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Report of Independent Accountants

To the Board of Directors of Etsy, Inc.

We have reviewed management of Etsy, Inc. ("Etsy")'s assertion, included in the accompanying Appendix A, that the sustainability metrics identified below, as of and for the year ended December 31, 2019, are presented in conformity with the assessment criteria set forth in management's assertion (the "assessment criteria").

- Total energy consumed (MWh) – for the year ended December 31, 2019
- Scope 1 (direct) greenhouse gas ("GHG") emissions – for the year ended December 31, 2019
- Scope 2 (indirect) GHG emissions – for the year ended December 31, 2019
- Scope 3 (indirect) business air travel GHG emissions – for the year ended December 31, 2019
- Scope 3 (indirect) shipping GHG emissions – for the year ended December 31, 2019
- Scope 3 (indirect) cloud computing GHG emissions – for the year ended December 31, 2019
- Gender diversity by job category (global) – as of December 31, 2019
- Racial and ethnic diversity by job category (US) – as of December 31, 2019
- Age diversity (global) – as of December 31, 2019

Etsy's management is responsible for its assertion and for the selection of the criteria, which management believe provide an objective basis for measuring and reporting on the sustainability metrics. Our responsibility is to express a conclusion on management's assertion based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants ("AICPA") in AT-C section 105, *Concepts Common to All Attestation Engagements*, and AT-C section 210, *Review Engagements*. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to management's assertion in order to be fairly stated. A review is substantially less in scope than an examination, the objective of which is to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. We believe that our review provides a reasonable basis for our conclusion.

In performing our review, we have complied with the independence and other ethical requirements of the Code of Professional Conduct issued by the AICPA.

We applied the Statements on Quality Control Standards established by the AICPA and, accordingly, maintain a comprehensive system of quality control.

GHG quantification is subject to inherent uncertainty because of such things as emission factors that are used in mathematical models to calculate emissions and the inability of those models, due to incomplete scientific knowledge and other factors, to precisely characterize under all circumstances the relationship between various inputs and the resultant emissions. Environmental and energy use data used in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for measuring such data. The selection of different but acceptable measurement techniques could result in materially different amounts or metrics being reported.

Data related to total energy consumed is subject to inherent limitations given the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different amounts or metrics being reported.

As discussed in Appendix A, Etsy has estimated GHG emissions for certain emission sources for which no primary usage data is available.

Based on our review, we are not aware of any material modifications that should be made to management of Etsy Inc.'s assertion included in Appendix A in order for it to be fairly stated.

PricewaterhouseCoopers LLP

February 26, 2020

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Appendix A

Management Assertion

Overview

Management of Etsy, Inc. (Etsy) is responsible for the completeness, accuracy and validity of the sustainability metrics (the "metrics") contained in this assertion for the year ended December 31, 2019.

Management is responsible for the collection, quantification and presentation of the metrics for the year ended December 31, 2019 and for the selection or development of the criteria, which management believes provide an objective basis for measuring and reporting on the metrics.

With respect to the metrics identified below, management of Etsy asserts that such metrics are presented in conformity with the assessment criteria set forth below. The figures presented below have been rounded to the nearest whole number unless otherwise indicated.

Metric Description	Definition of Metric / Assessment Criteria	Metric Quantity for the Year ended December 31, 2019 Location Based	Metric Quantity for the Year ended December 31, 2019 Market Based
Total Energy Consumed (MWh)	Direct and Indirect Energy Consumed Direct energy consumed: Total Megawatt hours ("MWh") of on-site renewable energy consumption, and direct energy purchased, which is comprised of natural gas for the year ended December 31, 2019 Indirect energy consumed: Total MWh of indirect energy purchased, including purchased electricity, heat and steam generated off-site for the year ended December 31, 2019	9,857 MWh	9,857 MWh

Metric Description	Definition of Metric / Assessment Criteria	Metric Quantity for the Year ended December 31, 2019 Location Based	Metric Quantity for the Year ended December 31, 2019 Market Based
Scope 1 GHG Emissions (tCO_2e) from direct energy consumed and fugitive emissions from refrigerant gas loss	Metric tonnes of carbon dioxide equivalent emissions (tCO_2e) for the year ended December 31, 2019, based on direct Scope 1 energy consumed and fugitive emissions from refrigerant gas loss Scope 1 emissions are based on the stationary combustion of natural gas multiplied by their associated emission factor and fugitive emissions from refrigerant gas loss	371 tCO_2e	371 tCO_2e
Scope 2 GHG Emissions (tCO_2e) from indirect energy consumed	Metric tonnes of carbon dioxide equivalent emissions (tCO_2e) for the year ended December 31, 2019, based on Scope 2 indirect energy consumed Scope 2 emissions are the result of the use of purchased electricity, heat and steam generated off-site, multiplied by the associated emission factor	1,859 tCO_2e	652 tCO_2e
Total Scope 1 and Scope 2 GHG Emissions (tCO_2e)		2,230 tCO_2e	1,023 tCO_2e

Metric Description	Definition of Metric / Assessment Criteria	Metric Quantity for the Year ended December 31, 2019
Scope 3 GHG Emissions (tCO_2e) (indirect) from business air travel	Metric tonnes of carbon dioxide equivalent emissions (tCO_2e) for the year ended December 31, 2019, based on energy consumed by our air travel providers in transporting our employees	1,217 tCO_2e
Scope 3 GHG Emissions (tCO_2e) (indirect) from shipping	Metric tonnes of carbon dioxide equivalent emissions (tCO_2e) for the year ended December 31, 2019, based on the energy consumed by our shipping carriers in delivering products	154,078 tCO_2e
Scope 3 GHG Emissions (tCO_2e) (indirect) from cloud computing	Metric tonnes of carbon dioxide equivalent emissions (tCO_2e) for the year ended December 31, 2019, based on the energy consumed by our cloud computing activities	29 tCO_2e

Metric Description	Definition of Metric / Assessment Criteria	Metric Quantity Percentage as of December 31, 2019
Gender diversity by job category (global)	The gender diversity of the global workforce by job category, according to the gender as self-reported by the employee and recorded in Etsy's Human Resources system as of December 31, 2019. <u>Definitions</u> Leadership: Defined as those employees at the Director-level and above Tech: Defined as those employees who work on Product, Engineering, Analytics and HR Information and Financial Systems Administration teams Engineering: Defined as those employees with roles in the Engineering Job Family Group included within Tech Other Business Roles: Defined as those employees who work in roles outside of the Tech definition, and is inclusive of non-Tech Leadership positions Other Genders: An alternative to 'Female' or 'Male' as self-reported by the employee	<u>Overall Gender % (global):</u> Female – 48.3% Male – 44.8% Other Genders – 1.7% Not Declared – 5.2% <u>Leadership Gender %:</u> Female – 42.7% Male – 55.7% Other Genders – 0% Not Declared – 1.6% <u>Tech Gender %:</u> Female – 37% Male – 55.2% Other Genders – 2.1% Not Declared – 5.7% <u>Engineering Gender %:</u> Female – 31.6% Male – 59.2% Other Genders – 2.7% Not Declared – 6.5% <u>Other Business Roles Gender %:</u> Female – 61% Male – 32.9% Other Genders – 1.2% Not Declared – 4.9%

Metric Description	Definition of Metric / Assessment Criteria	Metric Quantity Percentage as of December 31, 2019
Racial and ethnic diversity by job category (United States workforce only)	The racial and ethnic diversity of the workforce employed in the United States by job category according to the race and ethnicity as self-reported by the employee and recorded in Etsy's Human Resources system as of December 31, 2019. <u>Definitions</u> Leadership: Defined as those employees at the Director-level and above Tech: Defined as those employees who work on Product, Engineering, Analytics and HR Information and Financial Systems Administration teams Engineering: Defined as those employees with roles in the Engineering Job Family Group included within Tech Other Business Roles: Defined as those employees who work in roles outside of the Tech definition, and is inclusive of non-Tech Leadership positions	<u>Overall Race/Ethnicity % (US):</u> American Indian or Alaska Native – 0.1% Asian – 15.3% Black or African American – 5.2% Hispanic – 5.2% Two or more races – 3.1% White – 64.6% Not declared – 6.5% <u>Leadership Race/Ethnicity % (US):</u> American Indian or Alaska Native 0% Asian – 15.5% Black or African American – 2.7% Hispanic – 1.8% Two or more races – 2.7% White – 72.7% Not declared – 4.6% <u>Tech Race/Ethnicity % (US):</u> American Indian or Alaska Native 0% Asian – 21.1% Black or African American – 4.6% Hispanic – 4.7% Two or more races – 3.6% White – 58.8% Not declared – 7.2% <u>Engineering Race/Ethnicity % (US):</u> American Indian or Alaska Native 0% Asian – 20.0% Black or African American – 5.1% Hispanic – 5.5% Two or more races – 4.1% White – 58.4% Not declared – 6.9%

Metric Description	Definition of Metric / Assessment Criteria	Metric Quantity Percentage as of December 31, 2019
Racial and ethnic diversity by job category (United States workforce only) (continued)		Other business roles Race/Ethnicity % (US): American Indian or Alaska Native 0.2% Asian – 7.7% Black or African American – 5.9% Hispanic – 5.7% Two or more races – 2.4% White – 72.1% Not declared – 6.0%
Age diversity (global)	The age diversity of the global workforce according to the date of birth as self-reported by the employee and recorded in the Company's Human Resources system as of December 31, 2019.	Age % (Global): 24 or below – 4.3% 25-29 – 27.6% 30-34 – 34.9% 35-39 – 19.5% 40-49 – 11.0% 50+ – 2.7%

Etsy uses the principles and guidance of the World Resources Institute (WRI) and the World Business Council for Sustainable Development's (WBCSD) *Greenhouse Gas Protocol Initiative's Corporate GHG Accounting and Reporting Standard, Revised* (the "GHG Protocol"), and the *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*, recognized external standards, to calculate and report direct and indirect GHG emissions.

For total Scope 1 and 2 emissions, using location-based reporting, metric tonnes of greenhouse gases (tGHG) are 2,201.425t CO_2, 0.1446 t CH_4, 0.0204 t N_2O, 18.269 tCO2e from refrigerant gas loss or other fugitive emissions, 0 tBiogenicCH_4 and 0 tBiogenic CO_2. For total Scope 1 and 2 emissions, using market-based reporting, metric tonnes of greenhouse gases are 1,000.392 tCO_2, 0.0656 tCH_4, 0.0061 t N_2O, 18.269 tCO2e from refrigerant gas loss or other fugitive emissions, 0 tBiogenicCH_4 and 0 tBiogenic CO_2.

Etsy also uses the guidance issued by the WRI and WBCSB for Scope 2 emissions (*GHG Protocol Scope 2 Guidance, An amendment to the GHG Protocol Corporate Standard*), for reporting under both location-based and market-based methodologies. The location-based method applies average emissions factors that correspond to the grid where the consumption occurs, whereas the market-based method applies emissions factors that correspond to energy purchased through contractual instruments. Where contractual instruments were not purchased, the market-based emissions factors represent either the residual mix, where available, or the location grid-average factors. Etsy is reporting under both location-based and market-based methodologies.

Organizational Boundary

Etsy is using the operational control approach in conformance with the GHG Protocol to report our direct and indirect energy consumption as well as our GHG emissions from our leased space, which included offices and data centers leased by Etsy between January 1, 2019 and December 31, 2019, and offices leased by our newly acquired business (Reverb) between August 15, 2019 and December 31, 2019. Etsy leased space in this fiscal year also included certain sites that were only operational for part of the year.

Scope of Metrics

Scope 1 includes direct GHG emissions from stationary combustion of natural gas, as well as refrigerant gas loss. Scope 2 includes indirect GHG emissions from the use of purchased electricity, heat and steam generated off-site. CFC and HCFC refrigerants are not included in Etsy's GHG inventory; they are considered optional information to be reported separately from Scope 1 and Scope 2 GHG emissions per the GHG Protocol. Scope 3 business air travel includes global air travel of Etsy employees. Scope 3 shipping includes emissions from the global shipment of goods between Etsy's buyer and seller in the fiscal year. . Scope 3 cloud computing includes emissions from our cloud computing activities in the Google Cloud Platform (GCP).

Greenhouse gas emissions have been calculated using energy consumption data or gas loss, and multiplied by the relevant greenhouse gas emission factors for carbon dioxide, methane and nitrous oxide emissions, or by the global warming potential relevant to each refrigerant gas. In order to provide the most accurate estimate of Etsy's GHG emissions, primary data provided by third party invoices was used where available. Secondary data in the form of estimates, extrapolations and industry averages was used when primary data was not available. See our GHG Emissions Factors and Estimation Methodology sections below for details.

All diversity information is provided by Etsy employees voluntarily, as self-reported by the employee, and recorded in Etsy's Human Resources system. Employee demographic information can be changed at any time by the employee. The diversity metrics included in this assertion are based on data in the system as of December 31, 2019.

GHG Emission Factors

Carbon dioxide emissions and equivalents have been determined on the basis of measured or estimated energy and fuel usage, multiplied by relevant carbon emission factors and for carbon dioxide equivalent emissions taking into account relevant global warming potentials.

Emission Source	Emissions Source Type	Emission Factor Employed
Scope 1, United States	Natural Gas	EPA (2018). GHG Emission Factors Hub. Center for Corporate Climate Leadership. March 2018. https://www.epa.gov/sites/production/files/2018-03/documents/emission-factors_mar_2018_0.pdf
Scope 1, Europe (except the Netherlands)	Natural Gas	Department for Business, Energy and Industrial Strategy (2019). 2019 Government GHG Conversion Factors for Company Reporting.
Scope 1, the Netherlands	Natural Gas	CO2 emissiefactoren (2017), http://co2emissiefactoren.nl/lijst-emissiefactoren/. Accessed July 2018.
Scope 1, Global	Refrigerant Gas Loss	Actual data: IPCC (2007). IPCC Fourth Assessment Report: Climate Change 2007. Intergovernmental Panel on Climate Change. Cambridge University Press, Cambridge. Estimated data: EPA (2016). Accounting Tool to Support Federal Reporting of HFC Emissions Version 1.1. Prepared by ICF International under contract for the US Environmental Protection Agency. Accessed from: https://www.epa.gov/snap/reducing-hydrofluorocarbon-hfc-use-and-emissions-federal-sector-through-snap#accounting-tool
Scope 1, Global	On-site electricity generation	IEA (2009). CO2 Emissions from Fuel Combustion, 2009 Edition, Highlights. International Energy Agency.

	(renewable sources)	
Scope 2, Global	District Heat & Steam	IPCC (2006). Revised IPCC Guidelines for National Greenhouse Gas Inventories: Reference Manual from the Intergovernmental Panel on Climate Change to calculate emissions from district heat and steam.
Scope 2, United States	Grid Electricity	United States EPA eGRID sub-region emission factors for electricity purchased in the U.S. Electricity emission factors are updated annually based on the most current data available. EPA (2018). eGrid2016. Release: 2/15/2018. Online: https://www.epa.gov/energy/emissions-generation-resource-integrated-database-egrid. Accessed March 12, 2018.
Scope 2, United Kingdom	Grid Electricity	Department for Business, Energy and Industrial Strategy (2018). 2018 Government GHG Conversion Factors for Company Reporting.
Scope 2, Ireland	Grid Electricity	IEA (2019). Statistics. http://www.iea.org/stats/index.asp. IPCC (2006). Revised IPCC Guidelines for National Greenhouse Gas Inventories: Reference Manual. Intergovernmental Panel on Climate Change. Cambridge University Press, Cambridge
Scope 2, Germany	Grid Electricity	IEA (2019). Statistics. http://www.iea.org/stats/index.asp. IPCC (2006). Revised IPCC Guidelines for National Greenhouse Gas Inventories: Reference Manual. Intergovernmental Panel on Climate Change. Cambridge University Press, Cambridge
Scope 2, France	Grid Electricity	IEA (2019). Statistics. http://www.iea.org/stats/index.asp. IPCC (2006). Revised IPCC Guidelines for National Greenhouse Gas Inventories: Reference Manual. Intergovernmental Panel on Climate Change. Cambridge University Press, Cambridge
Scope 2, Ontario	Grid Electricity	EC (2019). National Inventory Report. Greenhouse Gas Sources and Sinks in Canada: 1990 - 2017. Environment Canada. Online: https://unfccc.int/documents/194925
Scope 3	Business air travel	Department for Business, Energy and Industrial Strategy (2019). 2019 Government GHG Conversion Factors for Company Reporting.
Scope 3	Shipping	USPS calculated GHG emissions for shipping of products from an Etsy seller to an Etsy buyer
Scope 3	Cloud computing	United States EPA eGRID sub-region emission factors for electricity purchased in the U.S. Electricity emission factors are updated annually based on the most current data available. EPA (2018). eGrid2016. Release: 2/15/2018. Online: https://www.epa.gov/energy/emissions-generation-resource-integrated-database-egrid. Accessed March 12, 2018.

In quantifying market-based electricity GHG emissions, GHG Protocol Scope 2 Guidance defines a

hierarchy of factors for quantifying market-based emissions, in order from highest to lowest preference. The table below provides a description of the hierarchy and the relevance to Etsy for the current year inventory.

Emission Source Type	Emission Factor Employed
Direct line connection	Not applicable
Energy attribute certificates	Etsy applies a zero emission factor for on-site solar generation where Renewable Energy Credits generated are retained by Etsy, and also for purchased renewable energy attribute certificates applied to Etsy's operations.
Electricity contracts	Not applicable
Energy supplier-specific emission factors	Not applicable
Residual mix	Europe: Etsy uses available country emission factors from Association of Issuing Bodies (AIB).
Location-based factors	If none of the above options are available, Etsy uses location-based factors as described in the table above.

Uncertainty

GHG quantification is subject to inherent uncertainty because of such things as emission factors that are used in mathematical models to calculate emissions and the inability of those models, due to incomplete scientific knowledge and other factors, to precisely characterize under all circumstances the relationship between various inputs and the resultant emissions. Environmental and energy use data used in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for measuring such data. The selection of different but acceptable measurement techniques could result in materially different amounts of metrics being reported.

Etsy recognizes that air travel remains an estimate since unforeseen circumstances can occur (e.g., different routes due to adverse weather, or aircraft fleet changes), however the figure presented follows DEFRA methodology and is considered to be a reasonable estimate of Etsy's air travel emissions (refer to https://www.defra.gov.uk/environment/economy/business-efficiency/reporting/).

Base data

Base data utilized in the calculation of Scope 1 (direct), Scope 2 (indirect) and Scope 3 (indirect) GHG emissions is obtained from direct measurements for Scope 1, third-party invoices for Scopes 1 and 2, estimates for Scopes 1 and 2, reports provided by a third-party with flight distance detail for Scope 3 business travel, accounting systems and reports provided by a third party for Scope 3 shipping transaction and emissions data, and third-party invoices for Scope 3 cloud computing, respectively, and from estimates described below.

Estimation Methodology

In 2019, Scope 1 and Scope 2 (market-based) GHG emissions were comprised of 7% estimated data and 93% actual data. Note that actual data refers to actual activity data (and not actual emissions data), as the activity data may rely on average non-standard conversions, such as energy content of fuel or energy intensity per surface area, before applying average emission factors to convert data into emissions. We continue to work to increase the amount of actual energy data (without the need for non-standard conversions) available at our sites. More significant assumptions were as follows:

Energy Data – Offices: Actual consumption data was collected for the for Q1 through Q3, while for the Q4 period, actual data was only partially available for some sites. Where available, annual energy consumption for offices was sourced from utility bills specific to Etsy's occupied spaces; any missing consumption was estimated as follows:

- Where specific days or meter information was not available for a specified time, but Etsy received partial actual 2019 data, the missing data was estimated by pro-rating available consumption data using daily average consumption rates.
- Geographically relevant properties with actual data were also applied to properties with missing data, using an intensity factor based on periods with actual data.
- For facilities where no energy consumption data was available for 2019, data was estimated using either consumption from a previous year or researched intensity values[1] of office space, specific to the energy type, and where possible, specific to the location being estimated.

Energy Data – Data Centers: Etsy included both server and overhead consumption; the server data was based on actual invoices, and estimated overhead energy data was derived from server consumption and Power Usage Effectiveness (PUE) from the total building provided by the vendor to calculate Etsy's share.

Energy Data - Cloud Computing: In addition to leased data centers, Etsy uses Google Cloud Platform (GCP) to perform computing tasks. Etsy included server, storage, network data transfers and overhead consumption. The server and storage utilization data was obtained from Google invoices, multiplied by energy coefficients derived from publicly available data on hardware infrastructure, specifically SPEC (Standard Performance Evaluation Corporation) Power Results 2008 - 2019, United States Data Center Energy Usage Report (2016), "Electricity Intensity of Internet Data Transmission: Untangling the Estimates," Journal of Industrial Ecology, vol. 22, no. 4 (Aug. 2017), and Google Cloud Platform CPU Platforms, to estimate energy kWh, which is then multiplied by relevant carbon emission factors. The SPECs database and United States Data Center Energy Report were used for the server coefficient, the United States Data Center Energy Report was used for the storage coefficient, and the United States Data Center Energy Report and "Electricity Intensity..." reports were used for the network power draw coefficient. Etsy estimates overhead energy data from PUE provided by Google. Emissions are derived based on Google's publicly available data around renewable energy procurement and the location of Etsy's Google Cloud Platform.

Refrigerant data - We did not have sufficient refrigerant source data for Berlin, London, India, Paris, San Francisco, Toronto – Yorkville, Toronto - WeWork, or the two data centers; we estimated refrigerant gas loss considering building type, surface area, type of refrigerant gas, type of equipment, and number of units per surface area using the following data source: *EPA (2016). Accounting Tool to Support Federal Reporting of HFC Emissions Version 1.1. Prepared by ICF International under contract for the US Environmental Protection Agency* accessed from: https://www.epa.gov/snap/reducing-hydrofluorocarbon-hfc-use-and-emissions-federal-sector-through-snap#accounting-tool. Refrigerant gas loss associated with the two data centers were excluded on the basis of immateriality.

Air travel: GHG emissions for business air travel are calculated using mileage information provided by Etsy's commercial travel managers, Tangerine and American Express. Etsy's Workday system is used to calculate business air travel booked outside of the travel manager. Distances between origin and destination airports for travel in Workday was obtained by Ecometrica using an on-line tool to calculate Great Circle Distance. The final 20 days of Workday activity were estimated based on the previous months' activity for each haul and class category, representing an estimate of 2.23% of the total GHG emissions related to air travel.

[1] *In 2019 researched intensity metrics were applied to both Toronto sites for district heating using data from the Energy Information Administration (EIA) (2016). 2012 Commercial Buildings Energy Consumption Survey (CBECS). Available online: http://www.eia.gov/consumption/commercial/. Paris - 33 relied on electricity consumption intensity for an all-electric naturally ventilated office using data from The Chartered Institution of Building Services Engineers (2012). Energy efficiency in buildings, CIBSE Guide F.*

Shipping: Emissions from shipping activity are based on third-party reports with CO_2e information received from our shipping contractor, primarily USPS. Where shipments are made outside of this contractor, we calculate the distance between buyer and seller using our internal records of buyer and seller latitude and longitude. We also apply an uplift of 12% to the direct mileage between buyer and seller, based on a sample of our actual shipments made in 2019, to take into account mileage using road transportation and direct flights (rather than 'as the crow flies'). We review this factor annually. The goods shipped outside of our shipping contracts are allocated a weight class, based on the product type, using data from our internal records. This weight and estimated mileage are then used to calculate the emissions for any individual shipments transported outside of our contractor, USPS.

Exclusions

Each year we aim to increase the quality of the data reported. As tenants of leased facilities, we do not yet have access to data related to heat source or generator diesel use in our data centers, complete refrigerant sources, and certain shared building common spaces energy sources. Reverb shipping (August 15, 2019 to December 31, 2019) is excluded from our shipping emissions. We are pursuing this data for future reports.