

# Devon Energy CDP Climate Change Response 2020

## C0. Introduction

### C0.1

**(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. Devon's operations are concentrated in various onshore areas in the U.S. In June 2019, the company completed the sale of substantially all of our oil and gas assets and operations in Canada. The company's portfolio of oil and natural gas properties provides stable, environmentally responsible production and a platform for future growth. For 2019, the company's production mix for retained assets was 31 percent natural gas and 69 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).

This questionnaire includes "forward-looking statements" as defined by the Securities and Exchange Commission (the "SEC"). Such statements include those concerning strategic plans, our expectations and objectives for future operations, as well as other future events or conditions. All statements, other than statements of historical facts, included in this questionnaire that address activities, events or developments that Devon expects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control. These risks are identified in our Form 10-K and other filings with the SEC. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements. The forward-looking statements in this questionnaire are made as of the date of submittal of our responses to this questionnaire, even if subsequently made available by Devon on its website or otherwise. Devon does not undertake any obligation to update the forward-looking statements as a result of new information, future events or otherwise.

### C0.2

**(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
Reporting year	January 1, 2019	December 31, 2019	No

## C0.3

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

United States of America

## C0.4

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

USD

## C0.5

**(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 chosen approach for consolidating your GHG inventory.**

Operational control

## C-OG0.7

**(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

### C1.1

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

Yes

### C1.1a

**(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

Position of individual(s)	Please explain
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Board-level committee	<p>Devon’s Board of Directors has the responsibility to monitor and oversee the Company’s exposure to risk, including climate risk assessment and strategy.</p> <p>One example of a climate-related decision made by the Board of Directors and, in particular the Governance Committee, is Devon’s decision to release a Climate Change Assessment Report. As a direct result of stakeholder engagement, and to better understand the potential long-term impacts of a possible carbon-constrained future, Devon’s Board of Directors endorsed the Company’s engagement of an outside consulting firm to help assess the company’s oil and natural gas portfolio in relation to these potential impacts. Details of the analytical approach and results of the assessment are available in Devon’s Climate Change Assessment Report, which was reviewed and commented on by the Board of Directors and published on the company website. In order to provide support for the Company’s ongoing efforts in environmental, social, and governance (ESG) matters, the board established an ESG Steering Committee, which provides regular updates to, and receives guidance from, the Board of Directors.</p>
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## C1.1b

**(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	<ul style="list-style-type: none"> <li>Reviewing and guiding strategy</li> <li>Reviewing and guiding risk management policies</li> <li>Reviewing and guiding business plans</li> <li>Setting performance objectives</li> <li>Monitoring implementation and performance of objectives</li> <li>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</li> </ul>	<p>A key area of the Board’s focus has been on environmental matters, including potential impacts associated with climate change policies.</p> <p>One example of the Board’s oversight of climate-related issues is that the Board endorsed the engagement of an outside consulting firm to improve its understanding of the potential long-term impacts of a possible carbon-constrained future and to help assess Devon’s oil and natural gas portfolio in relation to these potential impacts. The Board actively reviewed and commented on the report, and then endorsed the analytical approach and results of what is now Devon’s Climate Change Assessment Report. Details of this Climate Change Assessment Report are available on the Company’s website.</p> <p>Devon has also increased participation in external surveys and questionnaires, which has resulted in more transparency and improved the accuracy of</p>

		<p>information included in those materials. Some of the surveys that Devon participates in include Sustainalytics, MSCI, ISS, RobecoSAM, JUST Capital and VigeoEires.</p> <p>Devon regularly models numerous regional and macro-level scenarios, such as changes in regulations or market conditions, to test the strength of its portfolio of reserves and resources. On an annual basis, these modelled scenarios inform the strategic decision-making of Devon's Executive Committee and Board of Directors, culminating in Devon's annual long-range plan. Devon's risk management has included, beginning in 2018, formal and ongoing consideration of the quantifiable effects of climate change on Devon's portfolio.</p> <p>In order to ensure that the company maintains strong internal alignment and focus related to climate change related public policies, Devon appointed its Vice President, Policy and Government Affairs to lead and coordinate the development of all climate related policy and advocacy strategies across the company, to ensure that it remains highly prioritized, so that Devon can engage thoughtfully and constructively with its trade associations and other external stakeholders.</p>
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## C1.2

**(C1.2) Provide the highest management-level 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 Chief Legal and Administrative Officer	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 (do not include the names of individuals).**

The Chief Legal and Administrative Officer is the individual with responsibility to assess and manage climate-related risks and opportunities with assistance from Devon Executive Vice President of Exploration & Production. The rationale for choosing this individual includes the role's great visibility - the individual sits on the Company's executive committee and has frequent interactions with the Board of Directors.

The Chief Legal and Administrative Officer is the executive sponsor and an active member of Devon's Environment, Social and Governance (ESG) Steering Committee, comprised of leaders from all parts of the business and focused on, among other things, climate issues. The Chief Legal and Administrative Officer championed the production and publication, with assistance from the ESG committee, of Devon's 2018 Climate Change Assessment Report. In addition, the ESG committee supports 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 Chief Legal and Administrative Officer reports directly to Devon's CEO and is liaison to the Board of Directors, whose Audit Committee oversees compliance with legal and regulatory requirements, reviews financial risk exposure and the steps taken to monitor and control such exposure and whose Governance Committee reviews Devon's oversight, processes and performance on ESG matters. The Audit and Governance Committee, as well as the full Board, are 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?**

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

### C1.3a

**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**

Entitled to incentive	Type of incentive	Activity incentivized	Comment
All employees	Monetary reward	Emissions reduction target	Devon's incentives in this category apply to all employees, including the Company's executives. Devon has established a voluntary, company-specific target to reduce methane emissions for its U.S. oil and natural gas production operations. By 2025, Devon has targeted a methane-intensity rate of 0.28 percent or lower. In 2018, Devon's methane-intensity rate was 0.32 percent. Devon's methane-intensity measure is a component of

			executive and employee compensation going forward, along with short-term emissions performance already in place.
All employees	Monetary reward	Emissions reduction project	Devon's incentives in this category apply to all employees, including the Company's executives. Devon's corporate goals include continuous improvement in environmental, health, and safety performance. Incorporated within this goal is a focus to improve emission control device reliability. Devon's corporate goals are a component of executive and employee compensation. This goal further demonstrates Devon's commitment to emissions reduction and helps position this effort as a high priority within the organization.
Facilities manager	Non-monetary reward	Efficiency project	Facility managers are recognized company-wide 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.
All employees	Non-monetary reward	Efficiency project	Employees are recognized company-wide 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 position this work as a high priority within the organization.

Corporate executive team	Monetary reward	Emissions reduction target	Devon has established a voluntary, company-specific target to reduce methane emissions for its U.S. oil and natural gas production operations. By 2025, Devon has targeted a methane-intensity rate of 0.28 percent or lower. In 2018, Devon's methane-intensity rate was 0.32 percent. Devon's methane-intensity measure will be a component of executive and employee compensation going forward, along with short-term emissions performance already in place.
Corporate executive team	Monetary reward	Emissions reduction project	Devon's corporate goals include continuous improvement in environmental, health, and safety performance. Incorporated within this goal is a focus to improve emission control device reliability. Devon's corporate goals are a component of executive and employee compensation. This goal further demonstrates Devon's commitment to emissions reduction and helps position this effort as a high priority within the organization.

## C2. Risks and opportunities

### C2.1

**(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

### C2.1a

**(C2.1a) How does your organization define short-, medium- and long-term time 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	3	Typically, Devon categorizes risks to our business as medium-term between 1 and 3 years.
Long-term	3	5	While Devon recognizes and analyzes risks over a greater period of time, typically Devon categorizes risks out to a 5-year window.

## C2.1b

### **(C2.1b) How does your organization define substantive financial or strategic impact on your business?**

Devon is a public company and, as such, adheres to the SEC's rules, regulations and guidance regarding the disclosure of material information, including risks and opportunities. Material information includes information to which there is a substantial likelihood that a reasonable investor would attach importance in determining whether to buy or sell the securities registered. Some impacts may fall below a prescriptive dollar amount, but could still be material and have a substantive impact according to this definition.

## C2.2

### **(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.**

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#### **Value chain stage(s) covered**

Direct operations  
Upstream

#### **Risk management process**

Integrated into multi-disciplinary company-wide risk management process

#### **Frequency of assessment**

More than once a year

#### **Time horizon(s) covered**

Short-term  
Medium-term  
Long-term

#### **Description of process**

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.

Environmental Health and Safety (EHS)-related risks are considered on a day-to-day basis through existing, documented programs and practices, which are discussed in detail in (a) an annual internal workshop focused on EHS risks, stewardship, and compliance as part of our Enterprise Risk Management (ERM) program, and (b) other contexts as circumstances warrant. 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. 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, through a cross-functional coordination team, Devon works closely to identify, monitor, and evaluate environmental-related policy, regulatory, and legislative risks within the U.S. The team engages in ongoing discussions and meets regularly to ensure Devon stays apprised of any developments. Climate-change risks are considered in connection with the review of the ERM-identified risks, including EHS risks.

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. Devon's risk management has included, beginning in 2018, formal and ongoing consideration of the quantifiable effects of climate change on Devon's portfolio. With each new opportunity or proposal, the corporate EHS group, along with the business units, corporate planning, public and government affairs, and others, 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. The data collected through this LDAR program allows Devon to establish best management practices and identify technology, equipment and materials for improved performance. As a result, the percentage of components found leaking improved from 0.028% in 2018 to 0.021% in 2019, while the total number of components surveyed increased by more than 60%.

Devon analyzes potential impacts due to natural disasters and short and medium-term weather changes when evaluating and planning future development. This analysis considers the likelihood of those events occurring and how Devon could mitigate the potential impact of those events. For example, Devon has invested significant capital in developing technologies for using alternative sources of water, which will help to improve our ability to respond to lack of fresh water availability. In the Delaware Basin in arid southeastern NM, we recently brought online our ninth water treatment facility to expand our ability to recycle and reuse water in our operations. Since 2015, we have reused approximately 38 million barrels of water. Moreover, Devon has a robust emergency preparedness program designed to ensure Devon is prepared to respond to weather events, operational incidents, supply disruptions, and other emergencies that could affect our employees, communities, assets, business, and the environment. Devon's emergency response and recovery efforts are led by a corporate emergency management function that reports to Devon's security department. We follow the

Federal Emergency Management Agency's (FEMA) National Incident Management System (NIMS), a nationwide approach to enable the whole community to work together to manage threats and hazards. We conduct at least one functional, corporate-level training exercise and one full-scale exercise in a major field location each year with community responders and simulated business interruptions. Devon advocates for strong emergency management capabilities at the federal level. The head of our emergency management team previously served as the assistant chair for the Oil and Natural Gas Subsector Coordinating Council and rotated to the chair position in 2020. This group coordinates closely with the U.S. Departments of Energy and Homeland Security to ensure that coordination for physical and cybersecurity preparedness remains at the forefront among oil and gas industry and government partners.

Devon regularly models numerous regional and macro-level scenarios, such as changes in regulations or market conditions, to test the strength of its portfolio of reserves and resources. On an annual basis, these modeled scenarios inform the strategic decision-making of Devon's Executive Committee and Board of Directors, culminating in Devon's annual long-range plan. Devon's Climate Change Assessment Report evaluated several possible future climate change scenarios in order to quantify the risks to Devon from aggressive global carbon reduction-policies, modeled through 2050.

See Section 2.2a for a more detailed discussion of how climate-related risks and opportunities are reviewed.

## C2.2a

### (C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	<p>Devon's operations comply with regulatory requirements. We continuously monitor new and emerging regulations, and we adjust our operations accordingly.</p> <p>Policy makers at both the U.S. federal and state levels have introduced legislation and proposed new regulations designed to quantify and limit the emission of greenhouse gases. Both the EPA and the BLM have issued regulations for the control of methane emissions for the oil and natural gas industry. For example, EPA's New Source Performance Standards (NSPS) Subpart OOOOa includes certain emission controls and leak detection and repair requirements that have impacted Devon's operations and resulted in higher compliance costs. Following the change in U.S. presidential administrations in 2017, however, the agencies have attempted to revise or rescind their previously issued methane standards. Litigation concerning these methane regulations and subsequent attempts to</p>

		<p>revise or rescind them is ongoing. Devon is closely monitoring and evaluating the status of existing and emerging greenhouse gas emissions regulations and the potential impact it may have on our business.</p> <p>Devon also relies on various third parties to supplement Devon's analyses and works with evolving regulatory developments. Devon regularly models numerous regional and macro-level scenarios, such as changes in regulations or market conditions, as well as acquisitions or divestitures, to test the strength of its portfolio of reserves and resources. On an annual basis, these modeled scenarios inform the strategic decision-making of Devon's Executive Committee and Board of Directors, culminating in Devon's annual long-range plan.</p> <p>See also Devon's 10-K for a discussion of potential and current regulatory risks.</p>
Emerging regulation	Relevant, always included	<p>Devon works to ensure our environmental footprint is as small possible to limit costs and mitigate any potential reactive regulatory changes. Devon also relies on various third parties to supplement Devon's analyses and works with evolving regulatory developments. Devon regularly models numerous regional and macro-level scenarios, such as changes in regulations or market conditions, as well as acquisitions or divestitures, to test the strength of its portfolio of reserves and resources. On an annual basis, these modeled scenarios inform the strategic decision-making of Devon's Executive Committee and Board of Directors, culminating in Devon's annual long-range plan.</p> <p>As discussed above, policy makers at both the U.S. federal and state levels have introduced legislation and proposed new regulations designed to quantify and limit the emission of greenhouse gases. Several states where we operate, including Wyoming and New Mexico, have already imposed, or stated intentions to impose, laws or regulations designed to reduce methane emissions from oil and gas exploration and production activities. For example, the New Mexico Environment Department (NMED) and the state Energy, Minerals and Natural Resources Department (EMNRD) are moving forward in the process to develop new methane regulations as directed by the governor's January 2019 executive order on climate change. Devon is closely monitoring the regulatory developments in New Mexico, which may result in additional operational costs for new controls and new recordkeeping requirements.</p> <p>Devon's Climate Change Assessment Report specifically considers</p>

		<p>base case scenarios from both ICF (a consulting firm that produces pricing forecasts) and the IEA for the oil and natural gas market and compares each base case scenario to an alternate carbon-constrained future scenario. The Climate Change Assessment Report discusses potential transition risks as set forth in the Task Force on Climate-related Financial Disclosures (TCFD). These include potential risks from emerging regulation (e.g. potential GHG-reduction policies). See also Devon's 10-K for a discussion of potential risks.</p>
Technology	Relevant, always included	<p>Devon's risk evaluation uses a scenario analysis of technology and market conditions that considers pricing scenarios that are at least as challenging as IEA's Sustainable Development Scenario and runs through at least 2040 (Devon's current report analyzes through 2050).</p> <p>Devon's Climate Change Assessment Report specifically considers base case scenarios from both ICF and the IEA for the oil and natural gas market and compares each base case scenario to an alternate carbon-constrained future scenario. The Climate Change Assessment Report discusses potential transition risks as set forth in the Task Force on Climate-related Financial Disclosures (TCFD). These include potential risks from technology (e.g. supplanting of current dominant technologies by new technologies developed for the purpose of transitioning to a lower-carbon economy). The Climate Change Assessment Report also discusses how breakeven prices may change as drilling and operations techniques and technology improve. See also Devon's 10-K for a discussion of potential risks.</p> <p>Technological innovation has been a Devon hallmark since our founding in 1971. Devon's track record for innovation includes being the first company to generate economic success drilling horizontal wells with hydraulic fracturing in shale, and the first to use recycled water. Today, we are among the first exploration and production companies to move to cloud computing. We believe the ability to use technology with increasing efficiency across the company is material to our sustainability.</p> <p>Devon remains focused on continuous improvement and evolves our technological capabilities and resources to match our business needs. We monitor upcoming changes in technology and adjust our planning and execution accordingly. For example, it is possible that emerging emission detection technologies will supplant existing optical gas imaging (OGI) cameras currently utilized in Devon's existing leak detection and repair program and may result in operational changes and/or higher operating costs. In 2019, we assembled a cross-functional team to evaluate new and emerging emission-detection technologies. These include sensor-based</p>

		<p>continuous monitoring, facility flyovers, remote detection using satellites, and expanded capabilities of OGI cameras. As a result of this ongoing evaluation, we implemented an aerial imaging pilot in our most active basin in 2019.</p>
Legal	Relevant, always included	<p>Devon consistently manages and monitors legal risks; however, these are not always climate-related.</p> <p>Devon's Climate Change Assessment Report specifically considers base case scenarios from both ICF and the IEA for the oil and natural gas market and compares each base case scenario to an alternate carbon-constrained future scenario. The Climate Change Assessment Report discusses potential transition risks as set forth in the Task Force on Climate-related Financial Disclosures (TCFD). These include potential legal risks (e.g. increased litigation around failure to mitigate climate change impacts or to sufficiently disclose material financial risks). See also Devon's 10-K for a discussion of potential risks.</p>
Market	Relevant, always included	<p>Devon's financial condition, results of operations and the value of our properties are dependent on the general supply and demand for oil, natural gas and NGLs, which impact the prices we ultimately realize on our sales of these commodities. Historically, market prices and our realized prices have been volatile. Such volatility is likely to continue in the future due to numerous factors beyond our control, including, but not limited to, the price and availability of alternative energy sources and technological advances affecting energy consumption and production (e.g., electric vehicles). See also Devon's 10-K for a discussion of other factors.</p> <p>Devon monitors changes in the demand for our products, whether those changes are climate-related or not. Devon's risk evaluation uses a scenario analysis of technology and market conditions that considers pricing scenarios at least as challenging as IEA's Sustainable Development Scenario and runs through at least 2040 (Devon's report analyzes through 2050). Devon regularly models numerous regional and macro-level scenarios, such as changes in regulations or market conditions, as well as acquisitions or divestitures, to test the strength of its portfolio of reserves and resources. On an annual basis, these modeled scenarios inform the strategic decision-making of Devon's Executive Committee and Board of Directors, culminating in Devon's annual long-range plan.</p> <p>Devon's Climate Change Assessment Report considers base case scenarios from both ICF and the IEA for the oil and natural gas market and compares each base case scenario to an alternate carbon-constrained future scenario. The Climate Change Assessment</p>

		<p>Report specifically discusses and analyses risks from market impacts, such as a lower demand for oil. Oil prices for the ICF Sustainable Development Case were estimated by applying a derived price elasticity for oil to the demand change between the IEA New Policies Scenario and the IEA Sustainable Development Scenarios. For example, in 2025, IEA forecasted an 8% reduction in demand and a 13% reduction in price for the IEA Sustainable Development Scenario compared to the IEA New Policies Scenario. In the Climate Change Assessment Report, ICF used the resulting 0.59 price elasticity of demand for 2025 to determine the expected price change that would result if the same demand change that occurred between the IEA Scenarios occurred between the ICF Base Case and the ICF Sustainable Development Case in the year 2025.</p>
Reputation	Relevant, sometimes included	<p>Reputational risk is assessed as a cost of doing business as any negative perception could delay construction and/or regulatory and government approval for projects.</p> <p>Devon's Climate Change Assessment Report specifically considers base case scenarios from both ICF and the IEA for the oil and natural gas market and compares each base case scenario to an alternate carbon-constrained future scenario. The Climate Change Assessment Report discusses potential transition risks as set forth in the Task Force on Climate-related Financial Disclosures (TCFD). These include potential risks from reputation (e.g. changing public perceptions as a result of their perceived role in mitigating or exacerbating climate change).</p> <p>See also Devon's 10-K for a discussion of potential risks.</p>
Acute physical	Not relevant, explanation provided	<p>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.</p> <p>Devon analyzes potential impacts due to natural disasters and short and medium-term weather changes when evaluating and planning future development. This analysis considers the likelihood of those events occurring and how Devon could mitigate the potential impact of those events. Devon has invested significant capital in developing technologies for using alternative sources of water, which will help to improve our ability to respond to lack of fresh water availability. Devon also plans in the medium term for potential infrastructure shut downs</p>

		due to a variety of factors, and appropriate responses to each of them. This evaluation considers floods, tornados, hurricane risk, and other potential physical risks to infrastructure and Devon’s assets.
Chronic physical	Not relevant, explanation provided	<p>Currently, and in the short, medium, and long-term time frames, Devon does not foresee risks associated with chronic 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.</p> <p>Devon analyzes potential impacts due to natural disasters and short and medium-term weather changes when evaluating and planning future development. This analysis considers the likelihood of those events occurring and how Devon could mitigate the potential impact of those events. Devon has invested significant capital in developing technologies for using alternative sources of water, which will help to improve our ability to respond to lack of fresh water availability. Devon also plans in the medium term for potential infrastructure shut downs due to a variety of factors, and appropriate responses to each of them. This evaluation considers floods, tornados, hurricane risk and other potential physical risks to infrastructure and Devon’s assets.</p>

## C2.3

**(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

**(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 & Primary climate-related risk driver

Emerging regulation

Other, please specify

legislative, regulatory and other initiatives to reduce greenhouse gas emissions

**Primary potential financial impact**

Increased indirect (operating) costs

**Company-specific description**

Continuing and increasing political and social attention to the issue of climate change has resulted in legislative, regulatory and other initiatives, including international agreements, to reduce greenhouse gas emissions, such as carbon dioxide and methane. Policy makers at both the U.S. federal and state levels have introduced legislation and proposed new regulations designed to quantify and limit the emission of greenhouse gases.

It is possible that any such restrictions in the future may particularly target industry activity on federal lands, which could adversely impact Devon's operations in the Delaware and Powder River Basins, as well as other areas where we operate under federal leases. As of December 31, 2019, approximately 20% of our total leasehold resides on federal lands, and approximately 40% and 60% of our leasehold in the Delaware and Powder River Basins, respectively, resides on federal lands. Devon is actively building its inventory of federal permits as part of its risk-management strategy for the next presidential term. We expect to have more than 550 federal permits approved by this fall, which will cover 75% of desired activity over the next four years.

**Time horizon**

Medium-term

**Likelihood**

About as likely as not

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

The financial impact may vary significantly by regulatory requirement.

Although it is not possible at this time to predict the outcome of any new proposal designed to quantify and limit the emission of greenhouse gases, any new restrictions in areas in which we conduct business could potentially result in increased compliance

costs, delays or cessation in development or other restrictions on our operations.

### **Cost of response to risk**

0

### **Description of response and explanation of cost calculation**

The cost of response is noted as zero, because management costs are incorporated into our facility and operating cost structure. Moreover, the management cost may vary significantly by project.

Devon recognizes the potential risk of climate-driven regulation pertaining to the capture and monitoring of greenhouse gas emissions in areas in which we conduct business. We closely monitor and evaluate the status of existing and emerging greenhouse gas emission regulations, the potential impact they may have on our business, and proactive mitigation measures.

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

For example, in the Delaware Basin where there is increasing social and political attention on emissions performance, we implemented a pilot project to test methane emission detection using aircraft based sensors in 2019. Moreover, in order to reduce flared volumes and associated greenhouse gas emissions, Devon implemented a business unit goal to reduce the percentage of gas flared in our Delaware Basin operations. Reductions have been achieved through implementing operational changes at the facility level, improving compressor reliability, restricting or shutting in production, and purchasing the gathering system in a particularly problematic area - and the subsequent formation of Cotton Draw Midstream as discussed below.

### **Comment**

Devon and QL Capital entered into an agreement to create a new partnership to fund selected gas gathering and compression assets owned by Devon in the "Cotton Draw" development area within the Delaware Basin. As part of the transaction, Devon agreed to contribute our existing gas gathering and compression infrastructure within an area of mutual interest to Cotton Draw Midstream, which we would continue to operate. Devon dedicated ~24,000 acres for gathering and compression on the Partnership's system. QLCP agreed to fund a \$100 MM distribution to Devon and also fund the majority of

incremental Partnership capital to build out the Cotton Draw Midstream assets over the next several years.

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## Identifier

Risk 2

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

Direct operations

## Risk type & Primary climate-related risk driver

Reputation

Other, please specify

Changing perception of climate change

## Primary potential financial impact

Other, please specify

Changing perception of climate change may result in reputational risk and higher cost of capital

## Company-specific description

Changing perception of climate change may result in reputational risk and higher cost of capital. In addition to regulatory risk, other market and social initiatives resulting from the changing perception of climate change present risks for our business. For example, in an effort to promote a lower-carbon economy, there are various public and private initiatives subsidizing the development and adoption of alternative energy sources and technologies, including by mandating the use of specific fuels or technologies. These initiatives may reduce the competitiveness of carbon-based fuels, such as oil and gas. Moreover, certain financial institutions, funds and other sources of capital have begun restricting or eliminating their investment in oil and natural gas activities due to their concern regarding climate change. Such restrictions in capital could decrease the value of our business and make it more difficult to fund our operations. These and the other regulatory, social and market risks relating to climate change described above could result in unexpected costs, increase our operating expense and reduce the demand for our products, which in turn could lower the value of our reserves and have an adverse effect on our profitability, financial condition and liquidity.

One Devon-specific example is that several states where Devon operates, including Wyoming and New Mexico, have already imposed, or stated intentions to impose, laws or regulations designed to reduce methane emissions from oil and gas exploration and production activities. Companies that fall behind with complying with such laws and regulations risk reputational harm, among other things. Devon must stay up-to-date with potential regulatory changes in the specific areas in which it operates. Because these reputational risks apply to Devon-specific assets, we do receive questions from stakeholders on how our assets could be affected. These topics help guide our conversations with shareholders, including BlackRock and Climate Action 100+.

**Time horizon**

Medium-term

**Likelihood**

About as likely as not

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

We are unable to speculate on the future actions of shareholders and/or the financial markets. Accordingly, we are unable to quantify a specific financial impact to the potential for a higher cost of capital in the future.

**Cost of response to risk**

0

**Description of response and explanation of cost calculation**

The cost of response is noted as zero, because management costs are incorporated into our cost structure.

Devon employees engage with stakeholders to build relationships founded in trust and cooperation. We place a high priority on our commitment to work together to find solutions benefiting the stakeholders and communities where we operate. Devon conducts investor outreach throughout the year to ensure that management and the Board understand the compensation issues that matter to Devon's stockholders. During 2019, the Company contacted a majority of its 50 largest stockholders and had productive interactions with many stockholders, both inside and outside of that group, including several in-person meetings. Devon participates in a plethora of ESG-related surveys, including surveys with ISS, MSCI, Sustainalytics, JUST Capital, RobecoSAM and VigeoEires to name a few. This allows us to provide transparency to our stakeholders, as well as stay informed on several issues that are important to Devon's stakeholders. Our Environmental, Social and Governance (ESG) Steering Committee sets strategy and monitors environmental performance and issues, including climate-change related issues, to address stakeholder concerns. The cross-functional Environmental, Health and Safety (EHS) Council formed in 2018 works closely with the ESG Steering Committee and senior leaders to ensure implementation of our strategy to

continuously improve our environmental performance and to protect Devon's social license to operate.

## Comment

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### Identifier

Risk 3

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

Direct operations

### Risk type & Primary climate-related risk driver

Emerging regulation

Other, please specify

Restrictions in access to, or disposal of, water

### Primary potential financial impact

Increased indirect (operating) costs

### Company-specific description

Devon's oil and natural gas extraction operations depend upon reliable access to, and the ability to dispose of, water used or produced in drilling and completions operations. Regulatory restrictions in our ability to either source or dispose of water may result in higher operating costs.

In recent years, various federal agencies have asserted regulatory authority over certain aspects of the hydraulic fracturing process. For example, the EPA has issued regulations under the federal Clean Air Act establishing performance standards for oil and gas activities, including standards for the capture of air emissions released during hydraulic fracturing, and it finalized in 2016 regulations that prohibit the discharge of wastewater from hydraulic fracturing operations to publicly owned wastewater treatment plants. The EPA also released a report in 2016 finding that certain aspects of hydraulic fracturing, such as water withdrawals and wastewater management practices, could result in impacts to water resources. The BLM previously finalized regulations to regulate hydraulic fracturing on federal lands but subsequently issued a repeal of those regulations in 2017. Moreover, several states in which we operate have adopted, or stated intentions to adopt, laws or regulations that mandate further restrictions on hydraulic fracturing, such as requiring disclosure of chemicals used in hydraulic fracturing and imposing more stringent permitting, disclosure and well-construction requirements on hydraulic fracturing operations. In addition, an election-cycle narrative has emerged in 2020 suggesting government-imposed restrictions on hydraulic fracturing.

It is possible that any such restrictions, whether related to hydraulic fracturing or other aspects of our operations, may particularly target industry activity on federal lands,

which could adversely impact our operations in the Delaware and Powder River Basins, as well as other areas where we operate under federal leases. As of December 31, 2019, approximately 20% of our total leasehold resides on federal lands, and approximately 40% and 60% of our leasehold in the Delaware and Powder River Basins, respectively, resides on federal lands. Devon is actively building its inventory of federal permits as part of its risk-management strategy for the next presidential term. We expect to have more than 550 federal permits approved by this fall, which will cover 75% of desired activity over the next four years.

**Time horizon**

Medium-term

**Likelihood**

About as likely as not

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

The financial impact could vary significantly based upon the availability and feasibility of using alternative sources of water.

**Cost of response to risk**

0

**Description of response and explanation of cost calculation**

The cost of management is integrated into our development plans. The cost of construction for each water treatment facility varies based upon the location and local logistics.

Devon began recycling water in 2004 in our first U.S. shale play, the Barnett Shale in north Texas, and we have been building a track record of water conservation ever since. Our history of leadership in water conservation includes being the first company to recycle flowback and produced water from natural gas wells in north Texas and becoming the largest user of treated produced water in New Mexico, where we led the effort to establish state rules to encourage the practice.

We have collaborated with stakeholders in government, industry and the communities where we work to proactively find ways to conserve water in our drilling and completions operations. We work to use water in our operations that would not be consumed for drinking and other public uses and to use recycled produced water in our operations wherever possible to avoid fresh water use in areas of drilling and production activity. Every gallon of produced, recycled, brackish or non-fresh water that Devon uses in our operations reduces our consumption of fresh water.

In our most active basin, the Delaware Basin in arid southeastern New Mexico, Devon has invested significant capital in developing technologies for decreasing our dependence on fresh water by using alternative sources of water, which improves our ability to respond under a scenario where fresh water or disposal availability is constrained. From 2015-2019, we have reused approximately 38 million barrels of water. We recently built and brought online our ninth water treatment facility, expanding our recycling capacity further. To store reusable water, we have built twelve impoundment basins – of various sizes. Integral to our operations and to saving water, the impoundment basins are connected by a local pipeline network that diminishes the need to haul water away by truck, reducing emissions and traffic safety hazards.

#### Comment

## C2.4

**(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

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

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#### Identifier

Opp1

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

Direct operations

#### Opportunity type

Resource efficiency

#### Primary climate-related opportunity driver

Other, please specify

Flaring reduction to capture and monetize natural gas

### **Primary potential financial impact**

Other, please specify

Increased revenues through efficiency gains

### **Company-specific description**

A key component of Devon's broader emission reduction strategy is to focus on reducing flared volumes both to protect the environment and to capture and retain as much gas as possible for its economic value. We believe our flare reduction efforts will facilitate earning stakeholder trust and reducing the costs of regulatory compliance.

Throughout our operations in the Mid-Continent, Powder River, and Delaware Basins, certain of our oil and natural gas leases are granted or approved by the federal government and administered by the Bureau of Land Management or Bureau of Indian Affairs of the Department of the Interior. As of December 31, 2019, approximately 20% of our total leasehold resides on federal lands. Such leases require compliance with detailed federal regulations and orders that regulate, among other matters, drilling and operations on lands covered by these leases and calculation and disbursement of royalty payments to the federal government, tribes or tribal members. The federal government has, from time to time, evaluated and, in some cases, promulgated new rules and regulations regarding, among other matters, venting and flaring and royalty payment obligations for production from federal lands.

Several states in areas in which we operate, including Wyoming and New Mexico, have already imposed, or stated intentions to impose, laws or regulations designed to reduce emissions, including addressing waste from venting and flaring, from oil and gas exploration and production activities.

As such, Devon seeks to proactively avoid venting and limit flaring at all locations throughout our operations. Our flaring performance has improved over the last five years to a rate below 1% of gross natural gas produced company-wide in 2019. In the Delaware Basin, our highest activity basin, our proactive reduction efforts resulted in rates falling from about 4% at mid-year 2019 to 1% or less by year-end 2019.

### **Time horizon**

Medium-term

### **Likelihood**

Virtually certain

### **Magnitude of impact**

Medium

### **Are you able to provide a potential financial impact figure?**

No, we do not have this figure

### **Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

The financial impact may vary significantly by flaring-reduction project type.

**Cost to realize opportunity**

0

**Strategy to realize opportunity and explanation of cost calculation**

Cost to realize the opportunity may vary significantly for various projects. For an example, please see detail below on the formation of Cotton Draw Midstream.

To realize this opportunity, we continually evaluate and optimize facility design; install and maintain reliable pressure-relief valves to minimize tank releases; install vapor-recovery equipment to capture flash gas emissions and route them to a pipeline. We also use green completions to capture produced gas during completions and well workovers following hydraulic fracturing. Where flaring is unavoidable, we install monitoring equipment to help ensure the gas is properly destroyed rather than vented.

Devon has also implemented a goal to reduce the percentage of gas flared in our Delaware Basin operations. Reductions have been achieved through operational changes at the facility, improving compressor reliability, restricting or shutting in production, and purchasing the gathering system in a particularly problematic area - and the subsequent formation of Cotton Draw Midstream as discussed below.

Devon and QL Capital Partners entered into an agreement to create a new partnership to fund selected gas gathering and compression assets owned by Devon in the “Cotton Draw” development area within the Delaware Basin. As part of the transaction, Devon agreed to contribute our existing gas gathering and compression infrastructure within an area of mutual interest to Cotton Draw Midstream, which we would continue to operate. Devon dedicated ~24,000 acres for gathering and compression on the Partnership’s system. QLCP agreed to fund a \$100 MM distribution to Devon and also fund the majority of incremental Partnership capital to build out the Cotton Draw Midstream assets over the next several years.

**Comment**

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**Identifier**

Opp2

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

Direct operations

**Opportunity type**

Resource efficiency

**Primary climate-related opportunity driver**

Other, please specify

Greenhouse gas emission reduction initiatives to reduce carbon intensity of operations

**Primary potential financial impact**

Increased access to capital

**Company-specific description**

Cutting GHG and methane emissions that trap heat in the atmosphere is important to Devon's stakeholders and important to running an efficient, compliant oil and natural gas production business.

In 2018, Devon conducted a materiality assessment - facilitated by a third party sustainability consultant - to identify the most relevant and impactful performance areas for Devon and our key stakeholders on environmental, social and governance (ESG) matters, which is an emerging criteria that some investors use to evaluate their investments. The process included in-depth, one-on-one interviews with Devon's chief executive officer (CEO) and other executive committee members, and an in-person workshop with Devon leaders. The materiality assessment included a third-party review of external stakeholder materials such as assessments from Institutional Shareholder Services, Sustainalytics, As You Sow and Great Place to Work, and a benchmarking study of peer-company sustainability reports. As a result of the examination, two of the top material areas identified were greenhouse gas emissions and climate change. Note that the concept of materiality used in said assessment is not intended to correspond to the concept of materiality associated with the disclosures required by the U.S. Securities and Exchange Commission.

Several states in areas in which we operate, including the Delaware Basin of New Mexico, our most active basin and accounting for 39% of our net production in 2019, have already imposed, or stated intentions to impose, laws or regulations designed to reduce methane emissions from oil and gas exploration and production activities.

Devon has long recognized the opportunity and importance of reducing our emissions to proactively manage risks, protect our social license to operate, preserve cost and access to capital, and drive long-term value for our shareholders.

**Time horizon**

Medium-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

The financial impact may vary significantly by emission-reduction project type.

**Cost to realize opportunity**

0

**Strategy to realize opportunity and explanation of cost calculation**

The cost to realize the opportunity may vary significantly for various projects and is incorporated into our facility and operating cost structure.

**Comment**

Devon has a strong commitment to managing our environmental performance. Our Environmental, Social and Governance (ESG) Steering Committee sets strategy and monitors environmental performance and issues, including climate-change related issues, to address stakeholder concerns. The cross-functional Environmental, Health and Safety (EHS) Council formed in 2018 works closely with the ESG Steering Committee and senior leaders to ensure implementation of our strategy to continuously improve our environmental performance.

To realize this opportunity, Devon manages our emissions performance through a variety of mitigation strategies. We established a voluntary, company-specific target to reduce methane emissions for our oil and natural gas production operations. We have steadily expanded our leak detection and repair (LDAR) program, transitioned to air-driven pneumatic controllers and reduced flaring. In 2019, Devon operators performed LDAR surveys at approximately 1,500 facilities company-wide. While surveys were required by state and/or federal regulations at about 627 facilities, we voluntarily performed surveys at an additional 864 additional facilities. We found very few leaks, and almost all that were detected were repaired on the same day. The percentage of components found leaking improved from 0.028% in 2018 to 0.021% in 2019, while the total number of components surveyed increased by more than 60%. We have also increasingly incorporated engines powered by alternative fuels into our drilling program. Devon is conducting ongoing evaluations into emissions detection and quantification technologies - including an aerial imaging pilot conducted in New Mexico in 2019, which provided valuable insight into the capabilities of remote detection technologies, the

types of emissions detectable, and potential use cases going forward in order to further improve our emissions performance. We also collaborate with industry, environmental nonprofits and agency partners on emissions-reduction strategies.

Together, all of this focused effort in 2019 advanced our progress on lowering GHG emissions.

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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 recycling

**Primary potential financial impact**

Reduced indirect (operating) costs

**Company-specific description**

Water conservation, including reuse and recycle, is important to Devon's stakeholders and vital to our operations and social license to operate.

In 2018, Devon conducted a materiality assessment - facilitated by a third party sustainability consultant - to identify the most relevant and impactful performance areas for Devon and our key stakeholders on environmental, social and governance (ESG) matters, which is an emerging criteria that some investors use to evaluate their investments. The process included in-depth, one-on-one interviews with Devon's chief executive officer (CEO) and other executive committee members, and an in-person workshop with Devon leaders. The materiality assessment included a third-party review of external stakeholder materials such as assessments from Institutional Shareholder Services, Sustainalytics, As You Sow and Great Place to Work, and a benchmarking study of peer-company sustainability reports. As a result of the examination, one of the top material areas identified was water use and recycling. Note that the concept of materiality used in said assessment is not intended to correspond to the concept of materiality associated with the disclosures required by the U.S. Securities and Exchange Commission.

In some of Devon's operating areas, water users are competing for limited supplies, so we seek opportunities to conserve, reuse, and recycle as much water as we can. For example, Devon's most active operating area, accounting for 39% of our net production in 2019, is located in the Delaware Basin in arid southeastern New Mexico. Every gallon

of produced, recycled, or brackish water that Devon uses reduces our consumption of fresh water.

**Time horizon**

Medium-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Medium

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

The financial impact could vary based upon the procurement costs of alternative sources of water.

**Cost to realize opportunity**

0

**Strategy to realize opportunity and explanation of cost calculation**

The cost of management is integrated into our development plans. The cost of construction for each treatment facility varies based upon the location and local logistics.

Devon began recycling water in 2004 in our first U.S. shale play, the Barnett Shale in north Texas, and we have been building a track record of water conservation ever since. Our history of leadership in water conservation includes being the first company to recycle flowback and produced water from natural gas wells in north Texas and becoming the largest user of treated produced water in New Mexico, where we led the effort to establish state rules to encourage the practice.

We have collaborated with stakeholders in government, industry and the communities where we work to proactively find ways to conserve water in our drilling and completions operations. We work to use water in our operations that would not be consumed for drinking and other public uses and to use recycled produced water in our operations wherever possible to avoid fresh water use in areas of drilling and production activity. Every gallon of produced, recycled, brackish or non-fresh water that Devon uses in our operations reduces our consumption of fresh water.

In our most active basin, the Delaware Basin in arid southeastern New Mexico, Devon has invested significant capital in developing technologies for decreasing our dependence on fresh water by using alternative sources of water, which improves our ability to respond under a scenario where fresh water or disposal availability is constrained. From 2015-2019, we have reused approximately 38 million barrels of water. We recently built and brought online our ninth water treatment facility, expanding our recycling capacity further. To store reusable water, we have built twelve impoundment basins – of various sizes. Integral to our operations and to saving water, the impoundment basins are connected by a local pipeline network that diminishes the need to haul water away by truck, reducing emissions and traffic safety hazards.

**Comment**

## C3. Business Strategy

### C3.1

**(C3.1) Have climate-related risks and opportunities influenced your organization’s strategy and/or financial planning?**

Yes

#### C3.1a

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

Yes, qualitative and quantitative

#### C3.1b

**(C3.1b) Provide details of your organization’s use of climate-related scenario analysis.**

Climate-related scenarios and models applied	Details
IEA Sustainable development scenario	Completing a Climate Change Assessment Report has allowed Devon to have enhanced discussions with stakeholders. One of the influencing factors in deciding to undertake a quantitative and qualitative Climate Change Assessment Report was that such a report would increase our transparency and understanding of the potential impacts of a carbon-constrained future. We believed that a climate-related scenario analysis would help guide various aspects of our stakeholder engagement. Therefore, Devon put together a team (together with a third-party consultant, ICF) to evaluate several possible future climate change scenarios to quantify the risks to Devon from aggressive global carbon reduction-policies, modeled through 2050. This Report has helped

guide our discussions with stakeholders, such as Climate Action 100+ and BlackRock.

Specifically, Devon's Climate Change Assessment Report considers pricing scenarios from both ICF and the widely-referenced International Energy Agency (IEA) for the oil and natural gas market and compares each base case scenario to an alternate carbon-constrained future scenario. Analyzing both IEA and ICF base case scenarios provides a level of robustness against alternative future scenarios. To model the impacts of a carbon-constrained future, the analysis applies, under both scenarios, IEA's assumptions about demand for oil and natural gas under aggressive carbon-reduction policies. In the carbon-constrained scenarios, demand for oil and natural gas is substantially reduced and the results indicate that the aggressive low-carbon scenarios will reduce oil, natural gas, and natural gas liquids (NGLs) prices by 23-37%. Even in such carbon-constrained scenarios, oil and natural gas remain a crucial component for fulfilling global energy demand and the model results suggest that Devon's current portfolio is likely to be resilient to these potential impacts. Accordingly, Devon remains confident that its asset portfolio is expected to (i) remain economically profitable in a range of future climate change scenarios and (ii) provide oil and natural gas in an environmentally responsible way.

Devon's Climate Change Assessment Report also analyzes half-cycle breakeven oil prices—the constant price needed to recover capital expenditures (excluding sunk capital), operating costs, royalties and taxes and earn an acceptable return on investment—for the plays in which Devon operates. The Climate Change Assessment Report performs a comparison of projected regional price impacts with estimated regional breakeven prices for each of Devon's major assets, including Eagle Ford, Anadarko, Permian, and Powder River Basin. Because Devon's internal calculations of asset-specific prices are confidential, the breakeven oil prices for Eagle Ford, Anadarko, Permian Delaware, and Powder River Basin oil wells are based on the Citi E&P oil price breakeven analysis. All of Devon's oil assets are expected to yield high economic returns in the \$64/Bbl oil price environment in the ICF Base Case and much higher returns in the \$102/Bbl oil price environment in the IEA New Policies Scenario. The \$66/Bbl oil price environment in the IEA Sustainable Development Scenario is still higher than all the oil assets' breakevens and, therefore, is expected to yield positive economic returns. Even at much lower WTI oil price projections in the ICF Sustainable Development Case, \$42/Bbl, all of the oil assets are expected to be economic. An in-depth analysis of the above can be found in the Climate Change Assessment Report.

Finally, Devon's risk management includes formal and ongoing consideration of the quantifiable effects of climate change on Devon's portfolio. Devon also analyzes potential impacts due to natural disasters and short and medium-term weather changes when evaluating and planning future development. This

	analysis considers the likelihood of those events occurring and how Devon could mitigate the potential impact of those events.
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### C3.1d

**(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.**

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	No	The products Devon sells are crude oil, natural gas, and related liquids; we do not provide services. Climate risks and opportunities have not yet significantly influenced or impacted the markets for these commodities. Despite widespread discussion and speculation about reduced demand for oil and natural gas, the U.S. Energy Information Administration projects rising demand for natural gas, petroleum and other liquids through 2050 in its International Energy Outlook (IEO) 2019.
Supply chain and/or value chain	Yes	<p>Devon has ongoing engagements on climate issues with a wide variety of partners along the value chain, ranging from shareholders including BlackRock and Climate Action 100+, nonprofits such as the Environmental Defense Fund and Nature Conservancy, and climate-focused industry groups including The Environmental Partnership and the Texas Methane &amp; Flaring Coalition.</p> <p>Devon has ongoing engagements with business partners, vendors and contractors to incorporate emissions-reduction equipment and procedures into our operations. We have employed written correspondence, in-person and online meetings to develop our plans for collaborative projects to replace diesel engines in our field operations with motors that will run on natural gas or electricity. We have worked with electric-service providers to electrify our field locations via local and regional power grids. Electric drilling, well-completion and production operations enable us to reduce GHG emissions. To reduce methane emissions from our production facilities, we engage directly and collaboratively with suppliers to ensure we're installing the most reliable pumps, controllers, valves and remote-sensing equipment available. We engage with the leading infrared camera supplier to acquire the latest tools and techniques to detect</p>

		<p>methane leaks at our facilities. This enables us to execute and confirm repairs quickly. The results of our engagements with our suppliers on climate issues are measured by the avoidance of GHG emissions.</p> <p>Devon's policy has long been to work only with approved contractors and vendors who complete our supplier qualification process and meet our extensive policy, insurance and environmental, health, and safety (EHS) requirements. Contractors are responsible for having EHS programs that meet or exceed all federal, state and local laws, rules and regulations, as well as Devon's standards and protocols. To build upon this process, Devon recently approved a pilot project to evaluate the environmental, social, and governance (ESG) performance of a subset of our contractors and vendors in 2020. Through partnership with a service provider, Devon will evaluate responses to questionnaires assessing a company's ESG performance, including, among other things, whether the company tracks its GHG emissions, has strategies in place to reduce GHG emissions, and has energy efficiency programs in place.</p>
Investment in R&D	Yes	<p>Devon has been working with stakeholders for many years to invest in the development of new technologies to reduce industry's environmental impact. For example, we have invested more than \$1 million in infrared cameras to perform frequent equipment inspections across our operating areas using optical gas imaging cameras to detect leaks. In 2019, Devon piloted an aerial imaging emission detection technology, which provided valuable insight into the capabilities of remote detection technologies, the types of emissions detectable, and potential use cases going forward in order to further improve our emissions performance. Moreover, Devon made a multi-year, multi-million dollar commitment to partner with the Altira Group, which provides venture capital funding for oil and natural gas technology products and advantaged service offerings, including emission reduction technologies.</p> <p>We believe the ability to use technology with increasing efficiency - and the potential for widespread use of predictive analytics - is important for our sustainability and could be deployed to identify leaks before occurrence. In 2018, Devon made a strategic, industry-leading decision to transition to cloud computing, meeting clear business needs to be nimble decision-makers and to better leverage new</p>

		<p>technologies. Cloud computing gives our employees much quicker access to applications, scripts, workflows and data to perform high-end analytics and develop solutions in a fraction of the time it took when we housed these resources in our corporate data center. For example, cloud computing gives lease operators in our Decision Support Center quicker access to data to inform decisions on equipment maintenance and repairs.</p>
Operations	Yes	<p>Devon believes that efficient and effective operations will improve our environmental performance and help us to protect our social license to operate, manage risks, and drive long-term value for our shareholders.</p> <p>In 2018, Devon conducted a materiality assessment - facilitated by a third party sustainability consultant - to identify the most relevant and impactful performance areas for Devon and our key stakeholders on environmental, social and governance (ESG) matters, which is an emerging criteria that some investors use to evaluate their investments. As a result of the examination, two of the top material areas identified were greenhouse gas emissions and climate change. Note that the concept of materiality used in said assessment is not intended to correspond to the concept of materiality associated with the disclosures required by the U.S. Securities and Exchange Commission. To reflect our ongoing commitment to transparency, Devon issues an annual Sustainability Report focusing on the top material areas identified during the materiality assessment process.</p> <p>Devon has long been committed to managing our environmental performance, including our emissions performance. Our Environmental, Social, and Governance (ESG) Steering Committee sets strategy and monitors environmental performance and issues, including climate-change related issues, to address stakeholder concerns. The cross-functional Environmental, Health and Safety (EHS) Council formed in 2018 works closely with the ESG Steering Committee and senior leaders to ensure implementation of our strategy to continuously improve our environmental performance and to protect Devon's social license to operate. Devon's environmental professionals work hand-in-hand with our business units to ensure our operations are environmentally sound and to comply with all laws, regulations and company policies.</p>

		<p>In 2019, to reinforce our commitment to emissions reductions, we established a target to limit methane emissions from our oil and natural gas production operations. We committed to reducing our methane intensity rate to 0.28% or lower by 2025, calculating the rate based off emissions from Devon-operated oil and natural gas production facilities as a percentage of natural gas produced.</p>
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### C3.1e

**(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

	Financial planning elements that have been influenced	Description of influence
Row 1	<p>Direct costs Indirect costs Capital expenditures</p>	<p>Devon’s Climate Change Assessment Report analyzes half-cycle breakeven oil prices—the constant price needed to recover capital expenditures (excluding sunk capital), operating costs, royalties and taxes and earn an acceptable return on investment—for the plays in which Devon operates. Devon’s Climate Change Assessment Report evaluated several possible future climate change scenarios in order to quantify the risks to Devon from aggressive global carbon reduction-policies, modeled through 2050.</p> <p>The Climate Change Assessment Report performs a comparison of projected regional price impacts with estimated regional breakeven prices for each of Devon’s major assets, including Eagle Ford, Anadarko, Permian and Powder River Basin. Because Devon’s internal calculations of asset-specific prices are confidential, the breakeven oil prices for Eagle Ford, Anadarko, Permian Delaware, and Powder River Basin oil wells are based on the Citi E&amp;P oil price breakeven analysis. All of Devon’s oil assets are expected to yield high economic returns in the \$64/Bbl oil price environment in the ICF Base Case and much higher returns in the \$102/Bbl oil price environment in the IEA New Policies Scenario. The \$66/Bbl oil price environment in the IEA Sustainable Development Scenario is still higher than all the oil assets’ breakevens and, therefore, is expected to yield positive economic returns. Even at much lower WTI oil price projections in the ICF Sustainable Development Case, \$42/Bbl, all of the oil assets are expected to be economic.</p>

## C3.1f

**(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).**

Please see response to C3.1e.

## C4. Targets and performance

### C4.1

**(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).**

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**Target reference number**

Int 1

**Year target was set**

2019

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1

**Intensity metric**

Other, please specify

Methane emissions as a percentage of gas produced

**Base year**

2018

**Intensity figure in base year (metric tons CO<sub>2</sub>e per unit of activity)**

0.316

**% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

27

**Target year**

2025

**Targeted reduction from base year (%)**

11.6

**Intensity figure in target year (metric tons CO<sub>2</sub>e per unit of activity) [auto-calculated]**

0.279344

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

-3.11

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

0

**Intensity figure in reporting year (metric tons CO<sub>2</sub>e per unit of activity)**

0.277

**% of target achieved [auto-calculated]**

106.3945875164

**Target status in reporting year**

Underway

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

No, and we do not anticipate setting one in the next 2 years

**Please explain (including target coverage)**

Devon has established a voluntary, company-specific target to reduce methane emissions for its U.S. oil and natural gas production operations. By 2025, Devon has targeted a methane-intensity rate of 0.28 percent or lower. In 2018, Devon's methane-intensity rate was 0.32 percent. Devon's methane-intensity measure is a component of executive and employee compensation going forward, along with short-term emissions performance already in place.

Target coverage: The target covers methane emissions from all (i.e., 100%) Devon-operated oil and natural gas production facilities, including production facilities not reportable to the EPA.

## C4.2

**(C4.2) Did you have any other climate-related targets that were active in the reporting year?**

Target(s) to reduce methane emissions

## C4.2b

**(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.**

**Target reference number**

Oth 1

**Year target was set**

2019

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Intensity

**Target type: category & Metric (target numerator if reporting an intensity target)**

Methane reduction target

Other, please specify

Methane emissions as a percentage of gas produced

**Target denominator (intensity targets only)**

Other, please specify

Methane emissions as a percentage of gas produced

**Base year**

2018

**Figure or percentage in base year**

0.316

**Target year**

2025

**Figure or percentage in target year**

0.28

**Figure or percentage in reporting year**

0.277

**% of target achieved [auto-calculated]**

108.3333333333

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

Devon has established a voluntary, company-specific target to reduce methane emissions for its U.S. oil and natural gas production operations. By 2025, Devon has targeted a methane-intensity rate of 0.28 percent or lower. In 2018, Devon's methane-intensity rate was 0.32 percent. Devon's methane-intensity measure is a component of executive and employee compensation going forward, along with short-term emissions performance already in place.

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

No, it's not part of an overarching initiative

**Please explain (including target coverage)**

Target coverage: The target covers methane emissions from all (i.e., 100%) Devon-operated oil and natural gas production facilities, including production facilities not reportable to the EPA.

---

**Target reference number**

Oth 2

**Year target was set**

2019

**Target coverage**

Business division

**Target type: absolute or intensity**

Absolute

**Target type: category & Metric (target numerator if reporting an intensity target)**

Other, please specify

Other, please specify

Initiative to reduce the percentage of gas flared

**Target denominator (intensity targets only)**

**Base year**

2019

**Figure or percentage in base year**

5.73

**Target year**

2020

**Figure or percentage in target year**

2.29

**Figure or percentage in reporting year**

0.95

**% of target achieved [auto-calculated]**

138.9534883721

**Target status in reporting year**

Underway

**Is this target part of an emissions target?**

Achieving the flaring reduction goal in the Delaware Basin will help Devon achieve its methane intensity reduction target.

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

No, it's not part of an overarching initiative

**Please explain (including target coverage)**

Devon commenced implementation of a goal to reduce the percentage of gas flared in our legacy Delaware Basin operations. To date, reductions have been achieved through operational changes at the facility, improving compressor reliability, restricting or shutting in production, and purchasing and taking over operations of the gathering system in a particularly problematic area. Note: percentage in reporting year, as shown above, reflects year-to-date performance through 7/31/2020.

**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 initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	2	265,722
Not to be implemented	0	0

**C4.3b**

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

**Initiative category & Initiative type**

Low-carbon energy generation

Other, please specify

Use of electricity and lower emissions fuels to generate electricity

**Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)**

20,867

**Scope(s)**

Scope 1

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

3,629,196

**Investment required (unit currency – as specified in C0.4)**

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

Ongoing

**Comment**

Monetary savings assumes the average prices of fuels as: Diesel \$2.32/gallon, CNG \$1.49/DGE, Natural Gas \$2.00/MCF and \$0.07/kWh for electricity. Investment required is noted as zero, because the cost is incorporated into our cost structure.

---

**Initiative category & Initiative type**

Other, please specify

Other, please specify

Initiative to reduce the percentage of gas flared

**Estimated annual CO<sub>2</sub>e savings (metric tonnes CO<sub>2</sub>e)**

244,855

**Scope(s)**

Scope 1

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

3,100,000

**Investment required (unit currency – as specified in C0.4)**

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

Ongoing

**Comment**

Devon commenced implementation of a goal to reduce the percentage of gas flared in our legacy Delaware Basin operations. To date, reductions have been achieved through operational changes at the facility, improving compressor reliability, restricting or shutting in production, and purchasing the gathering system (and subsequent formation of Cotton Draw Midstream) in a particularly problematic area.

The estimated annual monetary savings is calculated by estimating the volume of natural gas that would have been flared, in the absence of this emission reduction initiative, multiplied by the average realized Delaware Basin gas price per mcf as shown in Devon's 2019 Form 10-K. The estimated investment required is noted as zero, because the investment has been integrated into our cost structure.

**C4.3c**

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

Method	Comment
Compliance with regulatory requirements/standards	Devon is subject to environmental requirements and standards in all jurisdictions in which we operate, and strives to maintain compliance and continuously improve our environmental performance. For example, leak detection and repair surveys are performed in accordance with regulatory requirements.
Dedicated budget for low-carbon product R&D	Devon has also invested with Altira Group LLC, a venture capital provider which specializes in backing new technology for crude oil and natural gas technology products and advantaged service offerings, including emission reduction technologies.
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.

**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?**

Yes

## C4.5a

**(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.**

---

### Level of aggregation

Product

### Description of product/Group of products

Natural gas for electric power generation

### Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product

### Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify

Development and production of natural gas as a cleaner fuel for electric power generation

### % revenue from low carbon product(s) in the reporting year

10

### Comment

Devon considers natural gas, which accounted for approximately 31% of our production portfolio in 2019, to be a low-carbon product, particularly when it is used to displace coal in electric power generation.

According to estimates from the Energy Information Administration, the amount of CO<sub>2</sub> produced per kilowatt-hour (kwh) in electric power generation is nearly 60% lower when using natural gas compared to coal.

In certain states in which Devon operates, like New Mexico and Wyoming, coal remains the primary source of power generation, so there is an opportunity for continued coal-to-natural gas fuel switching that would result in lower CO<sub>2</sub> emissions.

## C-OG4.6

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

Devon recognizes the potential risk of climate-driven regulation pertaining to 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 operators in using them. We began monitoring some of our sites before the regulation was proposed and currently conduct voluntary leak detection and repair (LDAR) monitoring on selected sites that are not

yet subject to EPA regulation. Similarly, Devon continues to monitor new technology that could take the place of IR-camera based LDAR monitoring, including a pilot project to detect methane leaks using aircraft based sensors.

Devon manages our methane emissions performance through a variety of mitigation strategies. We established a voluntary, company-specific target to reduce methane emissions for our oil and natural gas production operations. We have steadily expanded our LDAR program, transitioned to air-driven pneumatic controllers and reduced flaring. In 2019, Devon operators performed LDAR surveys at approximately 1,500 facilities company-wide. While surveys were required by state and/or federal regulations at about 627 facilities, we voluntarily performed surveys at an additional 864 additional facilities. We found very few leaks, and almost all that were detected were repaired on the same day. The percentage of components found leaking improved from 0.028% in 2018 to 0.021% in 2019, while the total number of components surveyed increased by more than 60%. We have also increasingly incorporated engines powered by alternative fuels into our drilling program. Devon is conducting ongoing evaluations into emissions detection and quantification technologies - including an aerial imaging pilot conducted in New Mexico in 2019, which provided valuable insight into the capabilities of remote detection technologies, the types of emissions detectable, and potential use cases going forward in order to further improve our emissions performance. We also collaborate with industry, environmental nonprofits and agency partners on emissions-reduction strategies.

Devon has also implemented a goal to reduce the percentage of gas flared in our legacy Delaware Basin operations, which results in the reduction of methane and other greenhouse gases. Reductions were achieved through operational changes at the facility, improving compressor reliability, restricting or shutting in production, and purchasing the gathering system in a particularly problematic area. Devon and QL Capital entered into an agreement to create a new partnership to fund selected gas gathering and compression assets owned by Devon in the "Cotton Draw" development area within the Delaware Basin. As part of the transaction, Devon will contribute its existing gas gathering and compression infrastructure within an area of mutual interest to Cotton Draw Midstream, which Devon will continue to operate. Devon will dedicate ~24,000 acres for gathering and compression on the Partnership's system. QLCP will fund a \$100 MM distribution to Devon and will also fund the majority of incremental Partnership capital to build out the Cotton Draw midstream assets over the next several years.

## **C-OG4.7**

**(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**

**(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 and predominantly conducts surveys in accordance with the EPA's New Source Performance Standards (NSPS) Subpart OOOOa. The SOP establishes the process of using infra-red cameras to evaluate emissions associated with the company's operations and enhance its management practices; if leaks are detected, they are repaired and verified. Surveys are conducted in all of Devon's operating areas, including at facilities where surveys are not required by federal or state regulation, many of which are surveyed multiple times per year.

Devon's leak detection and repair (LDAR) program continues to expand year over year, averaging more than 527 surveys per month in 2019. Devon operators performed LDAR surveys at approximately 1,500 facilities company-wide. While surveys were required by state and/or federal regulations at about 627 facilities, we voluntarily performed surveys at an additional 864 additional facilities. We found very few leaks, and almost all that were detected were repaired on the same day. The percentage of components found leaking improved from 0.028% in 2018 to 0.021% in 2019, while the total number of components surveyed increased by more than 60%.

In 2019, we assembled a cross-functional team to evaluate new and emerging emission-detection technologies. These include expanding the capabilities of optical gas imaging (OGI) cameras, sensor-based continuous monitoring, facility flyovers and even remote detection using satellites. As a result of this ongoing evaluation, we implemented an aerial imaging pilot in our most active basin in 2019, which provided valuable insight into the capabilities of remote detection technologies, the types of emissions detectable, and potential use cases going forward in order to further improve our emissions performance.

## **C-OG4.8**

**(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 natural gas 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.

Devon has also implemented a goal to reduce the percentage of gas flared in our Delaware Basin operations, which results in the reduction of methane and other greenhouse

gases. Reductions were achieved through operational changes at the facility, improving compressor reliability, restricting or shutting in production, and purchasing the gathering system in a particularly problematic area. These actions resulted in Delaware Basin flaring reductions from about 4% at mid-year to 1% or less by year-end. In the first quarter of 2020, the percentage of flared volume was 70% lower than the same period in 2019.

Devon and QL Capital Partners, LP entered into an agreement to create a new partnership to fund selected gas gathering and compression assets owned by Devon in the “Cotton Draw” development area within the Delaware Basin. As part of the transaction, Devon will contribute its existing gas gathering and compression infrastructure within an area of mutual interest to Cotton Draw Midstream, which Devon will continue to operate. Devon will dedicate ~24,000 acres for gathering and compression on the Partnership’s system. QLCP will fund a \$100 MM distribution to Devon and will also fund the majority of incremental Partnership capital to build out the Cotton Draw midstream assets over the next several years.

## C5. Emissions methodology

### C5.1

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

#### Scope 1

---

**Base year start**

January 1, 2019

**Base year end**

December 31, 2019

**Base year emissions (metric tons CO<sub>2</sub>e)**

2,610,322.68

**Comment**

In 2019, Devon Energy sold all of its Canadian operations and is therefore restating a base year for emissions.

#### Scope 2 (location-based)

---

**Base year start**

January 1, 2019

**Base year end**

December 31, 2019

**Base year emissions (metric tons CO<sub>2</sub>e)**

179,294.84

**Comment**

In 2019, Devon Energy sold all of its Canadian operations and is therefore restating a base year for emissions.

### Scope 2 (market-based)

---

**Base year start**

**Base year end**

**Base year emissions (metric tons CO<sub>2</sub>e)**

**Comment**

## C5.2

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

American Petroleum Institute Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Natural Gas Industry, 2009

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

## C6. Emissions data

### C6.1

**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO<sub>2</sub>e?**

**Reporting year**

---

**Gross global Scope 1 emissions (metric tons CO<sub>2</sub>e)**

2,610,322.68

**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**

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 CO<sub>2</sub>e?**

**Reporting year**

---

**Scope 2, location-based**

179,294.84

**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?**

No

## C6.5

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

**Purchased goods and services**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

We are committed to and focused on emissions at the point of production, where we can most directly and meaningfully effect emissions reductions. We will continue to evaluate ways in which we can reduce our overall carbon footprint and engage constructively with stakeholders upstream and downstream of our production operations. We will strive to better understand our emissions sources beyond the point of production, prioritizing

awareness of source categories most material to our value-chain emissions or over which we have the most control.

## **Capital goods**

---

### **Evaluation status**

Not relevant, explanation provided

### **Please explain**

We are committed to and focused on emissions at the point of production, where we can most directly and meaningfully effect emissions reductions. We will continue to evaluate ways in which we can reduce our overall carbon footprint and engage constructively with stakeholders upstream and downstream of our production operations. We will strive to better understand our emissions sources beyond the point of production, prioritizing awareness of source categories most material to our value-chain emissions or over which we have the most control.

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

---

### **Evaluation status**

Not relevant, explanation provided

### **Please explain**

We are committed to and focused on emissions at the point of production, where we can most directly and meaningfully effect emissions reductions. We will continue to evaluate ways in which we can reduce our overall carbon footprint and engage constructively with stakeholders upstream and downstream of our production operations. We will strive to better understand our emissions sources beyond the point of production, prioritizing awareness of source categories most material to our value-chain emissions or over which we have the most control.

## **Upstream transportation and distribution**

---

### **Evaluation status**

Not relevant, explanation provided

### **Please explain**

We are committed to and focused on emissions at the point of production, where we can most directly and meaningfully effect emissions reductions. We will continue to evaluate ways in which we can reduce our overall carbon footprint and engage constructively with stakeholders upstream and downstream of our production operations. We will strive to better understand our emissions sources beyond the point of production, prioritizing awareness of source categories most material to our value-chain emissions or over which we have the most control.

## **Waste generated in operations**

---

### **Evaluation status**

Not relevant, explanation provided

### **Please explain**

We are committed to and focused on emissions at the point of production, where we can most directly and meaningfully effect emissions reductions. We will continue to evaluate ways in which we can reduce our overall carbon footprint and engage constructively with stakeholders upstream and downstream of our production operations. We will strive to better understand our emissions sources beyond the point of production, prioritizing awareness of source categories most material to our value-chain emissions or over which we have the most control.

## **Business travel**

---

### **Evaluation status**

Not relevant, explanation provided

### **Please explain**

We are committed to and focused on emissions at the point of production, where we can most directly and meaningfully effect emissions reductions. We will continue to evaluate ways in which we can reduce our overall carbon footprint and engage constructively with stakeholders upstream and downstream of our production operations. We will strive to better understand our emissions sources beyond the point of production, prioritizing awareness of source categories most material to our value-chain emissions or over which we have the most control.

## **Employee commuting**

---

### **Evaluation status**

Not relevant, explanation provided

### **Please explain**

We are committed to and focused on emissions at the point of production, where we can most directly and meaningfully effect emissions reductions. We will continue to evaluate ways in which we can reduce our overall carbon footprint and engage constructively with stakeholders upstream and downstream of our production operations. We will strive to better understand our emissions sources beyond the point of production, prioritizing awareness of source categories most material to our value-chain emissions or over which we have the most control.

## **Upstream leased assets**

---

### **Evaluation status**

Not relevant, explanation provided

### **Please explain**

We are committed to and focused on emissions at the point of production, where we can most directly and meaningfully effect emissions reductions. We will continue to evaluate ways in which we can reduce our overall carbon footprint and engage constructively with stakeholders upstream and downstream of our production operations. We will strive to better understand our emissions sources beyond the point of production, prioritizing

awareness of source categories most material to our value-chain emissions or over which we have the most control.

## **Downstream transportation and distribution**

---

### **Evaluation status**

Not relevant, explanation provided

### **Please explain**

We are committed to and focused on emissions at the point of production, where we can most directly and meaningfully effect emissions reductions. We will continue to evaluate ways in which we can reduce our overall carbon footprint and engage constructively with stakeholders upstream and downstream of our production operations. We will strive to better understand our emissions sources beyond the point of production, prioritizing awareness of source categories most material to our value-chain emissions or over which we have the most control.

## **Processing of sold products**

---

### **Evaluation status**

Not relevant, explanation provided

### **Please explain**

We are committed to and focused on emissions at the point of production, where we can most directly and meaningfully effect emissions reductions. We will continue to evaluate ways in which we can reduce our overall carbon footprint and engage constructively with stakeholders upstream and downstream of our production operations. We will strive to better understand our emissions sources beyond the point of production, prioritizing awareness of source categories most material to our value-chain emissions or over which we have the most control.

## **Use of sold products**

---

### **Evaluation status**

Not relevant, explanation provided

### **Please explain**

We are committed to and focused on emissions at the point of production, where we can most directly and meaningfully effect emissions reductions. We will continue to evaluate ways in which we can reduce our overall carbon footprint and engage constructively with stakeholders upstream and downstream of our production operations. We will strive to better understand our emissions sources beyond the point of production, prioritizing awareness of source categories most material to our value-chain emissions or over which we have the most control.

## **End of life treatment of sold products**

---

### **Evaluation status**

Not relevant, explanation provided

### **Please explain**

We are committed to and focused on emissions at the point of production, where we can most directly and meaningfully effect emissions reductions. We will continue to evaluate ways in which we can reduce our overall carbon footprint and engage constructively with stakeholders upstream and downstream of our production operations. We will strive to better understand our emissions sources beyond the point of production, prioritizing awareness of source categories most material to our value-chain emissions or over which we have the most control.

## **Downstream leased assets**

---

### **Evaluation status**

Not relevant, explanation provided

### **Please explain**

We are committed to and focused on emissions at the point of production, where we can most directly and meaningfully effect emissions reductions. We will continue to evaluate ways in which we can reduce our overall carbon footprint and engage constructively with stakeholders upstream and downstream of our production operations. We will strive to better understand our emissions sources beyond the point of production, prioritizing awareness of source categories most material to our value-chain emissions or over which we have the most control.

## **Franchises**

---

### **Evaluation status**

Not relevant, explanation provided

### **Please explain**

We are committed to and focused on emissions at the point of production, where we can most directly and meaningfully effect emissions reductions. We will continue to evaluate ways in which we can reduce our overall carbon footprint and engage constructively with stakeholders upstream and downstream of our production operations. We will strive to better understand our emissions sources beyond the point of production, prioritizing awareness of source categories most material to our value-chain emissions or over which we have the most control.

## **Investments**

---

### **Evaluation status**

Not relevant, explanation provided

### **Please explain**

We are committed to and focused on emissions at the point of production, where we can most directly and meaningfully effect emissions reductions. We will continue to evaluate ways in which we can reduce our overall carbon footprint and engage constructively with stakeholders upstream and downstream of our production operations. We will strive to better understand our emissions sources beyond the point of production, prioritizing

awareness of source categories most material to our value-chain emissions or over which we have the most control.

### Other (upstream)

---

#### Evaluation status

Not relevant, explanation provided

#### Please explain

We are committed to and focused on emissions at the point of production, where we can most directly and meaningfully effect emissions reductions. We will continue to evaluate ways in which we can reduce our overall carbon footprint and engage constructively with stakeholders upstream and downstream of our production operations. We will strive to better understand our emissions sources beyond the point of production, prioritizing awareness of source categories most material to our value-chain emissions or over which we have the most control.

### Other (downstream)

---

#### Evaluation status

Not relevant, explanation provided

#### Please explain

We are committed to and focused on emissions at the point of production, where we can most directly and meaningfully effect emissions reductions. We will continue to evaluate ways in which we can reduce our overall carbon footprint and engage constructively with stakeholders upstream and downstream of our production operations. We will strive to better understand our emissions sources beyond the point of production, prioritizing awareness of source categories most material to our value-chain emissions or over which we have the most control.

## C6.7

**(C6.7) Are carbon dioxide emissions from biogenic 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 CO<sub>2</sub>e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

---

#### Intensity figure

0.000448492

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO<sub>2</sub>e)**

2,789,617.52

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

6,220,000,000

**Scope 2 figure used**

Location-based

**% change from previous year**

34

**Direction of change**

Increased

**Reason for change**

Both our revenue and emissions fell year over year in 2019. Revenue fell by 30% Y/Y, while emissions fell by 6% Y/Y. Because revenue (i.e., numerator in the intensity metric) fell at a higher magnitude than emissions (i.e., denominator in the intensity metric), the revenue intensity rose Y/Y by 34%. Devon's GHG emissions fell in 2019, driven in part by efforts to expand our leak detection and repair (LDAR) program and improve our venting and flaring performance. Please see Devon's 2019 Form 10-K for a discussion of factors that impacted Devon's revenue. For example, market prices for crude oil and natural gas are inherently volatile. In 2019, WTI oil prices averaged approximately \$57.02/Bbl versus \$64.79/Bbl in 2018. Despite price support in the first half of 2019 driven by supply tightness and geopolitical tensions, 2019 WTI oil prices overall were negatively impacted by trade concerns and economic slowdown fears, even with strong supply and demand fundamentals. Henry Hub gas prices averaged approximately \$2.63/MMBtu in 2019 versus \$3.09/MMBtu in 2018. Mt. Belvieu Blended Index NGL prices averaged approximately \$19.22/Bbl in 2019 versus \$28.31/Bbl in 2018. Natural gas and NGL prices faced strong headwinds in 2019 due to U.S. supply growth far outpacing demand for both commodities domestically and internationally.

## C-OG6.12

**(C-OG6.12) Provide the intensity figures for Scope 1 emissions (metric tons CO<sub>2</sub>e) per unit of hydrocarbon category.**

---

**Unit of hydrocarbon category (denominator)**

Other, please specify

Thousand barrels of oil equivalent

**Metric tons CO<sub>2</sub>e from hydrocarbon category per unit specified**

9.96

**% change from previous year**

19

**Direction of change**

Decreased

**Reason for change**

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

**Comment**

Only U.S. scope 1 emissions and production were used in the comparison between year over year intensity.

## C-OG6.13

**(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**

0.186

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

0.102

**Comment**

## C7. Emissions breakdowns

### C7.1

**(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?**

Yes

## C7.1a

**(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
CO2	1,875,404.13	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	733,366.55	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	1,545.896	IPCC Fourth Assessment Report (AR4 - 100 year)

## C-OG7.1b

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

### Emissions category

Combustion (excluding flaring)

### Value chain

Upstream

### Product

Unable to disaggregate

### Gross Scope 1 CO2 emissions (metric tons CO2)

1,250,722.76

### Gross Scope 1 methane emissions (metric tons CH4)

1,018.92

### Total gross Scope 1 emissions (metric tons CO2e)

1,277,485.01

### Comment

### Emissions category

Flaring

### Value chain

Upstream

**Product**

Unable to disaggregate

**Gross Scope 1 CO2 emissions (metric tons CO2)**

622,656.59

**Gross Scope 1 methane emissions (metric tons CH4)**

1,774.13

**Total gross Scope 1 emissions (metric tons CO2e)**

667,272.77

**Comment**

---

**Emissions category**

Venting

**Value chain**

Upstream

**Product**

Unable to disaggregate

**Gross Scope 1 CO2 emissions (metric tons CO2)**

1,439.63

**Gross Scope 1 methane emissions (metric tons CH4)**

19,075.61

**Total gross Scope 1 emissions (metric tons CO2e)**

478,329.85

**Comment**

---

**Emissions category**

Fugitives

**Value chain**

Upstream

**Product**

Unable to disaggregate

**Gross Scope 1 CO2 emissions (metric tons CO2)**

585.15

**Gross Scope 1 methane emissions (metric tons CH4)**

7,466

**Total gross Scope 1 emissions (metric tons CO2e)**

187,235.04

**Comment**

## 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	2,610,322.68

## 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	2,610,322.68

## 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	Comment
Oil and gas production activities (upstream)	2,610,322.68	
Oil and gas production activities (midstream)	0	
Oil and gas production activities (downstream)	0	

## 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 for in Scope 2 market-based approach (MWh)
United States of America	179,294.84	0	310,900.98	0

## 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 (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
US E&P	179,294.84	

## 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
Oil and gas production activities (upstream)	179,294.84		
Oil and gas production activities (midstream)	0		
Oil and gas production activities (downstream)	0		

## C7.9

**(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?**

Decreased

### C7.9a

**(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	0	No change	0	We do not directly consume renewable energy.
Other emissions reduction activities	100,301	Decreased	3.26	Change in emissions(mt CO2e)= 100,301 mt CO2e (2019 Emissions Reduction Project Savings)  Emissions value percentage= ((100,301 Emissions reduction MT CO2e) / ( 3,079,136 2018 U.S. scope 1+ scope 2 emissions MT CO2e) ) * 100
Divestment	0	No change	0	Although we experienced a decrease in emissions due to divestitures; we do not calculate emissions from divested assets. The buyer is responsible for reporting these emissions.
Acquisitions	0	No change	0	
Mergers	0	No change	0	
Change in output	0	No change	0	
Change in methodology	0	No change	0	

Change in boundary	0	No change	0	
Change in physical operating conditions	0	No change	0	
Unidentified	0	No change	0	
Other	0	No change	0	

## 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 0% but less than or equal to 5%

### C8.2

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

	Indicate whether your organization undertook this energy-related activity in the reporting year
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 (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	7,984,707.29	7,984,707.29
Consumption of purchased or acquired electricity		0	310,900.98	310,900.98
Consumption of self-generated non-fuel renewable energy		0		0
Total energy consumption		0	8,295,608.27	8,295,608.27

## 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	Yes
Consumption of fuel for the generation of heat	No
Consumption of fuel for the generation of steam	No
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)**

Diesel

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

1,122,272.75

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

117,752.76

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

0

**Emission factor**

74.21

**Unit**

kg CO<sub>2</sub>e per million Btu

**Emissions factor source**

EPA Table C-1 and C-2 to Part 98 Subpart C

**Comment**

Calculation units assume a default diesel HHV of 5830000 Btu/bbl and 3.413  
MWH/MMBTU

---

**Fuels (excluding feedstocks)**

Natural Gas

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

6,799,462.94

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

3,357.4

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

0

**Emission factor**

53.11

**Unit**

kg CO<sub>2</sub>e per million Btu

**Emissions factor source**

EPA Table C-1 and C-2 to Part 98 Subpart C

**Comment**

Emission units are in MWH/MMBTU and assume a default natural gas HHV of 1020 Btu/scf and 3.413 MWH/MMBTU

---

**Fuels (excluding feedstocks)**

Liquefied Natural Gas (LNG)

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

44,669

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

0

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

0

**Emission factor**

61.76

**Unit**

kg CO<sub>2</sub>e per million Btu

**Emissions factor source**

EPA Table C-1 and C-2 to Part 98 Subpart C

**Comment**

Emission units are in MWH/MMBTU and assume a default LNG HHV of 84810 Btu/gal and 3.413 MWH/MMBTU

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**Fuels (excluding feedstocks)**

Compressed Natural Gas (CNG)

**Heating value**

HHV (higher heating value)

**Total fuel MWh consumed by the organization**

18,302.37

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

8,937.79

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

0

**Emission factor**

53.11

**Unit**

kg CO2e per million Btu

**Emissions factor source**

EPA Table C-1 and C-2 to Part 98 Subpart C

**Comment**

Emission units are in MWH/MMBTU and assume a default diesel gas equivalent HHV of 5830000 Btu/bbl and 3.413 MWH/MMBTU

## C8.2d

**(C8.2d) 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	2,931,499.24	2,907,558.86	0	0
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

## C9. Additional metrics

### C9.1

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

### C-OG9.2a

**(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	55	
Natural gas liquids, million barrels	28	
Oil sands, million barrels (includes bitumen and synthetic crude)	0	
Natural gas, billion cubic feet	219	

## 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)	Comment
Row 1				

## C-OG9.2d

**(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 (%)	Comment
Crude oil/ condensate/ natural gas liquids				
Natural gas				

Oil sands (includes bitumen and synthetic crude)				
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## 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

Onshore

### In-year net production (%)

100

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

100

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

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

### Net total resource base (%)

### Comment

## C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6

(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?

	Investment in low-carbon R&D	Comment
Row 1	Yes	

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

(C-CO9.6a/C-EU9.6a/C-OG9.6a) Provide details of your organization's investments in low-carbon R&D for your sector activities over the last three years.

Technology area	Stage of development in	Average % of total R&D	R&D investment	Comment
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	the reporting year	investment over the last 3 years	figure in the reporting year (optional)	
Other, please specify Unable to disaggregate by technology area	Applied research and development	≤20%		<p>Stage of development: Devon committed its investment over a multi-year time horizon to a private equity fund to explore new oilfield technology, including emission reduction and carbon abatement technologies.</p> <p>Because Devon is unable to disaggregate by technology area, we cannot provide an accurate average percentage of the total research/development investments over the last three years. As such, we uniformly selected 0-20%.</p>
Other, please specify Cloud Computing and Advanced Analytics	Full/commercial-scale demonstration	≤20%	270,000	<p>Stage of development: Devon invested in a software product to serve as the foundation of an enterprise data warehouse (i.e. the Devon Data Hub). The data hub is a data lake and data warehouse that handles structured, semi-structured, and unstructured data.</p> <p>The data hub has enabled cloud computing and advanced analytics. Devon rebuilt its GHG reporting program using the new platform and is hopeful to utilize predictive analytics in the future to identify leaks before occurrence.</p> <p>Because Devon is unable to disaggregate by technology area within the category of Cloud Computing and Advanced Analytics, we cannot provide an accurate average percentage of</p>

				the total research/development investments over the last three years. As such, we uniformly selected 0-20%.
Other, please specify Cloud Computing and Advanced Analytics	Full/commercial-scale demonstration	≤20%	276,000	<p>Stage of development: Similarly, Devon invested in a data service to serve as the transformation engine that reads the data from the software discussed above, does the transformation, and writes the data back to the software.</p> <p>The data hub has enabled cloud computing and advanced analytics. Devon rebuilt its GHG reporting program using the new platform and is hopeful to utilize predictive analytics in the future to identify leaks before occurrence.</p> <p>Because Devon is unable to disaggregate by technology area within the category of Cloud Computing and Advanced Analytics, we cannot provide an accurate average percentage of the total research/development investments over the last three years. As such, we uniformly selected 0-20%.</p>

### 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.**

33

### C-OG9.8

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

Yes

## C-OG9.8a

**(C-OG9.8a) Provide, in metric tons CO<sub>2</sub>, gross masses of CO<sub>2</sub> transferred in and out of the reporting organization (as defined by the consolidation basis).**

	CO <sub>2</sub> transferred – reporting year (metric tons CO <sub>2</sub> )
CO <sub>2</sub> transferred in	190,917
CO <sub>2</sub> transferred out	0

## C-OG9.8b

**(C-OG9.8b) Provide gross masses of CO<sub>2</sub> injected and stored for the purposes of CCS during the reporting year according to the injection and storage pathway.**

Injection and storage pathway	Injected CO <sub>2</sub> (metric tons CO <sub>2</sub> )	Percentage of injected CO <sub>2</sub> intended for long-term (>100 year) storage	Year in which injection began	Cumulative CO <sub>2</sub> injected and stored (metric tons CO <sub>2</sub> )
CO <sub>2</sub> used for enhanced oil recovery (EOR) or enhanced gas recovery (EGR)	190,917	0	January 1, 2008	5,499,297.6

## C-OG9.8c

**(C-OG9.8c) Provide clarification on any other relevant information pertaining to your activities related to transfer and sequestration of CO<sub>2</sub>.**

Since 2008, Devon has been injecting CO<sub>2</sub> into the Beaver Creek and Big Sand Draw oilfields for enhanced oil recovery.

## C10. Verification

### C10.1

**(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)	No third-party verification or assurance
Scope 3	No emissions data provided

## C10.1a

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

### Verification or assurance cycle in place

Annual process

### Status in the current reporting year

Underway but not complete for reporting year – previous statement of process attached

### Type of verification or assurance

Not applicable

### Attach the statement

### Page/ section reference

See <https://www.epa.gov/ghgreporting/ghgrp-methodology-and-verification>  
Under the Greenhouse Gas Reporting Program, EPA completes electronic validation and verification checks annually on reports. If potential errors are identified, EPA notifies the reporter in order for the reporter to resolve and resubmit the report or provide an acceptable response describing why the flagged issue is not an error.

### Relevant standard

Other, please specify

EPA's Greenhouse Gas Reporting Program completes validation and verification checks on reported data.

### Proportion of reported emissions verified (%)

75

## C10.2

**(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

**(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	Adherence to standard engineering methodologies	Using GHGRP data, Devon's verification reflects an independent analysis of our method for calculating methane intensity for our company methane intensity target.  1
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 1Verification Letter 7-9-2020.docx

## C11. Carbon pricing

### C11.1

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

No, and we do not anticipate being regulated in the next three years

### C11.2

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

No

### C11.3

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

No, and we do not currently anticipate doing so in the next two years

## C12. Engagement

### C12.1

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

Yes, our suppliers

Yes, other partners in the value chain

### C12.1a

**(C12.1a) Provide details of your climate-related supplier engagement strategy.**

---

#### Type of engagement

Information collection (understanding supplier behavior)

#### Details of engagement

Other, please specify

Collect ESG performance information from contractors and vendors

**% of suppliers by number**

**% total procurement spend (direct and indirect)**

**% of supplier-related Scope 3 emissions as reported in C6.5**

### **Rationale for the coverage of your engagement**

Devon's policy has long been to work only with approved contractors, suppliers, and vendors (collectively referred to here as "contractors") who complete our supplier qualification process and meet our extensive policy, insurance and environmental, health, and safety (EHS) requirements. Contractors are responsible for having EHS programs that meet or exceed all federal, state and local laws, rules and regulations, as well as Devon's standards and protocols. Devon assesses, among other things, whether a company has a written environmental program in place, received any citations from a regulatory agency, has had hazardous material releases or agency reportable releases - including both air or spill releases.

To build upon this process, Devon recently approved a pilot project to evaluate the environmental, social, and governance (ESG) performance of a subset of our contractors in 2020. Through partnership with a third-party service provider, Devon will evaluate responses to questionnaires assessing a company's ESG performance, including, among other things, whether the company tracks its GHG emissions, has strategies in place to reduce GHG emissions, and has energy efficiency programs in place.

### **Impact of engagement, including measures of success**

This is a pilot project in the planning stages. However, Devon believes the pilot will demonstrate our commitment to ESG performance, including emissions performance, to our contractors. For the pilot project, the measure of success will be the thoroughness with which the subset of contractors completes the questionnaire, as well as the level of engagement and constructive dialogue had with our contractors.

### **Comment**

## **C12.1d**

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

Devon has ongoing engagements on climate issues with a wide variety of partners along the value chain, ranging from stockholders including BlackRock and Climate Action 100+, to nonprofits such as the Environmental Defense Fund and Nature Conservancy. We engage with

state and federal agencies and agency partners including the U.S. Bureau of Land Management, U.S. Environmental Protection Agency, and New Mexico Methane Advisory Panel. We work with climate-focused groups including The Environmental Partnership and the Texas Methane & Flaring Coalition. We prioritize our engagements based on efforts that we see as most effective and where we can contribute meaningfully while prudently managing our financial resources and personnel.

**KEY EXAMPLE:**

Devon is a founding member and current steering committee member of The Environmental Partnership, a voluntary coalition of U.S. oil and natural gas companies across the value chain – upstream, midstream and downstream. Since forming in 2017, the partnership has more than doubled in size to 83 companies committed to continuously improving the industry’s environmental performance. Partnership companies commit to collaborative action to improve environmental performance. They develop best practices and embrace new technologies to reduce the industry’s footprint. Results are shared publicly on the partnership’s website.

The group’s focus has been on further reducing the industry’s emissions, including methane and VOCs. The partnership implemented programs for leak detection and repair, eliminating the use of high-bleed pneumatic controllers and improving the manual liquids unloading process. Selected based on EPA emissions data, these programs are designed to reduce emissions using proven, cost-effective controls. Since the inception of the program, more than 3,300 high-bleed pneumatic controllers have been replaced, retrofitted, or removed from service, and more than 10,500 additional gas driven controllers have been replaced or removed from service. As a result, 43 participating companies report no longer having high-bleed pneumatic controllers in their operations.

**BUSINESS PARTNERS:**

Devon has ongoing engagements with business partners, vendors and contractors to incorporate more climate-friendly equipment and procedures into our operations. We have employed written correspondence, in-person and online meetings to develop our plans for collaborative projects to replace diesel engines in our field operations with motors that will run on natural gas or electricity. We have worked with electric-service providers to electrify our field locations via local and regional power grids. Electric drilling, well-completion and production operations enable us to reduce GHG emissions. To reduce methane emissions from our production facilities, we engage directly and collaboratively with suppliers to ensure we’re installing the most reliable pumps, controllers, valves and remote-sensing equipment available. We engage with the leading infrared camera supplier to acquire the latest tools and techniques to detect methane leaks at our facilities. This enables us to execute and confirm repairs quickly. The results of our engagements with our suppliers on climate issues are measured by the avoidance of GHG emissions.

## **C12.3**

### **(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

## C12.3a

**(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

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

Yes

## C12.3c

**(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

API and its members commit to delivering solutions that reduce the risks of climate change while meeting society's growing energy needs. We support global action that drives greenhouse gas emissions reductions and economic development.

The natural gas and oil industry is part of the global solution and plays a vital role in developing and deploying technologies and products that continue to reduce GHG emissions while advancing human and economic prosperity and that are essential to extending the benefits of modern life to all.

API will lead by providing platforms for industry action to:

Reduce greenhouse gas emissions through industry-led solutions, and

Actively work on policies that address the risks of climate change while meeting the global need for affordable, reliable and sustainable energy.

**How have you influenced, or are you attempting to influence their 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**

American oil and gas producers have an irreplaceable role in meeting the challenge of global climate change. AXPC, representing large independent American oil and gas producers, supports innovative, collaborative solutions that lower greenhouse gas (GHG) emissions while meeting the world's growing need for abundant, low cost, reliable energy. Successful public policy must recognize that oil and gas underpins our standard of living and American oil and gas is critical to our national security and economic prosperity.

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

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

## C12.3f

**(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?**

Devon's Environmental, Social and Governance (ESG) Steering Committee is formally engaged with our executive committee and board of directors on environmental performance, risks and opportunities, including those related to climate change. The ESG Steering Committee includes representatives from across the business, including operations, communications, corporate governance, investor relations, environmental health and safety, legal and government affairs - ensuring clarity and alignment.

Climate related public policy issues are fully integrated into Devon's internal processes. In order to ensure that the company maintains strong internal alignment and focus, Devon appointed its Vice President, Policy and Government Affairs to lead and coordinate the development of all climate related policy across the company, to ensure that it remains highly prioritized, so that Devon can engage thoughtfully and constructively with its trade associations and other external stakeholders.

## C12.4

**(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).**

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### Publication

In mainstream reports

### Status

Complete

### Attach the document

 Devon Energy 2019 10K.docx

### Page/Section reference

Climate Change: 17, 98

Emissions: 16,17, 24, 160

Governance: 6, 19, 24,101

Strategy: 13, 26

Risks/opportunities: 5, 8, 15, 17

### Content elements

Governance

Strategy

Risks & opportunities

Emission targets

### Comment

10-K, 2019

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### Publication

In other regulatory filings

### Status

Complete

### Attach the document

 DVN Proxy Statement 2020.pdf

### Page/Section reference

Climate Change: 3,27

Emissions: 3, 28, 44, 47, 48

Governance:16-27  
Strategy: 1, 42  
Risks/opportunities: 3, 25, 26

### **Content elements**

Governance  
Strategy  
Risks & opportunities  
Emission targets

### **Comment**

Proxy Statement, 2020

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### **Publication**

In voluntary sustainability report

### **Status**

Underway – previous year attached

### **Attach the document**

 Devon 2019 Sustainability Report.pdf

### **Page/Section reference**

Climate Change: 2, 4, 10, 12, 13, 17, 20, 53  
Emissions: 2, 6, 12-20, 75  
Governance: 42-46  
Strategy: 15, 21, 32, 33, 41, 46, 68, 69  
Risks/opportunities: 26, 29, 36, 45, 53

### **Content elements**

Governance  
Strategy  
Risks & opportunities  
Emissions figures  
Emission targets

### **Comment**

2019 Sustainability Report

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### **Publication**

In voluntary communications

### **Status**

Underway – previous year attached

**Attach the document**

 DVN\_Climate-Change-Assessment-Report.pdf

**Page/Section reference**

Climate Change: 2,3,4, 8,9, 13, 14  
 Emissions: 3, 7, 14, 15, 16  
 Governance: 4, 16  
 Strategy: 3  
 Risks/opportunities: 13-16

**Content elements**

Governance  
 Strategy  
 Risks & opportunities  
 Emission targets

**Comment**

Climate Change Assessment Report

## C15. Signoff

### C-FI

**(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.**

This submission has been reviewed and approved at the executive level of the company.

### C15.1

**(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1	Executive Vice President, Exploration and Production	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**

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

**Please confirm below**

I have read and accept the applicable Terms