

## INDEPENDENT VALIDATION OPINION DECLARATION



To: The Stakeholders of Watershed

### Introduction and objectives of work

Apex Companies, LLC (Apex) was engaged to conduct an independent validation of the methodology employed by the Watershed Carbon Data Engine developed by Watershed. This validation opinion declaration applies to the related information included within the scope of work described below.

### Scope of work

The scope of our work was limited to validation of the methodology developed for and implemented in the Watershed Carbon Data Engine for calculating customers' select Scope 1, Scope 2 (location- and market-based), and Scope 3 greenhouse gas (GHG) emissions as described in the Watershed Carbon Data Engine Methodology documents dated October 30, 2023.

### Reporting Criteria

The information reported by the Watershed Carbon Data Engine needs to be read and understood together with the following documents, which are used by the Watershed Carbon Data Engine as the basis of its calculation methodology:

- Intergovernmental Panel on Climate Change (IPCC), *AR6 Climate Change 2021, Working Group 1, The Physical Science Basis*
- United States Environmental Protection Agency (EPA), *Renewable Electricity Procurement on Behalf of Others: A Corporate Reporting Guide*
- World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD), *Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard*
- World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD), *Greenhouse Gas (GHG) Protocol Scope 2 Guidance*
- WRI/WBCSD, *GHG Protocol Corporate Value Chain (Scope 3) Accounting & Reporting Standard*
- WRI/WBCSD, *GHG Protocol Technical Guidance for Calculating Scope 3 Emissions (Version 1.0)*

### Level of Assurance and Qualifications

- Limited
- Qualifications:
  - Biogenic CO<sub>2</sub> emissions are excluded.
  - European market-based residual mix electricity emission factors do not use country-specific CH<sub>4</sub> and N<sub>2</sub>O emission factors, but rather CH<sub>4</sub> and N<sub>2</sub>O for the United Kingdom.

### Validated Methodologies and Default Emission Factors

Emission Source	Watershed Methodology Title	Default Methodology Criteria	Emission Factor Set
Scope 1 GHG Emissions, including: <ul style="list-style-type: none"> <li>• Stationary Combustion</li> <li>• Mobile Combustion</li> <li>• Fugitive Emissions</li> </ul>	Scope 1_Direct emissions	GHG Protocol Corporate Standard	EPA Emissions Factor Hub <sup>1</sup> California Air Resources Board High-GWP Refrigerants <sup>2</sup> DEFRA Conversion Factors <sup>3</sup> ecoinvent Factors <sup>4</sup>
Scope 2 GHG Emissions (Location-based), including: <ul style="list-style-type: none"> <li>• Purchased Energy (electricity, cooling, heat and steam)</li> </ul>	Scope 2_Purchased energy	GHG Protocol Scope 2 Guidance	EPA Emissions Factor Hub <sup>1</sup> DEFRA Conversion Factors <sup>3</sup> ecoinvent Factors <sup>4</sup> IEA Emission Factors <sup>7</sup> Australian National Greenhouse Accounts Factors <sup>8</sup> Canada National Inventory Report <sup>9</sup> Johansen & Werner (2022) <sup>10</sup>
Scope 2 GHG Emissions (Market-based), including: <ul style="list-style-type: none"> <li>• Purchased Energy (electricity, cooling, heat and steam)</li> </ul>	Scope 2_Purchased energy	GHG Protocol Scope 2 Guidance	EPA Emissions Factor Hub <sup>1</sup> DEFRA Conversion Factors <sup>3</sup> ecoinvent Factors <sup>4</sup> IEA Emission Factors <sup>7</sup> Australian National Greenhouse Accounts Factors <sup>8</sup> Canada National Inventory Report <sup>9</sup> Johansen & Werner (2022) <sup>10</sup> Green-e® Residual Mix Emissions Rates <sup>11</sup> AIB European Residual Mix <sup>12</sup> Supplier-specific Factors Environmental Attribution Certificates
<b>Scope 3 GHG Emissions</b>			

Emission Source	Watershed Methodology Title	Default Methodology Criteria	Emission Factor Set
Category 1: Purchased Goods and Services	Scope 3.1_ Purchased goods and services	GHG Protocol Corporate Value Chain (Scope 3)	EPA EEIO Factors <sup>5</sup> CEDA Factors <sup>6</sup> Supplier-specific Factors
Category 2: Capital Goods	Scope 3.2_ Capital goods	GHG Protocol Corporate Value Chain (Scope 3)	EPA EEIO Factors <sup>5</sup> CEDA Factors <sup>6</sup> Supplier-specific Factors
Category 3: Fuel- and Energy-Related Activities (Location-based)	Scope 3.3_ Fuel and energy related activities	GHG Protocol Corporate Value Chain (Scope 3)	EPA Emissions Factor Hub <sup>1</sup> DEFRA Conversion Factors <sup>3</sup> ecoinvent Factors <sup>4</sup> IEA Emission Factors <sup>7</sup> Australian National Greenhouse Accounts Factors <sup>8</sup> Canada National Inventory Report <sup>9</sup> Johansen & Werner (2022) <sup>10</sup> DEFRA Conversion Factors <sup>13</sup> 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 - Chapter 4 <sup>14</sup>
Category 3: Fuel- and Energy-Related Activities (Market-based)	Scope 3.3_ Fuel and energy related activities	GHG Protocol Corporate Value Chain (Scope 3)	EPA Emissions Factor Hub <sup>1</sup> DEFRA Conversion Factors <sup>3</sup> ecoinvent Factors <sup>4</sup> IEA Emission Factors <sup>7</sup> Australian National Greenhouse Accounts Factors <sup>8</sup> Canada National Inventory Report <sup>9</sup> Johansen & Werner (2022) <sup>10</sup> Green-e® Residual Mix Emissions Rates <sup>11</sup> AIB European Residual Mix <sup>12</sup> DEFRA Conversion Factors <sup>13</sup>

Emission Source	Watershed Methodology Title	Default Methodology Criteria	Emission Factor Set
			2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 - Chapter 4 <sup>14</sup>  Supplier-specific Factors  Environmental Attribution Certificates
Category 4: Upstream Transportation & Distribution	Scope 3.4_ Upstream transportation and distribution	GHG Protocol Corporate Value Chain (Scope 3)	EPA EEIO Factors <sup>5</sup>  CEDA Factors <sup>6</sup>
Category 5: Waste Generated in Operations	Scope 3.5_ Waste generated in operations	GHG Protocol Corporate Value Chain (Scope 3)	EPA Emissions Factor Hub <sup>1</sup>  DEFRA Conversion Factors <sup>3</sup>  EPA EEIO Factors <sup>5</sup>  CEDA Factors <sup>6</sup>
Category 6: Business Travel	Scope 3.6_ Business travel	GHG Protocol Corporate Value Chain (Scope 3)	EPA Emissions Factor Hub <sup>1</sup>  DEFRA Conversion Factors <sup>3</sup>  EPA EEIO Factors <sup>5</sup>  CEDA Factors <sup>6</sup>  Supplier-specific Factors
Category 7: Employee Commuting (Location-based)	Scope 3.7_ Employee commuting	GHG Protocol Corporate Value Chain (Scope 3)	EPA Emissions Factor Hub <sup>1</sup>  DEFRA Conversion Factors <sup>3</sup>  ecoinvent Factors <sup>4</sup>  IEA Emission Factors <sup>7</sup>  Australian National Greenhouse Accounts Factors <sup>8</sup>  Canada National Inventory Report <sup>9</sup>  Johansen & Werner (2022) <sup>10</sup>  DEFRA Conversion Factors <sup>13</sup>  2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 - Chapter 4 <sup>14</sup>

Emission Source	Watershed Methodology Title	Default Methodology Criteria	Emission Factor Set
Category 7: Employee Commuting (Market-based)	Scope 3.7_ Employee commuting	GHG Protocol Corporate Value Chain (Scope 3)	EPA Emissions Factor Hub <sup>1</sup> DEFRA Conversion Factors <sup>3</sup> ecoinvent Factors <sup>4</sup> IEA Emission Factors <sup>7</sup> Australian National Greenhouse Accounts Factors <sup>8</sup> Canada National Inventory Report <sup>9</sup> Johansen & Werner (2022) <sup>10</sup> Green-e® Residual Mix Emissions Rates <sup>11</sup> AIB European Residual Mix <sup>12</sup> DEFRA Conversion Factors <sup>13</sup> 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 - Chapter 4 <sup>14</sup> Supplier-specific Factors Environmental Attribution Certificates
Category 8: Upstream Leased Assets (Location- based)	Scope 3.8_ Upstream leased assets	GHG Protocol Corporate Value Chain (Scope 3)	EPA Emissions Factor Hub <sup>1</sup> DEFRA Conversion Factors <sup>3</sup> CEDA Factors <sup>6</sup> IEA Emission Factors <sup>7</sup> Australian National Greenhouse Accounts Factors <sup>8</sup> Canada National Inventory Report <sup>9</sup>
Category 8: Upstream Leased Assets (Market- based)	Scope 3.8_ Upstream leased assets	GHG Protocol Corporate Value Chain (Scope 3)	EPA Emissions Factor Hub <sup>1</sup> DEFRA Conversion Factors <sup>3</sup> CEDA Factors <sup>6</sup> IEA Emission Factors <sup>7</sup> Australian National Greenhouse Accounts Factors <sup>8</sup> Canada National Inventory Report <sup>9</sup>

Emission Source	Watershed Methodology Title	Default Methodology Criteria	Emission Factor Set
			Green-e® Residual Mix Emissions Rates <sup>11</sup> AIB European Residual Mix <sup>12</sup> Supplier-specific Factors Environmental Attribution Certificates
Category 9: Downstream Transportation & Distribution	Scope 3.9_ Downstream transportation and distribution	GHG Protocol Corporate Value Chain (Scope 3)	EPA EEIO Factors <sup>5</sup> CEDA Factors <sup>6</sup>
Category 11: Use of Sold Products (Location-based)	Scope 3.11_ Use of sold products	GHG Protocol Corporate Value Chain (Scope 3)	EPA Emissions Factor Hub <sup>1</sup> California Air Resources Board High-GWP Refrigerants <sup>2</sup> DEFRA Conversion Factors <sup>3</sup> ecoinvent Factors <sup>4</sup> EPA EEIO Factors <sup>5</sup> CEDA Factors <sup>6</sup> IEA Emission Factors <sup>7</sup> Australian National Greenhouse Accounts Factors <sup>8</sup> Canada National Inventory Report <sup>9</sup> Johansen & Werner (2022) <sup>10</sup> DEFRA Conversion Factors <sup>13</sup> 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 - Chapter 4 <sup>14</sup>
Category 11: Use of Sold Products (Market-based)	Scope 3.11_ Use of sold products	GHG Protocol Corporate Value Chain (Scope 3)	EPA Emissions Factor Hub <sup>1</sup> California Air Resources Board High-GWP Refrigerants <sup>2</sup> DEFRA Conversion Factors <sup>3</sup> ecoinvent Factors <sup>4</sup> EPA EEIO Factors <sup>5</sup> CEDA Factors <sup>6</sup>

Emission Source	Watershed Methodology Title	Default Methodology Criteria	Emission Factor Set
			IEA Emission Factors <sup>7</sup> Australian National Greenhouse Accounts Factors <sup>8</sup> Canada National Inventory Report <sup>9</sup> Johansen & Werner (2022) <sup>10</sup> Green-e® Residual Mix Emissions Rates <sup>11</sup> AIB European Residual Mix <sup>12</sup> DEFRA Conversion Factors <sup>13</sup> 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2 - Chapter 4 <sup>14</sup> Supplier-specific Factors Environmental Attribution Certificates
Category 12: End-of-Life Treatment of Sold Products	Scope 3.12_ End-of-life treatment of sold products	GHG Protocol Corporate Value Chain (Scope 3)	EPA Emissions Factor Hub <sup>1</sup> DEFRA Conversion Factors <sup>3</sup>
Category 13: Downstream Leased Assets (Location-based)	Scope 3.13_ Downstream leased assets	GHG Protocol Corporate Value Chain (Scope 3)	EPA Emissions Factor Hub <sup>1</sup> DEFRA Conversion Factors <sup>3</sup> CEDA Factors <sup>6</sup> IEA Emission Factors <sup>7</sup> Australian National Greenhouse Accounts Factors <sup>8</sup> Canada National Inventory Report <sup>9</sup>
Category 13: Downstream Leased Assets (Market-based)	Scope 3.13_ Downstream leased assets	GHG Protocol Corporate Value Chain (Scope 3)	EPA Emissions Factor Hub <sup>1</sup> DEFRA Conversion Factors <sup>3</sup> CEDA Factors <sup>6</sup> IEA Emission Factors <sup>7</sup> Australian National Greenhouse Accounts Factors <sup>8</sup> Canada National Inventory Report <sup>9</sup>

Emission Source	Watershed Methodology Title	Default Methodology Criteria	Emission Factor Set
			Green-e® Residual Mix Emissions Rates <sup>11</sup> AIB European Residual Mix <sup>12</sup> Supplier-specific Factors Environmental Attribution Certificates
Category 14: Franchises (Location-based)	Scope 3.14_Franchises	GHG Protocol Corporate Value Chain (Scope 3)	EPA Emissions Factor Hub <sup>1</sup> California Air Resources Board High-GWP Refrigerants <sup>2</sup> DEFRA Conversion Factors <sup>3</sup> ecoinvent Factors <sup>4</sup> EPA EEIO Factors <sup>5</sup> CEDA Factors <sup>6</sup> IEA Emission Factors <sup>7</sup> Australian National Greenhouse Accounts Factors <sup>8</sup> Canada National Inventory Report <sup>9</sup> Johansen & Werner (2022) <sup>10</sup>
Category 14: Franchises (Market-based)	Scope 3.14_Franchises	GHG Protocol Corporate Value Chain (Scope 3)	EPA Emissions Factor Hub <sup>1</sup> California Air Resources Board High-GWP Refrigerants <sup>2</sup> DEFRA Conversion Factors <sup>3</sup> ecoinvent Factors <sup>4</sup> EPA EEIO Factors <sup>5</sup> CEDA Factors <sup>6</sup> IEA Emission Factors <sup>7</sup> Australian National Greenhouse Accounts Factors <sup>8</sup> Canada National Inventory Report <sup>9</sup> Johansen & Werner (2022) <sup>10</sup> Green-e® Residual Mix Emissions Rates <sup>11</sup>



Emission Source	Watershed Methodology Title	Default Methodology Criteria	Emission Factor Set
			AIB European Residual Mix <sup>12</sup> Supplier-specific Factors Environmental Attribution Certificates
<b>Source Specific GHG Emissions</b>			
Manufacturing Facilities Scope 1 and 2 GHG Emissions (Location-based)	Manufacturing Facilities Scope 1 and 2 Emissions	GHG Protocol Corporate Standard	EPA Emissions Factor Hub <sup>1</sup> DEFRA Conversion Factors <sup>3</sup> California Air Resources Board High-GWP Refrigerants <sup>2</sup> ecoinvent Factors <sup>4</sup> IEA Emission Factors <sup>7</sup> Australian National Greenhouse Accounts Factors <sup>8</sup> Canada National Inventory Report <sup>9</sup> Johansen & Werner (2022) <sup>10</sup> DEFRA Conversion Factors <sup>13</sup>
Manufacturing Facilities Scope 1 and 2 GHG Emissions (Market-based)	Manufacturing Facilities Scope 1 and 2 Emissions	GHG Protocol Corporate Standard	EPA Emissions Factor Hub <sup>1</sup> DEFRA Conversion Factors <sup>3</sup> California Air Resources Board High-GWP Refrigerants <sup>2</sup> ecoinvent Factors <sup>4</sup> IEA Emission Factors <sup>7</sup> Australian National Greenhouse Accounts Factors <sup>8</sup> Canada National Inventory Report <sup>9</sup> Johansen & Werner (2022) <sup>10</sup> Green-e® Residual Mix Emissions Rates <sup>11</sup> AIB European Residual Mix <sup>12</sup> DEFRA Conversion Factors <sup>13</sup> Supplier-specific Factors Environmental Attribution Certificates

Emission Source	Watershed Methodology Title	Default Methodology Criteria	Emission Factor Set
Cloud Usage Emissions (Location-based)	Cloud usage	GHG Protocol Corporate Value Chain (Scope 3)	EPA Emissions Factor Hub <sup>1</sup> DEFRA Conversion Factors <sup>3</sup> ecoinvent Factors <sup>4</sup> IEA Emission Factors <sup>7</sup> Australian National Greenhouse Accounts Factors <sup>8</sup> Canada National Inventory Report <sup>9</sup> Johansen & Werner (2022) <sup>10</sup>
Cloud Usage Emissions (Market-based)	Cloud usage	GHG Protocol Corporate Value Chain (Scope 3)	EPA Emissions Factor Hub <sup>1</sup> DEFRA Conversion Factors <sup>3</sup> ecoinvent Factors <sup>4</sup> IEA Emission Factors <sup>7</sup> Australian National Greenhouse Accounts Factors <sup>8</sup> Canada National Inventory Report <sup>9</sup> Johansen & Werner (2022) <sup>10</sup> Green-e® Residual Mix Emissions Rates <sup>11</sup> AIB European Residual Mix <sup>12</sup> Supplier-specific Factors Environmental Attribution Certificates
Logistics Emissions	Logistics	GHG Protocol Corporate Value Chain (Scope 3)	EPA Emissions Factor Hub <sup>1</sup> DEFRA Conversion Factors <sup>3</sup> ecoinvent Factors <sup>4</sup>
Purchasing Renewable Power on Behalf of Others (Market-based)	Purchasing renewable power on behalf of others	EPA Renewable Electricity Procurement on Behalf of Others	EPA Emissions Factor Hub <sup>1</sup> DEFRA Conversion Factors <sup>3</sup> ecoinvent Factors <sup>4</sup> IEA Emission Factors <sup>7</sup> Australian National Greenhouse Accounts Factors <sup>8</sup>

Emission Source	Watershed Methodology Title	Default Methodology Criteria	Emission Factor Set
			Canada National Inventory Report <sup>9</sup> Johansen & Werner (2022) <sup>10</sup> Green-e® Residual Mix Emissions Rates <sup>11</sup> AIB European Residual Mix <sup>12</sup> Supplier-specific Factors Environmental Attribution Certificates

1. EPA Emissions Factor Hub, Emission Factors for Greenhouse Gas Inventories, September 12, 2023
2. California Air Resources Board High-GWP Refrigerants (2021)
3. DEFRA Conversion Factors 2023, published June 7, 2023
4. ecoinvent 3.9.1
5. EPA EEIO Factors: EPA, Supply Chain Emissions Factors for US Commodities and Industries, Version 2.0, May 3, 2022
6. CEDA Global 5 Database
7. IEA 2022 Emission Factors, updated September 16, 2022
8. Australian National Greenhouse Accounts Factors, published February 2023
9. Canada National Inventory Report 1998 – 2021, published April 2023
10. Sven Johansen & Katinka Werner, Something is sustainable in the state of Denmark: A review of the Danish district heating sector, published January 21, 2022
11. 2022 Green-e® Residual Mix Emissions Rates (2020 Data), released July 19, 2022, updated October 26, 2022
12. AIB European Residual Mix 2022, updated May 26, 2023
13. DEFRA Conversion Factors 2021, published June 2, 2021
14. 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, published 2019

## Responsibilities

The preparation and presentation of the data reported by the Watershed Carbon Data Engine is the sole responsibility of Watershed.

Apex was not involved in the determination of the reported data. Our responsibilities were to:

- Provide limited validation about whether the methodology and calculations employed by the Watershed Carbon Data Engine have been performed in accordance with the reported methodologies; and
- Form an independent conclusion based on the assurance procedures performed and evidence obtained.

## Assessment Standard

We performed our work in accordance with International Organization for Standardization Standard ISO 14064-3 Second edition 2019-04: on Greenhouse Gases – Part 3: Specification with guidance for the verification and validation of greenhouse gas statements.

## Summary of work performed

As part of Apex's limited validation, Apex undertook the following activities:

1. Conducted interviews with relevant personnel responsible for development of the Watershed Carbon Data Engine calculation model;
2. Reviewed the tool's data collection consolidation processes used to compile the information to be reported; and
3. Reviewed Watershed data and information systems used for aggregation, analysis and review of the reported information.

## Conclusion

On the basis of our methodology and the activities described above:

- Nothing has come to our attention to indicate that the methodology employed by the Watershed Carbon Data Engine is not fairly calculating and reporting GHG emissions associated with the referenced scopes and categories;
- It is our opinion that Watershed has established appropriate systems for the collection, aggregation and quantitative analysis of emissions data within the scope of this validation.

## Statement of Independence and Competence

Apex is an independent professional services company that specializes in environmental, health, safety, and social accountability with over 30 years history. Its assurance team has extensive experience in conducting verification over environmental, social, ethical, and health and safety information, systems, and processes.

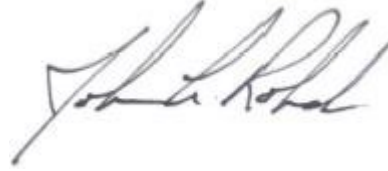
Apex has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities. We are particularly vigilant in the prevention of conflicts of interest.

No member of the assurance team has a business relationship with Watershed, its Directors or Managers beyond that required of this assignment. We have conducted this validation independently, and there has been no conflict of interest.

The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems, and processes, has over 20 years combined experience in this field and an excellent understanding of Apex's standard methodology for the verification of GHG-related data.



Trevor A. Donaghu, Lead Verifier  
ESG Director  
Sustainability and Climate Change Services  
Health, Safety and Environmental Services



John Rohde, Technical Reviewer  
ESG Principal Consultant  
Sustainability and Climate Change Services  
Health, Safety and Environmental Services



Apex Companies, LLC.  
Pleasant Hill, California  
November 27, 2023