# 2020 SUSTAINABILITY REPORT

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Devon Energy is proud to present our 2020 Sustainability Report highlighting our environmental, social and governance (ESG) performance. Our efforts to improve our ESG and business performance are driven by our commitment to deliver industry-leading results and to be a good neighbor, valued community partner, caring environmental steward and model employer.

We’re proud to be a leader in the energy industry, producing energy that’s essential to lives and livelihoods around the world. We produce valuable commodities that are fundamental to society, and we do so in a safe, environmentally responsible and ethical way, while striving to deliver strong returns to shareholders.

Based in Oklahoma City, Devon employs about 1,600 people operating under the motto: Commitment Runs Deep. We take this to heart and apply it to everyone who has a stake in our success – investors, employees and neighbors alike.

This report reflects our ongoing commitment to accountability and transparency in reporting our ESG performance. It covers the most material policies, programs and performance related to our ESG efforts, as determined in a thorough materiality assessment described in the section that follows.

Unless otherwise noted, the information reported applies to our operated assets in the U.S. in 2019, and excludes assets in Canada, sold effective Jan. 1, 2019.
Materiality Assessment

The contents of this report were determined through a professional materiality assessment to identify the most relevant and impactful performance areas for Devon and our key stakeholders. Facilitated by a third-party sustainability consultant, the assessment followed a process recommended by the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting, published jointly by the International Petroleum Industry Environmental Conservation Association (IPIECA), the American Petroleum Institute (API) and the International Association of Oil & Gas Producers (IOGP). The process included in-depth, one-on-one interviews with Devon’s chief executive officer and other executive committee members, and an in-person workshop with leaders of Devon’s operations, environmental, safety, corporate governance, investor relations, human resources, supply chain, legal, government affairs, corporate communications and community relations departments. Leaders identified key stakeholders and material areas for reporting and mapped them on a materiality matrix.

Devon also has evaluated common reporting frameworks, including those of IPIECA, the Global Reporting Initiative (GRI), the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). Based on our most recent evaluation, the contents of this report are mapped and indexed to IPIECA, TCFD and SASB, which we believe track the most relevant indicators for Devon and our stakeholders.

Since conducting our initial materiality assessment in 2018 as described above, Devon has reviewed material areas periodically to ensure they remain relevant and meaningful for our stakeholders. As part of the planning process for this report, discussions were held with Devon executive committee members, our Environmental, Social and Governance (ESG) Steering Committee and internal subject-matter experts to evaluate current material areas. External stakeholder materials such as assessments from Sustainalytics, MSCI, Institutional Shareholder Services and JUST Capital, as well as stakeholder engagements, also were reviewed.

As a result, this report focuses on the following top material areas of our ESG performance identified during this ongoing assessment process.

- Safety
- Greenhouse gas emissions
- Land conservation
- Water use and recycling
- Shareholder engagement
- Political activity
- Climate change
- Employee wellness
- Inclusion and diversity
- Community engagement
Prioritizing material issues

Note that the concept of materiality used in the preparation of this report is not meant to correspond with the concept of materiality associated with disclosures required by the U.S. Securities and Exchange Commission.

We’re committed to continuously improving our ESG performance and communicating it transparently. We invite your feedback on how we’re doing by using our stakeholder contact portal: http://www.devonenergy.com/about-us/contact-us

WHAT IS A MATERIAL ISSUE?

A material issue is any topic that – in the view of management or stakeholders – affects a company’s performance significantly and informs external opinion. They tend to be issues that most affect value creation and the economic and reputational resilience of a company in a positive or negative way.

Doing the right thing is a core value at Devon that motivates us to find and produce oil and natural gas in ways that are safe, ethical and environmentally and socially responsible. Another core value—delivering results—keeps us focused on the financial strength and long-term value our stakeholders expect from a leading independent energy producer.

Through a strategic series of divestitures and organizational adjustments, we completed our transformation in 2019 to a returns-driven, capital-efficient U.S. oil growth company, thanks in large part to the dedication of our employees who carry out our strategy every day. It was clearly the right thing to do for our business. Little did we know how well our financial strength and operational excellence would position us for the unprecedented turmoil to come in 2020.

The COVID-19 pandemic has affected us all, and the global response to it locked down economies everywhere. Demand for oil was severely suppressed in the first half of 2020, and the low prices that came with the drastic declines in demand have persisted. At Devon, our leaders and employees have acted quickly and effectively. As we’ve managed through unprecedented disruptions, our employees maintained their disciplined approach. They’ve put health and safety first, pivoting seamlessly to new ways of working while continuing to execute our business strategy safely and responsibly. All this, while also caring for their families and communities. Their performance has been simply outstanding.

Adding to the strain of the pandemic has been national outrage and civil unrest stemming from appalling incidents of police brutality and calls for more action on racism and discrimination. At Devon, I’ve been meeting with our Inclusion Action Team of employee volunteers. Together, we’re identifying and implementing changes that can make our community a better place and Devon a better company for everyone.

Sustainability moving forward

Taken together, all of these challenges cause us to focus more sharply than ever on what sustainability looks like for Devon Energy. We expect oil demand to pick up again as economies open back up, even if not to pre-pandemic levels. Still, hydrocarbons will be an essential component of the global energy mix for decades to come. Our analysis of future scenarios— including controls on carbon and lower commodity prices—strongly suggest that our company is well-positioned to compete. We intend to continue our record as a reliable, responsible producer of energy to help meet global demand.

Devon remains committed to improving our environmental, social and governance (ESG) performance and reporting it transparently. We understand that stakeholders expect a successful company to address ESG risks and opportunities while delivering strong financial returns. To drive improvement companywide, we make corporate ESG goals a part of our employee compensation program.
ESG progress in 2019

We listen to stakeholders and assess risks and opportunities. We set and act on our priorities, and in 2019 we made significant progress in key ESG focus areas. Perhaps most notably, we publicly committed to a target to reduce methane intensity to 0.28% or lower. In 2019 we met this ambitious goal with emissions-control technologies and an expanded leak detection and repair (LDAR) program.

In our most active operating area, New Mexico’s Delaware Basin, we reduced flaring and increased water recycling. By year-end 2019, flaring was down to 1% or less and our use of recycled water had tripled since 2016.

We always want to be a good neighbor, and this extends to doing what we can to improve the quality of life in communities where we live and work. In 2019, Devon provided education resources to thousands of students across our operating areas, enhancing our own investments by attracting like-minded partners to join us. We want to be a vital contributor in our communities and will be creative about how we continue this in challenging times.

Our pursuit of safety in our operations is never complete; we never consider our performance to be good enough. This was true again in 2019, and we’re sharpening our focus on training and sharing lessons learned to prevent incidents and injuries going forward.

Likewise, we’re always looking for ways to strengthen our corporate governance. We’ve added diversity and new perspectives to our board of directors and through proactive engagement, we’ve steadily increased transparency on issues that are top-of-mind for our stakeholders.

This year, as we produce new, free-standing reports on political activity and climate risk, our directors remain engaged on ESG. They reviewed and approved this report.

As we’ve enhanced reporting and transparency year by year, our ratings in leading ESG-focused surveys have improved. Devon participates in these assessments to demonstrate our progress and performance on key ESG measures. And to ensure the accuracy and usefulness of the ratings, we support the standardization of reporting metrics.

Striking a balance

ESG highlights Devon’s strengths, differentiates our company from our peers and is a source of pride for our employees. Safe and clean operations have a positive impact on our financial results, which in turn help us to better support our communities. As ESG metrics become more quantitative, expectations will rise. We’re continually looking to expand our efforts and enhance transparency, with a responsibility to balance costs and benefits.

Thank you for your interest in what Devon is doing to be a safe and responsible operator. Regardless of the challenges we face, our commitment to doing things the right way will not change.

Sincerely,

Dave Hager
President and CEO
Message From Our Board

Devon Energy’s Board, with our Governance Committee on point, takes responsibility for actively monitoring the company’s performance on environmental, social and governance (ESG) issues. Devon is an industry leader in ESG but will not rest on its accomplishments in any area of performance. This is why the Board supports companywide ESG goals as a factor in the compensation for every Devon employee.

We also make a point to participate in some of the company’s engagements with investors. We’ve heard loud and clear that they expect Devon to address and report on ESG oversight, processes and performance with the same rigor as is dedicated to business results. This report is specifically designed to meet those expectations.

For a company to be considered a good investment, model employer, preferred business partner and conscientious community leader, it must be sharply focused on preserving a clean environment, ensuring a safe workplace and sustaining a strong and inclusive business culture. Devon is committed to these principles and welcomes accountability for all of them.

The expectations are especially high for oil and natural gas companies, as countries worldwide seek to displace fossil fuels with renewable forms of energy. Still, hydrocarbons will be a vital part of the global energy mix for decades to come. Devon will continue to proudly meet that need – responsibly and economically.

Devon is proactive and strategic in choosing ESG focus areas, driving change with innovation, collaboration and engagement. And as the relevant metrics become more quantitative and standardized, we expect the company to redouble its commitment to industry leadership in ESG transparency and performance.

Thank you for your interest in Devon. The Board and our Governance Committee welcome your feedback as we continue in our mission to provide effective oversight of the company’s plans and actions with ESG.

Sincerely,

Duane C. Radtke,
Chair of the Board

Barbara M. Baumann,
Governance Committee Chair
Pandemic Response

At Devon, we’ve done everything in our power to care for our people, at the same time carrying on with our work in our essential industry.

While the coronavirus pandemic has posed unprecedented challenges in all aspects of life and work, our planning, preparation and execution have helped us to sustain our business. We’ve been sharply focused at all times on our dual priorities of employee health and business continuity.

Facing the serious challenges of the pandemic itself, plus the related economic threats to our business, our management team moved decisively on both fronts. They communicated clearly and frequently with employees, affirming the company’s priority to safeguard their health and offering detailed assurance that the company’s financial strength and business strategy would carry us through. The company, like organizations of all kinds, made effective use of streaming video and live online meetings as never before.

Throughout, we have sought to understand and address our employees’ concerns. Everyone has personal situations in addition to their work, including health challenges, childcare, home schooling and care for elders, to name a few. Our approach has been flexible, working with each employee individually.

In our business, COVID-19’s impacts and uncertainties continue to unfold, but among the early shocks was the dramatic collapse in demand for oil and natural gas. Crude oil futures contracts plunged briefly below zero as a price war broke out between Saudi Arabia and Russia. Our financial strength, liquidity and commodity hedging programs bought us time to assess the markets and formulate the details of our operational response.

Planning, preparation and execution

Among those advising our senior leaders was a COVID-19 Planning Team of Devon business and emergency management leaders, formed in January amid early reports of a possible pandemic in Asia. The team monitored and communicated the fast-moving news and safety guidance. They planned and prepared, starting with the procurement of supplies and equipment that would be needed for protecting people and sanitizing workplaces.

When the virus arrived in Devon’s operating areas, each location was ready with supplies on hand and cleaning staffs hired and trained. Field crews were outfitted with plans, procedures, supplies and protective gear to be used in the event of a COVID-positive test at a work site. Our legal team saw to it that our employees and contractors had written credentials verifying their status as essential workers in a critical industry.
Plans and arrangements also were made to ensure that Devon employees and contractors who could perform their work from remote locations were able to do so seamlessly. Devon’s technology team played a key role in ensuring business continuity, making the company’s data and networks accessible, reliable and secure as employees and their loved ones sheltered safely and worked from home.

In response to sharp declines in demand and prices in energy markets, Devon’s operating teams moved quickly to protect the company’s pre-pandemic financial strength by reducing capital spending and operating costs. They found even greater efficiencies across our asset portfolio to preserve operational continuity and position the business for recovery. This involved quick assessments and decisions on cutting drilling programs and curtailing production. Companies industrywide executed similar curtailments, slowing production as demand began to return, in turn supporting higher prices.

Among the many unprecedented steps Devon has taken was the company’s first-ever annual stockholders meeting that was not held in-person. This occurred in early June, just as communities were beginning to reopen after more than two months of safer-at-home directives. Devon’s board of directors, in the interest of health and safety while also ensuring proper corporate governance, decided to hold the meeting online and by all accounts, it was a success.

As the person in charge of Devon’s emergency management and business continuity efforts, Jillian has dual roles: to prepare the company to respond to any incident that threatens to interrupt operations and to minimize those impacts as much as possible. Jillian is a nationally certified and recognized emergency manager who describes her role as both “advisor and shepherd.”

During the COVID-19 response, Jillian was instrumental in helping the company achieve its two primary objectives – ensuring the health and safety of Devon employees and maintaining business continuity.

“Jillian is the consummate professional. Her experience, subject-matter expertise and interaction with both the public and private sectors establishes our emergency-response program as leading-edge,” said Glen Maynard, Devon’s COVID-19 Incident Commander and Associate General Counsel.

Said Jillian, “Response is all about having the right people in the right place at the right time in the right role to ensure a response is carried out efficiently and effectively.”
Managing forward

Clear and comprehensive employee communications have been vital in the company’s effective management of the pandemic response and ongoing business challenges. We have sought to instill calm and confidence, engaging in two-way dialog and laying out clear expectations in a period of fast-paced change and uncertainty. Employee feedback on the communications program has been strongly positive – in particular for the robust content published on Devon’s employee intranet site.

The content – written materials, info-graphics, videos and more – resulted from teamwork among Devon’s human resources, COVID-19 Planning and corporate communications teams. Synthesizing the myriad details and complexities of sustaining an energy company through parallel health and business crises – and then creating communications products to support the corporate priorities of employee health and business continuity – is a big challenge in its own right.

This work is ongoing. Devon has been planning and communicating the company’s plans and protocols as communities reopen and employees return to their offices. Foot-traffic patterns in common areas, timing of elevators, the ongoing need for social distancing and the question of face masks are among the many details considered, communicated and enacted as the company continues its efforts to successfully sustain its business, knowing this is not possible without strong protections for human health.

Zafar Ali, Manager, Facilities & Real Estate

Zafar Ali has built a career in construction design and management that has led him to his role as manager of Devon’s facilities team. At the first hint in January of a pandemic in Asia, Zafar’s team started acquiring the materials and supplies that might be needed for infection control at Devon’s facilities in Oklahoma, Texas, New Mexico and Wyoming.

When they were needed, Devon had the cleaning supplies and PPE on-hand and the janitorial staffs hired and trained. Such planning and preparation led to focused execution of sanitization programs companywide, week after week, in offices, common areas and field worksites. Zafar is proud that operations have continued, uninterrupted and without the distraction of coronavirus infection.

“Planning and preparation have proven invaluable,” he said. “We’re prepared to execute on anything required to keep our business running and minds at ease.”

Devon’s partnership with the NBA’s Oklahoma City Thunder turned T-shirts into thousands of face masks that were donated to essential workers in our communities.
Core Values: The Devon Way

*Trust is a key ingredient in Devon’s success. It is vital that our stakeholders trust us to deliver results the right way. The Devon Way.*

The Devon Way promotes a culture of integrity and accountability. A large medallion with the word “Integrity” is inset in the floor in the center of the rotunda of our headquarters. It’s not only a visible reminder of our culture for employees but also a tool to discuss our culture and attributes with candidates for job openings with Devon. Integrity enables us to work better and more efficiently. It strengthens our relationships and establishes Devon as the partner of choice in our industry.

We seek to create shareholder value while operating in an environmentally and socially responsible manner. We are driven to perform with a clear focus, a sense of urgency and a commitment to continuous improvement. By creating a feeling of personal ownership and a culture of hard work, innovation and productivity, Devon encourages an environment that brings out the best in each of us.

An atmosphere of teamwork, inclusion and trust encourages our employees to participate in the decision-making process. It promotes accountability and gives everyone an opportunity to develop as a leader.

A workforce that is truly engaged will derive greater satisfaction from our success and from our improved work performance.

Devon’s strength comes from employees who are committed to shareholder value and long-term success. Our corporate culture is one of fundamental respect for the environment and our neighbors. This respect makes Devon a good community partner and helps improve the quality of life where we live and work. By being a good neighbor, Devon enhances our ability to meet our corporate goals.

Our Core Values

**Hire the best people**
Because our people are the company’s most important resource, we develop employees’ knowledge and creativity, and we cultivate an atmosphere of inclusivity where everyone can share an idea and know that it will be heard.

**Always do the right thing**
In a competitive environment, this mantra might be pushed aside in some organizations. At Devon, we refuse to succumb to ethical lapses. We embrace honesty and uncompromised integrity as our foremost core value.

**Deliver results**
In our commitment to our stakeholders, we seek continuous improvement, as individuals and as a company. We do this through hard work and individual ownership of Devon’s goals and objectives.

**Be a team player**
We encourage teamwork and a culture of trust and goodwill, because a focused, fulfilled and engaged workforce brings more job satisfaction and ultimately builds a more successful company.

**Be a good neighbor**
We share a fundamental respect for the environment and constantly strive to improve the overall quality of life in the communities where we operate.
Performance Highlights

As we seek to be more transparent in communicating our performance, we see opportunities to illustrate the results of our work. Some examples:

**METHANE EMISSIONS**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>0.73</td>
<td>0.81</td>
<td>0.85</td>
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</table>

**METHANE EMISSIONS INTENSITY**

(% of natural gas produced)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>0.31%</td>
<td>0.32%</td>
<td>0.28%</td>
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</table>

**GHG EMISSIONS INTENSITY**

(tCO₂e/MBOE)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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</thead>
<tbody>
<tr>
<td>Value</td>
<td>11.65</td>
<td>12.34</td>
<td>9.96</td>
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</table>

**RECYCLED WATER**

(million bbl)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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</thead>
<tbody>
<tr>
<td>Value</td>
<td>4.67</td>
<td>11.75</td>
<td>17.73</td>
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PERFORMANCE HIGHLIGHTS

WOMEN BOARD MEMBERS
2020

27%

CDP REPORTING

CONSECUTIVE YEARS
OF CLIMATE REPORTING
TO CDP

16

CONSECUTIVE YEARS
OF WATER REPORTING
TO CDP
SINCE INCEPTION

7

SAFETY PERFORMANCE
Total Recordable Incident Rate (TRIR)

MINORITY EMPLOYEES
Minorities as a percentage of workforce

DEVON ENERGY 2020 SUSTAINABILITY REPORT
Operations Overview

Across Devon's premier multi-basin U.S. oil portfolio, focusing on the details required to work safely and protect the environment elevates our performance in all areas.

Devon Energy finds and produces oil, natural gas and natural gas liquids from the most prolific basins in the U.S. We have premier acreage positions with a deep, high-quality inventory of drilling locations. A careful third-party assessment has determined that our business is sustainable, with assets that can be profitable even in an aggressive low-carbon scenario.

With no near-term debt maturities, ample liquidity, a disciplined hedging strategy, a returns-driven capital program and strong cash flows, we expect to emerge as a post-pandemic industry leader capable of delivering strong operating performance. Our focused development plan centers on drilling activity in core areas of the Delaware Basin of southeastern New Mexico, the Eagle Ford Shale in south Texas, the Powder River Basin in Wyoming and the Anadarko Basin in western Oklahoma.

Devon's operating teams are accountable for working in a safe and environmentally responsible way and delivering strong performance, while complying with all applicable laws, regulations and our company policies. Through continuous improvement in operations and environmental, health and safety (EHS) performance, we’re able to improve efficiencies and lower costs.

Devon’s EHS roadmap sets our strategy and priorities for improving EHS performance. Our operating teams proactively share lessons learned and track leading indicators in an effort to head off potential safety issues. Our EHS professionals are integrated into field operations to support our teams with timely guidance and effective EHS policies, protocols and practices.

We apply the latest tools, technology and best practices to improve environmental performance. To reduce emissions, we’ve invested in infrared cameras to detect leaks so they can be quickly repaired.

Over time, we’re finding fewer leaks as we continue our use of infrared surveys in pursuit of our lower emissions intensity target. We have also increased our ability to use recycled water in our operations, substantially reducing our need for fresh water. These and other measures enable Devon to dedicate our resources to the most effective and impactful environmental strategies.

Our commitment to operational excellence includes controlling costs and seeking the highest-margin production available in our core areas. In 2019, we increased production while reducing layers of management, streamlining processes and cutting overhead.

As a long-time leader in innovation, our technology team is embedded in and aligned with our business units to optimize production. One output of this strategy in 2019 was advancement of a company breakthrough in fracture diagnostics called sealed wellbore pressure monitoring. We’re marketing it commercially and seeking a patent for the process.

By protecting our people and the environment, we’re working daily to renew our social license to operate and sustain our operations through strong financial performance.

Additional information about Devon’s performance is available in our detailed quarterly earnings presentations.

🔗 Quarterly Results (devonenergy.com)
The Environment section of our 2020 Sustainability Report includes:

- Overview
- Air Emissions
- Climate Change
- Water Management
- Land Conservation
- Seismicity
- Waste Management
- Spill Prevention
Environment Overview

At Devon, our employees take pride in delivering business results the right way. Protecting the air, water, land and wildlife helps us improve the overall quality of life in our communities.

We believe exemplary environmental performance is essential to managing risk, meeting stakeholder expectations and differentiating Devon from peer companies. But above all, it’s the right thing to do. To continuously improve our environmental performance, we’re proactive and action-oriented. We consider the potential environmental impacts of our operations when planning activities and making decisions. Compliance with all applicable environmental laws and regulations is a given, and we often go above and beyond what’s required. In the process, Devon incorporates the tools and techniques that are economically feasible and enable us to minimize our impact on the air, water and land.

Through our commitment to environmental stewardship, Devon has established a record of improving performance. We have a long-standing focus on working to reduce emissions, as documented in 16 years of responding to the CDP climate change survey.

RESOURCES

- 2020 CDP Climate Response
- 2019 CDP Climate Score
- 2020 CDP Water Response
- 2019 CDP Water Score

Environment, Health and Safety (EHS) Philosophy
Describes the expectations and principles that guide the decisions that affect our operations.

EHS protocols for business processes
Required of employees and contractors to ensure environmental, health and safety compliance.

Brooke Baum
EHS Professional - Senior Staff Policy Analyst

During her seven years at Devon, Brooke has utilized her law degree in a variety of roles, serving in strategic planning, land administration and other areas of the business. These days, she is directly involved with the company’s ESG efforts as a senior staff policy analyst on the EHS team. A big part of her job is monitoring and coordinating environmental policy issues and ensuring Devon is well represented among industry trade associations.

“Our company and industry have the privilege and responsibility of producing affordable, accessible energy while also protecting the environment for generations to come,” Brooke said. “This dual responsibility resonates deeply with me, and I’m grateful to play a role in ensuring Devon will continue to be an industry leader.”
As an industry leader in water conservation for over a decade, Devon has responded to CDP’s water survey since its inception seven years ago. We also take great care to preserve the landscape and protect wildlife habitat in areas surrounding our operations.

Devon tracks specific metrics for greenhouse gas (GHG) and methane emissions, flaring, spills, energy use and water use and disposal. We share this information in this report and other public disclosures because we embrace the accountability and we’re proud of our efforts and results. For additional metrics and details on our practices, please refer to our 2020 CDP Climate and CDP Water Responses.

We engage with investors, communities and other stakeholders on climate change, water use, seismicity, spills and other environmental issues. Devon teams up with industry trade associations, environmental nonprofit organizations and academic partners to develop industrywide solutions. We’ll continue to listen, collaborate, increase transparency and act on concerns to protect the environment.

Organized for continuous improvement

Devon has a strong organization managing our environmental performance. Our executive vice president of exploration and production oversees our environmental programs and performance, which are evaluated by the governance and compensation committees of the Devon board of directors.

The Environmental, Social and Governance (ESG) Steering Committee engages with our executive committee, our board governance committee and the full board on our environmental performance, risks and commitments, including those related to climate change. In addition, at least three Devon directors have an educational background or direct work experience in environmental matters.

The cross-functional Environmental, Health and Safety (EHS) Council sets our environmental strategy and closely monitors its implementation and performance with the goal of continuous improvement. The environmental management element of our EHS Roadmap, which was developed by the council, drives assessments and continuous improvement programs. Devon’s environmental professionals work closely with our business leaders to ensure our operations are environmentally sound and comply with all laws, regulations and company policies.

At Devon, every employee is responsible for taking ownership of environmental performance. We expect employees to demonstrate environmental stewardship, plan ahead, participate in environmental programs, recognize positive attitudes and behaviors and communicate openly.

To underscore how important environmental stewardship is to our business, Devon’s corporate scorecard includes annual environmental performance targets that affect every employee’s compensation. In 2019, our environmental performance on preventing spills and reducing emissions contributed positively to our overall EHS score and compensation.
EHS Council is advancing our culture of protecting the environment

Managers of our business units and operations make up Devon’s Environmental, Health and Safety (EHS) Council, which advances our culture of protecting the environment. Sponsored by our vice president responsible for EHS and senior leaders in operations, the council sets environmental strategy and goals, tracks performance, shares best practices and evaluates the effectiveness of Devon’s environmental policies, protocols and practices. The EHS Council also reviews environmental incidents and near misses and develops corrective actions as needed.

To position Devon for long-term success, the council reviews emerging EHS and ESG issues, as well as proposed laws and regulations and their potential financial, operational and reputational impact on the company.

In 2019, the council developed an EHS Roadmap to provide concrete steps to improve our environmental performance, as well as an emissions reduction strategy map to keep Devon on track to consistently meet or beat our methane intensity target of 0.28% each year.

WORKING TOGETHER TO PROTECT THE ENVIRONMENT

In our efforts to achieve industry-leading environmental stewardship, we actively seek out opportunities to collaborate with stakeholders who share our interest in improving performance. On issues ranging from reducing GHG emissions to conserving water, our partners are leaders in environmental protection. Some are engaged in research and public policy development. Others are focused on direct action. We’re proud to collaborate and cooperate with each.

Environmental Defense Fund
Energy Water Initiative
U.S. Bureau of Land Management
New Mexico Oil and Gas Association
The Environmental Partnership
New Mexico Methane Advisory Panel
Stanford Center for Induced and Triggered Seismicity
National Aeronautics & Space Administration
ENVIRONMENT OVERVIEW

The environment metrics have been calculated using the best available data at the time of publication. Historical metrics are subject to change as we continuously seek to improve our data management practices, data sources, and calculation methodologies in order to provide the highest level of transparency, consistency and accuracy.

We include all reportable emissions under EPA’s Greenhouse Gas Reporting Program (GHGRP) for Devon operated facilities, as well as non-reportable emissions from our production assets and, beginning in reporting year 2019, gathering and boosting assets.

We calculate our reported emissions using EPA fuel and electricity emissions factors.

Our methane emissions intensity rate calculation includes all natural gas produced at Devon operated facilities and all methane emissions from Devon facilities associated with the production of oil and natural gas. Click here to see Devon’s calculation methodology for methane emissions intensity.

Our flaring intensity rate calculation includes all natural gas produced at facilities operated by Devon in 2019 and the flared volumes associated with the production of oil and natural gas.

Our water usage includes all water sources used in completions activities at facilities operated by Devon in 2019.

Reportable spill events and volumes exclude a well-control event that occurred in 2019.

<table>
<thead>
<tr>
<th>ENVIRONMENT METRICS</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct GHG Emissions (million tonnes CO₂e)²</td>
<td>2.39</td>
<td>2.73</td>
<td>2.61</td>
</tr>
<tr>
<td>By Constituent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carbon Dioxide (million tonnes CO₂e)</td>
<td>1.54</td>
<td>1.92</td>
<td>1.88</td>
</tr>
<tr>
<td>Methane (million tonnes CO₂e)</td>
<td>0.85</td>
<td>0.81</td>
<td>0.73</td>
</tr>
<tr>
<td>Nitrous Oxide (million tonnes CO₂e)</td>
<td>0.001</td>
<td>0.001</td>
<td>0.002</td>
</tr>
<tr>
<td>By Source</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flaring/Venting (million tonnes CO₂e)</td>
<td>0.91</td>
<td>1.34</td>
<td>1.15</td>
</tr>
<tr>
<td>Combustion (million tonnes CO₂e)</td>
<td>1.24</td>
<td>1.18</td>
<td>1.28</td>
</tr>
<tr>
<td>Other (million tonnes CO₂e)</td>
<td>0.25</td>
<td>0.20</td>
<td>0.19</td>
</tr>
<tr>
<td>Indirect Emissions - Electricity Use (million tonnes CO₂e)³</td>
<td>0.26</td>
<td>0.25</td>
<td>0.18</td>
</tr>
<tr>
<td>Direct and Indirect GHG Emissions (million tonnes CO₂e)²</td>
<td>2.65</td>
<td>2.98</td>
<td>2.79</td>
</tr>
<tr>
<td>GHG Emissions Intensity (tCO₂e/MBOE)³</td>
<td>11.65</td>
<td>12.34</td>
<td>9.96</td>
</tr>
</tbody>
</table>

Despite increased activity levels, Devon’s GHG emissions fell in 2019, driven in part by efforts to expand our leak detection and repair (LDAR) program and improve our venting and flaring performance.

Methane Emissions Intensity (tCO₂e/MBOE)³ | 4.16 | 3.65 | 2.80 |

Continued efforts to capture methane to avoid venting and flaring and expanding our LDAR program led to lower methane emissions in 2019. Devon’s methane intensity rate (% of natural gas produced) will be used to track progress towards Devon’s goal of achieving and maintaining a methane intensity rate of 0.28% or lower by 2025, achieving and maintaining a methane intensity rate of 0.28% or lower by 2025.

Flaring Intensity (% of natural gas produced)⁵ | 0.27% | 0.74% | 0.77% |

Energy Used - Fuel and Electricity Use (trillion BTU)³ | 38.22 | 24.76 | 28.31 |

Consumption of electricity represents a small portion of our overall emissions profile.

Water Usage (million bbl)⁶ | 43.80 | 59.40 | 92.50 |
| Recycled (million bbl) | 4.67 | 11.75 | 17.73 |
| Sourced (million bbl) | 39.13 | 47.65 | 74.77 |
| Water Usage Intensity (bbl/boe produced) | 0.22 | 0.29 | 0.45 |
| Water Usage Intensity (million bbl/well completion) | 0.20 | 0.21 | 0.25 |

Devon’s total water use varies with activity levels, targeted formations and lateral lengths, and includes fresh, non-fresh and recycled water volumes. We seek alternatives to fresh water supplies, where possible. In 2019, recycled and non-fresh (brackish) water accounted for more than 80% of the water we used in our Delaware Basin operations. We are also an industry leader in developing recycled-water technologies and best practices.

Reportable Spill Events Released to the Environment (events)² | 156 | 213 | 158 |
| Reportable Spill Volumes Released to the Environment (barrels)² | 4,098 | 3,985 | 2,669 |

When a spill occurs, we remediate, investigate the cause and take corrective action to prevent recurrence.

¹ The environment metrics have been calculated using the best available data at the time of publication. Historical metrics are subject to change as we continuously seek to improve our data management practices, data sources, and calculation methodologies in order to provide the highest level of transparency, consistency and accuracy.

² We include all reportable emissions under EPA’s Greenhouse Gas Reporting Program (GHGRP) for Devon operated facilities, as well as non-reportable emissions from our production assets and, beginning in reporting year 2019, gathering and boosting assets.

³ We calculate our reported emissions using EPA fuel and electricity emissions factors.

⁴ Our methane emissions intensity rate calculation includes all natural gas produced at Devon operated facilities and all methane emissions from Devon facilities associated with the production of oil and natural gas. Click here to see Devon’s calculation methodology for methane emissions intensity.

⁵ Our flaring intensity rate calculation includes all natural gas produced at facilities operated by Devon in 2019 and the flared volumes associated with the production of oil and natural gas.

⁶ Our water usage includes all water sources used in completions activities at facilities operated by Devon in 2019.

Reportable spill events and volumes exclude a well-control event that occurred in 2019.
Air Emissions

To protect the environment and continually renew our social license to operate, we work proactively to control and reduce emissions from our operations. We collaborate internally and externally to apply best practices, tools and techniques.

Guided by our corporate Environmental, Health and Safety (EHS) Philosophy and our core value to be a good neighbor, Devon works to reduce emissions from our operations. We’re focused on reducing greenhouse gases (GHGs) such as carbon dioxide and methane, as well as volatile organic compounds (VOCs), nitrogen oxide (NOx) and other gases, and on reporting our progress to address stakeholders’ concerns about climate change. Doing our part to improve air quality also reduces regulatory, market and reputational risks, which in turn, can help us enhance shareholder returns.

Air emissions performance management

To ensure our compliance with all applicable federal and state laws and regulations, we invest in the latest equipment and deploy well-trained employees and contractors to carry out our emissions-reduction programs. Devon’s environmental work includes an air quality protocol that clearly defines responsibilities and requirements for communications, compliance, recordkeeping and training.

Because programs and metrics are so important to our overall performance, Devon’s Environmental, Social and Governance (ESG) Steering Committee monitors our performance in the context of an evolving regulatory, legal and stakeholder landscape. The steering committee advises our senior leaders on issues for consideration in enterprise risk management, stakeholder engagement and regulatory and legal compliance.

Another highly engaged group, our cross-functional EHS Council, sets Devon’s emissions reduction strategy and works closely with the ESG Steering Committee and senior leaders to ensure we implement the strategy effectively.

As part of our continuous improvement culture, Devon manages our emissions performance through a variety of mitigation strategies. We’ve steadily expanded our leak detection and repair (LDAR) program, transitioned to air-driven pneumatic controllers and reduced flaring in our highest-activity basin. We’ve also increasingly incorporated engines powered by alternative fuels into our drilling program. Devon is conducting ongoing evaluations into emissions detection and quantification technologies, and we collaborate with industry, environmental nonprofits and agency partners on emissions-reduction strategies. Together, all of this focused effort in 2019 advanced our progress on lowering GHG emissions and meeting our methane-intensity rate-reduction target.
Complying with federal and state regulations and laws for air emissions

Compliance with all applicable federal and state environmental laws and regulations is at the core of our EHS Philosophy. We have a compliance process to ensure our employees meet the requirements of Devon’s air permits in our operating areas, and we use an innovative web-enabled database that quickly distributes requirements for new and modified air permits to the people directly responsible for compliance.

Devon facilities and equipment may at times emit VOCs, NOx and other gases that are subject to state permits or emissions-authorization limits. Requirements are communicated clearly to our operating facilities as we seek to maintain compliance. Some Devon facilities are subject to annual emissions inventories, which we submit to the appropriate regulatory agencies. In states where these inventories are required, the information is publicly available.

Greenhouse gas emissions methodology and performance

Methane and other GHG emissions are considered a climate change risk that could affect Devon’s business over the long term. We focus on reducing emissions to address this stakeholder concern, as well as to ensure we’re running efficient, compliant operations. It’s so critical to Devon that we’ve made lowering these emissions a guiding principle in our EHS Philosophy and a component in our compensation program for all employees.

As part of our overall methane-management program, Devon will continue to expand our use of emissions-reduction technologies and work practices above and beyond regulatory requirements. This includes applying industry-leading tools and techniques to capture methane in our well completions and production equipment to achieve and maintain our methane-intensity rate goal.
Devon reports emissions from fuel combustion, flaring, fugitive emissions, venting and storage losses (Scope 1) and electricity consumption (Scope 2) for assets under our operational control. We collect data on GHGs (carbon dioxide (CO₂), methane and nitrous oxide) and submit annual GHG emissions according to the requirements of the U.S. Environmental Protection Agency (EPA) Mandatory Greenhouse Gas Reporting Rule.

To be a good steward of the environment, we hold ourselves accountable for delivering visible, measurable results on our environmental performance. Our GHG emissions performance improved significantly in 2019 compared to 2018:

- GHG emissions dropped by 4% to 2.61 million metric tonnes of carbon dioxide equivalent (CO2e).
- Methane emissions fell by almost 10% to 29,000 metric tonnes, dropping by over 14% since 2017.
- Methane intensity, shown as a percentage of natural gas produced, fell to 0.28%. This rate is equal to the methane-intensity target we set to meet or beat by 2025.
- Total emissions inspections performed (7,346) and inspections with passing results (86%) both exceeded expectations.

Committed to reducing methane intensity

In 2019, we took the major step of voluntarily establishing a target to limit methane emissions from our oil and natural gas production operations. Devon committed to reduce our methane-intensity rate to 0.28% or lower by 2025. Our rate was 0.32% at year-end 2018.

Through expansion of our LDAR program and enhanced data precision efforts, among other initiatives, we reached our target rate in 2019. Our reported emissions metrics can fluctuate from year to year based on changes to our production mix, asset portfolio and other factors. To consistently meet or beat the target rate each year, we’ll need to apply technologies and work practices to methane emissions sources beyond what’s required by regulations, and we’re committed to doing just that.

**How Devon calculates its methane-intensity rate**

We calculate methane intensity for our production operations by dividing total methane emissions of Devon-operated production facilities by total natural gas produced. Total methane emissions are calculated using the EPA’s Greenhouse Gas Reporting Program. Notably, Devon’s methane-intensity calculations have undergone third-party verification.

Our calculation includes emissions from Devon-operated oil and natural gas production facilities, including production facilities not reportable to the EPA. We also account for emissions from oil and gas production and don’t remove methane emissions from any source categories such as associated gas flaring.

We believe this calculation is the most accurate and transparent way to account for our total production facility emissions.

\[
\text{Methane Intensity \%} = \frac{E}{G \times C \times D} \cdot \frac{1000 \text{ scf} \times 1 \text{ tonne}}{1000 \text{ kg}}
\]

- \(E\) = Total Methane Emissions (Tonnes of Methane)\(^2\)
- \(G\) = Total Gas Produced (Mscf)
- \(C\) = Average mole fraction of Methane in produced gas
- \(D\) = Methane Density of 0.0192 kg/scf

*Our methane intensity calculations have undergone an independent third-party verification.

1 Includes methane emissions from all Devon U.S. operated oil and gas production facilities.
2 Uses calculation methods from EPA’s Greenhouse Gas Reporting Program (GHGRP)
3 Includes emissions from all GHGRP source categories including associated gas flaring for all reportable and non-reportable basins

🔗 AECOM Verification Letter
Expanding our LDAR program

Using infrared cameras to detect leaks and confirm the effectiveness of repairs is one of our primary emissions-mitigation tactics. We’ve invested more than $1 million in optical gas imaging (OGI) cameras used to perform frequent equipment inspections to detect leaks across our operating areas. The priority is on facilities with the highest production volumes. By methodically identifying and fixing leaks, we’ve largely resolved our highest-risk issues and reduced our methane emissions over time. Devon has steadily and voluntarily expanded our LDAR program, in part by including valves, pumps and other equipment in our camera surveys. We’ll continue to survey additional facilities that don’t currently have a federal or state regulatory requirement.

Environmental operators in each Devon business unit focus primarily on conducting infrared camera surveys at our sites and then making sure repairs are successful. LDAR data has allowed us to progressively refine our proactive maintenance programs by identifying the equipment most likely to develop leaks. This has led us to install thief hatches that have a lower leak rate and focus on specific equipment failures and settings. It also enabled us to improve flare maintenance and verify performance of vapor-recovery units. These practices led to improved LDAR outcomes in 2019, including a 40% year-over-year increase in the number of inspections performed throughout our operations.

We continue to learn from LDAR data and incorporate best practices in facility design, equipment improvements and preventive maintenance to further reduce emissions from our facilities. For example, we conduct engineering and pre-startup reviews of facilities and take other steps to ensure closed-vent systems and control devices are designed and installed properly.
To help our administrative offices meet the regulatory requirements for LDAR inspections, our environmental and operations teams developed a mobile app to capture, enter, track and document LDAR survey findings. The app automatically syncs any needed repairs, creates work orders and documents successful repairs, all of which are required for compliance. This has resulted in a more efficient, consistent and systematic LDAR program.

Multi-pronged approach to limit flaring

Flaring of natural gas is a controlled process for eliminating emissions of methane and VOCs. It is necessary for safe operations in various phases of the oil and natural gas production process. Devon strives to avoid venting of raw gas entirely and to limit flaring as much as possible at all locations. We want to protect the environment and capture as much gas as possible for its economic value, while also complying with laws, regulations and permits.

We continually evaluate and optimize our facilities, including reliable pressure-relief valves to minimize tank releases and vapor-recovery equipment to capture flash gas emissions and route them to a pipeline. We also use “green completions” to capture produced gas following hydraulic fracturing and well workovers. Where flaring is unavoidable, we install pilot monitoring equipment to help ensure the gas is properly combusted.

Our flaring performance has improved over the last five years, particularly in the Delaware Basin, our highest-activity operating area, and we’re committed to keeping the trend going. We stopped routine flaring in 2017, only connecting and producing wells when gas takeaway has been established. We flare only when experiencing system upsets or midstream or downstream constraints.

In 2019, our work focused on improving performance at one field with facilities that accounted for most of our flared gas volumes in the Delaware Basin. We took ownership of the associated midstream gas compression equipment and proceeded to drive down the upset conditions that caused most of the flaring. We made a number of operational refinements, upgraded compressors, adjusted the flow rates of some wells and shut in others.

When flaring is necessary, Devon uses the latest equipment and monitoring systems for safe, reliable and efficient operation.

138% MORE FACILITIES SURVEYED THAN REQUIRED

In 2019, Devon operators performed LDAR surveys at 1,491 facilities companywide. While surveys were required by state and/or federal regulations at 627 facilities, we voluntarily performed surveys at 864 additional facilities. We found very few leaks, and almost all that were detected were repaired on the same day they were found.

Excluding North Texas, Devon operators performed LDAR surveys at more than 80% of our facilities in 2019.
AIR EMISSIONS

These actions resulted in Delaware Basin flaring reductions from about 4% of total gas volumes at mid-year to 1% or less by year-end. In the first quarter of 2020, flared volumes were down 70% from a year earlier.

The dramatic reduction in flaring not only reduces emissions, it helps us capture more natural gas production in the field which, in turn, is put into pipelines to be sold.

We’re documenting our best practices for reducing flared volumes and minimizing emissions, while also working with our trade association partners to share these practices across the industry. Key aspects of the practices include planning and communication, technology utilization, operational controls, managing through upsets and unplanned events, and optimizing combustion. We’ll continue to take a broad approach in our ongoing efforts to reduce flaring and related emissions.

Devon has implemented new technologies and upgraded our existing operations to reduce methane emissions from production sites. Since 2011, we’ve replaced high-bleed natural gas pneumatic controllers on hundreds of wells in Wyoming, Oklahoma, New Mexico and Texas, and we no longer use them on new wells. In the Delaware Basin, we’ve installed air-driven pneumatic pumps and controllers at all new facilities since early 2019.

Teaming up with government and industry to create sound emissions policy in New Mexico

Sharing what we know and learning from others are all part of the give-and-take of being a team player at Devon. In New Mexico, we’re working with multiple stakeholders in a broad range of efforts to reduce methane emissions in the Delaware Basin.

One key example is the Methane Advisory Panel, established in 2019 by New Mexico’s environment and energy departments to develop an enforceable methane regulatory strategy for the state. A Devon technical expert is a member of the panel and the company will be involved – individually and in cooperation with industry organizations – as the state agencies make their way through the rulemaking process.

As an industry partner, we were involved in preparing a New Mexico Oil and Gas Association (NMOGA) informational report on the important role natural gas flaring plays in the safety of field operations. Devon also shared information with the Environmental Defense Fund (EDF), for its study of Delaware Basin emissions, clarifying emissions methodologies used by Devon and the industry in the region.

We believe stakeholders working together can arrive at an accurate assessment of the emissions footprint for the industry in the Delaware Basin and, in turn, improve the mitigation strategies to reduce methane emissions effectively and efficiently.

More strategies to cut GHG and methane emissions

Diesel motors used to drive drilling rigs and hydraulic fracturing operations can be a significant source of emissions. We’ve cut those emissions, reduced related noise and shrunk our operational footprint by replacing diesel-only engines with dual-fuel motors that run on diesel or compressed natural gas (CNG), liquefied natural gas (LNG), field gas or electricity. In our drilling operations in 2019, nearly 60% of our wells were drilled with rigs running on dual-fuel or electricity. Using dual-fuel and electric rigs avoided an estimated 19,000 metric tonnes of CO₂ from 2.5 million gallons of diesel equivalent. Our initial pilot of electric rigs indicated that they use about one-third of the energy consumed by diesel or gas rigs because there is no heat loss from burning the fuel. We continue to look for opportunities to drill more wells using engines powered by alternative fuels and to use electric frac fleets in our completions operations.
In pursuit of emerging technologies to detect and deter leaks

Technologies to detect and quantify emissions are evolving rapidly. A cross-functional team we established in 2019 is evaluating emerging technologies such as sensor-based continuous monitoring, facility flyovers and remote detection using satellites. Devon piloted aerial imaging technologies in 2019 and continues to monitor industry pilot studies of potential technology solutions that could further assist with compliance.

We’re in the early stages of piloting technology in our Powder River Basin operations in Wyoming that has significant implications for our environmental performance. Remote technologies like cameras and infrared sensors installed at our facilities are giving us better-quality data in real time that allows us to proactively identify issues before they become problems. This could lead to preventing or minimizing the impact of emissions and spills, while also reducing risk by dispatching operators to visit locations only when needed. We have now installed remote surveillance capabilities at more than 80% of our facilities in the Powder River Basin.

AN INDUSTRY UNITED TO IMPROVE ENVIRONMENTAL PERFORMANCE

Devon is a founding member and current steering committee member of The Environmental Partnership, a voluntary coalition of oil and natural gas companies operating across the U.S. Since forming in 2017, the partnership has more than doubled in size to 83 companies committed to continuously improving the industry’s environmental performance.

Partnership companies commit to taking action, learning about best practices and technologies to reduce the industry’s footprint and collaborating to improve environmental performance. Results are shared publicly on the partnership’s website.

The group’s initial focus has been on further reducing the industry’s air emissions, including methane and VOCs. In 2018, the partnership implemented programs for leak detection and repair, thereby eliminating the use of high-bleed pneumatic controllers and improving the manual liquids unloading process. Selected based on EPA emissions data, these programs are designed to further reduce emissions using proven, cost-effective controls.

The Environmental Partnership is adapting and expanding its programs to strengthen the industry’s voluntary efforts to improve environmental performance over time.

2019 Environmental Partnership Industry Performance Highlights:

- **116 million** field component inspections performed
- **0.08%** leak occurrence rate (less than 1 component leaking per 1,000)
- **2,800** zero-emission pneumatic controllers installed at new sites
- **3,300** high-bleed pneumatic controllers replaced, retrofitted, or removed from service
Tackling emissions with multiple strategies

As we work to proactively reduce emissions and emissions intensity, Devon continues to focus on detecting and repairing leaks, capturing methane to avoid venting and flaring, evaluating and implementing new technologies, upgrading existing facilities and complying with regulations.

At Devon, we’re pursuing a wide range of GHG and methane emissions-mitigation strategies

- Expanding our leak detection and repair (LDAR) program
- Taking action to meet or beat our methane-intensity rate target
- Installing air-driven pneumatic pumps and controllers in our production operations
- Increasingly replacing diesel engines with dual-fuel or electric engines
- Developing infrastructure in the Powder River Basin to reduce scope 1 emissions
- Evaluating and implementing emissions-detection and quantification technologies
- Eliminating routine flaring in our Delaware Basin operations
- Collaborating with industry, nonprofits and government agencies
- Improving our data precision
- Piloting remote-surveillance technologies
Climate Change

*Devon is accountable to our stakeholders to assess the risks to our business in a carbon-constrained future, at the same time helping to meet the ongoing global demand for hydrocarbon energy.*

Oil and natural gas are vital to our way of life. The world relies on these resources to power the basic systems of our daily lives – transportation, heating and cooling, lighting, manufacturing, agriculture, telecommunications and technology. Many of the products we use every day are made from plastics and compounds derived from oil and natural gas, which also fuel the machinery needed to manufacture these materials.

At Devon, we’re proud to find and produce these valuable commodities and, through the work our employees do every day, to contribute to local, national and global economies. We also recognize that the economic benefits of our industry must be balanced with care for the environment. Devon is focused on delivering strong returns to our shareholders while continuously improving our environmental performance, with particular focus on climate change.

The U.S. Energy Information Administration projects oil and natural gas will continue as leading sources of energy worldwide for decades to come. For example, EIA’s 2020 energy outlook projects in the transportation sector, gasoline and diesel fuel will account for 74% of total consumption in 2050. Electricity will grow quickly in transportation but EIA projects it will reach only 2% of total consumption in 2050. In electricity generation, EIA projects that renewables will continue to grow rapidly, but won’t overtake natural gas until 2045.

Devon will continue to produce the oil and gas the world needs in a safe, environmentally responsible and ethical way. We’ll do this because being a good neighbor and always doing the right thing are two of our core values. It’s also important for the future of our business – and another core value, delivering results – that we plan for the risks associated with the energy transition and climate change.
The assessment focused primarily on the transitional risks proposed by TCFD (Task Force on Climate-related Financial Disclosures), an international body that develops recommendations for consistent disclosure of climate-related risk. Transition risks include policy and legal, technological, market and reputation risks. In response to stakeholder interest, we specifically reported on the risks of potential changes in demand and price for oil and natural gas as a result of policies related to greenhouse gas reduction.

The assessment determined that oil and natural gas will remain vital to meeting global energy demand, even in the carbon-constrained future scenarios, and that Devon’s portfolio of assets has the characteristics to be resilient in these scenarios. Additional conclusions included:

- Devon’s assets are likely to be well-positioned to remain profitable, even in an aggressive low-carbon scenario.
- Model results under some low-carbon scenarios (for example, the IEA Sustainable Development Scenario) reflect that oil, natural gas and natural gas liquids (NGL) prices will be robust and Devon’s current portfolio is likely to thrive under these scenarios.

Devon will publish an updated climate change assessment report by year-end 2020. The report will consider material changes to our portfolio, such as the divestment of our assets in the Canadian oil sands and the Barnett Shale, as well as any changes to pricing scenarios.

Proactively managing climate-related risks and opportunities

We’re addressing climate change-related risks proactively in our environmental, operational and governance practices. We believe energy efficiency and conservation are the most immediate and cost-effective ways to reduce emissions, as well as innovation and operational excellence. To reduce methane emissions, we established a voluntary, company-specific methane intensity target of 0.28% or lower by 2025. Setting this public target requires us to pinpoint sources of methane emissions by implementing reduction technologies and work practices that go beyond regulatory requirements. Achieving the target is a component of executive and employee compensation, as is short-term emissions performance. To further engage our workforce in improving our air emissions performance, we have a non-monetary recognition program for all employees who improve energy efficiency and/or reduce greenhouse gas emissions by applying technology.

Devon closely monitors climate-change impacts in the market and policy arenas, and we’re prepared to adapt our business if needed. We’re committed to continuing dialogue with our board of directors, shareholders and other stakeholders about our climate change-related risks and opportunities. Our industry will play a pivotal role in delivering global energy for generations to come, and Devon is embracing change to be part of that future.
Water Management

Devon is committed to conserving and reusing water and to being both a good neighbor and responsible operator. We’re striving to execute a water-management strategy that balances environmental, economic, operational and social needs.

Water is vital to the health, social and economic well-being of the communities where we live and work and is an essential resource for our operations. Devon has a track record of water conservation that started when we began recycling water in the Barnett Shale in north Texas in 2004. Over the years, we’ve collaborated with government, industry and community stakeholders to find innovative ways to conserve water in our drilling and completions operations.

Devon has invested significant capital in our efforts to reduce our reliance on fresh water. It’s the right thing to do for the environment and our neighbors, and it improves our ability to respond if water availability is constrained. To conserve, we strive to use water that is not suitable for drinking or other public uses and, wherever possible, we use recycled produced water in our drilling and production activities.

Water-use performance management

In some of Devon’s operating areas, water supplies are limited. Based on the World Resources Institute’s definition of baseline water stress, approximately 25% (excluding North Texas) of our wells are located in areas of “high” or “extremely high” baseline water stress. This is why we conserve, reuse and recycle as much water as we can. Water availability and disposal options are considered in our Enterprise Risk Management (ERM) process and in our daily planning, along with other environmental, health and safety (EHS) risks. Devon’s EHS Council and subject-matter experts monitor laws, regulations and stakeholder concerns related to water to ensure our leadership team is well informed.

Guided by our EHS Philosophy, we employ economically and operationally feasible alternatives to fresh water. To execute a sustainable water-management strategy that balances environmental, economic, operational and social issues, Devon follows the water principles of stakeholder engagement, water-management planning, technology evaluation and deployment and best-practices development.

Devon’s business-unit leaders and subject-matter experts – who have a deep understanding of local water issues, challenges and opportunities – oversee our local water-management activities. Our water-planning efforts include evaluating the potential risks to our operations in each area, the needs of our stakeholders and the potential opportunities for our business. We update water plans periodically to account for business needs and local environmental considerations.

To enhance our water-management performance, we stay abreast of new technologies and best practices, often through collaboration with industry and trade organizations. As a founding member of the Energy Water Initiative, and as a participant of the New Mexico Produced Water Consortium, we study, communicate and improve lifecycle water use and management collaboratively with other oil and natural gas companies that share our commitment to conservation.
Significantly increasing water reuse in the Delaware Basin

Our history of leadership in water conservation includes being the first company to recycle flowback and produced water from natural gas wells in north Texas. After becoming the leading recycler of treated produced water in New Mexico, we led the effort to establish state rules to encourage the practice. Devon uses fresh water in the arid Delaware Basin in the southeastern part of the state only for blending and only when reused water isn’t available in sufficient quantities. Our water-conservation practices have made us an industry leader in the Delaware Basin over the last five years.

In 2019, reused and brackish water accounted for more than 80% of the water we used in our Delaware Basin operations and in 2020 we’ve increased that amount to over 90%. Devon is building two new recycling facilities in our most active areas in the basin that will increase our industry-leading recycling capacity. We expect to have a total of 10 recycling facilities operating in the Delaware Basin by year-end 2020. Our water-recycling strategy also includes connecting more third-party supplies to our system, which allows us to increase the volumes of recycled water available to us for operations.

Devon has built twelve impoundment basins—each of various sizes—to store reusable water. The basins, which are integral to our operations and to saving water, are connected by a local pipeline network that eliminates the need to haul water by truck. Taking trucks off the road reduces emissions and traffic safety hazards.

In addition, we’re looking for ways to reuse produced water that we don’t need for our operations. In collaboration with the EPA and other organizations, we’re exploring technologies to desalinate produced water for uses outside of the oil and gas industry. In cases where we produce more water than we can use, cost-effective desalination could make the water suitable for aquifer recharge and other beneficial uses. This would require development of the regulatory framework for reusing desalinated produced water, which is why Devon will continue to work with stakeholders to find water conservation solutions in New Mexico.

Seeking alternatives to fresh water

As part of our local approach to developing water-management plans, we consider the availability and quality of water, local ecosystems and habitats, regulations and other factors.

Given our strong desire to be a good neighbor, we actively seek alternatives to fresh water, including brackish water and flowback and produced water for well completions where feasible. In Oklahoma, Devon has reused and recycled water by building local pipelines connecting well sites to central water storage and handling facilities. In Wyoming, some produced water is used for agriculture and wildlife under the regulatory beneficial use category.

In the Eagle Ford play in south Texas, the scale of our drilling and completions activities makes it unfeasible to invest in large-scale recycling facilities. Still, we use non-potable water sources where available.

Increased water-consumption intensity in 2019 compared to 2018 was primarily driven by an increase in our average lateral lengths and was also impacted by the formations targeted and the related increase in formation-specific job sizes.

For more details on Devon’s water-management program and water-use metrics, please refer to our 2020 CDP water response.
Land Conservation

Recognizing that oil and natural gas development is a temporary use of the land, Devon is committed to preserving the landscape and protecting wildlife habitat in areas surrounding our operations.

Devon operates in prairies, grasslands and deserts, taking great care to be a good steward of the land and wildlife habitat. In keeping with our guiding principle of environmental stewardship, our priority is to cause as little disruption to the land as possible and mitigate any impacts throughout the oil and gas production lifecycle.

Along with our programs to reduce air emissions, conserve water, prevent spills and manage waste, Devon’s land conservation practices demonstrate our commitment to operate in an environmentally and socially responsible manner.

Biodiversity management is integrated into our process for selecting the placement of our well pads. It starts with a pre-construction environmental assessment to evaluate potential environmental impact in an area where we’ve staked out a well pad location. By evaluating the results of this assessment before building the pad, our teams can determine if there are environmental concerns at the site and adjust as needed.

Public Lands Foundation award

Protecting the land involves partners, including landowners, neighbors, industry groups and state and federal agencies such as the U.S. Bureau of Land Management (BLM). While all those organizations bring diverse perspectives, we all share a common interest in preserving our shared landscapes for future generations.

Devon has served as an industry leader in conserving habitat for the Dunes Sagebrush Lizard, a rare species found only in southeastern New Mexico and adjacent Texas. Since 2001, it has been a candidate for listing under the Endangered Species Act. Our work with the BLM and the U.S. Fish and Wildlife Service produced public-private conservation agreements to avoid certain areas and reclaim lizard habitat that may have been affected by oilfield activities in the past.

Before building a well pad, Devon uses an environmental assessment tool that identifies potential impacts based on:

- Proximity to waters of the U.S.
- Protected species or critical habitats
- Proximity to any public receptors
- Location of nearby floodplains
- Sediment discharge to a water body
- Evidence of pre-existing contamination
- Environmentally sensitive receptors
We’ve partnered with the BLM’s Buffalo Field Office in Wyoming on numerous public land projects, including sponsoring the Wyoming Conservation Corps (WCC) since 2007 to engage college students in hands-on conservation work around the state. WCC students complete an annual 10-day land-stewardship project during which they spend a day with Devon employees who share insights about our industry and host a visit to active operations. Over the years, the WCC took on work that the BLM’s Buffalo Field Office identified as necessary but lacked the resources to complete. WCC projects include maintaining trails, removing and rebuilding fencing, encouraging native plant and tree growth and removing invasive vegetation to benefit sage grouse habitat, mule deer winter range and human recreation, just to name a few positive impacts.

As part of the BLM partnership, Devon has plugged and reclaimed 360 idle coalbed natural gas wells since 2016, removing the associated overhead powerlines and reclaiming nearby roads and pipelines. This work represents thousands of acres of landscape restored in Wyoming’s Powder River Basin.

In recognition of our leadership and vision, the Public Lands Foundation awarded Devon its 2019 Landscape Stewardship Certificate of Appreciation. Devon is the only oil and gas company to ever receive the award that honors private citizens and entities that work to advance and sustain community-based stewardship on landscapes that include public lands administered by the BLM. The company was cited for being proactive, creating a sense of teamwork between private industry and the BLM and cultivating a sense of commitment and trust.

Devon’s leadership and vision of land stewardship demonstrates how industry can meet the BLM’s mission to “sustain the health, diversity, and productivity of public lands for the use and enjoyment of present and future generations.”

— Public Lands Foundation
The number of earthquakes declined in Oklahoma for the fifth consecutive year in 2019, as we continued to support scientific research and work with stakeholders to mitigate seismic activity related to oil and natural gas activities.

As a good neighbor and responsible member of our industry, Devon has been active in collaborative efforts to address seismicity associated with oil and natural gas activities in Oklahoma. We’ve supported scientific research, contributed data from our drilling and production activities to academic studies and adhered to directives from state regulators. During this time, earthquakes in the state declined steadily.

Devon is an original member of the Stanford Center for Induced and Triggered Seismicity, formed in 2013 to address the risks posed by earthquakes potentially related to industry operations. In April 2020, Stanford researchers released a new seismicity-management strategy based on the current understanding of induced earthquakes. The approach could allow regulators to design traffic-light protocols for oil and natural gas activities in a risk-informed manner. It also promotes transparent communication of risk to all stakeholders.

To advance work by state geologists to map previously undocumented faults, we contributed information to the Oklahoma Geological Survey from three-dimensional imaging derived through oil and natural gas exploration activities.

Devon also follows the Oklahoma Corporation Commission’s protocols, issued in 2018, to reduce the chances of earthquakes resulting from well completion activities. In the infrequent instances when the protocol was initiated, we complied by taking actions such as pausing our well completion operations.

Devon continues to partner with industry, academic researchers and government agencies to respond to public concerns and find ways to minimize seismic activity. We’re supporting research and monitoring progress toward a better understanding of the causes of seismic activity, including wastewater disposal wells in specific formations as a potential cause, as well as mitigation steps.

OKLAHOMA EARTHQUAKE COUNT MAGNITUDE 2.7 OR HIGHER

<table>
<thead>
<tr>
<th>Year</th>
<th>Earthquake Count</th>
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<td>2020</td>
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</table>

Sources: Oklahoma Corporation Commission, Oklahoma Geological Survey
Waste Management

As Devon seeks to be a good neighbor, we manage the waste generated in our operations and in our offices. We encourage employees and contractors to reduce the amount of waste for disposal whenever possible through reuse, recycling and source reduction.

Our work can generate both hazardous and non-hazardous waste from our drilling and production operations, as well as packaging, bottles and other office waste. Devon maintains waste management protocols in our operating areas to ensure compliance with applicable regulations and our own corporate policies.

All Devon employees and contractors are responsible for waste management. Our waste management protocols clearly define roles and responsibilities for our waste handling, shipping, disposal, training and minimization programs. We hold contractors responsible for managing the waste they generate and for complying with all local regulations. Safety Data Sheets (SDS) summarizing hazard information are readily available for employees and contractors who may come into contact with chemicals used or stored in the workplace.

To reinforce our commitment to compliance, our employees and contractors receive job-specific training related to waste management and chemicals used or stored in the workplace.
Spill Prevention

At Devon, we demonstrate environmental stewardship as we work to minimize our operational footprint. We have a comprehensive approach to preventing, responding to and remediating spills.

As a responsible operator, Devon works to prevent spills of oil, produced water and other materials from our equipment and facilities. Our environmental-management program includes a Spill Prevention Countermeasures and Control (SPCC) protocol that details the responsibilities, equipment, procedures and steps to prevent, control and provide adequate countermeasures to an unplanned discharge. The protocol helps ensure our compliance with the U.S. EPA SPCC Rule and other environmental rules and regulations. It also specifies the training required for all personnel involved in designing, building and operating oil-handling or storage equipment, including an annual spill-response training exercise and briefing.

We make every employee and contractor aware of their responsibility to prevent spills by immediately reporting near misses, such as a storage tank approaching full volume or signs of wear that may result in a leak. We respond to near misses and make any necessary adjustments to prevent spills.

Prevention and containment measures

In keeping with the pollution-prevention principle in our Environmental, Health and Safety (EHS) Philosophy, Devon uses appropriate tools and techniques to minimize and contain discharges from our equipment and facilities. At facilities with storage tanks, our spill-prevention procedures include secondary containment, “nearly full” alarms on tanks and offsite monitoring equipment that can shut in facilities remotely.

At our produced-water recycling facilities, Devon installs temporary storage reservoirs designed to minimize the risk of overflow from rain. The reservoirs are double-lined and sloped to direct any water that may penetrate the first liner to a sump pump. Between the two liners is a layer of mesh material with motion detection that alerts our operators if a liner leaks. Any reservoir where we temporarily store water, including saltwater disposal sites, is lined for environmental protection.

When using oil-based fluids to drill wells, we employ a closed-loop system, considered an industry best practice to protect the environment and to ensure safety. We comply with the EPA Spill SPCC Rule by keeping plans at drilling locations to minimize the impact of spills. We also follow local, state and federal guidelines when handling drilling fluid and mud systems.

Remote surveillance equipment we’ve installed in our Powder River Basin operations in Wyoming is helping to mitigate spills. High-definition cameras allow operators and analysts at a central location to identify a minor leak and dispatch responders before it becomes a larger spill. Our staff can also perform a remote shutdown to stop an identified spill until responders arrive on-site to address the issue. Through machine learning and predictive analytics, we believe we’ll be able to anticipate spills and ultimately prevent them.
Holding ourselves accountable for improving performance

When a spill does occur, we remediate, investigate the cause and take corrective action to prevent recurrence. When feasible, Devon performs in-situ remediation using naturally occurring microorganisms to restore impacted soils. This method allows the natural environment to assist in remediation and reduces the likelihood that invasive weeds and plants will be introduced to the area. In-situ remediation has other advantages, as well: It reduces truck traffic because it generally doesn’t require heavy machinery, and it reduces our overall operational waste footprint by eliminating the need to send impacted soil to landfills.

Devon has a robust EHS system for reporting and tracking spills. We require reporting of unintentional releases of oil, produced water, chemicals and any other material associated with our operations. Spills and near misses are tracked by the total company and business unit, which enables them to analyze their spill performance and find ways to improve.

The Devon lost-spill rate is based on the volumes of produced oil, produced water and recycled water handled in our operations. We believe that measuring our spill rate based on the total amount of fluids we manage in our operations gives us the best view of our performance and allows us to better manage our spill-prevention procedures.

We hold ourselves accountable for improving our performance by setting an annual corporate target for the lost-spill rate and including it in Devon’s annual performance-bonus calculation. We recorded a 41% improvement in our lost-spill rate in 2019 primarily due to effective spill remediation and prevention across all of our business units.
The Safety section of our 2020 Sustainability Report includes:

Overview
Workforce Safety
Well Safety
Safety Overview

Providing a safe and healthy workplace is the right thing to do for our employees, our contractors, their families and our communities, and it contributes to our culture of trust, optimism and teamwork at Devon.

We prepare our workforce to work safely with comprehensive training and orientation, on-the-job guidance and tools, safety engagements, recognition and other resources. Employees and contractors are expected to comply with safety rules and regulations and are accountable for stopping at-risk work, immediately reporting incidents and near-miss events and informing visitors of emergency alarms and evacuation plans. To safeguard workers on our well sites and neighbors nearby, we plan, design, drill, complete and produce wells using proven best practices, technologies, tools and materials.

RESOURCES

- **EHS Philosophy**
  Describes the expectations and principles that guide the decisions affecting our operations.

- **Safety orientation video**
  Devon President and CEO Dave Hager introduces safety expectations and requirements.

- **Contractor safety requirements**
  Contractors are required to follow Devon’s EHS protocols and policies.

- **Safety Data Sheets**
  Contain important information on chemicals and toxic materials stored and handled at Devon work sites.

For Devon to be successful, our top priority must be safe and healthy employees, contractors and communities. In the Delaware Basin, Randy is a key team member to achieving that success. He monitors work sites for health and safety risks and advises employees and contractors on how to avoid hazards. For Randy, it’s important to get to know his colleagues beyond job titles and assignments.

“For me, it isn’t just about the physical well-being of my co-workers on the job,” Randy said. “It’s important to know who I work with and to demonstrate a positive attitude because you never know what kind of impact that will have on a person’s health and safety. It really fuels my passion to get people back home safely to their loved ones.”

Randy Sanchez
EHS professional, Delaware Basin Business Unit
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<th>2017</th>
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<th>2019</th>
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<td>Contractor Hours (million)</td>
<td>18.4</td>
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Workforce Safety

We want everyone on the Devon team to be safe at work, at home and behind the wheel. We tell everyone who works for us in the field that, “When you cross the cattle guard, you’re on our team.”

To achieve exemplary safety performance, we expect our leaders, employees and contractors to actively participate in making Devon a safe place to work. Our Environmental, Health and Safety (EHS) Philosophy outlines 10 guiding principles that our employees and contractors are accountable for implementing fully. The first principle is compliance, and everyone who works for Devon is expected to comply with all applicable safety laws, regulations, policies and protocols.

Creating our safety roadmap

Safety is the top priority at Devon, and that commitment extends to the highest levels of the company, including our board of directors. Under our safety governance structure, Devon’s executive vice president of exploration and production is accountable for our safety performance, and our senior leaders oversee safety policies and performance. In turn, our workforce is empowered to do what’s necessary to perform work safely and stop work if they see a safety risk.

Our EHS Council sets safety and health strategy, ensures implementation to continuously improve our safety systems and monitors safety performance. Council members include managers from our EHS, operations and business unit teams. In 2019, the council met its safety goal for the year of sharing safety learnings widely and transparently. It also developed an EHS Roadmap to guide selection of the most effective activities and programs to drive continuous improvement. Each year, the council chooses specific elements to advance; in 2020, the safety emphasis is on Training & Competency, with special attention on employee training. The council is tracking progress and sharing monthly updates with senior leaders.

Knowing that the workplace culture impacts safety performance, the EHS Council sharpened its focus to encourage a strong EHS culture at Devon. With specific input from field leaders, we continue to assess our culture, and we’ve begun to integrate culture discussions into EHS performance evaluations. We want to identify the right programs and culture to sustain success, as we as continue our transition from lagging metrics to leading indicators in pursuit of better safety performance.

The EHS Council placed additional focus on sharing corrective actions and learnings from investigations of the most serious safety incidents. In 2020, we’re also adding annual protocol refresher training for those in charge on our locations and will track corrective actions across all our operating areas.
Embedding culture and job competency requirements

Instilling the Devon safety culture starts on each employee’s first day on the job and continues throughout their career. During new-hire orientation, employees learn the safety behaviors we expect and incorporate into the employee appraisal process: visible commitment, accountability, anticipation, participation, recognition and communication.

Job competency is one of our EHS guiding principles. We give employees the training and tools they need to perform their jobs safely and effectively, based on a survey they complete each year. Safety-related training is offered online for office staff and onsite for field workers, with more emphasis on the quality of training than the quantity. All employees must complete a field safety briefing or orientation if they work on or visit field locations. Our training reinforces our requirement to immediately report any incident or near-miss event and to be accountable for our own and others’ safety.

We delivered our Hearts and Minds workshops to more than 750 employees and contractors in 2019. This included leaders across Devon, contract drilling and completion crews and construction contractors, which brings the total number of participants to more than 1,000 over the last two years. Through subjects like safety culture, effective communication, continuous improvement, integrity and situational awareness, Hearts and Minds drives home why safety is important to Devon. Based on positive feedback from employees and contractors who have attended the workshop, we believe Hearts and Minds sets the right tone to work safely at Devon.

*We're always looking forward. Increasingly, we're using leading indicators to anticipate issues before they can become safety hazards.*

**High expectations and requirements for contractors**

About 80% of our work in the field is performed by our contract partners, making them indispensable to our operations. Devon’s policy is to work only with approved contractors who complete our supplier qualification process and meet our substantial policy and insurance requirements. Contractors are responsible for having EHS programs that meet or exceed all federal, state and local laws,
rules and regulations, as well as Devon’s standards and protocols for key safety activities. Devon strives to work with contractors who have the most robust safety programs and track records. In 2019, for the third straight year, more than 80% of our operational spending was with contractors who earned our highest safety ratings.

As a guiding principle, Devon requires high-quality, environmentally sound and safe work from our contractors. We expect contractors to supply and retain quality personnel who are adequately trained to perform their jobs safely, and we continually work to raise the level of contractor safety performance through training and engagement.

To work with Devon, contract workers must complete SafeLand or RigPass training, both widely used industry safety programs, as well as the Devon contractor safety orientation found on our online contractor portal. The field orientation describes our critical safety rules for handling chemicals, housekeeping, waste management and other activities while working on our locations. Oil haulers and all other contractors who work in transportation or in seismic operations must complete safety briefings specific to their work. In addition, our safety requirements, expectations, protocols, Safety Data Sheets (SDS), forms and tools are on the company website for easy access by contractors.

Before crews start work, they participate in a pre-task tailgate meeting to raise awareness of the potential risks and exposures, required personal protective equipment and other aspects of the job.

Leadership engagements in the field can have a positive impact on our workforce, safety performance and operational excellence. To encourage safety conversations, our field personnel wear hard hat stickers that say, “Ask me my reason for working safely.” The resulting interactions often reveal that people work safely so they can return home to their family and friends – a higher motivation than just following procedures.

Auditing our operations

We expect employee-led audits of our operations to help us improve our safety performance. To address audit findings, employees in our various business units develop and implement corrective actions that are recorded and tracked in the Devon Incident Management System. Over time, these steps can lead to operational improvements focused on safety.

Measuring our safety performance

Devon sets corporate goals for safety performance every year to drive improvements. We fully met our 2019 goal for sharing learnings from significant incidents and fatalities (SIF), but our overall performance was challenged. The year was marked by one contractor fatality and a higher SIF rate than 2018, tragic outcomes that we work continuously to prevent. Led by the EHS Council, we investigated each SIF to understand root causes and shared lessons learned. To address root causes, we worked closely with our contractors, beefed up training and reviewed and changed procedures and protocols. We also review industry SIFs to deepen our understanding of trends and mitigations.

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WORKFORCE SAFETY

5 Years, No Injuries

At Devon, we do our best to partner with top-tier contractors who share our vision of putting people first and operating with integrity. In New Mexico’s Delaware Basin, Devon’s most active operating area, our leading drilling contractor has achieved an exceptional safety record. In the first quarter of 2020, one of the contractor’s rigs working for us reached five years with no OSHA recordable injuries. The rig, which was built for Devon, serves as a training site for contractor crews. A second drilling unit celebrated three years with no OSHA recordable injuries. The contractor’s EHS manager credits Devon’s support for helping his crews achieve these safety milestones.

Devon’s primary safety metric is the SIF rate because we want to prevent life-threatening and life-altering incidents and to understand high-risk near misses to help us improve. Our SIF recordable rate for employees and contractors was 0.08 in 2019, up 33% from 2018. With 25.8 million hours worked, our total recordable incident rate (TRIR) in 2019 was 0.54, up slightly from 2018. For the first time, we’re disclosing our Days Away Restricted Transfer (DART) of 0.25 and Lost Time Incident Rate (LTIR) of 0.17 for employees and contractors in 2019, which capture a subset of injuries included in the SIF rate and/or TRIR. Taken together, we believe these metrics present a comprehensive view of our safety performance.

Devon employees drove 13.6 million miles with one vehicle SIF in 2019. During the year, we made an online defensive driving course available to any employee interested in taking the class for personal benefit.

We continue communicating our care and concern, reinforcing Stop Work Responsibility and strengthening our EHS culture to prevent life-altering and life-threatening injuries and illnesses and continuously improve our safety performance.

2020 corporate safety goals

Devon’s 2020 corporate safety goals continue to be weighted toward leading indicators, including reducing SIFs by learning through near misses, swift completion of investigations and sharing what we learn clearly and quickly cross the company. We’re also tracking improvement in SIF recordables, an important lagging indicator.

ATTRIBUTES OF A DEVON SAFETY LEADER

- Guards against complacency at home, at work and behind the wheel
- Understands a routine task can have SIF consequences
- Keeps eyes open and watches out for others
Well integrity starts with the planning and design of the wellbore, including the selection of equipment, materials and drilling techniques. Devon designs our wells to meet high standards for the strength of the steel pipes that form the well, known as casing, and the quality and quantity of cement we use to separate and protect the multiple layers of casing. This attention to well construction keeps fluids in their proper place and protects groundwater zones for the life of the well.

During drilling operations, pressure tests confirm casing integrity. Acoustic measurements let us know that the cement is properly bonded to the casing and to the surrounding rock formation.

Employees working in our Well Construction (WellCon) program are focused on optimizing drilling and completion engineering, monitoring Devon wells in real time and making adjustments to prevent issues before they occur.

Devon continues to verify the well’s integrity during production operations by monitoring tubing and casing pressures and by analyzing gas and water produced by the well. We also conduct periodic pressure tests and casing inspections.
To optimize our engineering, we’re focused on monitoring wells in real time to be able to make adjustments before problems arise.

**Well Safety**

Reducing risk

We determine the drilling fluids to be used during the design phase before we drill a well. We conduct regular well-control drills on our drilling rigs and audit drills as part of our field-review process. To prevent spills, Devon follows local, state and federal guidelines when handling drilling fluid and mud systems.

After a well is drilled, we use the hydraulic fracturing process to complete it. Water, sand and additives are pumped into the wellbore to create or restore small fractures in the rock to stimulate production from new or existing oil and gas wells. Water and sand make up 98% to 99.5% of the mixture. A full registry of wells and chemical additives, along with much more information about hydraulic fracturing, is available at fracfocus.org. Devon played a leading role in creating Frac Focus in 2011 and has remained a major contributor to the site.

We regularly communicate Devon’s environmental, health and safety policies, protocols and operational expectations for well safety in safety tailgate meetings at field locations. We pride ourselves on work safety and empowerment; all our crews have Stop Work Responsibility. Anyone can stop a job at any time if the person notices a potential hazard or is unsure about a task. This workplace culture helps keep people safe and protects the environment by reducing the risk of spills and emissions.
The Governance section of our 2020 Sustainability Report includes:

- Overview
- Corporate Governance
- Shareholder Engagement
- Ethics and Integrity
- Public Advocacy
- Emergency Preparedness
- Risk Management
- Cybersecurity
As we strive for sustainable operations, we work to be financially, environmentally and socially responsible. We are determined to uphold our culture of integrity and accountability in making decisions, managing risk and building relationships. At all times, we’re guided by our core values and corporate governance principles.

Devon focuses on operational excellence, high quality of life and meaningful partnerships in our communities, and top-tier ESG performance and transparency. We incorporate our commitment to sustainability into our operations and our companywide ESG performance goals factor into our compensation. Our company’s senior leaders have a keen interest in addressing ESG-related risks and opportunities. To that end, our ESG Steering Committee keeps management informed on current and emerging issues that influence business planning, strategy and operations.

To sustain the trust we’ve built with our stakeholders, we remain committed to success factors including board independence, proactive shareholder engagement, risk management, ethics and integrity in our corporate governance practices.

RESOURCES

- Corporate Governance Guidelines
  Defines how our board of directors monitors the effectiveness of Devon policies and decision-making.

- Code of Business Conduct and Ethics
  Sets out the basic principles of conduct for all Devon directors, officers and employees.

- Code of Ethics for the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer
  Supplement to the Code of Business Conduct and Ethics reinforcing our expectation of ethical and legal behavior from our top executives.

- Anti-Corruption Policy
  Explains the specific requirements and prohibitions of applicable laws, especially the U.S. Foreign Corrupt Practices Act (FCPA).

Maggie Phipps
Legal Counsel

Maggie’s responsibilities as a corporate lawyer are as varied as they are important to the business. On any given day, she can find herself managing issues in corporate finance, contracts and securities regulation and compliance. She particularly enjoys her work in the ESG arena, which often involves direct engagement with key Devon stakeholders.

“I’m so proud to be able to share with our stakeholders the things that make us a top energy company,” Maggie said. “This entails listening to and directly responding to their inquiries based upon interests and concerns. I enjoy communicating with shareholders, brainstorming ways to make Devon better based on those interactions, and bringing those ideas to the ESG Steering Committee, management and board of directors.”
Ethics and Compliance Helpline
Available at all times to confidentially report potential code violations, ask an ethics-related question, get guidance on our ethics policy and follow up on a reported issue.

Certificate of Incorporation
Bylaws
Privacy Policy
ESG Steering Committee Charter
Describes the purpose, roles and responsibilities for monitoring ESG matters and updating senior management on our progress.

Investor communications
Updated regularly to provide information on Devon’s progress to investors, analysts and other stakeholders.

Annual proxy statements
Describe matters of interest to our shareholders, including director and executive compensation and shareholder proposals.

Annual Political Activity and Lobbying Report
Discloses Devon’s expenditures for corporate political contributions, trade association dues, 527 contributions and federal and state lobbying, and the philosophy and objectives of our activities.

Devon Energy Corporation Political Action Committee Annual Report
Discloses PAC disbursements to candidates for state and federal office and to political parties.

Emergency Preparedness Protocol
Defines the roles, processes and activities we have in place to respond effectively and timely to natural disasters, operational disruptions, security incidents and other events.
Corporate Governance

Effective oversight starts with our board of directors. Devon’s board and management consider the interests of all stakeholders over the long term, while seeking to create shareholder value.

A tone of integrity

Performance and results in the ESG sphere actually begin with G, for governance. Values, goals, strategies and tactics all flow from a leadership structure and team that sets a tone of integrity and high expectations through the way the company is governed.

We begin with Corporate Governance Guidelines that outline the composition, structure, procedures and policies of the board of directors, and the qualifications, responsibilities and compensation of our directors.

A majority of our board members qualify as independent, based on New York Stock Exchange (NYSE) listing standards and Securities and Exchange Commission (SEC) regulations. As of June 2020, nine of 11 board members, all committee members and our board chair qualify as independent.

The full board has primary responsibility for risk oversight of the company, with four standing committees dedicated to specific areas of risk: Audit, Compensation, Governance and Reserves. As required by the committee charters, all committee members are independent. Brief descriptions of each committee’s purpose and responsibilities and links to their charters follow.
Attracting, retaining and compensating a diverse board

To ensure a broad view of issues and balanced decision-making, Devon makes it a priority to attract and maintain a diverse and inclusive board. The Nominating Committee actively seeks board members with varying experience and expertise appropriate for our business and industry. Each director brings integrity, accountability, informed judgement, peer respect and high-performance standards to the board. We’ve advanced diversity in part through board refreshment, with three new directors joining the board in the past two years. As of June 2020, three women served on the Devon board. Devon directors range in age from 43 to 71, all under the retirement age of 73 required by the company’s bylaws.

Directors are expected to maintain a significant ownership stake in Devon in order to align their interests and actions with the interests of our shareholders. The board determines the compensation of non-management directors annually, based on Governance Committee recommendations. Compensation for independent directors, which has remained relatively consistent in recent years, is based on market norms and includes a combination of cash retainers and equity awards. Devon executives receive no additional compensation for serving on our board.

Shareholders elect Devon directors at the annual meeting for one-year terms. Under our bylaws, a director who does not receive the required plurality of votes in an uncontested election must offer to resign. This has not happened in the company’s 49-year history; our directors received an average approval rating of 96% at our 2020 annual meeting.
Director skills and experience

Our directors have diverse skills, backgrounds and experience, individually and as a group, that Devon has identified as highly relevant for effective management of an upstream energy company. In addition to the skills and experience summarized in this matrix, our directors are known as strategic thinkers, have high expectations for the company’s performance and are attuned to the demands of their board oversight role and good governance practices.

### Additional skills and experience

- Six of our directors have an educational background or work experience in petroleum engineering or other engineering professions.
- Five of our directors have experience with technology or cybersecurity.
- Eight of our directors have experience in regulatory and policy matters.
- Three of our directors have an educational background or work experience with environmental matters.
- All of our directors have experience in corporate governance and risk management.

### Tenure

The tenure of our directors reflects a balance of experience and fresh perspectives.

As of June 2020.

<table>
<thead>
<tr>
<th># of Years of Service</th>
<th>0-5</th>
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</table>

### Diversity

We approached our directors to voluntarily self-disclose their race, ethnicity and gender. Of the responses we received, three of our 11 directors are considered diverse.

As of June 2020.

- 27% 3 Women in the Boardroom

### Independence

Nine of Devon’s 11 directors qualify as independent under NYSE standards and SEC regulations.

As of June 2020.

- 82% Independence
Linking executive pay to performance

Each year, the Compensation Committee determines executive compensation based on its evaluation of the company’s performance and the performance of individual executive leaders and the business or organizational units under their supervision. Devon’s senior leaders are accountable for generating operating returns by managing our premier asset portfolio, delivering superior execution and exercising discipline in our capital allocation. The leadership team updates the board regularly on our economic and operational risks and opportunities and on our ESG performance. In 2020, Devon leaders have regularly kept the board informed of our actions to address the volatility in commodity and stock prices and our response to the COVID-19 pandemic.

Our compensation program seeks to ensure a strong tie between company performance and executive pay and is highly aligned with stock price performance. Our compensation philosophy recognizes near-term operational and financial success and encourages decision-making that supports long-term value creation. The objectives of our executive compensation program are to motivate and reward executives for increasing shareholder value; to incentivize achieving near- and long-term objectives without excessive risk-taking; and to attract and retain committed executives capable of leading a large and diversified oil and gas business.

Compensation decisions for 2019 were weighted toward total shareholder returns and operating performance measures. Approximately 90% of the value of total direct compensation awarded to the president and CEO, and an average of about 84% of total direct compensation for the other executives, was delivered through performance bonuses and long-term incentives.

Devon sets challenging annual performance goals to drive continuous improvement, with a highly engaged employee culture focused on innovation, safety, operational excellence, environmental stewardship and social responsibility. Devon surpassed our financial and operational target metrics in 2019, even in the challenging commodity price environment. We increased oil and gas production while reducing capital expenditures, divested our Canadian assets, reduced long-term debt and realigned our long-term cost structure. We also met four of our five performance targets for environmental, health and safety (EHS) measures. We did miss our target for serious incidents and fatalities (recordable SIF rate), which resulted in an EHS performance score of 75% of target, reflected in bonus compensation. Detailed information about our executive compensation philosophy, practices and decisions is disclosed in our 2020 proxy statement.

How to contact Devon’s non-management directors

Issues or concerns related to Devon’s accounting, internal accounting controls or auditing practices may be reported to the Audit Committee of the board of directors by:

- calling our non-management directors access line at (866) 888-6179, or
- sending an email to nonmanagement.directors@dvn.com.

Any stockholder or other stakeholder may also contact our non-management directors using the above methods or by U.S. mail to Non-Management Directors, c/o Office of the Corporate Secretary, Devon Energy Corporation, 333 W. Sheridan Avenue, Oklahoma City, Oklahoma 73102.

All calls and correspondence are anonymous and kept confidential to the extent possible.
Building relationships with our shareholders helps Devon anticipate and manage issues that influence sustainability. We communicate directly with shareholders to understand their interests and needs, and to communicate our business strategy and plans. In 2019, we engaged with many of our largest shareholders on multiple occasions and invited each of our top 50 investors to engage with us after releasing our proxy statement and 2019 Sustainability Report. Devon senior leaders and subject-matter experts engaged with our shareholders, and then shared the key themes from those meetings with our senior management and board of directors. Our directors welcome this feedback from shareholders, as well as direct engagement on their specific areas of expertise.

Many of our shareholders have made it clear that our environmental, social and governance (ESG) performance is a key component in how they value the company. In turn, our board’s Governance Committee has sharpened its focus on our engagement, oversight, processes and performance on key ESG matters.

On an ongoing basis, Devon’s senior-level ESG Steering Committee coordinates our efforts and keeps our executive committee, board Governance Committee and the full board updated.

In recent years, we’ve reported our ESG performance more thoroughly and transparently, with a growing focus on climate change risk. We followed our first Climate Change Assessment Report in 2018 by setting a methane intensity target in 2019. In addition, each year we publish our Sustainability Report and Political Activity and Lobbying Report. We’ve made ESG performance more prominent in investor communications through surveys such as Sustainalytics, MSCI and CDP. We’ve also incorporated ESG metrics into our compensation structure.

Devon continues to look for opportunities to report additional information our shareholders value. For example, we expanded our Political Activity and Lobbying Report to include trade association memberships and the dues we pay. Our plans call for publication of an updated Climate Change Assessment Report in 2020, which will include evaluating Devon’s current asset portfolio in carbon-constrained future scenarios. The updated climate change report will align with the Task Force on Climate-related Financial Disclosures (TCFD) framework recognized by most investors and ESG evaluators.

Top-tier ESG ratings

Devon participates in numerous third-party ESG-focused surveys and assessments that help stakeholders benchmark our progress and enable Devon to refine our transparency efforts and improve our ESG performance. We’re already delivering top-tier ESG ratings compared to our peers, with Sustainalytics, MSCI and CDP ranking our ESG scores at the top of our peer group. Institutional Shareholder Services (ISS) also recognizes our top-tier performance on environmental and social issues compared to our peers. In addition, we’ve been reporting to CDP for 16 consecutive years and achieved peer-leading performance on CDP’s climate and water surveys in 2019. Our ESG Steering Committee is evaluating surveys to ensure we’re dedicating our resources to those that our investors value most.

We will continue to listen, engage and respond to our shareholders as we seek to stand out as an ESG leader in our industry.
Honesty and integrity are foundational values at Devon, enabling us to live out all our other values.

Devon is committed to high ethical, moral, professional and legal standards in all our business practices and relationships. We seek to always do the right thing to maintain the trust and confidence of our stakeholders.

The Audit Committee of Devon’s board of directors has oversight responsibility for our ethics and integrity program, including monitoring our business practices and ethical standards. Along with the leadership in our legal group, the committee annually reviews and updates as needed our Code of Business Conduct and Ethics and our Anti-Corruption Policy and Procedures.

We work proactively to ensure our workforce understands their obligations to uphold our standards for ethics and integrity. Our code guides each Devon director, officer and employee in meeting our standards and fulfilling our responsibilities to our shareholders, governmental and regulatory authorities, business partners, and each other.

Devon has a separate, more stringent code of ethics that requires the highest level of ethical and legal behavior for our president and chief executive officer, chief financial officer and chief accounting officer.

Our directors, officers and employees also are required to comply with policies such as our Zero Tolerance Anti-Harassment Policy, Anti-Corruption Policy and Procedure, Conflicts of Interest Policy, and Employee Gifts and Entertainment Declaration Policy. These policies and our code of conduct are in place to ensure ongoing compliance and to reflect current business practices.

Devon employees are required to complete an ethics training course when they join the company and annually thereafter. Each year we review the training and code of conduct policies to ensure the content is up-to-date and relevant. The goal is to maintain high employee awareness and understanding of our expectations. We also require employees to acknowledge and agree to abide by our Code of Business Conduct and Ethics every year.

Keeping fraud at bay

To prevent invoicing abuse, digital scams and other types of fraud, Devon maintains an active fraud-awareness program. An internal steering committee identifies industry trends and emerging threats and informs employees so they can recognize and report fraudulent activity. The committee developed fraud identification training for employees who work in the field, in accounting and other functions.

Devon also employs fraud examiners with fraud investigation experience, so if there’s a need we can quickly take action to prevent financial loss and mitigate risk.
Reporting violations is our obligation

At Devon, a violation of our code or related policies is a serious matter. Our employees share an obligation to help enforce the code, and we do not allow retaliation against any employee for reporting an actual or suspected violation of the code in good faith.

We offer a number of confidential reporting channels, including the anonymous Ethics and Compliance Helpline that’s available online and by phone at all times. Anyone can access the Helpline to report harassment, inappropriate behavior, fraud, unsafe acts, accounting irregularities, human rights violations or any other potential code or policy violation. The Helpline can also be used to request guidance on Devon’s ethics policy, follow up on a reported issue or to ask an ethics-related question. The Devon board of directors receives periodic reports on Helpline activity to assist in its role of monitoring our ethical standards and practices.
Public Advocacy

Devin wants our diverse stakeholders to understand the economic impacts and trade-offs of public policies. To that end, we engage in discussions about regulation, taxation, trade, jobs and business-focused issues.

As a leading U.S. independent oil and natural gas producer, Devin participates directly in local, state, national and global economies. We have a responsibility to advocate for laws and rules that meet societal and business needs.

As we strive to operate in a safe, ethical and responsible manner, we’re committed to fulfill our advocacy role in compliance with all applicable laws, regulations and rules. To assure stakeholders of adequate oversight, the governance committee of our board of directors reviews all expenditures related to lobbying, political activities and trade associations.

Devon makes all required financial disclosures and publishes a comprehensive annual Political Activity and Lobbying Report that covers expenditures for corporate political contributions, trade association dues, 527 contributions, federal and state lobbying, and the Devon Energy Corporation Political Action Committee (DECPAC). We have steadily increased the information we provide in the lobbying report in response to stakeholder feedback, and in the 2019 report we added a disclosure of the names of all trade associations we belong to and the non-deductible membership dues we pay. In recent years, we’ve reduced our advocacy and lobbying expenditures as part of Devin’s overall cost-reduction efforts.

Important decisions about energy and the economy require accurate information and thoughtful deliberation at all levels of government. Today, climate change, access to resources on federal lands and talk of a ban on hydraulic fracturing are just a few of the issues under public debate that could directly impact our business. Devon informs and engages policymakers, our employees and the public as we advocate for principles and positions in regulatory and legislative proceedings. To make our views known, Devon participates in business coalitions, industry associations, trade groups and advocacy organizations. We share information with our employees to aid their discussions of industry issues with their friends and neighbors, and we encourage them to vote.

Devon employees are active in industry associations such as the Petroleum Alliance of Oklahoma, New Mexico Oil and Gas Association (NMOGA), Texas Oil and Gas Association (TXOGA), the Petroleum Association of Wyoming (PAW), American Exploration and Production Council (AXPC) and the American Petroleum Institute (API). As one example, an employee on our health and safety team is active on API’s Occupational Safety and Health Subcommittee, which proposed a voluntary safety program to elevate the overall safety performance of the onshore exploration and production industry. We’re proud to have a Devon representative sharing our values and contributing to industry best practices on this important industry committee.
Emergency Preparedness

We’re keenly focused on a variety of potential events that could affect our employees, our assets, our business and our environment. In any emergency, our top priority is life safety.

Our corporate emergency management function, which reports to Devon’s security department, leads our emergency response and recovery efforts. We follow the Federal Emergency Management Agency’s (FEMA) National Incident Management System (NIMS) that enables cooperation among community agencies in managing the response to an emergency.

Devon provides in-house training, drills and exercises for employees on the NIMS Incident Command System (ICS) to ensure timely, effective response to weather events, operational incidents, supply disruptions and other emergencies. The head of our emergency management program is a certified Emergency Manager and ICS instructor, which strengthens our capabilities. We also have more than 200 employees trained as floor wardens to lead occupants of buildings and facilities companywide to safety and provide medical assistance during an emergency.

Real-time responses

Our training and experience using the ICS for all types of hazards paid off when Devon responded to several events in 2019 and 2020. While our past incidents mostly involved local and regional response, there were a few enterprise- and corporate-level incidents.

A well control incident in our Eagle Ford operations in November 2019 required an interdepartmental response that showed the depth and breadth of our leadership capabilities. It also demonstrated the value of the relationships we build with first responders, elected officials and community leaders in all our operating areas. In the case of the Eagle Ford, these connections allowed us to work in a unified manner with local officials and stakeholders and stay in contact with them during follow-up activities.

Devon also activated our incident command structure at the early onset of the COVID-19 outbreak in 2020. We communicated frequently and transparently with our workforce throughout our response to keep our employees and their families healthy and safe. For more information, please refer to our reporting on managing through the pandemic, beginning on page 7 of this report.
Local, state and federal capabilities

Devon engages fire departments, law enforcement, emergency management and emergency medical services to ensure preparedness. We follow the U.S. Department of Homeland Security Exercise and Evaluation Program, which allows us to provide community partners with documentation that validates their participation for federal funding and medical facility accreditation requirements.

In addition to maintaining proficiency in our operating areas, we advocate for strong emergency management capabilities at the federal level. The head of our emergency management program serves as the chair of the Oil and Natural Gas Subsector Coordinating Council that works closely with the U.S. Departments of Energy and Homeland Security. In this role, Devon leads efforts to ensure that coordination for physical and cybersecurity preparedness remains at the forefront among oil and gas industry and government partners.

Continuous improvement

After every exercise and actual response, we document areas for improvement, best practices and strengths. Corrective actions are incorporated into Devon’s environmental, health and safety (EHS) incident tracking system. When emergencies and incidents occur, our continuous improvement efforts and training enable us to protect our workforce, our neighbors and our assets. In turn, we’re protecting our business and license to operate.

“The benefit of the ICS is having one process that allows us to respond to a tornado hitting a gas plant, an IT incident, facility damage, a well-control event and a pandemic. This process is refined with each response by turning lessons learned into best practices.”

Jillian Sulley
Emergency Management Leader
Risk Management

Identifying and managing risks is an ongoing, essential process that touches every aspect of our business. We systematically manage the risks to ensure we can deliver results.

The economic crisis caused by the coronavirus pandemic revealed unprecedented business risks across every industry. While few organizations can claim to have been fully prepared for COVID-19, Devon does include “global pandemic” among the possible risks in our enterprise risk management process. Volatility in demand, supply and price for our products are always risks we consider and, as a result, we expect that our preparedness, exemplified in our financial strength, will enable us to withstand the virus-induced shock where others in our industry may not.

Our board of directors has primary responsibility for risk oversight, a role that includes ensuring the appropriate design and implementation of the company’s risk-management programs. The four standing board committees consider the risks inherent in their areas of oversight and the Devon management team, in turn, executes the board’s risk-management directives. This includes overseeing and reporting on Devon’s day-to-day efforts to manage risk.

Our enterprise-risk-management process includes an annual analysis in which we ask the board, management and subject-matter experts companywide to consider the likelihood that certain risks could cause economic or reputational damage to the company. We also consider our level of preparedness for each risk. This analysis helps us determine and prioritize the material risks to our business.

We also undertake exercises and workshops with employees focused on various risk-mitigation strategies. These workshops, including leaders from multiple work disciplines, also help us to identify new and emerging risks. These forums are valuable in maintaining awareness of business risk across the organization and also have helped us manage through recent commodity price volatility and the global coronavirus pandemic.

For a more detailed discussion of Devon’s material risks, please see our Annual Report on Form 10-K for the year ended Dec. 31, 2019.
To protect our technology advantage and sustain our operations, we safeguard our data and systems with sophisticated tools and processes.

Devon’s digital security team deploys an array of processes and tools including artificial intelligence, process automation, data analytics and other techniques to sustain our technology advantage in the field and in the office. Our investment in tools and processes that establish security inside and outside of Devon’s walls, as well as our cloud-based productivity suite, enabled Devon employees to quickly and safely adapt to working remotely during the COVID-19 pandemic in 2020.

As our use of technology and reliance on data have increased, we’ve expanded our cybersecurity measures to include the involvement of the audit committee of our board of directors, which oversees the company’s enterprise-risk-management program. The audit committee and full board receive regular updates on technology and cybersecurity risks and trends from Devon management. The chair of the audit committee has completed the NACD Cyber-Risk Oversight Program and earned Carnegie Mellon’s CERT Certificate in Cybersecurity. In addition, five Devon directors have experience with technology or cybersecurity.

We mitigate cybersecurity risk with an industry-leading corporate information security policy and program. The audit committee and full board receive regular updates on technology and cybersecurity risks and trends from Devon management. The chair of the audit committee has completed the NACD Cyber-Risk Oversight Program and earned Carnegie Mellon’s CERT Certificate in Cybersecurity. In addition, five Devon directors have experience with technology or cybersecurity.

In addition, we encourage a culture of prevention in our workforce. Devon provides cybersecurity awareness training for all employees and contractors, specific training for teams that have access to sensitive data, and recognition of employees who help us avoid cybersecurity events. We enforce responsible use of information systems as described in our Code of Business Conduct and Ethics, the Information System General Usage Policy and related policies.

Devon had no business interruptions from cyberattacks in 2019 and has not suffered material losses from cyberattacks to date. We’ll continue to focus on prevention and best practices to secure our technology assets.
The Social section of our 2020 Sustainability Report includes:

- Overview
- Community Engagement
- STEM
- Volunteerism
- Philanthropy
- Human Rights
Devon invests in building strong, safe, vibrant communities. We engage stakeholders to understand the most effective ways we can serve the areas where we operate.

To be a socially responsible operator, Devon supports and strengthens the communities where we live and work. Our social investments target STEM (science, technology, engineering and math) education, public safety, social services and community vibrancy. We bring together stakeholders from local and national nonprofits, private foundations and corporations to increase the reach and effectiveness of our social investments. Through volunteerism, Devon employees help alleviate hunger, advance education and take actions to deliver necessities and enrichment opportunities to our neighbors.

Before we take action, Devon engages with our stakeholders to understand their concerns, assess their needs and determine the most effective ways we can help. Our engagements are guided by our commitment to work with integrity, earn trust and be accountable for our actions and results.

Devon is available to listen and handle any concerns we receive in person, by phone and online. We have a trained team of experienced land, community relations, field operations, corporate communications and other professionals who are prepared to respond to issues and work with stakeholders to find solutions.

### Social Overview

<table>
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<tr>
<th>SOCIAL METRIC</th>
<th>2017</th>
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<td>Social Investments (in millions)</td>
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</tr>
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### RESOURCES

- **STEM grants**
  Grants designed to help educators spark students’ interest in science, technology, engineering and math.

- **Corporate Giving Policy**
  Guidelines to determine which causes are consistent with our philanthropic goals.

- **Volunteer request form**
  Find Devon volunteers for a nonprofit organization or specific activity.

- **Statement on Human Rights**
  Describes our commitment to human rights, resources providing guidance on human rights issues and expectations of vendors, suppliers and contractors.

### Shannon Johnson

**Community Relations Professional**

Talk about your dream job. Shannon spends most days working with Devon’s community partners to improve the quality of life in her native southeast New Mexico. These days, Shannon’s focus is on education as Devon collaborates with a variety of organizations to open state-of-the-art, first-of-their-kind STEM centers at elementary schools in the area.

“The very best day of work for me is coordinating with our school districts to provide hands-on learning opportunities through these STEM programs,” Shannon said. “I love helping students understand that science, technology, engineering and math aren’t just subjects for classrooms but are part of what they do every day. Through our partnerships, we’re cultivating a love of learning that will help students see new and exciting futures and empower them to believe in themselves.”
Committed to working together

Every day, Devon employees engage with a variety of stakeholders, including our employees and their families, shareholders, neighbors, landowners, mineral-rights holders, policymakers, lawmakers, suppliers, vendors and service companies. We strive to build relationships founded in trust and cooperation. We place a high priority on working together to find solutions that benefit communities and stakeholders where we operate.

Finding and producing oil and natural gas involves industrial processes that can cause noise, traffic and related impacts to local roads. We recognize that our actions can affect our neighbors, and we’re dedicated to improving the compatibility of our operations within the communities where Devon does business. We’ve established a strong track record and have earned a positive reputation for mitigating the impacts of industry activity. For example, Devon is a founding member of the Energize for Safety Coalition that addresses industry-related traffic issues in Oklahoma.

We’ve built strong relationships with our neighbors, including teachers and students, farmers and ranchers, homeowners and business owners. These relationships help us manage issues in ways that benefit our neighbors and avoid problems.

Honoring our Heroes

Devon’s Hometown Heroes award, launched in southeastern New Mexico in 2019, recognizes local emergency responders for their dedication to keeping their communities safe. We are grateful to them for prioritizing the needs of others and protecting their neighbors. In the first year of the program, we honored four firefighters and a police officer.
Safety first

In particular, Devon has a long history of partnering with the emergency responders who protect our communities. In DeWitt County, Texas, we’ve held regular roundtable dinner discussions with emergency responders since 2014. They’ve allowed us to build strong relationships with the leaders of emergency response organizations in our Eagle Ford operating area. The dinners also provide an avenue for collaboration, sharing best practices and discussing community trends and issues. Through these relationships, we learned of critical needs that we’ve helped fill by providing bunker gear, updated drone technology and wellsite-specific response training.

At a workshop we hosted on responding to and managing a tank battery fire, over 70 South Texas first responders showed up to learn more about how to safely serve their local communities.

Whether with trucks, training, equipment or supplies, Devon is always looking for ways to assist our first responders. In all, Devon donated more than $300,000 in 2019 to help emergency responders perform their important work.

Permian Strategic Partnership

A solutions-oriented approach to community issues led Devon to take a leading role in the Permian Strategic Partnership (PSP). This coalition of energy companies is combining resources to address the challenges of health care, education, workforce development, housing and road infrastructure that have accompanied rapid industry growth in the Permian Basin of Texas and New Mexico. Partnership members meet with community leaders, elected officials and others responsible for managing regional growth to understand their needs and determine how industry can best support communities.

The partnership has committed more than $30 million for major initiatives, first leaning into education with $16.5 million to bring IDEA (Individuals Dedicated to Excellence and Achievement) public charter schools to Midland and Odessa, Texas. In addition, PSP provides housing support to teachers through a 20% reduction in rent in targeted communities.

In New Mexico, PSP partnered with the City of Hobbs, Hobbs Municipal Schools and J.F. Maddox Foundation to fund a state-of-the-art regional career and technical education (CTE) school to train and develop the future Permian Basin workforce.

PSP is contributing to the Texas Tech University Health Sciences Center Family Medicine Program and Mental Health Fellowship Program to expand health care resources through additional medical residents in the Permian Basin. Additionally, the partnership is providing grant writing resources for local communities, the New Mexico Department of Transportation and others so they can access private and federal funding to meet specific community needs.

Devon is excited about the progress made by the PSP and our industry’s ability to work through public and private organizations to support our communities.
STEM

Our company, communities and industry need an educated and innovative workforce to grow and thrive. Devon invests in educating and empowering groups that have been traditionally underserved.

Meeting needs and providing solutions

Jobs requiring formal training in science, technology, engineering and math (STEM) accounted for 20% of the U.S. job market last year, and the need for STEM graduates has been growing. The oil and natural gas industry has always been highly technical and continues to be transformed by technology and innovation. At Devon, our need for STEM-oriented professionals continues to grow, right alongside our desire for an inclusive and diverse workforce. Our support for local education emphasizes both of these vital areas.

With our technology leadership goals and inclusion-and-diversity vision, we see a big opportunity in focusing resources on traditionally underrepresented populations, including women, rural communities and minorities. We strengthen our philanthropic investments by partnering with qualified organizations that have a track record in STEM to identify community needs and solutions. Organizations we work with include the Oklahoma City STEM Collaborative, STEM Ecosystems/STEM Funders Network and Oklahoma City Public Schools Foundation, as well as teachers and administrators across several school districts. Based on our conversations with all these stakeholders, we provide resources and materials and implement programs to empower traditionally underserved groups.

In 2019, our STEM programs impacted:

- 275 schools
- 16,748 students
- 816 teachers

Our company must have technical prowess, and our workforce must become more diverse.
Integrating STEM into children’s education

Devon convened a variety of local and national nonprofits, private foundations and corporations in 2019 to develop a STEM model that changes how students and families are exposed to STEM resources. One key partner in realizing this vision was the Cal Ripken, Sr. Foundation, which transforms education spaces into state-of-the-art, bright and engaging STEM resource spaces in schools and community groups.

The new spaces allow STEM learning to become increasingly integrated into children’s education. Teachers are well-trained and receive STEM resources to inspire students and increase their understanding of basic circuitry, coding, robotics, engineering and more.

In 2019, we expanded STEM resources in areas where we operate to replicate the success we saw from our first STEM model at Mark Twain Elementary School in Oklahoma City. Through partnerships with local foundations, schools and others, Devon and the Cal Ripken, Sr. Foundation will install 14 new STEM centers across Lea and Eddy counties in New Mexico in 2020. STEM centers also will be installed in Oklahoma City; Douglas, Wyoming; Kingfisher, Oklahoma; and Cuero, Texas.

Women in STEM: Bridging the gender gap

Women are underrepresented in STEM fields across the U.S., and Devon is committed to providing STEM resources to underserved populations across our communities. We’ve partnered with Girl Scouts of the Desert Southwest and other organizations to start bridging the gender gap.

Several years ago, Devon started having conversations with Girl Scouts of Western Oklahoma about providing STEM resources for girls. Devon geologists and engineers began developing age-appropriate curriculum. The resulting STEM Girl Scout Terra Trooper activity kits and leader guides engage girls in earth sciences, geology and related topics. Since 2014, nearly 900 girls have received a Devon Terra Trooper patch for completing a STEM activity. In 2020, we expanded our Girl Scouts STEM program to southeastern New Mexico.

Devon also invests in the Southwest Alliance for Girls’ Enrichment (SAGE), a week-long camp designed to create interest, excitement and self-confidence in girls entering the eighth grade. SAGE empowers the girls to think about themselves as future scientists, mathematicians and computer specialists. Devon’s partnership offers campers interactive field trips exploring various departments in the company where STEM learning led our professionals to rewarding careers.
Devon supports a variety of STEM programs in our operating areas.

**Design + Do**

Introduced in 2018, our Design + Do challenge gives children a hands-on opportunity to have fun while solving a problem and building STEM skills. In 2019, fifth-graders from eight elementary schools came together at the University of Oklahoma Tom Love Innovation Hub to design and construct prototype parade floats for community events using 3D printers, laser cutters and other materials, following which they presented their creations to a panel of judges. Devon employees helped them build the prototype floats. Design + Do exposes students to real-world technology and innovation challenges and encourages creativity and teamwork.

**Ripken STEM Center grants**

Devon is committed to helping communities inspire young people to pursue an interest in STEM subjects by working together with schools and community organizations to enhance access to STEM education. Through our signature STEM grant program, Devon has made more than $1 million in grants to educators in our U.S. operating areas in the past eight years. In the Oklahoma City area, Devon’s investments in STEM education have provided more than 88,000 K-12 students better access to educational opportunities. In addition, Oklahoma teachers have been able to enhance their instructional time with students through more than 30 Devon grant programs.
FFA Agriscience Fair
We partner with the Oklahoma Future Farmers of America to encourage students to consider the ways in which the agriculture and oil and gas industries intersect. As part of the program, students include oil- and gas-related projects in the annual FFA Agriscience Fair. In 2020, we expanded the program to Wyoming.

Devon Thunder Explorers
Devon and the Oklahoma City Thunder partner to offer a program that encourages young people to engage in STEM activities that explore the science behind basketball. The Thunder gives special recognition to students who complete science experiments and other challenges.

Devon Energy Teacher of the Match
The Devon Energy STEM Teacher of the Match honors elementary teachers nominated for their hard work in the STEM education field. Teachers are recognized during an on-field presentation and receive $1,000 for their classroom.

FIRST Robotics
Devon sponsored the Oklahoma First Robotics regional finals for the third consecutive year in 2019. The six-week competition paired 63 teams of young people from across the state with local engineers, professors and business professionals to solve an engineering design problem. FIRST (which stands for “For the Inspiration and Recognition of Science and Technology”) is a nonprofit founded in 1989 to inspire young people to join the field of science and technology.

Inspired by Science Camp
In partnership with the Carlsbad Community Foundation, Devon hosts a one-week STEM-focused summer camp for third- through fifth-graders, offering free admission for students identified as disadvantaged by school counselors. Students are exposed to STEM-related careers and learn how to solve problems and apply critical-thinking skills during hands-on activities.

Oklahoma City Dodgers MVP Program
This program recognizes and rewards outstanding students for their achievements in science and math in more than 400 classrooms across Oklahoma City. Third- and fourth-grade students are selected to receive tickets to a game and the opportunity to attend the MVP Field Day featuring STEM activities. The program is free to teachers, who also receive tickets to an Oklahoma City Dodgers game where MVPs are honored. The Dodgers are a Minor League Baseball Triple-A affiliate of the Los Angeles Dodgers.

Balloon Explorium
The Paper Takes Flight event combines the fun of hot-air ballooning with an education in the science of energy for all fifth-grade students enrolled in Artesia Public Schools in New Mexico. Students work together to build six-foot balloon envelopes from tissue paper that will launch using heat energy. With a focus on engineering, math and thermodynamics, this hands-on activity expands on classroom curriculum in an engaging way.

Jal, NM, School Rocketry Program
In this annual competition, Devon pays for students to travel to Houston to present their rocket designs to a team from NASA.
Volunteerism

Devon employees are active in our communities, putting into action our core value to be a good neighbor. We volunteered nearly 4,100 hours to feed the hungry, work with schoolchildren and serve our communities in other ways in 2019.

Devon volunteers contribute many hours serving as directors on nonprofit boards and in other community leadership roles. The company provides ongoing communication and resources to support their dedication to charitable organizations.

One of Devon’s long-term community partners is Mark Twain Elementary School in Oklahoma City, where we provide funding, resources and employee volunteers to enhance the quality of education. In 2019, in collaboration with private foundations, corporate sponsors, community organizations and Oklahoma City Public Schools, our volunteers supported the transformation of this school.

We founded the Devon Energy Charitable Foundation in 2001, funded by voluntary contributions by our employees to provide financial relief to coworkers who encounter unexpected hardships or damages. Since then, they have contributed more than $365,000 to about 180 coworkers experiencing severe and unanticipated financial needs.

We’re proud to encourage volunteerism by providing Devon employees the time and resources to give back to our communities in meaningful ways.
Philanthropy

To be a good neighbor, Devon supports community development, social services, arts and culture. We invest in the quality of life in our communities.

Devon is a leading contributor to philanthropic campaigns for nonprofit agencies in our hometown of Oklahoma City and other communities where we operate. Thanks to the generosity of our employees, Devon’s Give for Good campaign raised over $1.7 million in 2019 for the United Way of Central Oklahoma and the Regional Food Bank of Oklahoma. This donation provides much-needed resources for children, seniors and families who benefit from the services of United Way, the Regional Food Bank of Oklahoma and their respective partner agencies. Our employees are also personally engaged. During the campaign, nearly 250 employees filled backpacks for the food bank and holiday stockings for United Way. Their volunteer efforts saved the nonprofits almost $3,200 in labor costs.

$1.7 MILLION
raised in 2019 supporting 58 partner agencies, including the Regional Food Bank of Oklahoma and the United Way of Central Oklahoma.

In addition, we’re committed to making Oklahoma City a vibrant place to live, work and play, and we recognize that arts play a vital role in that goal. Devon supports many local arts and culture organizations, including the Oklahoma City Ballet, Arts Council of Oklahoma City, Oklahoma City Museum of Art, National Cowboy and Western Heritage Museum and Lyric Theater. We also hold an annual fundraising campaign for Allied Arts to support 40 local arts organizations.
Sharing the love of nature and conservation

Devon is a long-time supporter of The Oklahoma Nature Conservancy and its focus on sharing the love of nature and conservation throughout the state. We support the organization’s ground stewardship activities, such as controlled burning for range management, invasive species control and scientific research.

Our dollars helped stand up operations at the newest preserve on the Blue River, Oka’ Yanahli, which encompasses 3,600 acres of native prairie and two miles of the river. The Nature Conservancy’s portion of the Blue River is one of four properties that contain the springs that are the headwaters of the river, making them vital for the important and varied uses downstream.

Each year, Devon participates in National Public Lands Day, a project to repair and restore public recreation areas. In 2019, a total of 75 employees from Devon and peer companies volunteered for a three-day event in southeastern New Mexico. They erected a shade shelter, repaired fencing, planted trees and secured erosion areas in the Black River Recreation Area.

Devon has partnered with the Wyoming Conservation Corps (WCC) for the past 13 years. The WCC supports conservation, stewardship and education, with Devon contributing funding and volunteers to improve public lands in the state.
Human Rights

Devon incorporates human rights considerations in its business decisions. We evaluate ways to enhance awareness of key issues and engage with our stakeholders, vendors and suppliers to continue to improve our approach.

All people are created equal

The Universal Declaration of Human Rights, signed in 1948, recognizes the inherent dignity and the equal and inalienable rights of all members of the human family. Human rights are the foundation of freedom, justice and peace in the world, and Devon is committed to the philosophy expressed by the United Nations General Assembly. Our core values embrace social progress and economic growth, consistent with the Guiding Principles on Business and Human Rights endorsed by the UN Human Rights Council in 2011.

We’re also guided by the principles articulated in the Declaration of Fundamental Principles and Rights at Work adopted by the International Labor Organization in 1998. These principles include prohibition of child labor, forced labor and discrimination in the workplace.

Devon participates in the lives of the communities where we live and operate, and we actively engage with our neighbors to understand the environmental and human impacts of our operations. When assessing and addressing these impacts, we consult with those who may be affected.

We continuously evaluate ways to enhance awareness of human rights issues and engage with our stakeholders, vendors and suppliers to continue to improve our approach.

Devon Human Rights Statement
The Workforce section of our 2020 Sustainability Report includes:

- Overview
- Our Culture
- Inclusion and Diversity
- Employee Wellness
Workforce Overview

Our culture is guided by our core values and a shared mission. We seek to hire the best people and expect them to do the right thing, to be team players and good neighbors, and to deliver results.

To create value for stakeholders, our employees must be dedicated to continuously improving our business, developing innovative solutions and overcoming the technical challenges of finding and producing oil and natural gas. Learning through work, training and development, our employees are encouraged to expand their knowledge and skills, share their expertise and apply their creativity. We have flexible work practices and wellness programs that encourage physical, mental and financial well-being, with a goal of enabling employees to focus on doing their best work.

Devon seeks to create a culture of integrity, mutual trust and accountability. In so doing, we promote an inclusive, diverse and respectful work environment brimming with different perspectives. Our employees embrace their roles and motivate each other to be their best. Innovation wins over complacency as employees work on new ideas aligned with our goals and share successes and failures alike as they learn and grow.

We set clear goals for financial, operational and ESG improvement, and we regularly communicate our progress with employees. Our leaders communicate at the enterprise, business-unit, team and individual levels to ensure everyone at Devon knows what’s needed to succeed and how we’re doing.

In its oversight role, the Devon board of directors receives updates on succession planning, compensation metrics, pay equity, performance and other key workforce issues.

RESOURCES

- Code of Business Conduct and Ethics
  The basic principles of conduct for all Devon employees, officers and directors.

- Mission Statement, Vision Statement and Core Values
  Guide what we do and why we do it.

- Inclusion and Diversity Vision
  Every person contributing to their fullest and making a positive impact every day.

Layne Wroblewski
Manager, Tax

One of the many ways to improve Devon’s financial outlook is to effectively manage the local, state and federal taxes the company pays in the course of our business. That’s a significant charge for Layne and his interdisciplinary, results-oriented team, which administers the company’s sales and property tax portfolio. Layne and his team also work with Devon’s Government Affairs team and industry trade organizations on legislation, regulations and policies that impact state and local taxes.

“Devon invests in our communities, and we value the social license where we operate,” Layne said. “We try to live up to our core value of being a good neighbor. Our sales and property tax disciplines involve working directly with these communities, and I’m proud of the good reputation we’ve built within those taxing jurisdictions.”
WORKFORCE OVERVIEW

WORKFORCE METRICS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headcount (total company)</td>
<td>2,552</td>
<td>2,134</td>
<td>1,767</td>
</tr>
<tr>
<td>Minorities and Women as a Percentage of Workforce*</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Minorities</td>
<td>17%</td>
<td>18%</td>
<td>19%</td>
</tr>
<tr>
<td>Women</td>
<td>28%</td>
<td>26%</td>
<td>25%</td>
</tr>
<tr>
<td>Minorities and Women as a Percentage of Leadership</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Minorities</td>
<td>11%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Women</td>
<td>18%</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>Years of Service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 5 years</td>
<td>50%</td>
<td>41%</td>
<td>31%</td>
</tr>
<tr>
<td>5-9 years</td>
<td>26%</td>
<td>32%</td>
<td>42%</td>
</tr>
<tr>
<td>10-14 years</td>
<td>14%</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>15-19 years</td>
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<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>20-24 years</td>
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<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>25+ years</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Median Age</td>
<td>38</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>Attrition Rate</td>
<td>6%</td>
<td>9%</td>
<td>8%</td>
</tr>
</tbody>
</table>

* As defined by the U.S. Equal Employment Opportunity Commission.

Sharpening our focus on pay equity and the composition of our workforce

Peer employee pay equity
The salaries of female and minority employees are, on average, positioned equivalently (+/-2% to accommodate workforce changes throughout the year) within the applicable job pay range as males and non-minorities.

Promotional equity
Over the last two years the rate of job promotion for female employees (21%) was slightly higher than that of males (19%), and the rate of promotion for minority employees (22%) was slightly higher than that of non-minorities (19%).

Improving female representation at the executive level
The percent of Devon Manager and Executive roles performed by female employees improved from 26% at the end of 2017 to 29% at the end of 2019.

Hiring minority talent
Over the last two years Devon has hired minority employees at a rate of 13% compared to a 7% rate for non-minority employees.

Minority representation in leadership
The percent of Devon Manager and Executive roles performed by minority employees decreased from 10% at the end of 2017 to 8% at the end of 2019. However, the percentage of Devon Field Supervisory roles performed by minority employees improved from 11% to 15% over the same period.

Female and minority representation in the workforce
Over the last two years, our female population has decreased by 3%. Our minority population has grown by 2% over the same time period.
Our Culture

The guiding principles of our workforce strategy are fairness, opportunity and the chance for every Devon employee to fully participate and be heard. We want our employees to make an impact every day.

Attracting and retaining high performers

Devon’s success depends on employees who demonstrate integrity, accountability, perseverance and a passion for building our business and delivering results. Our efforts to create a workforce with these qualities start with offering equal opportunity in all aspects of employment.

To attract and retain high performing individuals and to help them contribute to a shared mission at work, Devon provides wellness programs, amenities and comprehensive benefits. Our employee-friendly practices include flexible work schedules, part-time work and telecommuting, and in 2019 we added time off for foster child placement to our parental leave coverage. Our employees are able to take paid parental leave, work a part-time schedule or work from home as needed, and many took advantage of our flexible work schedule in 2019. We monitor our workplace practices, as well as training and development opportunities, to ensure they meet our business needs and support our employees’ individual situations.

As part of our compensation program, in 2019 we expanded our stock awards to give every employee an equity stake in our business.

Workplace practices at a glance

Alternate Work Schedule (or 9/80) allows flexible work schedules for most employees. By working an additional hour on eight out of nine workdays during a given 10-day pay period, employees can take off every other Friday, resulting in 26 additional paid days off per year.

Employee Assistance Program (EAP) provides support for employees and their family members free of charge. The EAP offers confidential assistance for a variety of life’s challenges that could affect health, relationships and/or job effectiveness. Access to experienced counselors, financial experts, staff attorneys, elder-care consultants and concierge services is included in EAP services available 365 days a year, 24 hours a day.

Paid parental leave is available for new parents, offering up to two weeks of leave for the care of, and bonding with, a biological, adopted or foster child. In addition to paid parental leave, maternity leave for birth or adoption of a child is paid for up to eight weeks.

Military leave is available to deployed employee military service members. They receive full salary for three months and differential pay above the military standard for an additional nine months. Devon service members and their families enrolled in the health care plan will also remain covered for 12 months.

Flexible workplace enables those who need or want to work from home one or two days per week to do so. It’s a pilot program instituted during the coronavirus pandemic and we believe the flexibility has helped us achieve the win-win of employee satisfaction and productivity. We will continue with flexible workplace through year-end 2020 and then we’ll evaluate how best to proceed – for our people and our business.
Creating a team with a winning mindset

In recent years, Devon has transformed into a returns-driven U.S. oil-growth company while also advancing our environmental, social and governance (ESG) performance. We streamlined processes, improved our cost structure, divested noncore assets and reduced layers of management to speed and simplify decision-making. For many employees, the changes led to broader roles with more direct impact on our business.

The intangibles in a culture of trust create tangible business results.

With employees having a better view of these individual impacts, the trust and accountability increased, with broad awareness of progress toward shared goals. Our leaders are encouraging this culture with frequent conversations to create clarity, context and accountability. We’ve set clear operational and financial goals and enhanced our internal communications to update employees on our progress toward achieving them. For example, we reached an important cost-savings target many months ahead of schedule – an early indicator that our desired culture was taking hold.

Performance management has shifted from annual appraisals to frequent conversations focused on alignment, growth and development, so employees know what they need to do to make an impact every day.

To gauge our progress, we use topical surveys shown by research to be more effective than time-consuming annual questionnaires. These short, focused surveys give us quick results, so we can take action on timely issues such as benefits use and leadership strategies. Surveys conducted in 2019 and early 2020 indicate our culture and strategies are having a positive impact on our workforce.

88% of employees surveyed said they received just the right amount of feedback from their leader.

96% of employees surveyed said the feedback was helpful.
Inclusion and Diversity

Devon’s vision for Inclusion and Diversity is: Every person contributing to their fullest capability and making a positive impact every day. We encourage a range of thought, experiences and perspectives in our business.

Bringing together a variety of experiences and points of view

Delivering strong operational and financial results in a safe, environmentally and socially responsible way requires the expertise and positive contributions of every Devon employee. We promote inclusion and diversity (I&D) throughout the company to bring a range of thought, experiences and points of view to our problem-solving and decision-making processes.

In 2019, we updated our I&D governance structure and strategy to achieve our I&D vision: Every person contributing to their fullest and making a positive impact every day. The I&D Leadership Team, consisting of senior leaders, champions strategies to achieve the vision and supports others by coaching, motivating, breaking down barriers and perhaps most important, simply listening. The all-volunteer Inclusion Action Team strives to proactively increase awareness, identify challenges and find innovative ways to achieve Devon’s I&D vision and strategy. Our Human Resources team guides and advises team activities through strategic support, tools and resources for success.

Listening to different perspectives – a fundamental aspect of I&D – is a core element of Devon’s culture. To get feedback on how inclusion and diversity impacts our culture, the Inclusion Action Team facilitated small group sessions called DiversiTEA Talks in 2019. Employees enjoyed hearing the personal experiences that were shared, and the team plans to continue the conversations to strengthen I&D throughout the company.

Acting on an Inclusion Action Team suggestion, the company sponsored and participated in the Oklahoma City Martin Luther King Jr. Holiday Parade for the second year in 2020. To amplify our commitment to I&D and science, technology, engineering and math (STEM) education, we partnered with fifth-graders involved in our Design + Do STEM program. With help from Devon volunteers, the students designed and built the parade float and walked with our employees in the parade.
The status quo is not acceptable

Devon’s commitment to inclusion and diversity has never been stronger.

In 2020, business-as-usual has been declared obsolete. While a pandemic created disruption across the globe, acts of racial injustice against Black Americans came to the forefront after the killings of George Floyd, Ahmaud Arbery, Breonna Taylor and others.

Can Devon do more to fight systemic racism? That’s the question we’re asking ourselves as a company. One of the first steps we’re taking is to listen, then to learn from those interactions and, in time, to build new relationships in the communities where we live and work. We’re going to build these relationships with community partners focused on social justice and racial equality. We believe it’s time for change, and Devon will be a part of it. To do that, we’re asking ourselves: How can we deepen our understanding, engage in conversations and become the problem-solvers worthy of the leadership position we hold as a company?

Already, we’re listening, but we recognize that finding solutions will take time and persistence. In the days following the tragic events of spring 2020, our president and CEO, Dave Hager, sent a series of communications to all Devon employees that set the stage for new expectations, including:

“We will be open to tough conversations, learn from the experiences of our colleagues and ensure Devon is a place where everyone can share our thoughts and feelings without judgement.”

Dave Hager
President and CEO

Leaders are devoting even more time to listening to our employees and learning about their experiences inside and outside the workplace. Employees have shared personal stories about talking to their children about racism, encountering non-inclusive conduct and wanting to learn how to better confront racism when they see it. These types of conversations are both informative and eye-opening as we strive to create a culture where employees feel free to be their authentic selves.

At Devon, we offer employees an ongoing discussion series, “Living our Values,” which we’ve updated to include an “up-stander vs. bystander” component.

Participants learn about tactical choices they can make in their own behavior when they observe bias or harassment. Whether they confront it directly or raise the issue later with someone else, we’re helping individuals to focus on active, helpful steps they can take

Devon has since 2017 had an Inclusion Action Team (IAT) that seeks to encourage workplace engagement, and we’ve dramatically increased employees’ awareness of this team through a membership drive across the organization. Dedicated communications channels, small group meetings and committed executive level participation have uncovered issues we’ll address in the workplace and in our communities.

With the combined resources of the IAT, executive-level sponsors, community relations and human resources experts and others, our commitment to drive change has never been greater. These groups are listening, learning and making real connections. The changes they cultivate will lead to greater transparency across the organization and continue to make Devon a great place to build a career.

We will not stand for the status quo. We will drive change together and report on our progress.

“I’m proud to be a member of the IAT because I have a voice. I’m able to be a part of something that’s bigger than me. I get to witness change at its inception.”

Anita Dunbar
Human Resources Professional
Encouraging women in our industry

Devon wants to encourage more women to work in the oil and gas industry and for our company. When growth in our Delaware Basin operations created demand for more lease operators, we invested in a 12-week training program to attract applicants. In marketing the program, we identified women who were interested but not familiar with the role. We’ve now hired women into lease operator positions – and those hired out of the training program are more likely to stay with Devon, reducing turnover. We expect to adapt this successful program for other operating areas as the need arises.

Devon has a large presence in the Women’s Energy Network of Greater Oklahoma (WEN OK), an organization dedicated to empowering women in the energy industry. The company sponsors the chapter and employee memberships as part of our commitment to professional development. Of WEN OK’s 1,000 members, 120 are Devon employees, including the president, president elect, two committee chairs, a board advisor and 20% of members in the mentoring program. WEN OK’s networking, leadership and volunteer opportunities benefit both our employees and Devon. In particular, individual contributors say that expanding their network and having mentor relationships expands their insights.

To attract and retain more women to technology jobs, Devon supports Oklahoma Women in Technology (OKWIT) and its efforts to bridge the gender gap in STEM fields. With women accounting for only 26% of qualified applicants for technology jobs in the U.S., we believe our involvement in OKWIT can help expand the number of women graduating with STEM degrees and applying for these jobs. Our employees benefit from OKWIT’s professional-development, networking, mentoring and leadership opportunities. In 2019, Devon employees held three of OKWIT’s eight board positions. About 40 Devon employees attended, volunteered for or facilitated events like the 2019 Fall Retreat, which was attended by more than 450 teachers and students, and the Annual OKWIT Awards Gala, the only event in Oklahoma that celebrates women in technology. Supporting OKWIT is consistent with Devon’s broader commitment to STEM activities.
Employee Wellness

We help employees improve their physical, mental and financial well-being, clearing the way for them to be focused and effective. Prevention, convenient tools and high-quality programs are hallmarks of Devon’s approach to wellness.

Strong productivity and engagement

Devon has long recognized that healthy, happy employees are more likely to have the focus and productivity needed to deliver results. We first invested in formal programs to help employees achieve physical, mental and financial well-being in 2012. Since then, we've experienced strong productivity and engagement, low absenteeism and high retention rates. In addition, the combination of our wellness programs and generous health care benefits has helped keep Devon's medical insurance premium costs flat or below national rates of increase, excluding large one-time claims. Best of all, employees tell us that they've improved their health and changed their lives with the help of our wellness offerings.

Devon is maintaining the most effective core programs, even while cutting overall costs, because we understand the positive impact wellness has on our workforce and our business.

Prevention for physical and mental health

To encourage employees to be proactive about their health and well-being, Devon covers the cost of annual physical exams, annual vision screenings, two annual dental exams, colonoscopies, mammograms, prostate exams and well-woman exams. For convenience, we offer on-site mammography twice each year. Employee participation in preventive cancer screenings in 2019 exceeded national benchmarks up to 20% in some categories.

In 2019, 60% of Devon employees received an annual physical exam from their personal physician, an increase from 58% in 2018. Nearly 800 physicals were completed at the Doc, the medical clinic we established so employees and their families could get a high standard of care and personal attention with short wait times near our corporate headquarters in Oklahoma City. Additionally, 29 employees received annual physicals on-site at our Weatherford, Oklahoma, field office in 2019.
We support employees who want to make healthy lifestyle changes and provide high-quality, no-cost offerings to help them prevent chronic illnesses and health problems. These include programs for diabetes support, a pre-diabetes version for field employees, and tobacco cessation. Eligible employees also can take part in Drop at the Doc, a 22-week physician-led weight-loss program.

Through education efforts, Devon makes our workforce aware of common mental health issues like anxiety, depression, addiction and insomnia, as well as treatment options available to employees enrolled in our medical plan. In addition, employees can receive three free counseling sessions through our Employee Assistance Program (EAP).

We encourage employees to take advantage of our wellness programs by awarding points for activities like getting a physical exam or completing a financial wellness series. They can track points and progress on our online portal. Employees who accumulate 1,000 points in a year receive up to $2,500 in contributions to their health savings account (HSA). A large number of Devon employees set aside money in an HSA for qualified medical expenses, and the average HSA balance has increased for the past three years.

Employee engagement in our wellness programs was strong in 2019, with 95% of employees registered on our online portal, 72% completing their well-being assessment and 82% earning at least 1,000 participation points.

**Financial well-being in all phases of life**

Debt, day-to-day financial challenges and saving for retirement can affect people’s sense of well-being. Devon’s financial wellness program provides confidential and unbiased financial guidance and a wide range of resources at no cost to employees. Employees can take a third-party financial assessment, receive one-on-one consultations with experts and participate in onsite and web-based workshops as part of our financial wellness program. We’re at the top of our industry for 401(k) plan contributions, with over 99% of employees contributing to the plan in 2019 and the percentage of their paycheck contributions growing every year from 2016 through 2019. We believe it’s because our employees are well informed about the importance of retirement savings on their financial well-being.

To help employees understand financial requirements based on their phase in life, Devon hosted a well-attended series of classes on estate planning, debt management, retirement planning and long-term care planning in 2019. The classes will be available again in 2020.

Ultimately, we believe giving our employees opportunities to improve their well-being will enhance Devon’s ability to be a sustainable business.

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### 401(k)

**Deferral Participation Rate**

(percentage of employees who contribute to the plan)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>96.2%</td>
<td>98.7%</td>
<td>98.6%</td>
<td>99.1%</td>
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</table>

### Average Deferral Rate

(actual percentage of paycheck that employees contribute)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>5.5%</td>
<td>5.9%</td>
<td>5.9%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

### HSA

**Average HSA account balance for Devon employees**

(as of 3/31 each year)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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<tbody>
<tr>
<td>Balance</td>
<td>$3,558</td>
<td>$3,979</td>
<td>$4,749</td>
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</table>
The environment metrics have been calculated using the best available data at the time of publication. Historical metrics are subject to change as we continuously seek to improve our data management practices, data sources, and calculation methodologies in order to provide the highest level of transparency, consistency and accuracy.

We include all reportable emissions under EPA’s Greenhouse Gas Reporting Program (GHGRP) for Devon operated facilities, as well as non-reportable emissions from our production assets and, beginning in reporting year 2019, gathering and boosting assets.

We calculate our reported emissions using EPA fuel and electricity emissions factors.

Our methane emissions intensity rate calculation includes all natural gas produced at Devon operated facilities and all methane emissions from Devon facilities associated with the production of oil and natural gas. Click here to see Devon’s calculation methodology for methane emissions intensity.

Our flaring intensity rate calculation includes all natural gas produced at facilities operated by Devon in 2019 and the flared volumes associated with the production of oil and natural gas.

Our water usage includes all water sources used in completions activities at facilities operated by Devon in 2019.

Reportable spill events and volumes exclude a well-control event that occurred in 2019.

<table>
<thead>
<tr>
<th>ENVIRONMENT METRICS</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct GHG Emissions (million tonnes CO₂e)²</td>
<td>2.39</td>
<td>2.73</td>
<td>2.61</td>
</tr>
<tr>
<td>By Constituent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carbon Dioxide (million tonnes CO₂e)</td>
<td>1.54</td>
<td>1.92</td>
<td>1.88</td>
</tr>
<tr>
<td>Methane (million tonnes CO₂e)</td>
<td>0.85</td>
<td>0.81</td>
<td>0.73</td>
</tr>
<tr>
<td>Nitrous Oxide (million tonnes CO₂e)</td>
<td>0.001</td>
<td>0.001</td>
<td>0.002</td>
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<tr>
<td>By Source</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Flaring/Venting (million tonnes CO₂e)</td>
<td>0.91</td>
<td>1.34</td>
<td>1.15</td>
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<tr>
<td>Combustion (million tonnes CO₂e)</td>
<td>1.24</td>
<td>1.18</td>
<td>1.28</td>
</tr>
<tr>
<td>Other (million tonnes CO₂e)</td>
<td>0.25</td>
<td>0.20</td>
<td>0.19</td>
</tr>
<tr>
<td>Indirect Emissions - Electricity Use (million tonnes CO₂e)³</td>
<td>0.26</td>
<td>0.25</td>
<td>0.18</td>
</tr>
<tr>
<td>Direct and Indirect GHG Emissions (million tonnes CO₂e)²</td>
<td>2.65</td>
<td>2.98</td>
<td>2.79</td>
</tr>
<tr>
<td>GHG Emissions Intensity (tCO₂e/MBOE)²</td>
<td>11.65</td>
<td>12.34</td>
<td>9.96</td>
</tr>
</tbody>
</table>

Despite increased activity levels, Devon’s GHG emissions fell in 2019, driven in part by efforts to expand our leak detection and repair (LDAR) program and improve our venting and flaring performance.

Methane Emissions Intensity (tCO₂e/MBOE)²

Methane Emissions Intensity (% of natural gas produced)³

Continued efforts to capture methane to avoid venting and flaring and expanding our LDAR program led to lower methane emissions in 2019. Devon’s methane intensity rate (% of natural gas produced) will be used to track progress towards Devon’s goal of achieving and maintaining a methane intensity rate of 0.28% or lower by 2025. achieving and maintaining a methane intensity rate of 0.28% or lower by 2025.

Flaring Intensity (% of natural gas produced)⁴

Energy Used - Fuel and Electricity Use (trillion BTU)³

Consumption of electricity represents a small portion of our overall emissions profile.

Water Usage (million bbl)⁶

Recycled (million bbl) | 4.67 | 11.75 | 17.73 |

Sourced (million bbl) | 39.13 | 47.65 | 74.77 |

Water Usage Intensity (bbl/boe produced)⁵ | 0.22 | 0.29 | 0.45 |

Water Usage Intensity (million bbl/well completion)⁵ | 0.20 | 0.21 | 0.25 |

Devon’s total water use varies with activity levels, targeted formations and lateral lengths, and includes fresh, non-fresh and recycled water volumes. We seek alternatives to fresh water supplies, where possible. In 2019, recycled and non-fresh (brackish) water accounted for more than 80% of the water we used in our Delaware Basin operations. We are also an industry leader in developing recycled-water technologies and best practices.

Reportable Spill Events Released to the Environment (events)⁶

Reportable Spill Volumes Released to the Environment (barrels)⁷

When a spill occurs, we remediate, investigate the cause and take corrective action to prevent recurrence.

1 The environment metrics have been calculated using the best available data at the time of publication. Historical metrics are subject to change as we continuously seek to improve our data management practices, data sources, and calculation methodologies in order to provide the highest level of transparency, consistency and accuracy.

2 We include all reportable emissions under EPA’s Greenhouse Gas Reporting Program (GHGRP) for Devon operated facilities, as well as non-reportable emissions from our production assets and, beginning in reporting year 2019, gathering and boosting assets.

3 We calculate our reported emissions using EPA fuel and electricity emissions factors.

4 Our methane emissions intensity rate calculation includes all natural gas produced at Devon operated facilities and all methane emissions from Devon facilities associated with the production of oil and natural gas. Click here to see Devon’s calculation methodology for methane emissions intensity.

5 Our flaring intensity rate calculation includes all natural gas produced at facilities operated by Devon in 2019 and the flared volumes associated with the production of oil and natural gas.

6 Our water usage includes all water sources used in completions activities at facilities operated by Devon in 2019.

7 Reportable spill events and volumes exclude a well-control event that occurred in 2019.
## PERFORMANCE METRICS

### SAFETY METRICS

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fatalities (Employee and contractor workforce)</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Total Recordable Incident Rate (TRIR) - Employee + Contractor</td>
<td>0.55</td>
<td>0.53</td>
<td>0.54</td>
</tr>
<tr>
<td>TRIR - Employee</td>
<td>0.63</td>
<td>0.41</td>
<td>0.48</td>
</tr>
<tr>
<td>TRIR - Contractor</td>
<td>0.53</td>
<td>0.55</td>
<td>0.55</td>
</tr>
<tr>
<td>Serious Incident &amp; Fatality (SIF) Recordable Rate - Employee + Contractor</td>
<td>0.08</td>
<td>0.06</td>
<td>0.08</td>
</tr>
<tr>
<td>Days Away Restricted Transfer (DART) Incident Rate - Employee + Contractor</td>
<td>0.18</td>
<td>0.26</td>
<td>0.25</td>
</tr>
<tr>
<td>DART Incident Rate - Employee</td>
<td>0.30</td>
<td>0.12</td>
<td>0.34</td>
</tr>
<tr>
<td>DART Incident Rate - Contractor</td>
<td>0.15</td>
<td>0.28</td>
<td>0.23</td>
</tr>
<tr>
<td>Lost Time Incident Rate (LTIR) - Employee + Contractor</td>
<td>0.12</td>
<td>0.12</td>
<td>0.17</td>
</tr>
<tr>
<td>LTIR - Employee</td>
<td>0.18</td>
<td>0.12</td>
<td>0.34</td>
</tr>
<tr>
<td>LTIR - Contractor</td>
<td>0.10</td>
<td>0.12</td>
<td>0.14</td>
</tr>
<tr>
<td>Preventable Vehicle Incident Rate (per million miles)</td>
<td>0.85</td>
<td>1.00</td>
<td>1.62</td>
</tr>
<tr>
<td>Employee Hours (million)</td>
<td>5.4</td>
<td>4.9</td>
<td>4.2</td>
</tr>
<tr>
<td>Contractor Hours (million)</td>
<td>18.4</td>
<td>24.7</td>
<td>21.6</td>
</tr>
</tbody>
</table>

### GOVERNANCE METRICS

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Board Members</td>
<td>78%</td>
<td>80%</td>
<td>91%</td>
</tr>
<tr>
<td>Women Board Members</td>
<td>22%</td>
<td>20%</td>
<td>27%</td>
</tr>
<tr>
<td>Contributions - Trades &amp; Political (thousands)</td>
<td>$1,062</td>
<td>$494</td>
<td>$2,144</td>
</tr>
<tr>
<td>Lobbying - Federal &amp; State (thousands)</td>
<td>$1,542</td>
<td>$905</td>
<td>$1,178</td>
</tr>
</tbody>
</table>

Currently, 9 of our 11 board members (82%) qualify as independent under NYSE standards and SEC regulations.

Three women (27%), including the chairs of Devon’s Audit and Governance Committees, currently serve on our board of directors.

In 2019, we began disclosing non-deductible trade association dues.

Devon’s lobbying and political activity is disclosed via public agencies, as well as through the company’s Political Activity and Lobbying Report available on our website.

### SOCIAL METRIC

<table>
<thead>
<tr>
<th>Metric</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Investments (in millions)</td>
<td>$6.7</td>
<td>$7.0</td>
<td>$6.2</td>
</tr>
</tbody>
</table>
**WORKFORCE METRICS**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headcount (total company)</td>
<td>2,552</td>
<td>2,134</td>
<td>1,767</td>
</tr>
<tr>
<td>Minorities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minorities as a Percentage of Workforce*</td>
<td>17%</td>
<td>18%</td>
<td>19%</td>
</tr>
<tr>
<td>Women</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women as a Percentage of Workforce*</td>
<td>28%</td>
<td>26%</td>
<td>25%</td>
</tr>
<tr>
<td>Minorities and Women as a Percentage of Leadership</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minorities</td>
<td>11%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Women</td>
<td>18%</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>Years of Service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 5 years</td>
<td>50%</td>
<td>41%</td>
<td>31%</td>
</tr>
<tr>
<td>5-9 years</td>
<td>26%</td>
<td>32%</td>
<td>42%</td>
</tr>
<tr>
<td>10-14 years</td>
<td>14%</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>15-19 years</td>
<td>5%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>20-24 years</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>25+ years</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Median Age</td>
<td>38</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>Attrition Rate</td>
<td>6%</td>
<td>9%</td>
<td>8%</td>
</tr>
</tbody>
</table>

*As defined by the U.S. Equal Employment Opportunity Commission.*
This report was prepared with content correlated to voluntary frameworks and standards established by IPIECA, the oil and gas industry association for advancing environmental and social performance, Task Force on Climate-Related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB) and United Nations’ Sustainable Development Goals. Devon continues to strive for increased transparency on issues that are top-of-mind for our stakeholders, as we believe ESG transparency is important to building a sustainable and economically competitive company.

**IPIECA**

**Sustainability reporting guidance for the oil and gas industry** (4th edition, 2020)

The primary framework for this report is the Sustainability reporting guidance for the oil and gas industry developed by IPIECA, the American Petroleum Institute (API) and the International Association of Oil & Gas Producers (IOGP). The issues and indicators in this guidance have been selected based on industry consensus, together with significant insights and suggestions from an independent panel of stakeholders with expertise in the sector and sustainability reporting.

The below IPIECA index identifies where the referenced data may be found in this report or other publicly available disclosures.

<table>
<thead>
<tr>
<th>IPIECA ISSUE</th>
<th>INDICATORS</th>
<th>REFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GOVERNANCE AND BUSINESS ETHICS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GOVERNANCE AND MANAGEMENT SYSTEMS</td>
<td>GOV-1: Governance approach</td>
<td>Sustainability Report (SR) – About This Report, Core Values: The Devon Way, Corporate Governance, Corporate Governance Guidelines, Code of Business Conduct and Ethics, EHS Philosophy</td>
</tr>
<tr>
<td></td>
<td>GOV-2: Management systems</td>
<td>SR-About This Report, SR-Ethics and Integrity, SR-Our Culture</td>
</tr>
<tr>
<td>BUSINESS ETHICS AND TRANSPARENCY</td>
<td>GOV-3: Preventing corruption</td>
<td>SR-Ethics and Integrity, SR-Workforce Safety, Anti-Corruption Policy, Supplier Qualification Requirements, Ethics &amp; Compliance Helpline</td>
</tr>
<tr>
<td></td>
<td>GOV-4: Transparency of payments to host governments</td>
<td>Not Applicable</td>
</tr>
<tr>
<td></td>
<td>GOV-5: Public advocacy and lobbying</td>
<td>SR-Governance Overview, SR-Public Advocacy, Anti-Corruption Policy, Political Activity and Lobbying Report</td>
</tr>
<tr>
<td><strong>CLIMATE STRATEGY AND RISK</strong></td>
<td>CCE-1: Climate governance and strategy</td>
<td>SR-Climate Change, SR-Risk Management, Climate Change Assessment Report, CDP Climate Response</td>
</tr>
<tr>
<td></td>
<td>CCE-2: Climate risk and opportunities</td>
<td>SR-Air Emissions, Climate Change Assessment Report, CDP Climate Response</td>
</tr>
<tr>
<td>TECHNOLOGY</td>
<td>CCE-3: Lower-carbon technology</td>
<td>SR-Air Emissions, CDP Climate Response</td>
</tr>
<tr>
<td>EMISSIONS</td>
<td>CCE-4: Greenhouse gas (GHG) emissions</td>
<td>SR-Air Emissions, SR-Performance Metrics, CDP Climate Response</td>
</tr>
<tr>
<td></td>
<td>CCE-5: Methane emissions</td>
<td>SR-Air Emissions, SR-Performance Metrics, CDP Climate Response</td>
</tr>
<tr>
<td>ENERGY USE</td>
<td>CCE-6: Energy use</td>
<td>SR-Air Emissions, SR-Performance Metrics, CDP Climate Response</td>
</tr>
<tr>
<td>FLARING</td>
<td>CCE-7: Flared gas</td>
<td>SR-Air Emissions, SR-Performance Metrics, CDP Climate Response</td>
</tr>
<tr>
<td>IPIECA ISSUE</td>
<td>INDICATORS</td>
<td>REFERENCE</td>
</tr>
<tr>
<td>--------------</td>
<td>------------</td>
<td>----------</td>
</tr>
<tr>
<td>WATER</td>
<td>ENV-1: Freshwater</td>
<td>SR-Water Management, SR-Performance Metrics, CDP Water Response</td>
</tr>
<tr>
<td></td>
<td>ENV-2: Discharges to water</td>
<td>Not Disclosed</td>
</tr>
<tr>
<td></td>
<td>ENV-3: Biodiversity policy and strategy</td>
<td>SR-Land Conservation</td>
</tr>
<tr>
<td></td>
<td>ENV-4: Protected and priority areas for biodiversity conservation</td>
<td>Not Disclosed</td>
</tr>
<tr>
<td>BIODIVERSITY</td>
<td>ENV-5: Emissions to air</td>
<td>SR-Air Emissions, CDP Climate Response</td>
</tr>
<tr>
<td>MATERIALS MANAGEMENT</td>
<td>ENV-8: Decommissioning</td>
<td>Not Disclosed</td>
</tr>
<tr>
<td>DECOMMISSIONING</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAFETY, HEALTH AND SECURITY</td>
<td>SHS-1: Safety, health and security engagement</td>
<td>SR-Safety Overview, SR-Workforce Safety, EHS Philosophy, SR-Emergency Preparedness, Supplier Qualification Requirements</td>
</tr>
<tr>
<td></td>
<td>SHS-3: Occupational injury and illness incidents</td>
<td>SR-Safety Overview, SR-Workforce Safety, SR-Performance Metrics</td>
</tr>
<tr>
<td>WORKFORCE PROTECTION</td>
<td>SHS-5: Product stewardship</td>
<td>SR-Waste Management, SR-Workforce Safety, Safety Data Sheets, EHS Philosophy</td>
</tr>
<tr>
<td>PRODUCT HEALTH, SAFETY AND ENVIRONMENTAL RISK</td>
<td>SHS-6: Process safety</td>
<td>Not Disclosed</td>
</tr>
<tr>
<td>SECURITY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HUMAN RIGHTS MANAGEMENT</td>
<td>SOC-1: Human rights due diligence</td>
<td>SR-Human Rights, Statement on Human Rights, SR-Ethics and Integrity, Ethics &amp; Compliance Helpline</td>
</tr>
<tr>
<td></td>
<td>SOC-2: Suppliers and human rights</td>
<td>Statement on Human Rights, Supplier Qualification Requirements</td>
</tr>
<tr>
<td></td>
<td>SOC-3: Security and human rights</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>LABOR PRACTICES</td>
<td>SOC-4: Site-based labor practices and worker accommodation</td>
<td>SR-Workforce Safety, Code of Business Conduct and Ethics</td>
</tr>
<tr>
<td></td>
<td>SOC-5: Workforce diversity and inclusion</td>
<td>SR-Inclusion and Diversity</td>
</tr>
<tr>
<td></td>
<td>SOC-6: Workforce engagement</td>
<td>SR-Workforce Overview, Ethics &amp; Compliance Helpline</td>
</tr>
<tr>
<td></td>
<td>SOC-7: Workforce training and development</td>
<td>SR-Our Culture, SR-Workforce Safety</td>
</tr>
<tr>
<td></td>
<td>SOC-8: Workforce non-retaliation and grievance mechanisms</td>
<td>Ethics &amp; Compliance Helpline</td>
</tr>
<tr>
<td>SOCIAL</td>
<td>SOC-9: Community impacts and engagement</td>
<td>SR-About This Report, SR-Community Engagement, SR-Seismicity, SR-Well Safety</td>
</tr>
<tr>
<td>COMMUNITY ENGAGEMENT</td>
<td>SOC-10: Engagement with Indigenous Peoples</td>
<td>Statement on Human Rights</td>
</tr>
<tr>
<td></td>
<td>SOC-11: Land acquisition and involuntary resettlement</td>
<td>Not Applicable</td>
</tr>
<tr>
<td></td>
<td>SOC-12: Community grievance mechanisms</td>
<td>Ethics &amp; Compliance Helpline, Statement on Human Rights</td>
</tr>
<tr>
<td>LOCAL CONTENT</td>
<td>SOC-14: Local procurement and supplier development</td>
<td>SR-Community Engagement</td>
</tr>
<tr>
<td></td>
<td>SOC-15: Local hiring practices</td>
<td>SR-Workforce Overview</td>
</tr>
</tbody>
</table>
TCFD
Recommendations of the Task Force on Climate-related Financial Disclosures (June 2017)

The TCFD seeks to develop recommendations for voluntary climate-related financial disclosures as a tool for investors and other stakeholders to assess risks associated with climate change. Devon published a standalone Climate Change Assessment Report in 2018 and will release an updated version aligned with TCFD in 2020.

<table>
<thead>
<tr>
<th>CORE ELEMENT</th>
<th>TCFD DISCLOSURE</th>
<th>REFERENCE</th>
</tr>
</thead>
</table>
| GOVERNANCE          | Disclose the organization’s governance around climate-related risks and opportunities. | a) Describe the board’s oversight of climate-related risks and opportunities.  
                      |                                                                                 | Climate Change Assessment Report (CCAR), Sustainability Report (SR)-Environment Overview, CDP Climate Response |
|                     |                                                                                 | b) Describe management’s role in assessing and managing climate-related risks and opportunities.  
                      |                                                                                 | CCAR, SR-Environment Overview, CDP Climate Response                           |
| STRATEGY            | Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material. | a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.  
                      |                                                                                 | CCAR, Form 10-K, CDP Climate Response                                         |
|                     |                                                                                 | b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.  
                      |                                                                                 | CCAR, Form 10-K, CDP Climate Response                                         |
|                     |                                                                                 | c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.  
                      |                                                                                 | CCAR, CDP Climate Response                                                   |
| RISK MANAGEMENT     | Disclose how the organization identifies, assesses, and manages climate-related risks. | a) Describe the organization’s processes for identifying and assessing climate-related risks.  
                      |                                                                                 | CCAR, CDP Climate Response                                                   |
|                     |                                                                                 | b) Describe the organization’s processes for managing climate-related risks.  
                      |                                                                                 | CCAR, CDP Climate Response                                                   |
|                     |                                                                                 | c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.  
                      |                                                                                 | CCAR, CDP Climate Response                                                   |
| METRICS AND TARGETS | Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material. | a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.  
                      |                                                                                 | CCAR, SR-Environment Overview, CDP Climate Response                           |
|                     |                                                                                 | b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.  
                      |                                                                                 | CDP Climate Response Note: to be addressed in Devon’s 2020 CCAR to be published by year-end. |
|                     |                                                                                 | c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.  
                      |                                                                                 | SR-Air Emissions, CDP Climate Response Note: to be addressed in Devon’s 2020 CCAR to be published by year-end. |
SASB
Oil and Gas Exploration and Production Sustainability Accounting Standard (version 2018-10)

The Sustainability Accounting Standards Board (SASB) connects businesses and investors on the financial impacts of sustainability. SASB’s mission is to help businesses around the world identify, manage and report on the sustainability topics that matter most to their investors.

In response to growing investor interest in SASB, we conducted a comparative analysis using SASB indicators against our current reporting process. As of 2020, we still rely heavily on CDP Climate, CDP Water and our own materiality assessment to determine our top issues and methodologies for reporting. Various SASB indicators request different reporting methodologies but use the same underlying raw data that we use for our CDP responses. As such, Devon intends to use the SASB materiality profile for the oil and gas industry as an additional reference point when assessing the sustainability issues most likely to impact our business. We will determine what additional SASB-specific measurements Devon may adopt in the future based upon future assessments.

<table>
<thead>
<tr>
<th>SASB TOPIC</th>
<th>CODE</th>
<th>ACCOUNTING/ACTIVITY METRIC</th>
<th>REFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EM-EP-110a.2</td>
<td>Amount of gross global Scope 1 emissions from: (1) flared hydrocarbons, (2) other combustion, (3) process emissions, (4) other vented emissions, and (5) fugitive emissions</td>
<td>SR-Air Emissions, SR-Performance Metrics, CDP Climate Response</td>
</tr>
<tr>
<td></td>
<td>EM-EP-110a.3</td>
<td>Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets</td>
<td>SR-Air Emissions, CDP Climate Response</td>
</tr>
<tr>
<td>AIR QUALITY</td>
<td>EM-EP-120a.1</td>
<td>Air emissions of the following pollutants: (1) NO\textsubscript{X} (excluding N\textsubscript{2}O), (2) SO\textsubscript{X}, (3) volatile organic compounds (VOCs), and (4) particulate matter (PM\textsubscript{10})</td>
<td>Not Disclosed</td>
</tr>
<tr>
<td>WATER MANAGEMENT</td>
<td>EM-EP-130a.1</td>
<td>1) Total fresh water withdrawn, (2) total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress</td>
<td>SR-Performance Metrics, SR-Water Management, CDP Water Response</td>
</tr>
<tr>
<td></td>
<td>EM-EP-130a.2</td>
<td>Volume of produced water and flowback generated; percentage (1) discharged, (2) injected, (3) recycled; hydrocarbon content in discharged water</td>
<td>SR-Water Management, CDP Water Response</td>
</tr>
<tr>
<td></td>
<td>EM-EP-130a.3</td>
<td>Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used</td>
<td>Not Disclosed</td>
</tr>
<tr>
<td></td>
<td>EM-EP-130a.4</td>
<td>Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline</td>
<td>Not Disclosed</td>
</tr>
<tr>
<td>BIODIVERSITY IMPACTS</td>
<td>EM-EP-160a.1</td>
<td>Description of environmental management policies and practices for active sites</td>
<td>SR-Land Conservation</td>
</tr>
<tr>
<td></td>
<td>EM-EP-160a.2</td>
<td>Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume near shorelines with ESI rankings 8-10, and volume recovered</td>
<td>SR-Spill Prevention, SR-Performance Metrics</td>
</tr>
<tr>
<td></td>
<td>EM-EP-160a.3</td>
<td>(1) Proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat</td>
<td>Not Disclosed</td>
</tr>
<tr>
<td>SECURITY, HUMAN RIGHTS, AND RIGHTS OF INDIGENOUS PEOPLES</td>
<td>EM-EP-210a.1</td>
<td>(1) Proved and (2) probable reserves in or near areas of conflict</td>
<td>Not Applicable</td>
</tr>
<tr>
<td></td>
<td>EM-EP-210a.2</td>
<td>Percentage of (1) proved and (2) probable reserves in or near indigenous land</td>
<td>Not Disclosed</td>
</tr>
<tr>
<td></td>
<td>EM-EP-210a.3</td>
<td>Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict</td>
<td>Statement on Human Rights</td>
</tr>
<tr>
<td>SASB TOPIC</td>
<td>CODE</td>
<td>ACCOUNTING/ACTIVITY METRIC</td>
<td>REFERENCE</td>
</tr>
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<td>----------------------------------</td>
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<tr>
<td>COMMUNITY RELATIONS</td>
<td>EM-EP-210b.2</td>
<td>Discussion of process to manage risks and opportunities associated with community rights and interests</td>
<td>SR-Social Overview</td>
</tr>
<tr>
<td></td>
<td>EM-EP-210b.2</td>
<td>Number and duration of non-technical delays</td>
<td>Not Disclosed</td>
</tr>
<tr>
<td>WORKFORCE HEALTH &amp; SAFETY</td>
<td>EM-EP-320a.1</td>
<td>(1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR), and (4) average hours of health, safety, and emergency response training for (a) full-time employees, (b) contract employees, and (c) short-service employees</td>
<td>SR-Workforce Safety, SR-Performance Metrics</td>
</tr>
<tr>
<td></td>
<td>EM-EP-320a.2</td>
<td>Discussion of management systems used to integrate a culture of safety and emergency preparedness throughout the value chain and throughout the exploration and production lifecycle</td>
<td>SR-Safety Overview, SR-Workforce Safety, SR-Emergency Preparedness</td>
</tr>
<tr>
<td>RESERVES VALUATION &amp; CAPITAL EXPENDITURES</td>
<td>EM-EP-420a.1</td>
<td>Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions</td>
<td>Climate Change Assessment Report</td>
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<tr>
<td></td>
<td>EM-EP-420a.2</td>
<td>Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves</td>
<td>Not Disclosed</td>
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<tr>
<td></td>
<td>EM-EP-420a.3</td>
<td>Amount invested in renewable energy, revenue generated by renewable energy sales</td>
<td>Not Applicable</td>
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<tr>
<td></td>
<td>EM-EP-420a.4</td>
<td>Discussion of how price and demand for hydrocarbons and/or climate regulation influence the capital expenditure strategy for exploration, acquisition, and development of assets</td>
<td>Climate Change Assessment Report, Form 10-K</td>
</tr>
<tr>
<td>BUSINESS ETHICS &amp; PAYMENTS TRANSPARENCY</td>
<td>EM-EP-510a.1</td>
<td>Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index</td>
<td>Not Applicable</td>
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<tr>
<td></td>
<td>EM-EP-510a.2</td>
<td>Description of the management system for prevention of corruption and bribery throughout the value chain</td>
<td>SR-Governance, Anti-Corruption Policy, CDP Climate Response</td>
</tr>
<tr>
<td>MANAGEMENT OF THE LEGAL &amp; REGULATORY ENVIRONMENT</td>
<td>EM-EP-530a.1</td>
<td>Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry</td>
<td>Climate Change Assessment Report, Form 10-K, Political Activity and Lobbying Report</td>
</tr>
<tr>
<td>CRITICAL INCIDENT RISK MANAGEMENT</td>
<td>EM-EP-540a.1</td>
<td>Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)</td>
<td>Not Disclosed</td>
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<tr>
<td></td>
<td>EM-EP-540a.2</td>
<td>Description of management systems used to identify and mitigate catastrophic and tail-end risks</td>
<td>SR-Workforce Safety, SR-Emergency Preparedness</td>
</tr>
<tr>
<td>ACTIVITY METRICS</td>
<td>EM-EP-000.A</td>
<td>Production of oil</td>
<td>Form 10-K</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Production of natural gas</td>
<td>Form 10-K</td>
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<td></td>
<td></td>
<td>Production of synthetic oil</td>
<td>Not Applicable</td>
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<tr>
<td></td>
<td>EM-EP-000.B</td>
<td>Number of offshore sites</td>
<td>Not Applicable</td>
</tr>
<tr>
<td></td>
<td>EM-EP-000.C</td>
<td>Number of terrestrial sites</td>
<td>Website-Operations</td>
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**REPORTING FRAMEWORKS**

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**United Nations’ Sustainable Development Goals**

At Devon, one way we reflect on our role in society is by viewing our work through the lens of the UN Sustainable Development Goals, or SDGs. The SDGs are the globally agreed-upon action plan for providing affordable and clean energy, protecting our planet, and promoting peace and prosperity for all people. We identified nine SDGs for which we believe Devon makes the greatest contribution. The following table summarizes those nine SDGs and where discussion of those topics can be found in this report.

<table>
<thead>
<tr>
<th>SUSTAINABLE DEVELOPMENT GOAL</th>
<th>REFERENCE</th>
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</thead>
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<td>SDG Goal 3 – Good Health and Well-Being</td>
<td>SR-Employee Wellness</td>
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<td>SDG Goal 4 – Quality Education</td>
<td>SR-STEM</td>
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<td>SDG Goal 5 – Gender Equality</td>
<td>SR-Inclusion and Diversity</td>
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<td>SDG Goal 6 – Clean Water and Sanitation</td>
<td>SR-Water Management</td>
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<td>SDG Goal 7 – Affordable and Clean Energy</td>
<td>SR-Climate Change</td>
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<td>SDG Goal 8 – Decent Work and Economic Growth</td>
<td>SR-Workforce Safety</td>
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<td>SDG Goal 13 – Climate Action</td>
<td>SR-Risk Management</td>
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<td>SDG Goal 15 – Life on Land</td>
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<td>SDG Goal 17 – Partnerships</td>
<td>SR-Overview</td>
</tr>
</tbody>
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**Disclaimer**

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This report covers our owned and operated businesses and does not address the performance or operations of our suppliers, contractors and partners unless otherwise noted. This report does not distinguish between the activities and operations of our ultimate parent company (Devon Energy Corporation) and those of our subsidiaries.

This report includes “forward-looking statements” as defined by the SEC. Such statements relate to the manner in which Devon intends to conduct certain of its activities, based on management’s current plans and expectations. Such statements are not promises or guarantees of future conduct or policy and are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control. See the Safe Harbor disclosure at the end of this report. Devon’s actual activities, including the development, implementation or continuation of any program, target or initiative discussed in this report may differ materially in the future. The forward-looking statements in this report are made as of the date of submittal of our responses to this report, even if subsequently made available by Devon on its website or otherwise. Devon does not undertake any obligation to update the forward-looking statements as a result of new information, future events or otherwise.
Safe Harbor

Some of the information provided in this report includes “forward-looking statements” as defined by the SEC. Forward-looking statements are often identified by use of the words “forecasts,” “projections,” “estimates,” “plans,” “expectations,” “targets,” “opportunities,” “potential,” “outlook” and other similar terminology. Such statements concerning future performance are subject to a variety of risks and uncertainties that could cause Devon’s actual results to differ materially from the forward-looking statements contained herein. Risks and uncertainties are described in more detail in the “Risk Factors” section of our most recent Form 10-K and in our other filings with the SEC.

The forward-looking statements provided in this report are based on management’s examination of historical operating trends, the information which was used to prepare reserve reports and other data in Devon’s possession or available from third parties. Devon cautions that its future oil, natural gas and NGL production, revenues and expenses are subject to all of the risks and uncertainties normally incident to the exploration for and development, production and sale of oil, natural gas and NGLs. These risks include, but are not limited to, price volatility, inflation or lack of availability of goods and services, environmental risks, drilling risks, political changes, changes in laws or regulations, the uncertainty inherent in estimating future oil and gas production or reserves and, as noted above, other risks identified in our Form 10-K and our other filings with the SEC.