

## C0. Introduction

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### C0.1

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**(C0.1) Give a general description and introduction to your organization.**

Devon Energy Corp. (NYSE: DVN) is an independent energy company engaged in oil and natural gas exploration and production. Devon is among the largest U.S.-based independent producers and is included in the S&P 500 index. The company is based in Oklahoma City and also has a major employment center in Calgary. Devon's operations are focused onshore in the United States and Canada. The company's portfolio of oil and natural gas properties provides stable, environmentally responsible production and a platform for future growth. For 2017, the company's production mix for retained assets was 37 percent natural gas and 63 percent oil and liquids such as propane, butane and ethane. Devon's mission is to be a results-oriented oil and natural gas company that creates value for stakeholders in an employee culture of optimism, teamwork, creativity and resourcefulness, and by doing business in an open and ethical manner. For more information about Devon, please visit [www.devonenergy.com](http://www.devonenergy.com).

### C0.2

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**(C0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2017	December 31 2017	No	<Not Applicable>
Row 2	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 3	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 4	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

### C0.3

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**(C0.3) Select the countries/regions for which you will be supplying data.**

Canada  
United States of America

### C0.4

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**(C0.4) Select the currency used for all financial information disclosed throughout your response.**

USD

### C0.5

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**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.**

Operational control

## C-OG0.7

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**(C-OG0.7) Which part of the oil and gas value chain and other areas does your organization operate in?**

### Row 1

#### Oil and gas value chain

Upstream

#### Other divisions

Carbon capture and storage/utilization

## C1. Governance

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### C1.1

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**(C1.1) Is there board-level oversight of climate-related issues within your organization?**

Yes

### C1.1a

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**(C1.1a) Identify the position(s) of the individual(s) on the board with responsibility for climate-related issues.**

Position of individual(s)	Please explain
Board/Executive board	Devon Energy's Board of Directors has primary responsibility for risk management and oversight, including climate-related issues. The Company has been engaged in dialogue with shareholders on a number of environmental, social, and governance matters (ESG Matters), recognizing their importance to Devon and its stakeholders. In order to provide support for the Company's ongoing efforts in these areas, the Company formed an Environmental, Social, and Governance Steering Committee (the ESG Committee) in 2017.

### C1.1b

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**(C1.1b) Provide further details on the board’s oversight of climate-related issues.**

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding risk management policies	A key area of shareholder engagement has been on environmental matters, including potential impact associated with climate change policies. The ESG Committee has formed several working groups, including a working group to evaluate Devon’s disclosure related to climate change. By the end of 2018, Devon expects to publish a report that analyzes the risks of climate change to our company. Devon has also increased participation in external surveys and questionnaires, which has resulted in more transparency and improved the accuracy of information included in those materials. Devon has improved its performance on assessments with services like Sustainalytics and Disclosing the Facts, and in Institutional Shareholder Services’ inaugural Environmental and Social scoring system.

**C1.2**

**(C1.2) Below board-level, provide the highest-level management position(s) or committee(s) with responsibility for climate-related issues.**

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify (EVP & General Counsel)	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly

**C1.2a**

**(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored.**

The EVP/General Counsel is executive sponsor and an active member of the Environment, Social and Governance (ESG) Steering Committee, comprised of leaders from all parts of the business and focused on climate issues. They support Devon’s ongoing commitment to environmental health and safety, sustainability, corporate responsibility and governance by assisting senior management in: (a) setting and implementing strategy relating to ESG Matters including climate change; (b) overseeing communications with employees, investors, and other stakeholders with respect to ESG Matters; and (c) monitoring and anticipating developments relating to, and improving the company’s understanding of, ESG Matters. The EVP/General Counsel is liaison to the Board of Directors, whose Governance Committee oversees compliance with legal and regulatory requirements, reviews financial risk exposure and the steps taken to monitor and control such exposure. The Governance Committee is prepared to respond quickly to new requirements and emerging best practices.

**C1.3**

**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

Yes

**C1.3a**

**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.**

**Who is entitled to benefit from these incentives?**

All employees

**Types of incentives**

Monetary reward

**Activity incentivized**

Other, please specify (Technology Innovation)

**Comment**

Devon has held employee prize competitions with monetary rewards for winning teams to foster creative thinking and collaboration to overcome challenges facing our business. Implementation of resulting efficiency improvements have reduced energy use in transportation and operations, thus reducing emissions.

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**Who is entitled to benefit from these incentives?**

All employees

**Types of incentives**

Recognition (non-monetary)

**Activity incentivized**

Efficiency project

**Comment**

Employees are recognized companywide and within their operating units for work they do to improve energy efficiency and/or to reduce greenhouse gas emissions through the application of technology. Individual and team efforts are highlighted and recognized broadly throughout our internal and external websites. These communications are important because they inform our external stakeholders about our efforts to address emissions and provide positive reinforcement to our employees for their emission reduction efforts. It also demonstrates Devon's commitment to emissions reduction and helps apposition this work as a high priority within the organization,

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**Who is entitled to benefit from these incentives?**

Facilities manager

**Types of incentives**

Recognition (non-monetary)

**Activity incentivized**

Efficiency project

**Comment**

Facility managers are recognized companywide and within their operating units for work they do to improve energy efficiency and/or to reduce greenhouse gas emissions through the application of technology. Individual and team efforts are highlighted and recognized broadly throughout our internal and external websites. These communications are important because they inform our external stakeholders about our efforts to address emissions and provide positive reinforcement to our employees for their emission reduction efforts. This is even more important for facility managers, as positive reinforcement of their emissions reduction efforts will help them lead their team in the efforts, It also demonstrates Devon's commitment to emissions reduction and helps position this work as a high priority within the organization.

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**C2. Risks and opportunities**

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**C2.1**

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**(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.**

	From (years)	To (years)	Comment
Short-term	0	1	Typically Devon categorizes risks to our business in shorter time frames than 12 months. Our business changes very often and to be flexible and responsive to those changes Devon must be prepared to consider risks on shorter time frames.
Medium-term	1	2	
Long-term	2	5	Due to oil-and-gas-specific SEC requirements, operators have no incentive to beyond a 5-year time frame for asset development, so while Devon recognizes and analyzes risks over a greater period of time, typically Devon categorizes risks out to a 5-year window.

**C2.2**

**(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.**

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

**C2.2a**

**(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.**

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	3 to 6 years	Devon considers risks as far into the future as is practicable given variability in economic, regulatory and technological circumstances. While we pay close attention to developments where climate is concerned, we are not in a position to speculate on and act on potential risks without appropriate information to justify the action.

**C2.2b**

**(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.**

Environmental Health and Safety(EHS)-related risks are considered on a day-to-day basis through existing, documented Enterprise Risk Management (ERM) programs and practices, which are discussed in detail in an annual internal workshop focused on EHS risks, stewardship and compliance. Additionally, an ERM annual survey of company leaders is conducted to gauge leaders' views, with various categories of risk scored for their financial impact, likelihood, time frame, and how well the company is prepared to deal with them. The company considers \$50 million or more to be a substantive financial impact. Devon's ERM framework helps ensure that the company is focused on the right enterprise-level risks, including EHS risks.

As an example of asset-level risk identification, in the Devon Canada division, a Policy Risk Register was developed to identify and risk Canadian regulatory and policy changes. Subject matter experts are responsible for identifying forthcoming policy and regulatory risks. Regularly scheduled meeting are held to ensure that the risk register remains complete and up to date.

**C2.2c**

**(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?**

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Devon's operations comply with regulatory requirements. We continuously monitor new and emerging regulations, and, we adjust our operations accordingly.
Emerging regulation	Relevant, always included	Devon works to ensure our environmental footprint is as small possible to limit costs and mitigate any potential reactive regulatory changes.
Technology	Relevant, always included	The nature of the upstream oil and gas business is that new technology drastically changes our operations very often – Devon monitors upcoming changes in technology and adjusts our planning and execution accordingly.
Legal	Relevant, always included	Devon consistently manages and monitors legal risks, however, these are not always climate-related.
Market	Relevant, always included	Market changes in a commodified environment such as oil and gas extraction can have a great impact on demand. Devon monitors changes in the demand for our product, whether those changes are climate-related or not.
Reputation	Relevant, sometimes included	Reputational risk is assessed as a cost of doing business. As any negative perception could delay construction, and/or regulatory and government approval.
Acute physical	Not relevant, explanation provided	Currently, and in the short, medium, and long term time frames, Devon does not foresee risks associated with acute physical changes due to climate change impacting our business any more or less than the status quo. Oil and gas extraction operations have been successful in some of the most extreme environments across the planet, and in the areas where Devon operates and plans to operate, we are confident in our ability to continue to operate during those time frames.
Chronic physical	Not relevant, explanation provided	Currently, and in the short, medium, and long term time frames, Devon does not foresee risks associated with acute physical changes due to climate change impacting our business any more or less than the status quo. Oil and gas extraction operations have been successful in some of the most extreme environments across the planet, and in the areas where Devon operates and plans to operate, we are confident in our ability to continue to operate during those time frames.
Upstream	Relevant, always included	Emerging climate-related regulation has impacted Devon's access to materials necessary to complete our operations. Devon continues to monitor how climate-related regulations and other policy changes impact our ability to procure required equipment and raw materials.
Downstream	Relevant, always included	Emerging climate-related regulation may impact demand for Devon's product downstream of our production. In some situations, this impact could be positive, as demand for natural gas may be influenced by regulatory changes. Devon monitors how future changes in climate-related regulations may impact demand for our products, and our ability to market it.

**C2.2d**

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**(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.**

By the end of 2018, Devon expects to publish a report that analyzes the risks of climate change to our company. More specifically, Devon will, among other things, publish an evaluation of oil and gas reserves and resources under a scenario in which a reduction in demand results from carbon restrictions and related rules or commitments adopted by governments consistent with the 2-degree target established by the Paris Agreement.

Currently, management of climate change-related risks follows the same risk-assessment process as other business risks, based on the likelihood of their occurrence and their economic and non-economic impacts. Business risks are evaluated using Devon's corporate risk matrix, which identifies and evaluates environmental risks as a risk category. With each new opportunity or proposal, the corporate EHS group along with corporate planning and our Public and Government Affairs group, evaluates the potential business impact through policy analysis and financial impact modelling. This process helps to initiate development of strategies to mitigate business risk. Our objective is to maintain an understanding of the potential impacts of emerging regulation and to recommend ways to proactively mitigate risk. This focus also includes consideration of opportunities to reduce emissions and improve energy efficiency.

For example, in our U.S. operations, we recognized the potential risk of climate-driven regulation of the capture and monitoring of methane emissions from production sites. Even before EPA required new production facilities to be monitored using infra-red cameras, Devon recognized that such regulation was likely, and moved quickly to acquire cameras and train personnel. We began monitoring some of our sites before the regulation was proposed and currently implement LDAR monitoring on selected sites that are not subject to EPA regulation.

In our oil sands operations, climate-related regulatory risks are accounted for on an individual project basis. A carbon price equal to the regulated cost of carbon for large emitters in Alberta (\$30 per tonne of carbon dioxide equivalent) is accounted for in project economics. This accounts for the cost or benefit associated with any change in GHG emissions resulting from the project.

**C2.3**

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**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

**C2.3a**

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**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type**

Transition risk

**Primary climate-related risk driver**

Policy and legal: Increased pricing of GHG emissions

**Type of financial impact driver**

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

**Company- specific description**

In 2017, the Devon Jackfish SAGD facility (located in Alberta, Canada) was subject to the Specified Gas Emitters Regulation (SGER). This is an emissions intensity based GHG regulation requiring a 20% reduction in emissions intensity with a carbon price, set by regulators, at \$30 per tCO<sub>2</sub>E. On January 1, 2018 the SGER was replaced with the Carbon Competitiveness Incentive Regulation (CCIR). Under this regulation facilities are required to meet product-based emission intensity performance standards. The Canadian Federal Government has also announced that the price of carbon will increase to \$40 in 2021 and \$50 in 2022. The overall costs to operate the facility has increased as a result of carbon pricing regulation and increasing in carbon price.

**Time horizon**

Current

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium

**Potential financial impact**

0.15

**Explanation of financial impact**

The potential financial impact figure is given in \$/bbl. Compliance with Alberta's Specified Gas Emitters Regulation cost Devon between \$0.10 - \$0.20/bbl in 2017 in payments into the clean technology fund and in carbon offset purchases.

**Management method**

Devon manages this risk through continuous improvement of operational efficiencies, reductions in steam to oil ratio (SOR), and evaluation of new technologies that could reduce GHG emissions. For example, at our Jackfish SAGD facility we continuously manage and improve SOR. SOR is the amount of steam that is required to produce a barrel of oil. In SAGD operations, steam generation accounts for ~99% of GHG emissions, so improvements to SOR have direct implications on GHG emissions. Devon also has invested \$35MM to lead studies to advance science and the development of technologies to improve environmental performance and had a team dedicated to this work.

**Cost of management**

35000000

**Comment**

\$35,000,000 is the amount that Devon has invested in COSIA to lead studies to advance science and the development of technologies to improve environmental performance in the oil sands.

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**Identifier**

Risk 2

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type**

Transition risk

**Primary climate-related risk driver**

Policy and legal: Enhanced emissions-reporting obligations

**Type of financial impact driver**

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

**Company- specific description**

In the U.S., most of Devon's operations are subject to requirements in EPA's GHG reporting program, requiring us to collect, track, calculate and report emissions. As new fields and facilities are brought online in the Oklahoma STACK (Showboat project), Powder River Basin of Wyoming (Super Mario project) and Delaware Basin in southeastern New Mexico (Seawolf project), they are also subject to the reporting requirements. The risk of noncompliance could be financial and reputational. Additionally, the GHG reporting rule is updated periodically, and changes that impact our facilities require more and/or different data to be collected and reported on, which can result in increased cost of compliance.

**Time horizon**

Current

**Likelihood**

Very likely

**Magnitude of impact**

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Medium

**Potential financial impact**

**Explanation of financial impact**

Unknown

**Management method**

State and Federal reporting obligations require large volumes of data from across Devon's many information systems. Devon must identify the requirements, train personnel responsible for collection and reporting, ensure the quality of the data and deliver it into reportable formats. Devon has implemented a program to manage these tasks, enabling the company to publish reports that meet regulatory requirements.

**Cost of management**

250000

**Comment**

Cost includes only the time and effort required to compile data and produce an emission inventory that meets the regulatory requirements.

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**Identifier**

Risk 3

**Where in the value chain does the risk driver occur?**

Supply chain

**Risk type**

Transition risk

**Primary climate-related risk driver**

Market: Increased cost of raw materials

**Type of financial impact driver**

Market: Increased production costs due to changing input prices (e.g., energy, water) and output requirements (e.g., waste treatment)

**Company- specific description**

Devon's oil and gas production activities in the Oklahoma STACK (Showboat Project), Powder River Basin of Wyoming (Super Mario Project) and Delaware Basin in southeastern New Mexico (Seawolf Project) depend upon reliable access to materials including sand, water and various supplies. As environmental regulation and policy changes are implemented, Devon's access to necessary materials and supplies could become constrained or potentially more expensive.

**Time horizon**

Long-term

**Likelihood**

More likely than not

**Magnitude of impact**

Medium

**Potential financial impact**

**Explanation of financial impact**

This impact could vary based on the availability and feasibility of using alternative sources of water. This will typically impact Devon's planning as much if not more than our actual operations.

**Management method**

Devon has invested in technology to decrease our dependence on fresh water, including using more and more produced water and other waste water where fresh water would previously have been used.

**Cost of management**

0

**Comment**

Cost has not yet been incurred.

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## C2.4

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### (C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

## C2.4a

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### (C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

#### Identifier

Opp1

#### Where in the value chain does the opportunity occur?

Direct operations

#### Opportunity type

Resilience

#### Primary climate-related opportunity driver

Participation in renewable energy programs and adoption of energy-efficiency measures

#### Type of financial impact driver

Other, please specify (Reduced operational costs)

#### Company- specific description

The Alberta government has committed to utilize revenue from the carbon levy to pay for initiatives that reduce emissions, including industrial energy efficiency programs. Organizations such as Emissions Reduction Alberta, Alberta Innovates and Energy Efficiency Alberta are provincially funded organizations that have provided increased opportunity for companies, such as Devon, to receive funding for emission reductions projects. Devon has multiple emission reduction pilots underway, and has made applications for government funding. An example of an emission reduction pilot that is underway is a Solution Gas Conservation pilot at our cold heavy oil operations. This pilot involves injecting produced gas, which would otherwise have been vented, into a depleted reservoir.

#### Time horizon

Current

#### Likelihood

Likely

#### Magnitude of impact

Medium-low

#### Potential financial impact

1250000

#### Explanation of financial impact

Devon could receive funding for emission reduction or energy efficiency initiatives.

#### Strategy to realize opportunity

Devon has a team that evaluates potential new technology projects and submits funding applications.

#### Cost to realize opportunity

50000

#### Comment

Cost to realize opportunity represents employee time to apply for funding.

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#### Identifier

Opp2

#### Where in the value chain does the opportunity occur?

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Direct operations

**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Use of more efficient production and distribution processes

**Type of financial impact driver**

Other, please specify (Reduced GHG compliance costs)

**Company- specific description**

Alberta's Specified Gas Emitters Regulation, governing emissions from the Jackfish SAGD project, provides opportunities for Devon to create value from internal emission reductions by reducing the amount of carbon levy paid.

**Time horizon**

Current

**Likelihood**

Virtually certain

**Magnitude of impact**

Low

**Potential financial impact**

0

**Explanation of financial impact**

Unknown impact; emissions-reduction opportunities could achieve reductions in GHG compliance costs in the future due to lowering the emission intensity of our operations in jurisdictions that pay a carbon tax.

**Strategy to realize opportunity**

Devon Canada has a team dedicated to evaluating new technologies that could improve energy efficiency and/or reduce GHG emissions. Devon Canada has a team working on technology evaluations and other projects with potential reductions in GHG emissions. Devon also has a team dedicated to understanding how the proposed change in regulation would impact existing and future projects.

**Cost to realize opportunity**

1000000

**Comment**

It is estimated that Devon Canada will continue to spend \$1-\$5+ million per year to participate in GHG reduction initiatives.

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**Identifier**

Opp3

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Use of more efficient production and distribution processes

**Type of financial impact driver**

Reduced operating costs (e.g., through efficiency gains and cost reductions)

**Company- specific description**

In addition to achieving the environmental and reputational benefits of lower emissions, Devon pursues opportunities in the U.S. and Canada for fuel savings (and cost savings with potentially significant financial implications) to be found in new tools, technologies and business processes, which could have a positive impact on the company's financial condition. For example, at our Canadian heavy oil operations, when economical, solution gas conservation projects result in fuel gas savings, and cost savings. For example, in our Bonnyville cold-flow heavy oil production with sand (CHOPS) operations, excess produced gas is tied into gas gathering systems to be sold, when economically feasible.

**Time horizon**

Short-term

**Likelihood**

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More likely than not

**Magnitude of impact**

Medium

**Potential financial impact**

2

**Explanation of financial impact**

The overall financial implications are unknown, but these measures could amount to financial benefit of \$2 - \$3 per GJ of fuel purchased. Devon is actively pursuing opportunities to reduce GHG emissions and piloting new technologies that could achieve large volumes of emission reductions in the future, which would ultimately reduce cost.

**Strategy to realize opportunity**

As a method to manage this opportunity, Devon Canada is particularly interested in reducing steam requirements from in situ oil sands production, carbon capture and conversion technologies, vent gas reduction, energy efficiency and waste heat recovery for heat and power. Through the Canadian Oil Sand's Innovation Alliance, Devon is involved in the evaluation of various GHG reduction technologies, including short-term, incremental opportunities such as energy efficiency measures and optimization initiatives as well as long-term, game-changing technologies such as carbon capture and conversion.

**Cost to realize opportunity**

0

**Comment**

Additional cost to realize opportunity is \$0, because improving operational efficiency is part of business as usual operations. Most emissions reduction initiatives require initial financial investments, and in return, the company creates greater efficiency, which improves economics.

**C2.5**

**(C2.5) Describe where and how the identified risks and opportunities have impacted your business.**

	Impact	Description
Products and services	Not yet impacted	Devon does not provide services; its products are crude oil, natural gas and related liquids. Climate risks and opportunities have not yet impacted the markets for these commodities. Despite widespread discussion and speculation about reduced demand for oil and gas, the U.S. Energy Information Administration projects rising demand for natural gas, petroleum and other liquids through 2040.
Supply chain and/or value chain	Impacted for some suppliers, facilities, or product lines	Climate-related regulations have had an impact on Devon's access to fresh water for well-completion operations.
Adaptation and mitigation activities	Not yet impacted	Low-impact seismic, amphibious vehicles, redesigning our pads for smaller footprint, innovative road development.
Investment in R&D	Impacted	Devon has been working with competitors to invest in and develop new technologies to reduce industry's environmental impact for over a decade. For example, for the last six years Devon has invested in Canada's Oil Sand Innovation Alliance, and as mentioned above has been a member of the Environmental Partnership and the Energy Water Initiative. Devon has also invested in IR camera technology for identifying methane leaks.
Operations	Impacted	Educating our staff to help them understand the business case for reducing GHG emissions and how they can impact it. Asking them for new ideas on how to reduce GHG emissions.
Other, please specify	Please select	

**C2.6**

**(C2.6) Describe where and how the identified risks and opportunities have factored into your financial planning process.**

	Relevance	Description
Revenues	Not yet impacted	Climate risks and opportunities have not discernably impacted market prices for oil, natural gas and related liquids. Despite widespread discussion and speculation about reduced demand for oil and gas, the U.S. Energy Information Administration projects rising demand for these commodities through 2040.
Operating costs	Impacted	Climate-related regulations have increased the cost of Devon's operations.
Capital expenditures / capital allocation	Impacted	Climate-related regulations have caused Devon to invest in new equipment and personnel to comply with climate-related regulations and voluntary efforts. Accounting for carbon pricing on certain assets where it is applicable has affected capital allocation.
Acquisitions and divestments	We have not identified any risks or opportunities	
Access to capital	Not yet impacted	While we have seen increased investor interest in climate-related issues, we have not experienced barriers to capital markets.
Assets	Not impacted	Climate related risks are evaluated for various assets.
Liabilities	Not evaluated	
Other	Please select	

**C3. Business Strategy**

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**C3.1**

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**(C3.1) Are climate-related issues integrated into your business strategy?**

Yes

**C3.1a**

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**(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?**

No, but we anticipate doing so in the next two years

C-AC3.1b/C-CE3.1b/C-CH3.1b/C-CO3.1b/C-EU3.1b/C-FB3.1b/C-MM3.1b/C-OG3.1b/C-PF3.1b/C-ST3.1b/C-TO3.1b/C-TS3.1b)

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**(C-AC3.1b/C-CE3.1b/C-CH3.1b/C-CO3.1b/C-EU3.1b/C-FB3.1b/C-MM3.1b/C-OG3.1b/C-PF3.1b/C-ST3.1b/C-TO3.1b/C-TS3.1b) Indicate whether your organization has developed a low-carbon transition plan to support the long-term business strategy.**

No, we do not have a low-carbon transition plan

**C3.1c**

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### **(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.**

The primary influence on business strategy related to climate change is regulation. We have developed a strategy to help manage regulatory mandates in the United States and Canada. We also consider how future GHG related mandates might impact operations. In Canada, all sources of GHGs (venting, combustion, fugitive emissions, etc.) at all facilities are monitored, and regulatory reporting is done in accordance with regulatory requirements. In the U.S. Devon collects data and discloses annual GHG emissions according to the requirements of EPA's Mandatory Greenhouse Gas Reporting Rule. Devon closely follows regulatory changes to the program.

In Canada, Devon's Jackfish thermal heavy oil facility will be subject to a product-based emission intensity performance standard. Devon is continually working to improve efficiency, which results in a lower GHG emission intensity. Employees participate in a number of industry associations to monitor current and emerging GHG and climate change policy at the state, provincial and federal levels. Our strategy of communicating, monitoring, reporting and targeting reductions allows us to maintain regulatory compliance while proactively looking ahead to potential mandates in the future.

Impending regulation has impacted our environmental strategy. Devon has modified its environmental strategy by creating a policy group to monitor upcoming environmental regulation and prepare the business to comply. Devon primarily emits carbon dioxide and methane in the process of producing natural gas and oil. The company has seen several proposed and final rules pertaining to GHG emissions that have affected our business. The EPA's GHG Mandatory Reporting Rule requires operators to report GHG emissions from petroleum and natural gas systems. The EPA has also finalized clean air standards for oil and gas (New Source Performance Standards (NSPS) subparts OOOO and OOOOa). The rules call for reductions in volatile organic compounds and methane. These regulations require Devon to modify existing procedures, add additional resources to process and collect data, and modify sites to implement additional control equipment. Collectively these new regulations increase Devon's compliance costs.

Additionally, changes in availability of raw materials has directed Devon's investment in research and development opportunities. Devon is a founding member of the Energy Water Initiative, which looks to develop and share information about using alternative sources of water for well completion activities. This provides Devon with a competitive advantage in areas where fresh water availability or produced water disposal capacity is constrained.

In addition to our ongoing effort to accommodate changing regulatory reporting requirements, we continue to promote energy efficiency and emissions reduction initiatives that ensure short-term and long-term compliance. For example, in the US we have created a leak detection program and have installed storage tank emission controls and remote data collection technology at newly acquired production sites. In Canada, leak detection and repair is required by regulation. These measures help reduce GHG emissions from our production sites, improving our ability to comply with state, provincial and federal emissions requirements.

We believe energy efficiency and conservation are the most immediate and cost effective ways to reduce emissions. Devon is assessing emerging technologies that could reduce GHG emissions associated with our energy production operations. For example, Devon is a charter member of Canada's Oil Sands Innovation Alliance, which is a collaborative partnership of oil sands producers focusing on innovative solutions to environmental challenges, such as emissions reduction. Devon also is actively engaged in collaborative efforts to explore the potential for carbon capture and storage technologies as part of our long-term (10+ year) strategy for reducing GHG emissions. Our business strategy includes commitment to be an innovative industry leader in exploration and production as well as in stewardship. By taking a proactive approach to emissions reduction and other sustainability issues, we earn stakeholder trust. As we incorporate new emission reduction ideas, we reduce emissions, earn continued trust and lower the cost of regulatory compliance.

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### **C3.1g**

**(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?**

We expect to complete Devon's inaugural assessment by year-end 2018 on the impacts of various scenarios informed by climate change policies. We will expect to incorporate the results of this assessment in formulating our business strategy moving forward.

**C4. Targets and performance**

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**C4.1**

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**(C4.1) Did you have an emissions target that was active in the reporting year?**

Intensity target

**C4.1b**

---

**(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).**

**Target reference number**

Int 1

**Scope**

Scope 1

**% emissions in Scope**

43

**% reduction from baseline year**

20

**Metric**

Metric tons CO2e per unit of production

**Base year**

2010

**Start year**

2010

**Normalized baseline year emissions covered by target (metric tons CO2e)**

0.3661

**Target year**

2017

**Is this a science-based target?**

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science Based Targets initiative

**% achieved (emissions)**

100

**Target status**

Underway

**Please explain**

The baseline emission intensity (i.e., the base year) is an average of 2010 -2012 emission intensities, to more accurately reflect project operation. This target is regulated by the Specified Gas Emitters Regulation (SGER). It is a regulatory requirement to meet 100% of your emission reduction target. A facility can meet the target by reducing emission intensity, purchasing carbon offsets or paying into a new technology fund at \$30/tonne (the price of carbon). To date emission intensity has been reduced 7% below baseline emission intensity. Devon Canada met the remainder of the emission reductions required by purchasing 310,000 tonnes of windfarm carbon offsets. The percentage change in absolute emissions (next column) only accounts for scope 1 emissions (as per regulatory reporting requirements)

**% change anticipated in absolute Scope 1+2 emissions**

112

**% change anticipated in absolute Scope 3 emissions**

0

---

**C4.2**

---

**(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.**

**Target**

Methane reduction target

**KPI – Metric numerator**

Methane emissions (tCO<sub>2</sub>e/year)

**KPI – Metric denominator (intensity targets only)**

**Base year**

2014

**Start year**

2018

**Target year**

2025

**KPI in baseline year**

42.9

**KPI in target year**

23.6

**% achieved in reporting year**

**Target Status**

Underway

**Please explain**

The government of Alberta has committed to reducing methane emissions from the upstream oil and gas industry by 45% by 2025, from a 2014 baseline. This target will be met through industry's voluntary early action to reduce methane emissions, and increased regulatory stringency. New regulations are expected to target methane emissions from venting, fugitives and other equipment design standards (pneumatic devices, etc.). KPI in previous column refer to Alberta upstream oil and gas methane emissions, not Devon emissions.

**Part of emissions target**

Emissions reduction target

**Is this target part of an overarching initiative?**

Other, please specify (Alberta Climate Leadership Plan)

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**C-OG4.2a**

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**(C-OG4.2a) Explain, for your oil and gas production activities, why you do not have a methane-specific emissions reduction target or do not incorporate methane into your targets reported in C4.2; and forecast how your methane emissions will change over the next five years.**

**C4.3**

---

**(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

**C4.3a**

---

**(C4.3a) Identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0
Implementation commenced*	2	53400
Implemented*	1	5500
Not to be implemented	0	0

## C4.3b

**(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.**

**Activity type**

Energy efficiency: Processes

**Description of activity**

Process optimization

**Estimated annual CO2e savings (metric tonnes CO2e)**

45000

**Scope**

Scope 1

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in CC0.4)**

0

**Investment required (unit currency – as specified in CC0.4)**

200000

**Payback period**

>25 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

Devon Canada is planning to install 2 combustors on well pads in 2018 to combust vented methane emissions. Going forward, combustors will be evaluated at all well pads.

**Activity type**

Fugitive emissions reductions

**Description of activity**

Oil/natural gas methane leak capture/prevention

**Estimated annual CO2e savings (metric tonnes CO2e)**

5500

**Scope**

Scope 1

**Voluntary/Mandatory**

Mandatory

**Annual monetary savings (unit currency – as specified in CC0.4)**

0

**Investment required (unit currency – as specified in CC0.4)**

40000

**Payback period**

>25 years

**Estimated lifetime of the initiative**

1-2 years

**Comment**

Devon Canada conducts a fugitive emission audit annually at our oil sands facilities. The majority of leaks are repaired during the audit. Leaks that cannot be repaired during the audit are evaluated if they are economically feasible to make, and then are repaired at a later date.

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**Activity type**

Fugitive emissions reductions

**Description of activity**

Oil/natural gas methane leak capture/prevention

**Estimated annual CO2e savings (metric tonnes CO2e)**

8400

**Scope**

Scope 1

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in CC0.4)**

0

**Investment required (unit currency – as specified in CC0.4)**

500000

**Payback period**

>25 years

**Estimated lifetime of the initiative**

Ongoing

**Comment**

Devon began a solution gas conservation pilot at our cold heavy oil production with sand (CHOPS) facilities in Alberta. This pilot project involves capturing solution gas, which would have otherwise been vented, and re-injects it into the reservoir. The pilot project is expected to last 1 – 2 years.

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C4.3c

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**(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

Method	Comment
Compliance with regulatory requirements/standards	Solution case conservation and leak detection and repair surveys are performed in accordance with regulation. Regulated emission intensity reduction targets at Jackfish and a regulated price on carbon emissions help drive efficiency initiatives, such as steam-to-oil ration (SOR) optimization, and fuel gas efficiency initiatives.
Dedicated budget for low-carbon product R&D	Devon Canada's COSIA Technology Team had funding dedicated to GHG reduction projects in 2017.
Employee engagement	Devon Canada has a database where employees can enter new ideas for projects, including GHG reduction projects, and be involved in the screening and development of these projects. We have also done extensive educational campaigns to educate frontline workers on how to impact GHG emissions at our facilities.
Other	Participation in industry effort to reduce emissions -- Devon is a founding member of the Environmental Partnership, an organization devoted to pursuing and tracking emission reducing technologies onshore in the United States. These projects include leak detection and monitoring, pneumatic controller replacement, and the manual monitoring of liquids unloading events.
Internal price on carbon	Devon Canada uses an internal price of carbon that is based on the provincially regulated price of carbon. For example, in 2016 Devon's Jackfish SAGD projects paid a price of \$20/tCO2e on any emissions that exceeded the facility emissions threshold. In 2017 the price was increased to \$30/ tCO2e. This internal price of carbon is included in project economics when evaluating future projects to identify the most economically viable projects.

**C4.5**

**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?**

No

**C-OG4.6**

**(C-OG4.6) Describe your organization's efforts to reduce methane emissions from oil and gas production activities.**

In our U.S. operations, Devon recognizes the potential risk of climate-driven regulation pertaining to capture and monitoring of methane emissions from production sites. Even before EPA required new production facilities to be monitored using infra-red cameras, Devon recognized that such regulation was likely, and moved quickly to acquire cameras and train operators in using them. We began monitoring some of our sites before the regulation was proposed and currently conduct LDAR monitoring on selected sites that are not yet subject to EPA regulation. We believe this experience and decision provides us with a competitive advantage. Similarly, Devon continues to monitor new technology that could take the place or IR-camera based LDAR monitoring.

In our Canadian operations, there have been significant reductions in vented methane emissions over the last few years. Vented methane emissions from our cold flow heavy oil operations have decreased by approximately 54% since 2014. These reductions are due to improved operational practices and new pad development strategies. For example, we have implemented Focused Development Areas for pad development, this involves developing multi-well pads in close proximity to each other. This has the benefit of making solution gas conversation more economical. With more wells closer together it becomes more economical to build a pipeline to connect any gas produced to the nearest gas gathering system. There has also been increased operational focus on managing vented gas from well pads that are not tied into a gas gathering system.

**COG4.7**

**(C-OG4.7) Does your organization conduct leak detection and repair (LDAR) or use other methods to find and fix fugitive methane emissions from oil and gas production activities?**

Yes

## C-OG4.7a

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**(C-OG4.7a) Describe the protocol through which methane leak detection and repair or other leak detection methods, are conducted for oil and gas production activities, including predominant frequency of inspections, estimates of assets covered, and methodologies employed.**

Devon has established a methane leak detection and repair standard operating procedure (SOP) for U.S. oil and gas production facilities. The SOP establishes the process of using infra-red cameras to evaluate emissions associated with the company's operations and enhance its management practices. Where leaks are detected they are repaired and verified. In 2017 Devon's program continued to conduct even more surveys than in 2015 and 2016, averaging more than 350 surveys per month. Some facilities (Privott in the Oklahoma STACK, Cotton Draw Unit in the Delaware Basin) were surveyed multiple times in a year. These surveys were done in all of Devon's operating areas.

In Canada, fugitive emissions management is regulated. Devon Canada currently has a risk-based fugitive emissions management plan, which includes annual leak detection and repair surveys at large facilities that are at a higher risk (for example, sites with vapor recovery units on tanks), and lower risk facilities are surveyed on a less frequent basis. Leak detection and repair surveys include surveying with optic imaging cameras, as well as audio, visual and olfactory surveys. In order to meet the Alberta Government's commitment of a 45% reduction in methane emissions from the upstream oil and gas sector, more stringent leak detection and repair regulation is expected to come into effect in Canada in the next few years. Although the details of the more stringent regulations are not confirmed, Devon Canada is well positioned to comply with the regulations.

## C-OG4.8

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**(C-OG4.8) If flaring is relevant to your oil and gas production activities, describe your organization's efforts to reduce flaring, including any flaring reduction targets.**

For Devon's U.S. operations, flaring is managed from the planning stage on through the drilling, completion, and production of the well. Flaring is avoided where possible, but is still preferred practice as compared to venting. Flaring is typically necessary when there is an upset in takeaway capacity from pipelines connected to our facilities. At that point the gas must then be flared or the well shut in. These takeaway upsets are not generally in Devon's control, and are instead caused by issues with third party gas processing facilities, compressors, and other capacity issues. When the upsets are predictable or planned, Devon is in some cases able to shut in wells and delay production, but for unforeseen events, flaring can be required to avoid venting the gas that cannot be captured. It is in Devon's best interest to capture as much of its product as is feasible, so much care is given in the planning of facilities to ensure that takeaway capacity is planned or already exists at the time our facilities go into production.

## C5. Emissions methodology

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### C5.1

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**(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).**

**Scope 1**

**Base year start**

June 1 2006

**Base year end**

May 31 2007

**Base year emissions (metric tons CO2e)**

3680000

**Comment**

**Scope 2 (location-based)**

**Base year start**

June 1 2006

**Base year end**

May 31 2007

**Base year emissions (metric tons CO2e)**

490000

**Comment**

**Scope 2 (market-based)**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

**C5.2**

---

**(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.**

American Petroleum Institute Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Natural Gas Industry, 2009  
Canadian Association of Petroleum Producers, Calculating Greenhouse Gas Emissions, 2003  
IPCC Guidelines for National Greenhouse Gas Inventories, 2006  
IPIECA's Petroleum Industry Guidelines for reporting GHG emissions, 2003  
US EPA Mandatory Greenhouse Gas Reporting Rule  
Other, please specify

**C5.2a**

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**(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.**

Environment and Climate Change Canada (ECCC). 2014, National Inventory of GHG, CAC and Other Priority Substances by the Upstream Oil and Gas Industry (reference years 2001 to 2011) – Volumes 1 to 4. Prepared by Clearstone Engineering Ltd., Calgary, AB.

**C6. Emissions data**

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## C6.1

---

**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?**

**Row 1**

**Gross global Scope 1 emissions (metric tons CO2e)**

5368904

**End-year of reporting period**

<Not Applicable>

**Comment**

## C6.2

---

**(C6.2) Describe your organization's approach to reporting Scope 2 emissions.**

**Row 1**

**Scope 2, location-based**

We are reporting a Scope 2, location-based figure

**Scope 2, market-based**

We have operations where we are able to access electricity supplier emission factors or residual emissions factors, but are unable to report a Scope 2, market-based figure

**Comment**

In the United States and Canada, Devon uses the invoice numbers for kilowatts purchased and an emission factor per region and/or state to calculate our scope 2 emissions.

## C6.3

---

**(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?**

**Row 1**

**Scope 2, location-based**

567536

**Scope 2, market-based (if applicable)**

<Not Applicable>

**End-year of reporting period**

<Not Applicable>

**Comment**

## C6.4

---

**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?**

Yes

## C6.4a

---

**(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.**

**Source**

US Operations - Sources below reporting threshold of EPA's GHG reporting program

**Relevance of Scope 1 emissions from this source**

Emissions are not relevant

**Relevance of location-based Scope 2 emissions from this source**

Emissions are not relevant

**Relevance of market-based Scope 2 emissions from this source (if applicable)**

Emissions are not relevant

**Explain why the source is excluded**

Not required to be reported to EPA. The EPA's reporting threshold is 25,000 metric tons of CO<sub>2</sub>e.

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**C6.5**

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**(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.**

**Purchased goods and services**

**Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO<sub>2</sub>e**

0

**Emissions calculation methodology**

Not Applicable

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Explanation**

We are not in a position to gather such information from our hundreds of vendors and service providers. Most do not maintain such information in a uniform way.

**Capital goods**

**Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO<sub>2</sub>e**

0

**Emissions calculation methodology**

Not Applicable

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Explanation**

We are not in a position to gather such information.

## Fuel-and-energy-related activities (not included in Scope 1 or 2)

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

0

### Emissions calculation methodology

Not Applicable

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Explanation

We are not in a position to gather such information.

## Upstream transportation and distribution

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

0

### Emissions calculation methodology

Not Applicable

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Explanation

We are not in a position to gather such information.

## Waste generated in operations

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

0

### Emissions calculation methodology

Not Applicable

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Explanation

We try to minimize waste as a business practice, but we are not in a position to gather such information.

## Business travel

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

0

### Emissions calculation methodology

Not Applicable

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Explanation

We are not in a position to gather such information.

## Employee commuting

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

0

### Emissions calculation methodology

Not Applicable

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Explanation

We are not in a position to gather such information.

## Upstream leased assets

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

0

### Emissions calculation methodology

Not Applicable

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Explanation

We are not in a position to gather such information.

## Downstream transportation and distribution

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

0

### Emissions calculation methodology

Not Applicable

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Explanation

We are not in a position to gather such information.

## Processing of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

0

### Emissions calculation methodology

Not Applicable

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Explanation

We are not in a position to gather such information.

## Use of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

0

### Emissions calculation methodology

Not Applicable

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Explanation

We are not in a position to gather such information.

## End of life treatment of sold products

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

0

### Emissions calculation methodology

Not Applicable

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Explanation

We are not in a position to gather such information.

## Downstream leased assets

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

0

### Emissions calculation methodology

Not Applicable

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Explanation

We have none.

## Franchises

### Evaluation status

Not relevant, explanation provided

### Metric tonnes CO2e

0

### Emissions calculation methodology

Not Applicable

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Explanation

We have none.

**Investments**

**Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

0

**Emissions calculation methodology**

Not Applicable

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Explanation**

We are not in a position to gather such information.

**Other (upstream)**

**Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

0

**Emissions calculation methodology**

Not Applicable

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Explanation**

We are not in a position to gather such information.

**Other (downstream)**

**Evaluation status**

Not relevant, explanation provided

**Metric tonnes CO2e**

0

**Emissions calculation methodology**

Not Applicable

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

0

**Explanation**

We are not in a position to gather such information.

**C6.7**

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**(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?**

No

**C6.10**

---

**(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

**Intensity figure**

0.000426

**Metric numerator (Gross global combined Scope 1 and 2 emissions)**

5936441

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

13949000000

**Scope 2 figure used**

Location-based

**% change from previous year**

11

**Direction of change**

Decreased

**Reason for change**

A 14% increase in revenue in 2017 coupled with a 1 percent increase in Scope 1 and 2 emissions resulted in a decrease of CO2e emissions intensity per unit total revenue.

---

**C-OG6.12**

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**(C-OG6.12) Provide the intensity figures for Scope 1 emissions (metric tons CO2e) per unit of hydrocarbon category.**

**Unit of hydrocarbon category (denominator)**

Other, please specify (Thousands barrels oil equivalent (MBOE))

**Metric tons CO2e from hydrocarbon category per unit specified**

21

**% change from previous year**

1

**Direction of change**

Increased

**Reason for change**

Devon's increase in emission intensity can be attributed to a slight increase in emissions intensity at our Canadian oil sands operations due to an increase in oil sands production, as well as variances in steam-to-oil ratio (SOR). Due to changing reservoir conditions, slightly more steam was required to produce the equivalent amount of oil. The emission intensity increase at our SAGD facility was partially offset by decreased vented volumes at our Canadian cold-flow heavy oil with sand (CHOPS) operations (due to increased solution gas conservation practices).

**Comment**

Devon updated our greenhouse gas emission intensity calculation methodology in 2017. All data presented in this report were calculated using the updated methodology.

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**C-OG6.13**

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**(C-OG6.13) Report your methane emissions as percentages of natural gas and hydrocarbon production or throughput.**

**Oil and gas business division**

Upstream

**Estimated total methane emitted expressed as % of natural gas production or throughput at given division**

0.35

**Estimated total methane emitted expressed as % of total hydrocarbon production or throughput at given division**

0.6

**Comment**

These values apply to the year 2017.

---

**Oil and gas business division**

Upstream

**Estimated total methane emitted expressed as % of natural gas production or throughput at given division**

0.38

**Estimated total methane emitted expressed as % of total hydrocarbon production or throughput at given division**

0.2

**Comment**

These values apply to the year 2016.

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## C7. Emissions breakdowns

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### C7.1

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**(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?**

Yes

### C7.1a

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**(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).**

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CH4	1295348	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	9948	IPCC Fourth Assessment Report (AR4 - 100 year)
CO2	4062639	IPCC Fourth Assessment Report (AR4 - 100 year)

### C-OG7.1b

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**(C-OG7.1b) Break down your total gross global Scope 1 emissions from oil and gas value chain production activities by greenhouse gas type.**

	Gross Scope 1 CO2 emissions (metric tons CO2)	Gross Scope 1 methane emissions (metric tons CH4)	Gross Scope 1 emissions (metric tons CO2e)	Comment
Fugitives (Oil: Total)	143	3040	76145	
Fugitives (Oil: Venting)	1462	22918	574405	
Fugitives (Oil: Flaring)	279895	618	295445	
Fugitives (Oil: E&P, excluding venting and flaring)	0	0	0	
Fugitives (Oil: All Other)	6	45	1124	
Fugitives (Gas: Total)	430	9676	242319	
Fugitives (Gas: Venting)	786	13906	348440	
Fugitives (Gas: Flaring)	23216	68	24916	
Fugitives (Gas: E&P, excluding venting and flaring)	0	0	0	
Fugitives (Gas: Midstream)	0	0	0	
Fugitives (Gas: All other)	0	0	0	
Combustion (Oil: Upstream, excluding flaring)	3178887	776	3205606	
Combustion (Gas: Upstream, excluding flaring)	377985	725	399150	
Combustion (Refining)	0	0	0	
Combustion (Chemicals production)	0	0	0	
Combustion (Electricity generation)	0	0	0	
Combustion (Other)	199828	29	200998	
Process emissions	0	0	0	
Emission not elsewhere classified	2	14	356	

**C7.2**

**(C7.2) Break down your total gross global Scope 1 emissions by country/region.**

Country/Region	Scope 1 emissions (metric tons CO2e)
United States of America	2385235
Canada	2983669

**C7.3**

**(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By business division

**C7.3a**

**(C7.3a) Break down your total gross global Scope 1 emissions by business division.**

Business division	Scope 1 emissions (metric ton CO2e)
US E&P	2338574
US Midstream	46661
Canada	2983669

C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4

(C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4) Break down your organization's total gross global Scope 1 emissions by sector production activity in metric tons CO2e.

	Gross Scope 1 emissions, metric tons CO2e	Net Scope 1 emissions , metric tons CO2e	Comment
Cement production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Electric utility generation activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	5322338	<Not Applicable>	
Oil and gas production activities (downstream)	46661	<Not Applicable>	
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	<Not Applicable>	<Not Applicable>	<Not Applicable>

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
United States of America	262364		390667	
Canada	305172		413664	

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
US E&P	261964	
US Midstream	401	
Canada	305172	

C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7

**(C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7) Break down your organization’s total gross global Scope 2 emissions by sector production activity in metric tons CO2e.**

	Scope 2, location-based, metric tons CO2e	Scope 2, market-based (if applicable), metric tons CO2e	Comment
Cement production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	567136		
Oil and gas production activities (downstream)	401		
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	<Not Applicable>	<Not Applicable>	<Not Applicable>

**C7.9**

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**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Remained the same overall

**C7.9a**

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**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.**

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption		<Not Applicable>		
Other emissions reduction activities	36988	Decreased	0.6	Vented methane emissions from Devon Canada's cold flow heavy oil production with sands (CHOPS) operations declined by 12% between 2016 and 2017. 36,988 t CO2e emissions were reduced as a result of improved solution gas conservation practices at new facilities, as well as the natural decline in gas production at existing wells. Devon total Scope 1 and Scope 2 emissions in 2016 were 5,837,887 tonnes CO2e, therefore 0.6% was calculated through $(36,988/5,837,887)*100 = 0.6\%$
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output	96000	Increased	16	Increase in production at our Jackfish SAGD facility between 2016 and 2017 accounts for an increase of approximately 96000 metric tons of CO2e emissions. Devon total Scope 1 and Scope 2 emissions in 2016 were 5,837,887 tonnes CO2e, therefore 1.6% was calculated through $(96,000/5,837,887)*100 = 1.6\%$
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions	125355	Increased	21	Emission intensity increased slightly at our Canadian oil sands operations due to variances in steam-to-oil ratio (SOR). Due to changing reservoir conditions, slightly more steam was required to produce the equivalent amount of oil. Devon total Scope 1 and Scope 2 emissions in 2016 were 5,837,887 tonnes CO2e, therefore 2.1% was calculated through $(125355/5,837,887)*100 = 2.1\%$
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

## C7.9b

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Location-based

## C8. Energy

### C8.1

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 10% but less than or equal to 15%

### C8.2

**(C8.2) Select which energy-related activities your organization has undertaken.**

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

**C8.2a**

**(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.**

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	25257996	25257996
Consumption of purchased or acquired electricity	<Not Applicable>	0	804330	804330
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	0	<Not Applicable>	0
Total energy consumption	<Not Applicable>	0	26062326	26062326

**C8.2b**

**(C8.2b) Select the applications of your organization’s consumption of fuel.**

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of steam	Yes
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

**C8.2c**

**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

**Fuels (excluding feedstocks)**

Natural Gas

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

24299785

**MWh fuel consumed for the self-generation of electricity**

<Not Applicable>

**MWh fuel consumed for self-generation of heat**

0

**MWh fuel consumed for self-generation of steam**

11230033

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**

<Not Applicable>

---

**Fuels (excluding feedstocks)**

Diesel

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

856874

**MWh fuel consumed for the self-generation of electricity**

<Not Applicable>

**MWh fuel consumed for self-generation of heat**

0

**MWh fuel consumed for self-generation of steam**

0

**MWh fuel consumed for self-generation of cooling**

<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**

<Not Applicable>

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**C8.2d**

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**(C8.2d) List the average emission factors of the fuels reported in C8.2c.**

**Diesel**

**Emission factor**

**Unit**

Please select

**Emission factor source**

**Comment**

**Natural Gas**

**Emission factor**

2107

**Unit**

metric tons CO2e per m3

**Emission factor source**

Based on gas composition and mass balance.

**Comment**

This is the emission factor used in the calculation of emissions from the steam generation at our Jackfish SAGD facilities. This is just an example of an emission factor used, however it is representative of our largest single source of emissions.

**C8.2e**

**(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.**

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	0	0	0	0
Heat	0	0	0	0
Steam	11230033	11230033	0	0
Cooling	0	0	0	0

**C8.2f**

**(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.**

**Basis for applying a low-carbon emission factor**

Other, please specify (Indirect purchases of renewable energy)

**Low-carbon technology type**

Wind

**MWh consumed associated with low-carbon electricity, heat, steam or cooling**

**Emission factor (in units of metric tons CO2e per MWh)**

**Comment**

While not specifically accounted for in Scope 2 calculations, Devon's U.S. operations are in Oklahoma, where 32% of the state's electricity is generated by wind installations, Texas (15%), New Mexico (14%) and Wyoming (9%). In Canada, the Alberta government has committed that 30% of Alberta's electricity will come from renewable sources by 2030.

## C9. Additional metrics

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### C9.1

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**(C9.1) Provide any additional climate-related metrics relevant to your business.**

### C-OG9.2a

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**(C-OG9.2a) Disclose your net liquid and gas hydrocarbon production (total of subsidiaries and equity-accounted entities).**

	In-year net production	Comment
Crude oil and condensate, million barrels	49	
Natural gas liquids, million barrels	36	
Oil sands, million barrels (includes bitumen and synthetic crude)	40	
Natural gas, billion cubic feet	439	

### C-OG9.2b

---

**(C-OG9.2b) Explain which listing requirements or other methodologies you use to report reserves data. If your organization cannot provide data due to legal restrictions on reporting reserves figures in certain countries, please explain this.**

Devon has filed reserves information with the SEC and the Department of Energy ("DOE"). Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from known reservoirs under existing economic conditions, operating methods and government regulations. To be considered proved, oil and gas reserves must generally be economically producible before contracts providing the right to operate expire. The process of estimating oil, gas and NGL reserves is complex and requires significant judgment. As a result, we have developed internal policies for estimating and recording reserves. Such policies require proved reserves to be in compliance with the SEC definitions and guidance. Devon discloses only proved reserves (1P) in compliance with the definitions and guidance of the U.S. Securities and Exchange Commission and Department of Energy. The company does not disclose probable and possible (2P and 3P) reserves, as such estimates are subject to even greater uncertainty and speculation that would not serve our stakeholders' best interests.

### C-OG9.2c

---

**(C-OG9.2c) Disclose your estimated total net reserves and resource base (million boe), including the total associated with subsidiaries and equity-accounted entities.**

	Estimated total net proved + probable reserves (2P) (million BOE)	Estimated total net proved + probable + possible reserves (3P) (million BOE)	Estimated net total resource base (million BOE)
Row 1			

### C-OG9.2d

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(C-OG9.2d) Provide an indicative percentage split for 2P, 3P reserves, and total resource base by hydrocarbon categories.

	Net proved + probable reserves (2P) (%)	Net proved + probable + possible reserves (3P) (%)	Net total resource base (%)
Crude oil / condensate / Natural gas liquids			
Natural gas			
Oil sands (includes bitumen and synthetic crude)			

## C-OG9.2e

(C-OG9.2e) Provide an indicative percentage split for production, 1P, 2P, 3P reserves, and total resource base by development types.

### Development type

Tight/shale

### In-year net production (%)

80

### Net proved reserves (1P) (%)

81

### Net proved + probable reserves (2P) (%)

### Net proved + probable + possible reserves (3P) (%)

### Net total resource base (%)

### Comment

The company does not disclose probable and possible (2P and 3P) reserves, as such estimates are subject to uncertainty and speculation that would not serve our stakeholders' best interests.

### Development type

Oil sand/extra heavy oil

### In-year net production (%)

20

### Net proved reserves (1P) (%)

19

### Net proved + probable reserves (2P) (%)

### Net proved + probable + possible reserves (3P) (%)

### Net total resource base (%)

### Comment

The company does not disclose probable and possible (2P and 3P) reserves, as such estimates are subject to uncertainty and speculation that would not serve our stakeholders' best interests.

## C-CO9.6/C-EU9.6/C-OG9.6

**(C-CO9.6/C-EU9.6/C-OG9.6) Disclose your investments in low-carbon research and development (R&D), equipment, products, and services.**

**Investment start date**

January 9 2015

**Investment end date**

January 9 2015

**Investment area**

R&D

**Technology area**

Carbon capture and storage/utilisation

**Investment maturity**

Pilot demonstration

**Investment figure**

3500000

**Low-carbon investment percentage**

100

**Please explain**

Devon is a part of the NRG COSIA Carbon XPRIZE, a US\$20M challenge to reimagine what we can do with CO2 emissions by incentivizing and accelerating the development of technologies that convert CO2 into valuable products. Devon's \$3.5 million investment in this prize helped to develop the Alberta Carbon Conversion Technology Centre, a groundbreaking carbon capture and conversion technology test centre.

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**C-OG9.7**

**(C-OG9.7) Disclose the breakeven price (US\$/BOE) required for cash neutrality during the reporting year, i.e. where cash flow from operations covers CAPEX and dividends paid/ share buybacks.**

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**C-OG9.8**

**(C-OG9.8) Is your organization involved in the sequestration of CO2?**

Yes

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**C-OG9.8a**

**(C-OG9.8a) Provide, in metric tons CO2, gross masses of CO2 transferred in and out of the reporting organization (as defined by the consolidation basis).**

	CO2 transferred – reporting year (metric tons CO2)
CO2 transferred in	420460
CO2 transferred out	0

---

**C-OG9.8b**

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**(C-OG9.8b) Provide gross masses of CO2 injected and stored for the purposes of CCS during the reporting year according to the injection and storage pathway.**

Injection and storage pathway	Injected CO2 (metric tons CO2)	Percentage of injected CO2 intended for long-term (>100 year) storage	Year in which injection began	Cumulative CO2 injected and stored (metric tons CO2)
CO2 used for enhanced oil recovery (EOR) or enhanced gas recovery (EGR)	420460	0	January 1 2008	4901995

### C-OG9.8c

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**(C-OG9.8c) Provide clarification on any other relevant information pertaining to your activities related to transfer and sequestration of CO2.**

Devon Canada is initiating a pilot project in 2018 to assess to feasibility of injecting excess methane gas, that would otherwise be vented, into a depleted well for storage, and potentially enhance heavy oil recovery.

### C10. Verification

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#### C10.1

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**(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	No emissions data provided

#### C10.1a

---

**(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.**

**Scope**

Scope 1

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Reasonable assurance

**Attach the statement**

AB Verification Report (Attachment C10.1a).pdf

**Page/ section reference**

Entire document

**Relevant standard**

ISO14064-3

**Proportion of reported emissions verified (%)**

43

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**Scope**

Scope 2 location-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Reasonable assurance

**Attach the statement**

AB - Indirect emissions assurance report (Attachment C10.1a).pdf

**Page/ section reference**

Entire document

**Relevant standard**

Canadian Institute of Chartered Accountants (CICA) Handbook: Assurance Section 5025

**Proportion of reported emissions verified (%)**

54

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## C10.2

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**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

Yes

## C10.2a

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**(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?**

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C4. Targets and performance	Progress against emissions reduction target	ISO14064-3	The verification scope includes verifying final Compliance Reports for Devon Canada's Jackfish facilities. This includes verifying 2017 emission intensity compared to the reduction target.

**C11. Carbon pricing**

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**C11.1**

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**(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

Yes

**C11.1a**

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**(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.**

Alberta SGER

**C11.1b**

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**(C11.1b) Complete the following table for each of the emissions trading systems in which you participate.**

**Alberta SGER**

**% of Scope 1 emissions covered by the ETS**

43

**Period start date**

January 1 2017

**Period end date**

December 30 2017

**Allowances allocated**

1972778

**Allowances purchased**

309818

**Verified emissions in metric tons CO2e**

2282596

**Details of ownership**

Facilities we own and operate

**Comment**

**C11.1d**

---

**(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?**

In the specific example above, the Specified Gas Emitters Regulation (SGER) applies to Alberta facilities that emit greater than 100,000 tonnes of CO<sub>2</sub>e annually; currently the Devon Canada Jackfish facility falls under the regulation. In order to comply with the regulation Devon Canada will purchase offsets or pay into the Alberta Technology Fund. Over the medium to longer term, emission reductions projects will be evaluated at regulated facilities and new technologies will be tested and developed at the pilot scale for full scale commercial implementation in the future. Beginning in 2018 the SGER will be replaced with an output-based emission intensity performance based standard. The compliance pathways (reducing emission intensity, paying into the technology fund, or purchasing offsets) will remain the same. To date emission intensity has been reduced 7% below baseline emission intensity. In 2017, Devon Canada met the remainder of the emission reductions required by purchasing 310,000 tonnes of windfarm carbon offsets.

**C11.2**

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**(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

Yes

**C11.2a**

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**(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.**

**C11.3**

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**(C11.3) Does your organization use an internal price on carbon?**

Yes

**C11.3a**

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**(C11.3a) Provide details of how your organization uses an internal price on carbon.**

**Objective for implementing an internal carbon price**

Navigate GHG regulations

**GHG Scope**

Scope 1

Scope 2

**Application**

Regulatory carbon pricing applies to Devon's Jackfish SAGD project in Alberta. Carbon pricing is applied both at the division wide level (i.e., in the Devon Canada portfolio model), and at the individual project economics level.

**Actual price(s) used (Currency /metric ton)**

30

**Variance of price(s) used**

The internal carbon price escalates in accordance with Federal government commitments to increase carbon price (i.e., \$40/tonne in 2021 and \$50/tonne in 2022)

**Type of internal carbon price**

Offsets

Other, please specify (Explicit carbon pricing)

**Impact & implication**

In 2017 Devon's Jackfish SAGD project paid a price of \$30/tCO<sub>2</sub>e on any emissions that exceeded the facility emissions threshold. The cost to Devon of complying with this regulation was between \$0.10 – 0.20/bbl in 2017.

## C12. Engagement

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### C12.1

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#### (C12.1) Do you engage with your value chain on climate-related issues?

Yes, other partners in the value chain

### C12.1c

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#### (C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.

Devon is a member of Canada's Oil Sands Industry Alliance ("COSIA"), an alliance of oil sands producers focused on accelerating the pace of improvement in environmental performance in Canada's oil sands through collaborative action and innovation. And as such, we have invested CAD\$10MM in 2017 and CAD\$35MM since 2013 to lead studies to advance science and the development of technologies to improve environmental performance. Devon has a dedicated team focused on developing this work. Devon's investment also goes toward launching challenges with our suppliers to encourage new development. For example, COSIA launched a Natural Gas Decarbonization challenge seeking out technologies that partially or completely remove the carbon content of natural gas. We are currently down to two technologies and are moving forward to help the companies develop them more fully. We believe challenges like these play an integral role in advancing the reduction of carbon emissions in the oil sands.

Devon also leads and participates in Joint Industry Projects that are projects coordinated through COSIA. For example, Devon is a part of the NRG COSIA Carbon XPRIZE, a US\$20M challenge to reimagine what we can do with CO2 emissions by incentivizing and accelerating the development of technologies that convert CO2 into valuable products. Devon's CAD\$3.5MM investment helped to develop the Alberta Carbon Conversion Technology Centre, a groundbreaking carbon capture and conversion technology test centre. Entrants to the challenge included companies that have worked with Devon in the past to garage inventors. We worked hard to promote the challenge among our partners and to the world at large.

### C12.3

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#### (C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers  
Trade associations  
Funding research organizations

### C12.3a

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#### (C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Clean energy generation	Support	Devon is actively engaged in conversations and presentations at all levels, promoting the benefits of clean burning natural gas as a base-load and peak-demand electric generating fuel.	While Devon believes free markets tend to find the best, most cost effective solutions to public policy problems, the company would support reasonable measures to encourage electric generation from natural gas.

### C12.3b

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**(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?**

Yes

**C12.3c**

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**(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.**

**Trade association**

American Petroleum Institute

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

The oil and gas industry is committed to improving air quality, while continuing to meet the energy demands of our nation. Cleaning the air requires a sound scientific understanding of the sources and impacts of air contaminants. The petroleum industry sponsors and participates in research that seeks these answers. Environmental air issues are complex. The impact on air quality of pollutant emissions is determined by the EPA under the authority of the Clean Air Act.

**How have you, or are you attempting to, influence the position?**

Yes, Devon engages directly with industry and association leaders to help shape policy positions in ways that serve the interest of all stakeholders.

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**Trade association**

American Exploration & Production Council

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

Devon, a U.S.-based oil and natural gas producer with operations focused in North America, shares AXPC's view that the U.S. economy is dependent on our ability to produce domestic energy in a way that is compatible with the environment.

**How have you, or are you attempting to, influence the position?**

Devon is an active member of various AXPC boards and committees, which take up issues surrounding emissions, water and other environmental concerns.

---

**Trade association**

Canadian Association of Petroleum Producers

**Is your position on climate change consistent with theirs?**

Consistent

**Please explain the trade association's position**

Climate change is an important global issue, requiring attention across industries and around the globe. Balanced policy should deliver economic growth, environmental protection, and a secure and reliable energy supply.

**How have you, or are you attempting to, influence the position?**

Devon engages directly with industry and association leaders to help shape policy positions that balance economic growth, environmental protection, and a secure and reliable energy supply.

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**C12.3d**

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**(C12.3d) Do you publicly disclose a list of all research organizations that you fund?**

No

**C12.3f**

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**(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?**

In the U.S., we are focused on a comprehensive regimen of regulatory emissions mandates established in recent years by the Environmental Protection Agency. Our business units operate within the parameters of these mandates and our Environmental Health and Safety Department performs annual audits companywide to ensure these rules are followed. Additionally, Devon requires vendors to perform work according to environmental, health and safety rules in all Master Service Agreements (MSA).

In Canada, an Environment, Health and Safety Management System (EHSMS) has been in place since 2014. A guiding principal of the EHSMS is that the management and minimization of environmental risks and liabilities must be integral in our operations. Devon recognizes that management must take action in creating and promoting environmentally responsible actions, and the purpose of the EHSMS is to ensure consistency and alignment across all business units. All Devon Canada operations must adhere to the principals and practices within the EHSMS. The system will continuously be updated to meet or exceed all regulations and generally accepted environmental management practices. This is implemented through an environmental policy management group that follows emerging policy closely and ensures that advocacy positions are aligned with corporate strategy.

**C12.4**

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**(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

**Publication**

In other regulatory filings

**Status**

Complete

**Attach the document**

Devon proxy statement 2018.pdf

**Content elements**

Governance

Strategy

Risks & opportunities

---

**Publication**

In other regulatory filings

**Status**

Complete

**Attach the document**

Devon Energy 2017 10K.pdf

**Content elements**

Governance

Strategy

Risks & opportunities

Other metrics

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**Publication**

In voluntary communications

**Status**

Underway – previous year attached

**Attach the document**

DVN-2016-CSR\_FINAL\_Updated.3.7.17.pdf

**Content elements**

Governance

Strategy

Risks & opportunities

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**Publication**

In mainstream reports

**Status**

Complete

**Attach the document**

Disclosing-the-Facts-Devon 2017.pdf

**Content elements**

Governance

Strategy

Risks & opportunities

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**C14. Signoff**

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C-FI

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**(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

C14.1

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**(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1	Tony Vaughn, Chief Operating Officer	Chief Operating Officer (COO)

Submit your response

---

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

**Please confirm below**

I have read and accept the applicable Terms