward of the environment as we grow and operate our business.

Our Products and Customers

As we develop and innovate our product portfolio, we consider emerging global trends to influence the design of our future products and materials. Our unique offerings of hardware, software, materials, and services provide application-specific solutions powered by the expertise of our application engineers. These engineers collaborate with our customers to transform how they deliver their products and services. We will further focus on developing solutions to enable our customers to address evolving sustainability challenges, considering strategies such as advance materials, production on demand, and improved efficiencies through additive manufacturing capabilities.

Our Internal Operations

Task Force on Climate-Related Financial Disclosures

In 2022, we focused on further building our sustainability program through reporting in alignment with the Task Force on Climate-Related Financial Disclosures (TCFD). We recognize the trend toward more transparency in financial risk related to climate. Below is a summary of our climate risk progress.

Pillar	Our Response
Governance	<p>Board Oversight: Our enterprise sustainability program is overseen by the Corporate Governance and Sustainability Committee (the “committee”) of our Board of Directors. This committee has primary responsibility to review and monitor 3D Systems’ sustainability strategy, environmental, social, and governance priorities with alignment to business strategy, and program progress in support of driving long-term value. This scope of oversight includes climate-related activities.</p> <p>The committee receives updates at least twice a year on the implementation of and progress against sustainability and climate-related activities from the Chief Administrative Officer. The committee's materials are available to the full board, and the board receives periodic updates on the sustainability program strategy, annual goals, and program measures.</p> <p>Management Oversight: The Chief Administrative Officer provides management oversight of the enterprise sustainability program and reports directly to the CEO. Executive sponsors are assigned to our environmental, social, and governance strategies to drive program priorities, manage risks, and monitor progress against plans. The environmental pillar, and related climate activities, is overseen by Engineering and Operations leadership. Climate-related metrics reported are reviewed by a third-party climate advisor.</p>
Strategy	<p>In 2022, a climate risk assessment was conducted to identify and assess 3D Systems’ climate-related transition risks, physical risks, and corresponding opportunities. We engaged a third-party climate advisor to document our value chain, review peer risks and opportunities, conduct interviews on value chain segments, and conduct workshops to validate risks and opportunities.</p>

	<p>This work was anchored in traditional ERM frameworks to take a strategic focus on achievement of organizational goals and objectives.</p> <p>We assessed risk areas throughout our value chain, from activities executed by 3D Systems to those managed by/owned by a value chain partner, including segments such as design, sourcing, materials production, distribution, development, and production. Within Engineering and Operations, we are embedding key climate risks and opportunities within our future business strategic plans.</p> <p>In our climate risk assessment, we explored a range of plausible futures and leveraged quantitative and qualitative information to identify potential risks and opportunities. As the transition to a lower carbon economy unfolds, 3D Systems is positioned to provide solutions for our customers to use resources more efficiently. We continuously assess the resiliency of our operations and logistics to prepare for physical risks and extreme weather events.</p>
Risk Management	<p>Risk Identification: Leadership conducts company-wide reviews inclusive of risks connected to climate on an annual basis. Managing risk requires integrating a multidisciplinary, company-wide risk identification, assessment, and management process. To identify potential climate risks, we gather input from functional representatives across Strategy, Engineering, Operations, Compliance, Supply Chain, R&D, Materials, and People & Culture. As a part of the assessment, we identify potential risks across each segment of our value chain. We engage with a third-party advisor to assist in identifying relevant climate risks in our value chain and sharing peer benchmarking.</p> <p>Risk Assessment: To understand the impact that climate risks could have on 3D Systems, each climate risk identified is assessed based upon its likelihood, potential impact, velocity, and level of management preparedness. Potential impact to the business is based on increased cost, lost revenue, and brand/reputational impacts. Functional groups with responsibilities across our value chain provide input into the ratings.</p> <p>Risk Management: Prioritized risks and opportunities are reviewed with leadership on an annual basis. We are in process of identifying a risk owner for priority risks and the risk response and mitigation plan will be reviewed with our sustainability program executive sponsors.</p>
Metrics	<p>Standards: 3D Systems' 2021 and 2022 Greenhouse Gas Inventories were calculated based on requirements defined by the World Resource Institute's (WRI) Greenhouse Gas (GHG) Protocol. WRI's GHG Protocol is the most used and respected international standard for how to measure, manage, and report GHG emissions.</p> <p>The calculation of GHG emissions uses recognized emission factors from The Climate Registry, Intergovernmental Panel on Climate Change (IPCC), and the United States Environmental Protection Agency (EPA). The requirements outlined in ISO 14064-1:2018 are followed, though the GHG Protocol is utilized in cases where the standards conflict. 3D Systems' 2022 inventory was third-party verified to ensure emissions calculations are compliant with ISO 14064.</p>

Scope 1 and 2 GHG Emissions

GHG Emission Type	2021 (MT CO ₂ e)	2022 (MT CO ₂ e)
Scope 1	2,711	2,671
Scope 2	6,482	6,675
Total	9,193	9,346

GHG Emissions Breakout by Type

GHG Emission Type	2021 (MT CO ₂ e)	2022 (MT CO ₂ e)
Stationary Combustion (scope 1)	2,251	2,206
Fleet (scope 1)	393	399
Refrigerants (scope 1)	67	66
Electricity (scope 2)	6,482	6,675
Total	9,193	9,346

Energy Consumption Breakout

Consumption Type	2021 Consumption	2022 Consumption
Electricity (kWh)	19,753,135	20,353,397
Gas (therms)	373,508	370,708

Methodology: For 3D Systems' 2021 and 2022 GHG inventories, a sample of the 17 largest facilities, based on square footage, was studied. Different facility types were encompassed in this sample to cover relevant company activities from each type of facility (offices, manufacturing, warehouses, and R&D sites). Impacts from this sample were extrapolated to calculate estimations for the facilities excluded from the sample.

YOY Analysis: 3D Systems' total facility square footage increased by 5% from 2021 to 2022, however total emissions increased at a lower rate of 2%, tied to electricity consumption, from 2021 to 2022 (from 9,193 to 9,346 MT CO₂e). Although emissions increased slightly, sites became more efficient overall per square footage.

Water Analysis

As part of our environmental efforts, we are mindful of water use in our corporate and business operations. In partnership with our third-party climate advisor, we conducted a screen of our key manufacturing facilities using the Aqueduct™ Water Risk Atlas tool to identify operations in high water-stressed or scarce locations to understand potential impacts. While none of our key manufacturing facilities operate in high-risk or very high-risk watersheds, we will continue to monitor our locations and seek opportunities to manage resources efficiently across our portfolio.