2023 Devon Energy

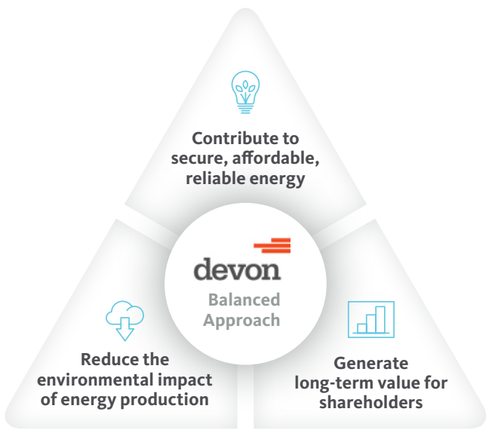
Climate Change Assessment Report

Contents

Message from the CEO

Rick Muncrief
President and CEO

Our balanced approach to delivering sustainable energy the world needs



Climate change presents a diverse and largely unpredictable set of risks to the world and to our business. The need to limit global warming coexists with the need to supply the world with affordable, accessible, reliable energy necessary to improve the quality of human lives across the globe. Since our founding in 1971, Devon Energy has been at the forefront of technological innovation in the oil and natural gas industry. This long history will be key to addressing the global challenge of transitioning to a lower-carbon economy – while working to ensure that we do not leave any country behind without access to adequate, productive energy supply. We are focused on the future and determined to do what it takes to produce energy the world needs reliably, responsibly, and sustainably.

One of the things I am most proud of at Devon is our intentionality. We strive to approach problem solving in a pragmatic, thoughtful and diligent manner, no matter how small or large the challenge. Climate change is no exception.

We have pioneered operational practices, been proactive in applying new technology and resilient in adapting to evolving market conditions, regulations and increasing stakeholder expectations. Our work helping to supply reliable, affordable energy enables Devon to create jobs, strengthen our communities, contribute to local, state, federal, and global economies and support federal and global energy security and environmental goals. We choose to see the energy transition as an innovation and transformational opportunity, and believe our track record demonstrates our ability to continue facing, overcoming, and succeeding in a world that continues to rapidly evolve.

It is clear to us that the world needs an "all of the above" approach to energy production to meet growing global energy demand and to meet global climate change goals. It is our belief that oil and natural gas can – and must be – part of any lower-carbon energy system. Affordability, reliability, and sustainability are equally important and must continue to be balanced. As the ongoing crisis in Ukraine demonstrates, energy supply disruptions can cause severe impacts on the geopolitical and economic stability of our families, communities, nation, and counterparts around the world.

We are taking a balanced approach to delivering sustainable energy the world needs. Our aim is to be a climate-conscious, low-cost, low-carbon energy producer, while delivering strong results and creating long-term shareholder value. In other words, we support and are actively pursuing an approach that is a) realistic, b) appreciates global needs for affordable energy access, and c) does not gloss over the difficulties of achieving climate goals. To support our aim, we have a three-pronged net zero strategy:

1. Decrease the carbon intensity of our operations by reducing Scope 1 and 2 GHG emissions to net zero by 2050, supported by annual and interim goals, prioritizing the reduction of flaring and methane emissions
2. Disclose our progress and strengthen governance practices around climate change risks and opportunities
3. Evaluate opportunities to create value in the transition to ever-cleaner forms of energy, with thoughtful capital allocation

We are committed to deepening our understanding of climate-related risks and opportunities by utilizing the tools put forth by the Task Force on Climate-Related Financial Disclosure (TCFD), including the scenario analysis and disclosures in this report. The models we have examined in this report reflect our most robust analysis to date on the resiliency of our portfolio to both transition and physical risks related to climate change. This report considers the impacts of third-party base case, and alternative carbon-constrained, fundamental scenarios and the impact the scenarios would have on our portfolio. This report also considers the impact of exposure and sensitivity to potential physical impacts of climate change for Devon assets. We plan to continue to strengthen our transparency surrounding climate-related risk with a goal of continued alignment with the TCFD recommendations.

Our core business of delivering responsibly produced oil and natural gas is not only sustainable, but essential to maintaining national and global energy security. Shrinking our core business by divesting assets is not a component of our net zero strategy. As demonstrated through the recent acquisition of RimRock Oil and Validus Energy, progress to achieve our emissions reduction targets may not be linear over time as we onboard new assets and begin to materially improve emissions performance to meet the Devon standard. We believe that we can continue to find new and innovative ways to produce energy in an increasingly clean and sustainable manner, while continuing to grow our core business and capture opportunities that an "all of the above" energy system presents.

We are confident that our business strategy, financial strength, innovative spirit, and commitment to provide low-cost, low-carbon energy the world needs will allow us to succeed in meeting the energy demands of today – and of tomorrow.

Sincerely,

Richard E. "Rick" Muncrief
President and CEO

About This Report

Devon Energy (NYSE: DVN) is a leading independent energy company with operations focused in onshore areas in the U.S. Devon and our stakeholders are committed to understanding the potential impacts of climate change on the company's long-range business plans. Since 2018, Devon's risk management includes formal and ongoing consideration of the potential quantifiable effects of climate change on the company's portfolio. This is Devon's fourth Climate Change Assessment Report and is a direct result of our ongoing commitment to transparency.

Core elements of TFCD framework

This report was prepared by Devon with support from third-party consultants. Devon retained ICF[1] to help assess the company's market risk and the oil and natural gas portfolio's resilience in the face of potential impacts of climate policy on oil, natural gas, and natural gas liquids (NGL) demand, production, and prices as well as basin-level exposure to potential physical risks from a rapidly changing climate. In order to evaluate the potential market risks to the company's portfolio from a possible carbon-constrained future, Devon evaluated pricing scenarios and model results from both ICF and the widely referenced International Energy Agency (IEA), including the IEA's 2022 World Energy Outlook (WEO) Net Zero Emissions by 2050 Scenario, which targets "a 1.5°C stabilization in the rise in global average temperatures." In order to evaluate the potential physical risks to the company's assets, Devon considered a representative set of climate projections for a range of climate and extreme weather hazards related to temperature, precipitation, drought, and winter storms through the late-21st century. The climate projections were based on scenarios from the Intergovernmental Panel on Climate Change (IPCC).

In addition, Devon retained ClimeCo[2] to enhance the company's alignment to the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), an international, multi-industry-led initiative launched to develop recommendations for voluntary disclosure of climate-related risk. Consistent with the core elements of the TCFD framework, this report is guided by the structure outlined in the TCFD recommendations and focuses on governance, strategy, risk management and metrics, and targets. This report includes additional metrics and disclosures corresponding to the TCFD's updated 2021 implementation guidance, demonstrating our support for the ongoing efforts of the TCFD.

Key Conclusions

- In the base case scenarios, global demand for oil and natural gas grows until 2030 and then levels off while prices increase for the duration of the forecast period until 2050. The U.S. and other advanced economies see decreases in demand due to their existing emission reduction policies while demand in the rest of the world increases. Global and U.S. oil and natural gas supply increase until 2030, and U.S. oil and natural gas supply accounts for both the greatest production of any single country until 2050 as well as most of the growth in production between now and 2030. Even with increasing renewable deployment and reduction in oil demand for road transport in advanced economies, oil and natural gas remain key to meeting domestic and global energy demand through 2050.

- In carbon-constrained future scenarios, demand for oil and natural gas is substantially reduced. However, even in such carbon-constrained scenarios, oil and natural gas remain crucial to meeting global energy demand and North American oil and natural gas production plays a large role in meeting that demand. Low-cost oil and natural gas resources in the basins in which Devon operates are expected to be some of the most resilient in the aggressive low-carbon scenarios modeled in this report.

- Due to changes in the International Energy Agency's World Energy Outlook, this report replaced previous reports' Sustainable Development Scenario (SDS) carbon-constrained scenario with an Announced Pledges Scenario (APS), which limits global median temperature rise in 2100 to about 1.7 °C. This report also added a Net Zero Emissions (NZE) by 2050 Scenario, which includes steep declines in oil and natural gas demand.

- Based on the comparison of projected regional price impacts with estimated regional breakeven prices for each of Devon's major assets, we conclude that our assets are likely to be well-positioned to remain profitable even in aggressive low-carbon scenarios referenced in this report. Furthermore, the changes in Devon's portfolio—the acquisitions of RimRock Oil and Validus Energy—have made the company more resilient in low oil and natural gas price scenarios.

- The Physical Risk Assessment examined projected future changes for five primary climate hazards: extreme heat, extreme cold, drought, extreme precipitation, and winter storms. The assessment provided a review of exposure and sensitivity to the physical impacts of climate change for each of Devon's major assets, leading to critical information to support future investment decisions.

[1] With more than 65 offices around the globe, ICF is internationally recognized for its consulting in carbon accounting, greenhouse gas mitigation, climate change, and resilience planning. ICF was retained as an independent consultant to generate pricing scenarios.

[2] Global Affairs Associates (GAA), a ClimeCo Company is a boutique consulting firm specialized in sustainability, ESG, and climate reporting and communications.

About This Report continued

Key Highlights

- Devon has established ambitious environmental performance targets focused on reducing the carbon intensity of our operations, minimizing freshwater use and engaging constructively with our value chain. These targets reflect our dedication and commitment to achieving meaningful emissions reductions while pursuing our ultimate goal of net zero Scope 1 and 2 GHG emissions. Devon is committed to achieving net zero operational emissions by 2050, supported by concrete interim targets.

- Starting in 2022, Devon made climate change a standalone risk category in its Enterprise Risk Management (ERM) process. Although the company has for some time recognized the risks of climate change, including within its ERM process, the addition of climate change as standalone risk category reflects our focus on continuing to monitor and identify mitigation tactics for climate-related risks.

- Devon broadened the stated role of the company's Board Governance Committee in March 2021 to reflect its oversight of environmental and public policy matters (among other items). The Governance Committee was renamed the Governance, Environmental, and Public Policy (GEPP) Committee and its charter was also updated to reflect such changes and more comprehensive and structured oversight. The GEPP Committee's updated charter includes overseeing management in setting strategic direction on ESG issues and integrating sustainability considerations into the business.

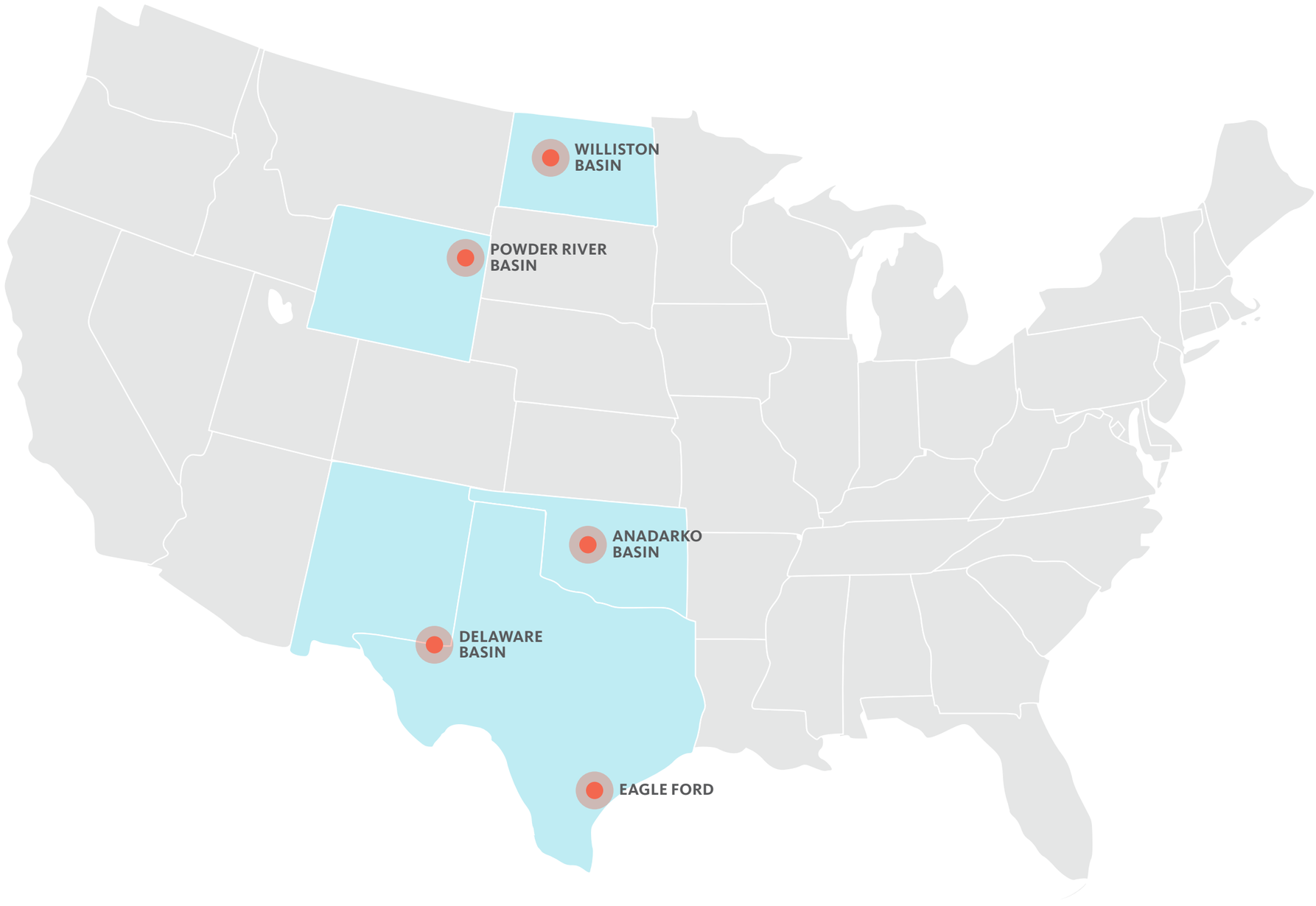
- Devon's disclosure practices for the governance, management, and disclosure of climate-related risks and opportunities are guided by the recommendations of the TCFD, and we continually work to enhance our disclosures. For example, in 2023, Devon partnered with ICF to perform a robust scenario analysis of physical climate risk as recommended by the TCFD and expanded our transition risk analysis to include the Net Zero Emissions by 2050 Scenario.

About Devon

Devon (NYSE: DVN) is an independent energy company engaged primarily in the exploration, development and production of oil, natural gas, and natural gas liquids (NGL). Headquartered in Oklahoma City, Oklahoma, Devon's operations are concentrated in various onshore areas in the U.S. We're proud to be a leader in the energy industry, producing oil and natural gas that are essential to lives and livelihoods around the world. Devon produces valuable commodities that are fundamental to society, and we strive to do so in a safe and responsible way, while delivering strong returns to shareholders.

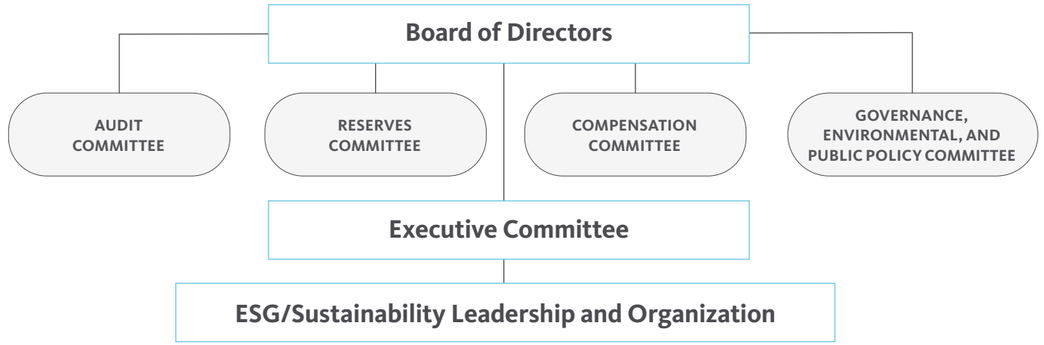
For more information about Devon, please visit www.devonenergy.com.

LEARN MORE



Governance and Risk Management

Board Oversight of Climate Risks and Opportunities
Devon's Board of Directors (Board) has primary responsibility for oversight of the company's risk management efforts, including oversight of our climate risk assessment and strategy. The Board maintains standing committees for specific areas of risk: Audit, Compensation, Reserves, and Governance, Environmental, and Public Policy (GEPP). The work of those committees with respect to climate matters is described at a high level in the following paragraphs, and charters itemizing the duties and responsibilities of those committees are available on our website.



The GEPP Committee assists the Board in identifying, reviewing and recommending the nomination of qualified individuals for Board membership; oversees the company's corporate governance; reviews policies and performance relating to Devon's EHS efforts and social responsibility programs; reviews stakeholder engagement on key ESG topics; advises the Board on significant public policy issues; and oversees sustainability strategy, goals, and integration into business activities.

The Audit Committee assists the Board in overseeing the integrity of Devon's financial statements and reporting system, compliance with legal and regulatory requirements, and the performance of internal and external audit functions. The Audit Committee also reviews risk exposure and monitors the business practices and ethical standards of the company.

The Reserves Committee provides oversight of the annual review and evaluation of Devon's consolidated petroleum and natural gas reserves, reporting system, compliance, regulatory requirements and related disclosures. The Reserves Committee also reviews the qualifications and monitors the performance of the company's independent engineering consultants.

The Compensation Committee reviews and approves the company's compensation philosophy and strategy. Related oversight activities include determining the compensation for Devon's senior executives, including metrics relating to ESG and environmental performance, and providing oversight of the company's employee benefit programs. The Board and its committees are prepared to respond quickly to new requirements and emerging best practices.

Devon's Board understands that climate change risks are often interrelated with other business risks. In its regular quarterly meetings, as well as other periodic and special meetings, the Board reviews environmental, health, safety (EHS) matters brought to its attention and considers issues related to ESG strategy planning and risk management programs, including those pertaining to climate-related risks and opportunities. After approving Devon's environmental targets in 2021, the Board continues to review strategy, spend, and progress towards these targets, including the implementation of various new operational and technological approaches. For example, in 2022, management updated the Board on a Devon project evaluating different technologies for measuring methane emissions, which included identifying the alignment of the project with Devon's environmental goals, analyzing the merits of the technologies and considering the potential to incorporate and scale the use of technologies in Devon's operations. Through regular engagement, the Board provides strategic oversight on this dynamic area for the company.

Devon models regional and macro-level scenarios, such as changes in regulations or market conditions, to test the strength of our portfolio of reserves and resources. On a regular basis, these modeled scenarios inform the strategic decision-making and capital allocation of Devon's Executive Committee and Board, culminating in Devon's annual long-range plan.

The Board's oversight of climate-related issues is exemplified by its ongoing commitment to analyze and understand the potential long-term impacts of climate-related risks and opportunities on Devon's business. Beginning in 2018, the Board endorsed the use of scenario analysis as prescribed by the TCFD to assess Devon's oil and natural gas portfolio in relation to potential impacts of a possible carbon-constrained future. In 2023, Devon expanded this assessment to include a scenario analysis of physical climate risks to the company's portfolio. These analyses leverage hypothetical scenarios from the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), distinct from the internal models mentioned above. By broadening the range of scenarios considered, Devon continues to build an even more robust assessment aligned to the intention of the TCFD recommendations.

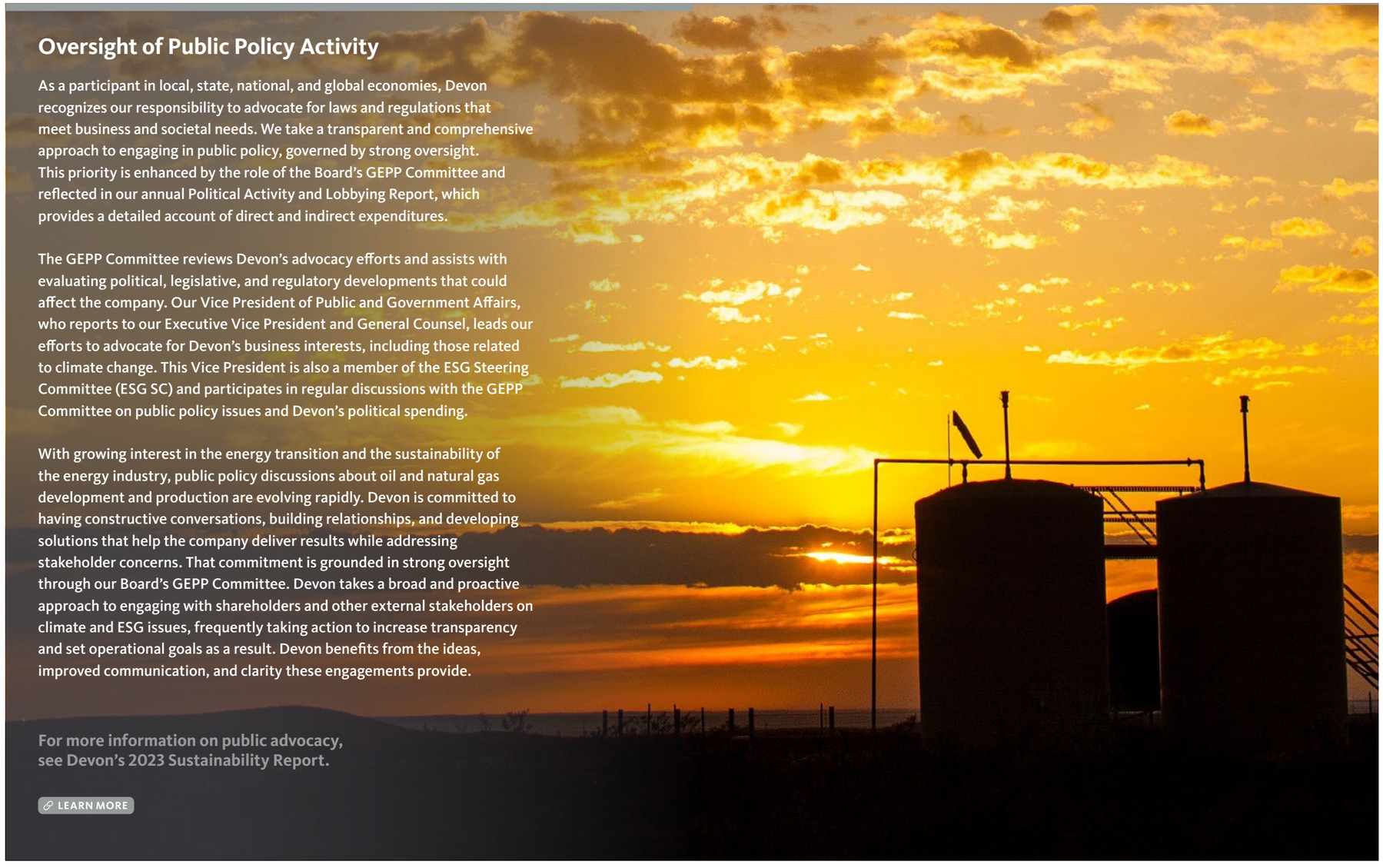
Climate and ESG Metrics are Actively Linked to Executive and Employee Compensation

To encourage progress toward our long-term climate goals, we continue to tie climate and ESG performance to executive and employee compensation. Performance-bonus payouts depend on the company's performance in relation to the structured and measurable goals approved by the Board at the beginning of the year. Our 2022 corporate goals included, among several factors, (i) a standalone "Emissions Reduction" goal with a 15% weighting and (ii) an "ESG & Community Engagement" goal with a 15% weighting—together accounting for 30% of the company's overall performance scorecard that determines cash bonuses. These performance-bonus targets affect every employee's compensation, allowing employees to drive and share in our environmental progress.

Governance and Risk Management continued

Board Committee oversight of climate-related activities, including but not limited to:

- Endorse use of TCFD-aligned climate scenario analysis (beginning in 2018)
- Approve company-wide environmental targets (2021) and oversee progress toward goals
- Review company performance on key environmental metrics, including Scope 1 and Scope 2 greenhouse gas (GHG) emissions
- Discuss contents of annual Sustainability Report and Climate Change Assessment Report before publication
- Approve corporate performance scorecard



Oversight of Public Policy Activity

As a participant in local, state, national, and global economies, Devon recognizes our responsibility to advocate for laws and regulations that meet business and societal needs. We take a transparent and comprehensive approach to engaging in public policy, governed by strong oversight. This priority is enhanced by the role of the Board's GEPP Committee and reflected in our annual Political Activity and Lobbying Report, which provides a detailed account of direct and indirect expenditures.

The GEPP Committee reviews Devon's advocacy efforts and assists with evaluating political, legislative, and regulatory developments that could affect the company. Our Vice President of Public and Government Affairs, who reports to our Executive Vice President and General Counsel, leads our efforts to advocate for Devon's business interests, including those related to climate change. This Vice President is also a member of the ESG Steering Committee (ESG SC) and participates in regular discussions with the GEPP Committee on public policy issues and Devon's political spending.

With growing interest in the energy transition and the sustainability of the energy industry, public policy discussions about oil and natural gas development and production are evolving rapidly. Devon is committed to having constructive conversations, building relationships, and developing solutions that help the company deliver results while addressing stakeholder concerns. That commitment is grounded in strong oversight through our Board's GEPP Committee. Devon takes a broad and proactive approach to engaging with shareholders and other external stakeholders on climate and ESG issues, frequently taking action to increase transparency and set operational goals as a result. Devon benefits from the ideas, improved communication, and clarity these engagements provide.

For more information on public advocacy, see Devon's 2023 Sustainability Report.

LEARN MORE

Governance and Risk Management continued

Management's Role
Devon's leadership team is responsible for managing the company's asset portfolio and associated climate risk management efforts, updating the Board regularly on ESG risks, opportunities, and performance. The company's management of ESG risks and opportunities, including climate-related risks, starts at the top.

Devon's Chief Operating Officer (COO) currently assumes the primary responsibility to assess and manage climate-related risks and opportunities. The COO is responsible for Devon's geosciences, reservoir, production, drilling, completions, facilities, field operations, measurement, environmental, health and safety, and ESG functions. This diverse set of responsibilities offers a unique and hands-on perspective on climate-related issues and helps support alignment across the organization to achieve climate-related goals.

Since 2018, the senior-level ESG Steering Committee (ESG SC) has supported Devon's executive leaders to remain focused, informed and engaged on ESG matters that influence the company's business planning, strategy, and operations. The ESG SC helps set and implement strategy relating to ESG matters, including monitoring climate change matters, and overseeing communications with employees, investors, and other stakeholders with respect to ESG matters. The work of the ESG SC is reported to the Board and executive leadership on a regular basis.

Devon's EHS Council is made up of business unit and operations leaders and oversees the company's EHS Management system. To position Devon for long-term success, the council reviews emerging EHS and ESG issues, as well as proposed laws and regulations and their potential financial, operational, and reputational impact on the company. Council members hold regular roundtable discussions with field production leaders to help them stay current with the rapid evolution of stakeholder expectations around climate change and environmental performance.

The Vice President of ESG, EHS, & Measurement, a role created in 2021, elevates the company-wide focus on ESG performance, including air emissions. This leader serves on both the ESG SC and the cross-functional EHS Council, providing continuity and alignment. The EHS Council operationalizes Devon's emissions reduction strategy and works in close coordination with the Vice President for ESG, EHS, & Measurement, the ESG SC, and senior leaders for effective implementation of the strategy.

To further expand management of ESG topics, we created an additional role of ESG Manager to lead a new team of subject matter experts on sustainability and ESG. This team partners with internal stakeholders to advise on ESG strategy and monitor progress to company targets. The team also engages external stakeholders including shareholders, nongovernmental organizations, and policymakers, to contribute to cross-industry initiatives and evaluate ESG risks and opportunities.

Approach to Risk Management
Devon's ERM programs systematically identify and manage economic, operational, and reputational risks to our business, including climate and other ESG risks, and are essential to our efforts to deliver results and sustain stakeholder trust. Devon's Board oversees the ERM program, regularly assessing business risks and determining whether the company's ERM programs are appropriately designed and implemented to address them. While each director has experience in risk management, continuing education is furthered through discussion and presentation of information about emerging ESG and climate-related risks by senior management and other subject matter experts both within and outside the company. The four standing Board committees consider the risks inherent in their areas of oversight and report regularly to the full Board.

The Devon management team is, in turn, responsible for executing the risk management directives of the Board and its committees, including overseeing and reporting on Devon's day-to-day efforts to manage risk. The management team works with subject matter experts across the company to implement a multi-disciplinary, company-wide risk management process.

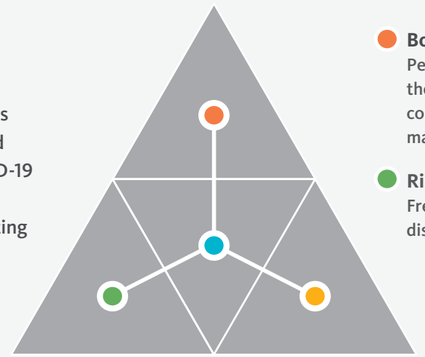
Since 2018, Devon's risk management has included formal and ongoing consideration of the effects of climate change on the company's portfolio. Devon analyzes emerging climate-related risks and integrates them into the company's risk assessment system as appropriate. Devon also analyzes potential impacts 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. By assessing potential climate hazards through the 2080s, Devon is further evaluating climate risks over the long term. This assessment highlighted potential changes to key climate and weather hazards and the associated risk to assets, infrastructure, and operations. For more information on this analysis, see the Physical Risk Assessment section.

Devon employs our ERM process to identify and help us manage the company's material risks. The ERM framework helps focus the company on the most salient enterprise-level risks, including EHS risks and, beginning in June 2022, climate change risks. EHS-related risks are addressed on a day-to-day basis through existing, documented programs and practices, which are discussed in detail in (i) an annual internal workshop focused on EHS risks, stewardship, and compliance as part of Devon's ERM and (ii) other contexts as circumstances warrant. Climate change risks, which previously were integrated with other risk categories, were added as a standalone risk category to help ensure we continue to adequately monitor and identify mitigators for climate-related risks, while recognizing the longer time horizons in which climate change is expected to unfold relative to other risks normally included in an ERM framework.

On an annual basis, risks to the company are evaluated through an in-depth analysis managed by Devon's internal audit team. This process features a survey of nearly 100 internal stakeholders from across business functions, as well as workshops on emerging or evolving risks. Leaders and subject matter experts highlight changes enhancing or mitigating Devon's exposure to risk, including those stemming from climate change. The analysis enables robust management of evolving risk and also promotes risk awareness across the company.

Devon's ERM framework

Our risk management process enabled us to prepare for and respond quickly to the COVID-19 pandemic and subsequent economic crisis, while executing our business strategy and successfully completing the merger of Devon and WPX.



- **Board oversight** Periodic reporting to the board, executive committee and management
- **Enterprise risk inventory** Documentation covering each risk category including risk-mitigation activities
- **Risk workshops** Frequent risk discussions
- **Annual ERM survey** Annual survey of board, executive committee, management and subject matter experts

Business Strategy

Devon strives for sustainable growth by delivering oil and gas from our portfolio of premier assets in a disciplined, capital-efficient, and responsible way. For more than 50 years, we have helped supply reliable, affordable energy to meet growing demand and support our nation's energy security. Our work creates jobs and contributes to local, state, federal, and global economies. To strengthen our business, Devon pioneers operational practices, proactively applies new technology, and adapts to evolving market conditions, regulations, and increasing stakeholder expectations. We do this while seeking to mitigate our impacts to address concerns about climate change and other issues.

Devon strives for sustainable growth through a disciplined, returns-driven strategy, significant financial strength and liquidity, and an advantaged dividend. Our commitment to ESG excellence—including climate-related performance—supports the company's goals by keeping our strategy focused on managing risk, operating responsibly, and improving continuously. We continue to seek to mitigate our environmental impacts through setting and pursuing ambitious targets, including our goal to reach net zero Scope 1 & 2 GHG emissions by 2050.

We remain focused on building economic value by executing on our strategic priorities:

- Moderating production growth
- Emphasize capital and operational efficiencies
- Optimize reinvestment rates
- Maintain low leverage
- Deliver cash returns
- Pursue ESG excellence

Strategic Planning Time Horizons

0-2 Years

Short-term budgeting and planning cycle:

Devon maintains a detailed schedule of operational activity on a well-by-well basis, on a rolling two-year time horizon, with active involvement from our leadership team. This robust, short-term planning capability enables us to forecast drilling, completion, production, and infrastructure requirements and performance, as well as to optimize operational execution and capital efficiencies. Focused planning allows Devon to remain nimble and responsive to evolving market conditions, regulatory developments, weather events, and takeaway or supply chain constraints, among other considerations.

2-10 Years

Strategic long-range plan:

Devon regularly models numerous regional and macro-level scenarios—including acquisitions, divestitures and changes in regulations and market conditions – to test the strength of our portfolio and resources. Each year, the modeled scenarios inform the strategic decision-making of Devon's Executive Committee and Board of Directors that factors into Devon's long-range plan.

10+ Years

Long-term fundamentals and portfolio assessment:

As described in detail in this report, Devon models and assesses the potential impacts to our portfolio and reserves under various long-term market scenarios, including carbon constrained scenarios. We consider base case scenarios for the oil and natural gas market from leading external experts and compare each base case to an alternate carbon-constrained future scenario, in which demand for oil and natural gas is substantially reduced. In addition, Devon assesses the potential physical risks of climate change over the long term, including changes to temperatures, precipitation, and winter storms. These risks are evaluated under scenarios where significant greenhouse gas mitigation is enforced by mid-century, as well as high-emissions scenarios where greenhouse gas concentrations continue to rise throughout the 21st century. For more information on these assessments, see the [Physical Risk Assessment] section.

Business Strategy continued

Our Business Strategy in the Context of Energy Transition

As discussed throughout this report, even in possible carbon-constrained scenarios, oil and natural gas production remains a crucial component for fulfilling global energy demand. North American oil and natural gas production play a large role in meeting that demand. As Devon continues to review and evaluate the potential effects of climate change and the energy transition, Devon will adapt and evolve in a way that enables us to continue to be an industry leader.

Devon executes our strategic plans based on rigorous analysis of the global outlook for energy and the potential for new regulations. We do this while recognizing and giving increased consideration to climate change-related factors in our future business strategy and portfolio decisions.

The company is committed to ambitious Scope 1 and Scope 2 GHG emissions reductions and deliberately sets up systems and processes to participate in opportunities related to the energy transition. Devon strives to be a responsible, low-carbon energy provider while working to maintain a business that is designed to be economically competitive and resilient.

Climate Ambition: Devon will be a climate-conscious, low-cost, low-carbon energy producer, while delivering strong results and creating long-term shareholder value.

For more information on our strategies to mitigate climate-related risks and address opportunities, see the Climate-Related Risks and Opportunities section.

LEARN MORE

Decarbonize

Decrease the carbon intensity of our operations by reducing Scope 1 and Scope 2 GHG emissions to net zero by 2050, prioritizing the reduction of flaring and methane emissions.

In June 2021, Devon reinforced our commitment to proactively manage climate-related risks and opportunities by establishing several environmental performance targets to limit GHG and methane emissions in our operations. These operational emissions performance targets are in line with leading industry practices and stakeholder priorities. These targets, endorsed by the Board of Directors, are the following:

- Achieve net zero GHG emissions for Scope 1 and 2 by 2050
- Reduce Scope 1 and 2 GHG emissions intensity by 50% by 2030 (from a 2019 baseline)
- Reduce methane emissions intensity by 65% by 2030 (from a 2019 baseline)
- Achieve flaring intensity of 0.5% or lower by 2025 and eliminate routine flaring by 2030.

In addition to these emissions-specific targets, we made the following commitments to further our pursuit of ESG excellence:

- Continue to advance water recycling rate, and continue to use 90% or more non-freshwater sources for completions activities in the most active operating areas within the Delaware Basin
- Engage value chain in assessment of performance in key ESG areas.

As we strive to meet or beat these targets, Devon will continue to apply a wide range of advanced technologies and best practices, in tandem with increasing efficiencies, and is committed to providing transparent updates on our progress. Devon is focused on emissions at the point of production, where we can most directly and meaningfully effect emissions reductions. We continue to evaluate ways in which we can reduce our overall carbon footprint and strive to better understand our emissions sources beyond the point of production, prioritizing the impacts over which we have the most control. As we make progress, we focus first on reducing emissions from our direct operations, where we can have the most impact. After pursuing opportunities for direct abatement, we may consider offsetting emissions that cannot be readily abated.

In 2022, Devon continued making progress in lowering our Scope 1 and Scope 2 GHG, methane, and flaring emissions from 2019 levels, demonstrating progress against our long-term goals. As we drive down these emissions, we continue to invest in future reductions. We spent approximately $100 million in 2022 on capital projects that will contribute directly or indirectly to reducing these emissions. For more detail on our performance and other emissions-related metrics, see Metrics and Targets.

Disclose

Disclose our progress and strengthen governance practice around climate change risk.

Since approving Devon's environmental targets in 2021, our Board has maintained oversight of strategic planning and progress toward these long-term goals. Devon's climate-related targets directly inform how we allocate capital, employ new technologies, optimize production from our assets, and broadly engage with our stakeholders. The company is also committed to transparently sharing our progress with external stakeholders through our reports and public disclosures. Key governance and disclosure activities include:

- Ongoing oversight from the Board and the GEPP Committee on climate-related opportunities, risks, and performance
- Elevated importance of ESG through the position of ESG, EHS, & Measurement, and the creation of the ESG team led by the ESG Manager
- Increased emphasis on emissions reductions in the corporate scorecard
- Enhanced focus on climate through a standalone risk category for emissions
- Engaged with the stewardship teams of the majority of our larger investors, as well as many other investors and stakeholders
- Continued track record of transparency on climate-related reporting through published reports and responses to voluntary surveys

Diversify

Evaluate opportunities to create value in the transition to ever-cleaner forms of energy, with thoughtful capital allocation.

In line with our ambition to provide responsibly produced energy while delivering long-term shareholder value and maintaining stakeholder trust as the world moves to a lower-carbon energy system, Devon continues to explore emerging low-carbon opportunities that are complementary to our core business. Some of these include exploration or investment in geothermal energy, hydrogen, carbon capture utilization and storage, electrification, liquified natural gas, produced water management, low-carbon venture capital, and strategic export opportunities to enhance the ultimate value of our production.

These efforts, among others, will not only help guide Devon's climate-related risk management and emissions reduction efforts, but also will allow us to pursue climate-related opportunities presented by a lower-carbon future.

Business Strategy continued

Case Study: Land Conservation and Biodiversity

Land conservation, biodiversity, and climate change are all deeply interconnected. The impacts of a changing climate pose a risk to natural habitats and species around the world. Positive land management practices can both mitigate climate change and conserve biodiversity. As Devon takes steps to decarbonize, we are also working to address our near-term impact on shared landscapes and local biodiversity.

Devon's operations require use of land located in different ecosystems, on public, private, and tribal lands. For this reason, we carefully consider the places where we operate, aim to minimize disruption during operations, and help to restore landscapes after we depart. We have enhanced the management of land conservation and biodiversity considerations by establishing an internal Biodiversity Council, harnessing over 70 years of staff experience and deep understanding of biodiveristy. The Biodiversity Council works to develop company-wide standards and is supported by a dedicated team to help implement those standards.

Devon's Pre-Construction Environmental Protocol sets the standard for incorporating biodiversity criteria into site selection. Devon teams must perform a desktop environmental assessment of a potential well pad, followed up by field surveys, as needed, to gather information on sensitive habitats and water bodies, among other factors. This information guides site selection, and Devon has removed multiple locations from consideration due to these factors. To direct efforts to reestablish biodiversity after a site is disturbed, Devon created a company-wide Reclamation Standard. This standard includes criteria for seeding native species, limiting erosion, and supporting vegetation growth.

Efforts to steward shared landscapes also contribute to our stakeholder engagement. By creating a track record for high-quality reclamation, we are investing in strong future relationships with key stakeholders, including government agencies and nongovernmental organizations.

For more on our land conservation and biodiversity efforts, see Devon's 2023 Sustainability Report.

LEARN MORE

Climate Change Resilience Analysis: Market Risk Assessment

Methodology and Analysis

To assess the resiliency of Devon's business and operations, this report compares base case scenarios[1] for the oil and natural gas market to alternate, carbon-constrained future scenarios, in which demand for oil and natural gas is substantially reduced. Each scenario has been analyzed for this report by the consulting firm, ICF, with modeling conducted for oil, natural gas, and propane, with the latter used as a proxy for natural gas liquids. The first base case scenario is based on ICF's assumptions, and the second is based on widely referenced projections by the International Energy Agency (IEA). Because the two scenarios differ in their baseline assumptions, analyzing both of them 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. The two carbon-constrained scenarios include the Announced Pledges Scenario (APS), which "assumes that all aspirational targets announced by governments are met on time and in full, including their long–term net zero and energy access goals" and the Net Zero Emissions (NZE) Scenario, which "maps out a way to achieve a 1.5 °C stabilization in the rise in global average temperatures, alongside universal access to modern energy by 2030."[2] In the IEA's APS, CO2 emissions peak in the mid–2020s and fall to around 12 Gt in 2050, which thereby limits global median temperature rise in 2100 to about 1.7 °C. This nears the Paris Agreement goal of limiting the temperature rise to "well below 2 °C".[3] In the NZE Scenario, CO_2 emissions decline to 23 Gt in 2030 and to zero in 2050 while also achieving a 75% reduction in energy–related methane emissions to 2030. In that scenario, global temperature peaks below 1.6 °C around 2040, before dropping to around 1.4 °C in 2100. As a result, the NZE Scenario (i) aligns with the goal agreed to in Glasgow at COP26 in 2021 to "pursue efforts to limit the temperature increase to 1.5 °C" and (ii) is fully aligned with the Paris Agreement.[4] For more detail on methodology, please refer to the appendix of this report.

This section of the report provides the results of an analysis of the potential impacts to Devon's oil and natural gas reserves and resources under these scenarios of reduction in demand due to various factors, including carbon restrictions and related regulations or commitments adopted by governments consistent with a path to global average temperature increase well below 2 °C (i.e., a low-demand and low-price environment).

In the carbon-constrained scenarios, demand for oil and natural gas is substantially reduced. However, even in such carbon-constrained scenarios, oil and natural gas remain a crucial component for fulfilling global energy demand and North American oil and natural gas production plays a large role in meeting that demand. Accordingly, Devon remains confident that our asset portfolio is aligned 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.

[1] The IEA STEPS is considered the IEA base case for the purposes of this analysis since it includes current policy as well as policy intentions and targets globally.

[2] IEA World Energy Outlook 2022, pg. 20.

[3] IEA World Energy Outlook 2022, pg. 63.

[4] IEA World Energy Outlook 2022, pg. 64.

Analytical Approach and Results of Assessment

Base Case Scenarios

ICF Base Case

This scenario represents ICF's baseline energy market scenario. Its assumptions are similar to many other projections from industry consultants and banks. It assumes continued growth in demand for natural gas in North America (8% growth between 2023 and 2050), including liquefied natural gas (LNG) exports and pipeline exports to Mexico. Global oil market growth is assumed from the IEA forecast. Regarding clean energy targets and carbon pricing, ICF's Base Case accounts for United States (U.S.) and Canada territorial, state, and local Renewable Portfolio Standard (RPS) targets and other legislation aimed at reducing greenhouse gas emissions, including the Inflation Reduction Act. The Base Case also assumes a regional, probability-weighted CO_2 price for the power sector with a national carbon price that begins in 2036.[1] At these levels, the carbon prices further exhibit the advantages of natural gas over coal as a source of non-intermittent power in the U.S. In ICF's Base Case, natural gas demand from the power sector increases until 2035 as demand pivots from coal to gas and natural gas complements the deployment of renewable power generation by providing a flexible source of power.

ICF Base Case U.S. Power Sector CO_2 Prices (2021$/U.S. Ton)

Figure 1

Region	2030	2040	2050
California	26	42	65
Regional Greenhouse Gas Initiative (RGGI)	10	22	49
All Others	0	11	32

The ICF Base Case applies ICF-derived natural gas-price elasticities and IEA oil-price elasticities over time. It projects an average 2025-2050 WTI oil price of $69 per barrel ($/Bbl) and an average Henry Hub natural gas price of $3.89 per MMBtu ($/MMBtu) over the same period.[2]

IEA Stated Policies Scenario (STEPS)

The IEA STEPS[3] analysis reflects current global policies. This scenario does not include government emissions reductions pledges but instead includes what is being done to meet their designated climate objective, thus representing a direction that the world is headed in if no new policy initiatives are explored. The STEPS is associated with a 50% probability of a 2.5°C rise in global temperature by 2100. This analysis uses the IEA STEPS as a base case for the IEA projections. The IEA STEPS projects an average 2025-2050 importer cost of crude of $88/Bbl (which ICF converted into an average WTI oil price of $87/Bbl) and an average Henry Hub natural gas price of $4.20/MMBtu over the same period.

In comparison with the ICF Base Case scenario, the higher prices in the IEA STEPS imply a less robust resource base and higher costs for oil and natural gas supply development. Between 2025 and 2050, the domestic and export natural gas market in North America shrinks in the IEA STEPS by 17% while it experiences flat growth in the ICF Base Case scenario. In 2050, the size of the domestic natural gas market for the U.S. is 56 bcf/d in the IEA STEPS and 77 bcf/d in the ICF Base Case. Both 2050 forecasts are notably smaller than the U.S. EIA Annual Energy Outlook 2023 Reference Case forecast for domestic demand, 82 bcf/d, which also account for the Inflation Reduction Act.

In the IEA STEPS, global oil demand peaks in the mid-2030s at just under 103 mmb/d (up from 95 mmb/d in 2021) and then slightly declines to around 102 mmb/d by 2050. This level of demand continues to put a high floor on price levels, with an upward trend in oil prices to $82/Bbl by 2030, and to $95/bbl by 2050. In advanced economies, oil demand declines by an average of 3 mmb/d by 2030 due to reductions in road transport, while demand rises by 8mmb/d in emerging countries during this same period. In the U.S., oil demand drops to 16.7 mmb/d by 2030 and to 12.6 mmb/d by 2050 (starting at 17.7 mmb/d in 2021).

In terms of oil supply, production ramps up to meet increasing demand (8 mmb/d growth by 2030) and covers the declines seen in mature oil producers (decline of 6 mmb/d by 2030); more than 80% of this gap is met by oil production in OPEC countries, U.S. tight oil, and also Brazil and Guyana deepwater development. In the U.S., production increases by just under 4 mmb/d to 2030, and the total US production in 2030 is 50% higher than the next largest producing country – Saudi Arabia. Tight oil and natural gas liquids from shale account for nearly all of the increase in U.S. production to 2030. In the STEPS scenario, U.S. tight oil constitutes around 50% of global oil production growth from 2021 to 2030. By 2050, however, U.S. production drops 4 mmb/d as tight oil areas become depleted. Under the scenario, the U.S. produces 16.7 mmb/d in 2050, which is on par with 2021 production levels.

In terms of natural gas, the STEPS scenario projects global demand to increase at 0.4% per year until 2030 (4,213 bcm in 2021 to 4,372 bcm in 2030) and stays at this demand level until 2050. The IEA explains that natural gas demand in the 2022 Outlook is around 750 bcm lower in 2050 than projected in the 2021 Outlook. While this is due to a combination of factors like higher near-term prices, more rapid electrification of heating demand, and new policy initiatives (including the U.S. Inflation Reduction Act), the general driver is a higher projected conversion from natural gas to renewables. The U.S. Inflation Reduction Act is the primary reason why U.S. natural gas demand in the 2022 STEPS scenario is 250 bcm lower by 2050 compared to the 2021 STEPS scenario.

Overall, the 2022 STEPS has higher energy prices, a "gloomy" economic outlook, and slower energy demand growth compared to the 2021 STEPS.

The IEA notes that the mixture of fuels used to meet demand in the 2022 STEPS scenario has changed since the 2021 STEPS. Compared to the 2021 STEPS, natural gas comprises a smaller share of global energy supply every year to 2030 (a total decrease of 1.1% in global market share by 2030), while oil comprises a slightly larger share until the mid-2020s (increase of 0.5% in global market share), then a slightly smaller share by 2030 (decrease of 0.3%). Both oil and natural gas demand are projected to grow by 2050 in the STEPS scenario. The 2022 STEPS global oil prices have increased by over 6% for 2030 and nearly 8% for 2050 compared to the 2021 Outlook.[4] With natural gas, the 2022 Henry Hub price is slightly higher in this scenario than in the 2021 Outlook due to higher demand for US LNG exports.

[1] ICF's CO_2 price streams are probability-weighted forecasts based on four different cases: a No CO2 Case with no carbon pricing program at the federal level, a Regulatory Case which reflects carbon prices that are representative of a regulatory approach similar in stringency to President Obama's Clean Power Plan, a 80% Reduction Case assumes prices consistent with a national cap and trade program that begins in 2035 and targets a 80% percent national reduction from 2020 emissions by 2050, and a Legislative Case based on the Climate Leadership Council's Carbon Dividend proposal.

[2] All prices in this report are given in real 2021 dollars so the presented prices do not include inflation. [ICF assumes an inflation rate of 2.1% per year after 2023.]

[3] Unless otherwise stated, the IEA scenarios referenced in this report refer to those scenarios from the 2022 WEO

[4] IEA World Energy Outlook 2022, pg. 111

Analytical Approach and Results of Assessment continued

Carbon-Contrained Scenarios

ICF Announced Pledges Scenario (APS) and Net Zero Emissions by 2050 (NZE) Scenario

This analysis included two low-carbon scenarios to model the market impacts of aggressive carbon reductions on the ICF Base Case. To estimate the reduction in demand for oil and natural gas, the ICF APS and NZE Scenario takes the percentage change in demand between IEA's STEPS and its APS and NZE Scenario (described below) and applies this same demand-reduction percentage to ICF's baseline assumptions. The ICF APS and NZE Scenario uses an IEA-derived oil-price elasticity of demand and an ICF-derived natural gas-price elasticity of demand. This report refers to ICF's low-carbon scenarios as the ICF APS and the ICF NZE Scenario, given its basis in IEA's scenarios.

IEA Announced Pledges Scenario (APS) and Net Zero Emissions (NZE) by 2050 Scenario

ICF analyzed the oil and natural gas price impacts of IEA's APS and NZE Scenario separately, as these scenarios have very different assumptions. While both are carbon-constrained scenarios, the NZE Scenario models more aggressive reductions in fossil fuel demand, supply, and price, and has lower emission and global average temperature outcomes.

IEA Announced Pledges Scenario

The IEA APS examines energy market conditions if all governments meet their announced climate-related commitments on time. Included in these commitments are the countries' long-term Nationally Determined Contributions (NDCs are required for countries in the Paris Agreement), which consist of net zero emissions targets and other related targets such as improved electricity access and clean cooking. The IEA APS is associated with a temperature rise of 1.7 °C in 2100 (with a 50% probability). The IEA APS projects an average 2025-2050 IEA crude import price of $66/Bbl (which ICF converted into an average WTI oil price of $65/Bbl) and an average Henry Hub natural gas price of $3.30/MMBtu over the same 2025-2050 period.

In the IEA APS, policy action leads to a peak in global oil demand at 98 mmb/d by the mid-2020s, followed by a drop in demand to 93 mmb/d by 2030, which is similar to oil demand levels seen in 2019. Compared to the STEPS, faster electrification in the building and transportation sectors helps governments meet these goals. In advanced economies, oil demand falls by 7.5 mmb/d by 2030 and increases by 4 mmb/d in emerging economies. From 2030 to 2050, global oil demand in the IEA APS is forecasted to fall 2.5% each year on average. This is around a 40% total decline in demand over this time, which leads to 2050 oil demand at 57.2 mmb/d, which is slightly less than the midpoint between the STEPS and NZE 2050 oil demand projections. The IEA also notes that in the IEA APS – while tight oil operators will choose to prioritize returns over aggressive production growth – high prices in the near term will still encourage an increase in drilling; U.S. oil production increases by 2 mmb/dby 2030, due to increases in tight oil. New upstream oil projects are still needed in the APS too; even though global demand declines after the mid-2020s in the IEA APS, the reduction in demand is slower than the rate at which production from existing fields declines, and "conventional upstream projects remain essential to ensure a smooth match between supply and demand," and "without them, a significant shortfall in supply would emerge by the late-2020s."[5] Due to policies focused on significantly curbing demand, global oil prices in the IEA APS decrease to $63.50/bbl in 2030, and decline to $60.40/bbl by 2050.

In the U.S., 2022 oil demand projections for the 2022 IEA APS are close to the 2021 APS. Compared to the 2021 APS, U.S. demand in the 2022 APS is 2% larger for 2030, while 2050 demand is 7% smaller (5.0 mmb/d for 2022 vs 5.4 mmb/d for 2021). Despite the higher demand, 2022 APS oil prices are 5% and 6% lower for 2030 and 2050, respectively, compared to the 2021 APS.

In terms of natural gas, the IEA APS forecasts that demand will drop by 10% by 2030 (4,213 bcm in 2021 to 3,874 bcm in 2030). In the United States, there is modest near-term growth in gas demand to the mid-2020s, but demand still falls at an average rate of 2% per year from 2021 until 2030. The share of gas in the global energy mix drops from 23% in 2021 to 15% in 2050.

IEA Net Zero Emissions Scenario

ICF analyzed the price impacts of IEA's NZE Scenario, a scenario that aims for net zero emissions in the global energy sector by 2050. The IEA explains this scenario as a normative one, working backwards from the defined 2050 emission goal to model the coming years. This NZE Scenario is a pathway to limit global average temperature rise to 1.5°C above pre-industrial levels (with a 50% probability) and strives to meet the key energy-related UN Sustainable Development Goals such as improving air quality and reaching universal energy access and "clean cooking" by 2030. The NZE Scenario assumes that advanced economies reach net zero earlier than emerging economies, allowing the emerging economies to expand their energy access in the earlier years of this scenario. Carbon prices in the NZE scenario rise to an average of $276/U.S. ton by 2050 in advanced economies and to $220/U.S. ton in other major economies (such as China, Brazil, Russia, and South Africa). The NZE Scenario projects an average 2025-2050 IEA crude import price at around $32/bbl (which ICF converted into an average WTI oil price of $31/bbl) and an average Henry Hub natural gas price of $2.0/MMBtu over the same 2025-2050 period. In addition, there is investment to reduce emissions from oil and gas production; the global average emissions intensity of oil production falls by more than 50% to 2030.

In the NZE Scenario, aggressive global policy means global oil demand never recovers to 2019 levels. Global oil demand falls by close to 20 mmb/d by 2030 (from 94.5 mmb/din 2021 to 75 mmb/d in 2030), which is a 2.5% decline each year on average between these years. In advanced economies, demand falls by 15 mmb/d to 2030 and by 5 mmb/d in emerging economies in this time frame. By 2050, global oil demand is forecasted to be as low as 23 mmb/d as demand falls around 6% each year from 2030 to 2050. This low level of demand assumes a significant reduction in oil for road transport, with no new internal combustion cars sold after 2035. Even in this low-demand NZE Scenario, the IEA explains that there is a need for continued investment in existing oil fields to ensure that supply does not fall faster than demand, which includes "some low-cost extensions of existing fields... such as infill drilling, enhanced oil recovery and tight oil drilling."[6] However, the IEA specifically notes that oil demand declines "are sufficiently steep to avoid the need for any new long lead time conventional fields."[7] In the U.S., demand falls from 17.7 mmb/d in 2021 to 12.3 mmb/din 2030 and 2.8 mmb/d in 2050.[8]

[5] IEA World Energy Outlook 2022, pg. 356

[6] IEA World Energy Outlook 2022, pg. 338

[7] IEA World Energy Outlook 2022, pg. 331

[8] According to ICF calculations using the U.S.' share of the IEA's reported North American demand.

Analytical Approach and Results of Assessment continued

In terms of oil supply in the NZE Scenario, production falls accordingly with demand. Production is increasingly concentrated in "resource-rich countries due to the large size and slow decline rates of their existing fields."[9] This trend leads to an increase in OPEC's share of the oil market, reaching 52% by 2050, which is higher than ever before.

The IEA explains that the oil price in the NZE scenario is "increasingly set by the operating cost of the marginal project,"[10] leading to an oil price of $35/bbl in 2030 and $24/bbl in 2050.

Importantly, the IEA described U.S. tight oil as the only global oil production type that increases in the NZE scenario to 2030 and writes that "increases in tight oil will be essential to balance demand to 2030."[11] Based off IEA data market share projections, U.S. tight oil production is forecasted to increase over 20% to 2030 (from 6.9 mmb/d in 2021 to 8.4 in 2030). In 2021, U.S. tight oil made up almost all – 93% – of global tight oil supply, and this high market share is forecasted to remain in 2030 in the NZE scenario, supporting the relevance of U.S. tight oil in these forecasts. Compared with last year's NZE Scenario, additional near–term oil use and emissions must be offset with a greater reduction in demand in the 2030s in order to meet the NZE by 2050 targets. That said, NZE world oil demand in the 2022 NZE scenario is generally close to the previous 2021 NZE scenario: the 2022 outlook forecasts 75 mmb/d vs 2021's 72 mmb/d for 2030. The 2050 projections are nearly identical, projecting 23 mmb/d and 24 mmb/d for the 2022 and 2021 outlooks respectively. In addition, 2022 oil prices are nearly unchanged from last year's 2021 outlook (both Outlooks calculate around a $35/bbl for 2030 and $24/bbl for 2050). In terms of natural gas in the NZE Scenario, demand in 2030 is over 900 bcm lower than in 2021, which is around a 20% decrease (from 4,213 bcm in 2021 to 3,268 bcm in 2030). After 2030, global demand falls at an average annual rate of 5%, and by 2050 natural gas demand is 70% lower than in 2021 (down to 1,159 bcm); the global market share of low-emissions gases accounts for over 70% of total gaseous fuels in the NZE Scenario, which is up from a 1% market share in 2021.

IEA WEO 2022 CO_2 prices in by scenario (2021$/U.S. Ton)[12]

Figure 2

Region	2030	2040	2050
STEPS			
Canada	60	68	85
Chile, Colombia	14	23	32
China	31	47	58
European Union	99	108	125
Korea	46	74	98
IEA APS			
Advanced economies with net zero emission pledges	149	193	220
Emerging market and developing economies with net zero emissions pledges (Includes China, India, Indonesia, Brazil and South Africa)	44	121	176
Other emerging markets	0	19	52
NZE			
Advanced economies with net zero emission pledges	154	226	276
Emerging market and developing economies with net zero emissions pledges	99	176	220
Other emerging markets	28	94	198

[9] IEA World Energy Outlook 2022, pg. 341

[10] IEA World Energy Outlook 2022, pg. 331

[11] IEA World Energy Outlook 2022, pg. 355

[12] IEA World Energy Outlook 2022, pg. 465. This table is originally in metric tonnes. ICF used a 1.1023 US ton to 1 metric tonne conversion rate.

A Continued Global Role for North American Oil

As a net exporter, North America's oil exports and share of the global oil market is important in every scenario, especially in the carbon-constrained scenarios in which oil demand declines more quickly in the U.S. and Canada. In the STEPS, net exports in 2021 are 2.5 mmb/d and increase to 7.9 mmb/d by 2030, falling slightly to 7.7 mmb/dby 2050; in this same period, the share of North America's oil production that is exported increases from 10% in 2021 to 27% and 31% by 2030 and 2050, respectively. North America accounts for 29% of global oil production by 2030, which decreases slightly to 25% by 2050. In the APS, North American oil exports increase almost as much as in the STEPS, as they reach 7.3 mmb/d in 2030 and 7.5 mmb/d for 2050. Due to domestic oil demand falling faster in the APS, the U.S. increases exports, which, paired with falling exports in the Middle East and Russia, leads to the share of North American oil production being exported increasing from 28% for 2030 and 51% for 2050. The North American share of global oil production for 2050 is 26%. In the NZE Scenario roughly 10 mmb/d are still traded globally by 2050, which the WEO states are mostly from North American and Middle Eastern exports. North American oil production in the NZE is 23.5 mmb/d by 2030 and 5.9 mmb/d in 2050, which is 26% share of global oil production for 2050 (similar to what is seen in the other scenarios).

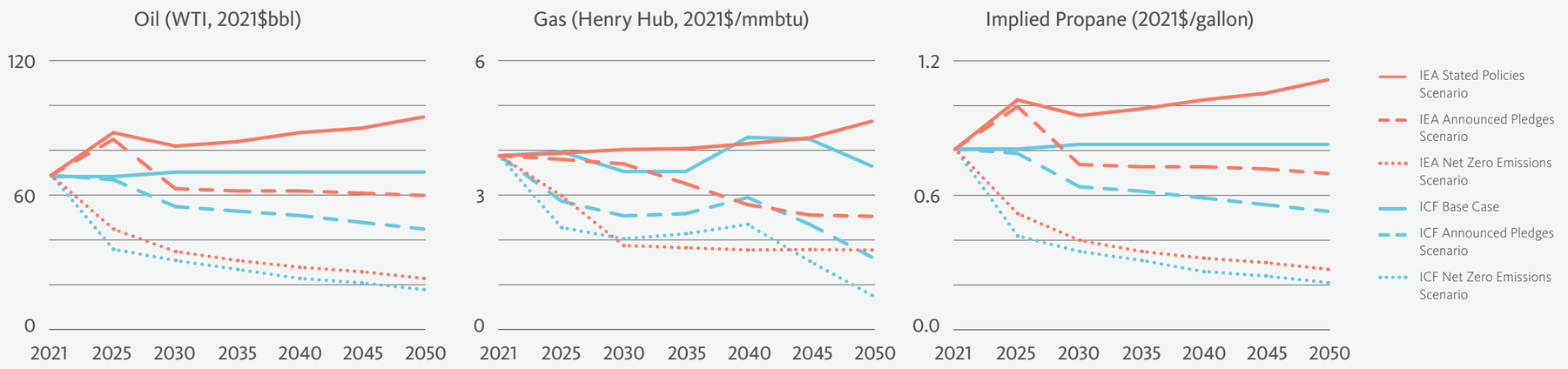
Analytical Approach and Results of Assessment continued

Assessment Results

ICF's assessment of market impacts across these six scenarios found that aggressive carbon-restriction policies result in significantly reduced prices for oil, natural gas, and NGLs. Figure 3 shows the projected price trajectories for each product in each of the modeled scenarios. Figure 4 shows the average price for each commodity over the 2025-2050 period in each scenario, and the change between the base case and the climate scenarios.

Projected Price Trajectories for Oil, Natural Gas, and Propane in the Base Case/State Policies, Announced Pledges, and Net Zero Emissions by 2050 Scenarios

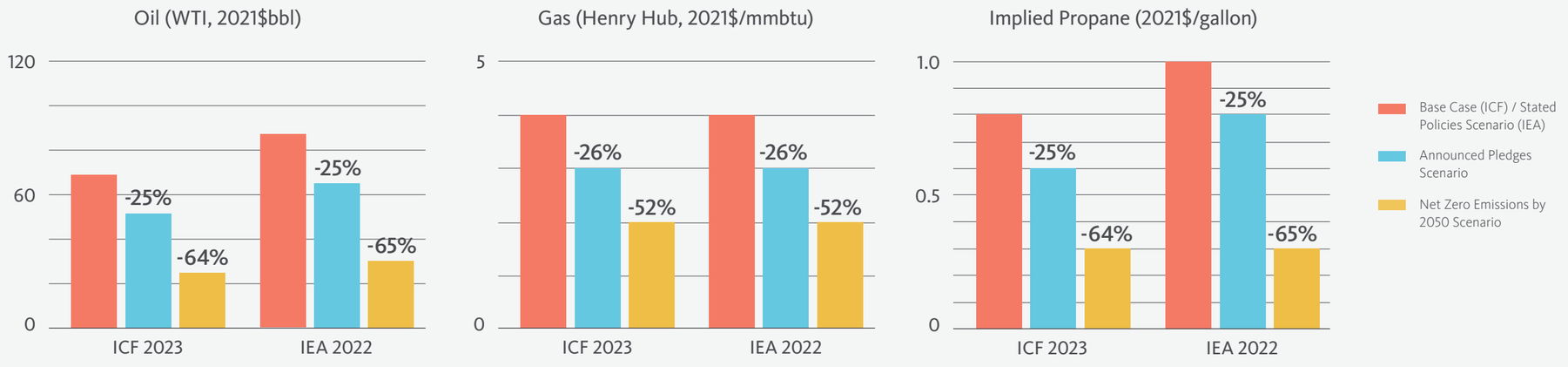
Figure 3



Source: ICF analysis of ICF and IEA data

Change in Projected Prices by Scenario (2025-2050 average, 2021$)

Figure 4



Source: ICF analysis of ICF and IEA data

Analytical Approach and Results of Assessment continued

Regional Price Differentials
In order to project asset-specific impacts of various potential price futures, ICF projected the regional price impacts of each modeled scenario. ICF also conducted an analysis of breakeven prices for Devon's major assets based on published third-party breakeven figures.

ICF Regional Oil Prices
Average 2025-2050 regional oil prices in the ICF APS range from $50/Bbl in the Powder River Basin and Eagle Ford to $52/Bbl in Cushing, while they range from $23/Bbl in the Powder River Basin and Eagle Ford to $25/Bbl in Cushing in the ICF NZE Scenario (Figure 5). Regional price levels were estimated by using historical price differentials for 2013 to 2022 between each region. Average 2025-2050 regional oil prices in the ICF Base Case range from $67/Bbl in the Power River Basin and Eagle Ford to $69/Bbl in Cushing. Regional price levels were estimated by using historical price differentials for 2013 to 2022 between each region.

IEA Regional Oil Prices
The IEA STEPS projects higher oil prices compared with the ICF Base Case. Average 2025-2050 regional oil prices in the IEA STEPS range from $84/Bbl in the Permian to $87/Bbl in Cushing (Figure 6). Average regional oil prices in the IEA APS and NZE Scenario are about 25% and 65% lower respectively than the prices in the IEA STEPS.

As in the ICF cases, the market hub prices at different locations have been estimated using basis differentials derived from historical trends, since the IEA does not provide prices for different locations throughout North America.

[13] The historical price differential between WTI Cushing and the Guernsey price hub was used to forecast the regional oil price for the Powder River Basin. Guernsey, located in eastern Wyoming, is the most active oil trading hub in the Rockies.

ICF Regional Oil Prices, Average 2025-2050, 2021$/Bbl

Figure 5

	ICF Base Case	ICF Announced Pledges (APS)	ICF Net Zero Emissions by 2050 (NZE)
WTI Cushing	$69	$52	$25
Permian	$68	$51	$24
Eagle Ford	$67	$50	$23
Powder River [13]	$67	$50	$23
Williston	$68	$51	$24

Source: ICF analysis

IEA Regional Oil Prices, Average 2025-2050, 2021$/Bbl

Figure 6

	IEA Stated Policies (STEPS)	IEA Announced Pledges (APS)	IEA Net Zero Emissions by 2050 (NZE)
WTI Cushing	$87	$65	$30
Permian	$86	$64	$29
Eagle Ford	$84	$62	$28
Powder River	$85	$63	$28
Williston	$86	$64	$29

Source: ICF analysis of IEA data

Analytical Approach and Results of Assessment continued

Breakeven Oil Prices

The analysis shown in Figure 7 shows WTI Cushing equivalent breakeven prices (vertical bars) for the region in which Devon's oil assets are located. While Devon calculates its own asset-specific, breakeven prices, the breakeven oil prices for the Williston (Bakken), Eagle Ford, Anadarko, Permian, and Powder River Basin oil wells in this report are based on an externally-validated, Enverus oil price breakeven analysis.[13] Enverus is a reputable, experienced source for WTI equivalent breakeven prices; Devon and ICF consider the methodology that Enverus' analysts and ProdCast tool used in calculating breakeven oil prices to be reasonable for the regions in which Devon's oil assets are located. The Enverus breakeven prices that ICF analyzed were half-cycle breakeven oil prices (20:1 WTI:Henry Hub)—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. ICF used Enverus' median breakeven prices for Devon's assets.[14]

Since our 2021 Climate Change Assessment Report, Devon acquired assets formerly owned by RimRock Oil, which are located in the Williston basin, and Validus Energy, which operated in the Eagle Ford Shale. In 2022-23, the RimRock assets are expected to produce 35-40 thousand barrels of oil equivalent (Mboe) per day in its Williston basin wells, while the Validus Energy assets are expected to produce 20 Mboe per day in its Eagle Ford wells. The Eagle Ford has the second-lowest breakeven prices in Devon's production portfolio, and the new Williston assets have breakeven prices that are close to the average breakeven price for Devon's assets. These assets, which are contiguous with Devon's existing portfolio, help Devon's portfolio to be more resilient in low oil price scenarios.

Figure 7 suggests that all of Devon's oil assets are expected to yield high economic returns in the $69/Bbl oil price environment in the ICF Base Case and much higher returns in the $87/Bbl oil price environment in the IEA STEPS. The $65/Bbl oil price environment in the IEA APS is still higher than any of the oil assets' breakeven prices and, therefore, is expected to yield positive economic returns. Even at much lower WTI oil price projections in the ICF APS, $52/Bbl, four out of the five basins' median assets are expected to be economic. Consistent with historical experiences, breakeven prices have the potential to decline over time as drilling and operating techniques and technologies improve. There is a limit to how much the breakeven price can decline due to production efficiencies, but that limit has likely not been reached in the U.S.

[13] Enverus. "Devon Energy Corporation: Operator Profile." Well Performance: DVN Median – 2Q2022. December 2022.

[14] A 20:1 WTI:Henry Hub ratio indicates that a well requires a $60 WTI/$3 HH price scenario to generate a 10% IRR on a half-cycle basis.

WTI Cushing Equivalent Breakeven Price, 2021$/Bbl

Figure 7

Source: ICF analysis of data from Enverus

Analytical Approach and Results of Assessment continued

In the ICF and IEA NZE Scenarios, the oil prices are below the breakeven prices in Devon's current portfolio. Devon's breakeven prices in the Permian Basin, even assuming no technological improvements that reduce breakeven prices over time, would be within $10/bbl of the lowest forecasted price – ICF's $25/bbl 2025-2050 average NZE Scenario price. Additionally, because the breakevens used in this analysis are median breakeven prices, half of Devon's current oil reserves would be expected to produce at prices lower than those shown. As discussed earlier in this report, these NZE Scenarios include ambitious, global efforts to reduce oil and gas demand beyond any scenario previously analyzed by the IEA or by ICF for Devon and exceed the policies and stated emissions-reductions goals the currently exist – significantly diverging from base case forecasts.

One way of assessing the probability of the NZE Scenario is to look at how oil demand has continued to grow since 2021. One year into the 2022 NZE Scenario forecast, which projected that oil demand would fall by 2.5% each year on average between 2021 and 2030 and would never return to its 2019 levels, the April 2023 IEA Oil Market Report expected liquids demand to surpass 2019 demand and reach record levels of 101.9 mmb/d in 2023 (2 mmb/d more than in 2022). The growth in global oil and liquids demand in 2022 and 2023 has already accounted for slightly more than half of the growth expected in the IEA STEPS between 2021 and 2030. Additionally, the U.S. EIA April 2023 Short Term Energy Outlook forecasted at least two more years of global liquids demand growth, expecting consumption to increase by 1.4 mmb/d in 2023 and by another 1.8 mmb/d in 2024. For more detailed discussion on the aggressive, long-term oil demand forecast in the NZE Scenario to 2030 and 2050, please refer above to the Net Zero Emissions (NZE) by 2050 Scenario section of this report.

Another way of assessing the probability of the NZE scenario is to look at the IEA's own presentation of the scenario. The IEA discusses the differences or "gaps" between the three scenarios. They refer to the gap in modelled outcomes between the STEPS and APS scenarios as the implementation gap: the gap that needs to be filled to meet climate-related commitments in full. The gap between the APS and the NZE Scenario is referred to as the ambition gap because it reflects that the announced pledges made to date are not ambitious enough to match the goal of keeping global average temperature rise below 1.5 °C. For 2030, CO_2 emission levels in the APS Scenario are around 5 Gt CO_2 lower than in the STEPS, but nearly 9 Gt CO_2 higher than in the NZE Scenario; therefore, the gap between the APS and the NZE Scenario by 2030 is nearly twice as large as the gap between the STEPS and the APS. This highlights the magnitude of the policy changes needed globally to achieve the emissions reductions set forth in the NZE Scenario.

Not only would significant policy changes need to occur in order to see energy markets change the way they do in the NZE Scenario, but Devon would adapt to those changes if they were to occur. The forecasted scenarios in this report assume that there are no future changes to Devon's business strategy when Devon would adapt its assets and strategy to remain profitable in the NZE Scenario. In Figure 7, ICF presented Devon's breakevens and prices in the same manner that it has in its previous reports to maintain consistency but Devon is constantly reassessing its strategy and portfolio and would adapt as necessary in response to a NZE Scenario policy environment. For example, in the five years since ICF began conducting this breakeven analysis in 2018 as part of Devon's Climate Change Assessment Report, Devon exited Western Canada and the Barnett and made numerous strategic expansions in the Permian, Eagle Ford, and Bakken.

Additionally, as described in the report, Devon is exploring energy transition opportunities complementary to its core business, including electrification (including renewable-source generation), hydrogen development, carbon capture utilization and storage, and geothermal energy that would be expected to become more important in the NZE Scenario.

Analytical Approach and Results of Assessment continued

Natural Gas Prices

ICF Regional Natural Gas Prices

ICF's Gas Market Model (GMM) calculated the natural gas hub prices at the different locations relevant to Devon's production. Gathering and processing charges have been subtracted from those prices to derive wellhead prices at each of those locations. Basis differentials have been separately estimated from the GMM for a lower growth case that is consistent with the IEA APS and NZE Scenario and then applied to estimate prices at different locations.

Average 2025-2050 regional natural gas prices in the ICF APS range from $1.91/MMBtu at the Anadarko Wellhead to about $2.51/MMBtu at Henry Hub or on average about 35% lower than regional prices in the ICF Base Case (Figure8). Prices in the ICF NZE Scenario range from $1.22/MMBtu at the Anadarko Wellhead to about $1.87/MMBtu at Henry Hub or on average about 55% lower than regional prices in the ICF Base Case. Figure 8: ICF Natural Gas Prices, Average 2025-2050, 2021$/MMBtu

IEA Regional Natural Gas Prices

The IEA projected natural gas prices at Henry Hub for its STEPS, APS, and NZE Scenario. ICF estimated market hub prices at different locations using basis differentials derived from ICF's GMM since IEA does not provide prices for different locations throughout North America. Wellhead prices have been estimated by subtracting gathering and processing charges at the relevant hubs.

The IEA STEPS projects higher natural gas prices compared to the ICF Base Case. Average 2025-2050 regional natural gas prices in the IEA STEPS range from $3.31/MMBtu at the Anadarko Wellhead to $4.20/MMBtu at Henry Hub (Figure 9). Average regional natural gas prices in the IEA APS are about 23% lower than the prices in the IEA STEPS. Average regional natural gas prices in the IEA NZE Scenario are about 56% lower than the prices in the IEA STEPS.

Breakeven Natural Gas Prices

As shown in Figure 8 and Figure 9, natural gas prices are expected to be significantly lower in the APS and NZE Scenarios. ICF did not conduct a breakeven analysis of the natural gas prices, because the majority of the natural gas that Devon produces is associated with its oil production, and thus provides income in addition to the revenue from selling oil. Therefore, the resiliency of Devon's portfolio is expected to be primarily driven by oil prices and not by natural gas prices. The natural gas prices in the IEA's and ICF's NZE Scenario are at levels that would make it difficult for most gas-directed drilling to be profitable with current drilling technology. Low natural gas prices could induce greater demand for natural gas, however, and provide an additional source of income for oil producers. Consistent with the breakeven prices for oil, breakeven prices for natural gas also have the potential to decline over time as drilling techniques and technology improve. Consequently, even though most of Devon's current portfolio is focused on oil production, there is potential for natural gas to provide incremental income for oil-directed drilling and, furthermore, changes in gas prices are unlikely to impact the results of the breakeven analysis.

ICF Natural Gas Prices, Average 2025-2050, 2021$/MMBtu

Figure 8

	ICF Base Case	ICF Announced Pledges (APS)	ICF Net Zero Emissions by 2050 (NZE)
Henry Hub	$3.89	$2.51	$1.87
Delaware Wellhead	$3.15	$2.11	$1.42
Eagle Ford Wellhead	$3.21	$2.06	$1.42
Anadarko Wellhead	$3.01	$1.91	$1.22
Rockies Wellhead	$3.18	$2.06	$1.32
Williston Wellhead	$3.04	$2.08	$1.47

Source: ICF analysis

IEA Natural Gas Prices, Average 2025-2050, 2021$/MMBtu

Figure 9

	IEA Stated Policies	IEA Announced Pledges	IEA Net Zero Emissions by 2050
Henry Hub	$4.20	$3.13	$2.03
Delaware Wellhead	$3.45	$2.70	$1.53
Eagle Ford Wellhead	$3.52	$2.68	$1.58
Anadarko Wellhead	$3.31	$2.48	$1.28
Rockies Wellhead	$3.49	$2.63	$1.38
Williston Wellhead	$3.35	$2.70	$1.63

Source: ICF analysis of IEA data

Climate Change Resilience Analysis: Physical Risk Assessment

Devon manages a number of critical assets dispersed among a broad range of geographic areas in which we operate. As outlined in the Climate-Related Risks, Mitigations, Opportunities section of this report, Devon employs a series of robust measures to mitigate risks to our portfolio. In addition to our corporate emergency management function, Devon incorporates considerations of regional physical climate conditions into the scheduling, planning, design and operation of our various assets. In the face of climate change, it is increasingly important to understand impacts to our business relating to physical risk posed by climate change. To further bolster Devon's robust existing physical risk management practices, we have partnered with the consulting firm, ICF, to perform a scenario analysis of climate exposure and sensitivity across our asset portfolio.

Physical risks posed by climate change can be characterized as (chronic) controlled long-term trends or (acute) sudden, short-term events. To evaluate these categorical physical risks, the ICF assessment examined a range of climate hazards including extreme heat, extreme cold, drought, extreme precipitation, and winter storms. These hazards were evaluated across two emissions scenarios from the IPCC, representing a broad range of future emissions pathways. The Representative Concentration Pathway (RCP) 4.5 50th percentile scenario (lower bound) represents aggressive global emissions reductions and middle-of-the-road assumptions on earth system sensitivity, and RCP 8.5 90th percentile scenario (upper bound), represents a failure of global emissions reduction efforts and high-end climate sensitivity. Additionally, climate hazards were projected across three-time horizons, 2030, 2050, and 2080. Physical risk exposure is determined independent of asset sensitivity to climate, including local adaptations to climate. For temperature and precipitation hazards, exposure was assessed using future Global Climate Model projections in each basin. For winter precipitation, exposure was assessed on a regional scale for northern and southern basins using future projections from scientific literature.

Climate Change Resilience Analysis: Physical Risk Assessment continued

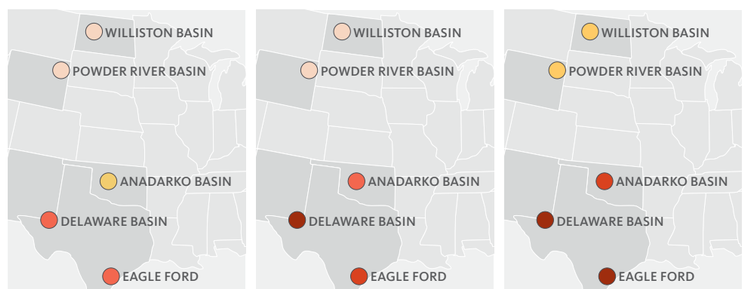
Figure 10 summarizes the climate exposure analysis performed by ICF. The results show significant increases in extreme heat are projected by mid-century (2050) across all basins, highlighted by a near doubling of the frequency of daily maximum temperatures exceeding 95°F in the Delaware Basin and Eagle Ford in the high-end RCP 8.5 scenario. All basins are expected to experience moderate increases in drought conditions, as expressed in number of dry days, by mid-century, particularly in the RCP 8.5 scenario. Moderate increases in extreme precipitation are modeled for all basins, most notably in the Delaware Basin and Eagle Ford. By mid-century, for example, the Delaware Basin and Eagle Ford could experience increases of 8% and 2%, respectively, in maximum 5-day precipitation totals in RCP 4.5. Extreme cold exposure was assessed across a range of daily minimum temperatures, from 32°F down to 0°F, with the results suggesting notable reduction in exposure by mid-century for all operated basins. In addition to climate variables, ICF's regional assessment of winter storms indicate the likelihood of snowfall to decrease due to atmospheric warming; however, increasing temperatures over the next few decades could lead to a poleward shift in ice storm frequency affecting the Powder River and Williston basins.

Climate Exposure

Figure 10

20-year averaged annual number of days with daily maximum temperature exceeding 95°F for Anadarko, Delaware, Eagle Ford, Powder River, and Williston basins during the historical baseline (left panel) and projected 2050 periods based on RCP 4.5 50th percentile (center panel) and RCP 8.5 90th percentile (right panel).

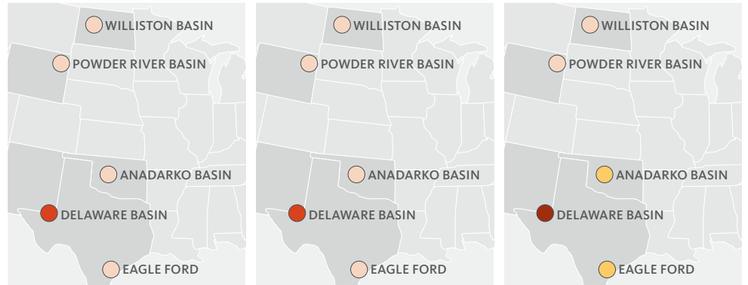
0 – 25
25 – 50
50 – 75
75 – 100
100 – 125



Historical Baseline | **2050:** RCP 4.5 50th Percentile | **2050:** RCP 8.5 90th Percentile

20-year averaged annual maximum number of consecutive dry days for Anadarko, Delaware, Eagle Ford, Powder River, and Williston basins during the historical baseline (left panel) and projected 2050 periods based on RCP 4.5 50th percentile (center panel) and RCP 8.5 90th percentile (right panel).

25 – 32
32 – 39
39 – 46
46 – 53
53 – 60

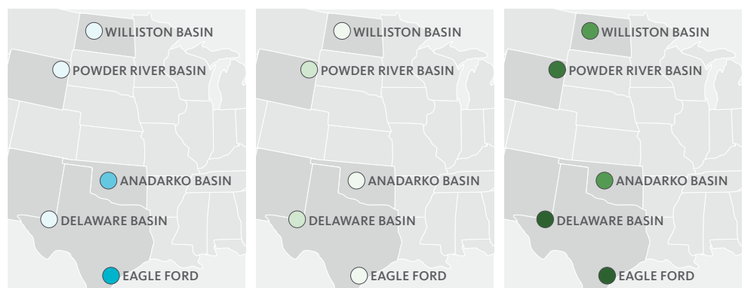


Historical Baseline | **2050:** RCP 4.5 50th Percentile | **2050:** RCP 8.5 90th Percentile

20-year averaged annual maximum 5-day precipitation for Anadarko, Delaware, Eagle Ford, Powder River, and Williston basins during the historical baseline period (left panel) and the change percent change in the average annual maximum 5-day precipitation from the historical baseline to the 2050 period based on RCP 4.5 50th percentile (center panel) and RCP 8.5 90th percentile (right panel).

Annual maximum 5-day precipitation (inches)
1.8 – 2.8
2.8 – 3.8
3.8 – 4.8
4.8 – 5.8
5.8 – 6.8

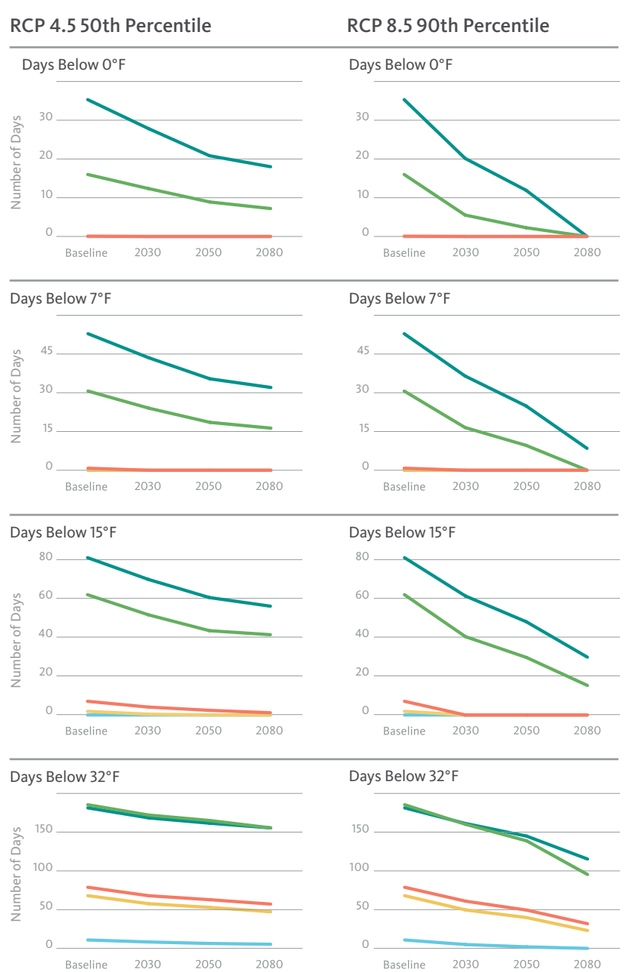
Percent change in annual maximum 5-day precipitation (%)
0 – 5
5 – 10
10 – 15
15 – 20
20 – 25
25 – 30
30 – 35



Historical Baseline | **2050:** RCP 4.5 50th Percentile | **2050:** RCP 8.5 90th Percentile

20-year average annual number of days with daily minimum temperatures below a temperature threshold for RCP 4.5 50th percentile (left column) and RCP 8.5 90th percentile right column) for all five Devon operational basins during the historical baseline and projected 2030, 2050, and 2080 periods.

Basins
Anadarko | Delaware | Eagle Ford | Powder River | Williston



Climate Change Resilience Analysis: Physical Risk Assessment continued

In addition to assessing climate exposure across Devon's operated basins, Figure 11 summarizes ICF's assessment of asset sensitivities for a range of asset types within Devon's portfolio. The results of the ICF asset sensitivity assessment indicate that Devon will experience various chronic and acute risks to our physical assets, under the modeled scenarios. While acute risks may result in sudden failure of assets and disruption of operations, chronic risks pose other issues, such as prematurely aging assets and altering standard operating practices. Operational procedures may need to be updated to account for these chronic changes, such as revised employee safety guidance to account for generally warmer working conditions, or floodproofing of facilities that would be expected to experience more precipitation and routine flooding. Additionally, asset standards and ratings may also need to be adjusted and existing assets may need to be retrofitted to account for changes in temperature and precipitation. Many of the assessed acute sensitivities are related to extreme winter weather which, as shown in the climate exposure assessment, is generally projected to decrease in exposure risk across Devon's operated areas by mid-century. To address the risks posed by current and future extreme weather hazards, Devon has developed robust emergency planning, response, and recovery efforts. Devon's capabilities-based planning allows an emergency response to be implemented regardless of the type of hazard, enhancing resiliency in light of shifting physical risks.

For more information, see the Natural Disasters and Extreme Weather section.

LEARN MORE

Asset Sensitivity

Figure 11

	Extreme Heat Annual number of days with maximum daily temperature above 95°F	**Extreme Cold** Annual number of days with minimum daily temperature below threshold ranging from 32°F to 0°F	**Drought** Annual maximum number of consecutive dry days	**Winter Storms** Qualitative analysis from literature review (e.g. IPCC)	**Extreme Precipitation** Annual maximum 5-day precipitation (Inches)
Production Facilities					
Pump Stations (SWD)			NA		
Compressor Stations			NA		
Pipelines (above ground and underground)	NA		NA		
Electrical Substations			NA		
Communication Towers					
Roads					
Office Buildings			NA		

minimal or no potential adverse impact from this hazard.
impacts that are likely to be more chronic (controlled long-term trends).
impacts that are likely to be more acute (sudden, short-term events).

Climate-Related Risks and Opportunities

Business Risks

There is an increasing level of awareness and understanding about the potential risks to business from climate change. The risks to different types of businesses may be varied, including impacts to business operations, capital investments, long-range planning and strategy, and worker health and safety. The TCFD defines two categories of climate-related risks: physical and transition. Physical risks refer to risks that are associated with physical impacts from climate change; transition risks are related to the transition to a lower-carbon economy. Aligned with our stakeholders, Devon is committed to understanding the potential impacts of climate change, and a possible carbon-constrained future, on our long-range business plans.

Risk Time Horizons

Devon considers risks as far into the future as is practical given variability in economic, regulatory, and technological circumstances. Devon categorizes short-term risks to our business in time frames shorter than 12 months. Market conditions change often, and to be flexible and responsive to those changes, Devon must be prepared to consider risks over short time frames. Typically, Devon categorizes risks to our business as medium-term, or between one and three years. While Devon may recognize and analyze risks over a longer period, we typically categorize risks out to a five-year window. This report includes risks that may only arise over a far longer time horizon, and which are associated with more significant physical changes to the climate or progress toward a low-carbon economy.

The TCFD recommends that businesses assess potential risks related to the transition to a lower-carbon economy, including those posed by the physical impacts of climate change. Understanding the potential political, legal, technological, market, and reputational risks of the transition to a lower-carbon economy is important to Devon's business. This report highlights key long-term risk themes, drawing primarily on the company's existing disclosures. Risks and uncertainties are described in more detail in the "Risk Factors" section of our most recent Form 10-K and in our other filings with the U.S. Securities and Exchange Commission (the "SEC"). The inclusion of risks in this section below does not indicate that the risk is "material" as defined by the SEC.

CLIMATE-RELATED RISK	RISK CATEGORY	POTENTIAL IMPACTS	MITIGATION	SPECIFIC EXAMPLES	ADDITIONAL RESOURCES
Current and Emerging GHG Regulations, Legislation, & Litigation	Transition	— Increased costs of compliance, litigation, and investment in decarbonization programs — Reduced demand for products due to policies	— Decarbonization strategy — Public policy engagement	— Net Zero Scope 1 and 2 GHG emissions targets and interim targets — Electrification efforts — VP dedicated to public policy, including climate policy	— Annual Report — Sustainability Report — CDP Climate Response
Technology	Transition	— Reduced revenue from decreased demand for oil and natural gas due to increased availability of energy from renewable and lower-carbon sources	— Decarbonization and exploration of diversification through emerging technologies	— GHG emissions intensity targets — Exploration of diversification opportunities — Methane detection program	— Annual Report — Sustainability Report — CDP Climate Response
Reputation	Transition	— Reduced revenue from decreasing demand for oil & gas — Increasing capital or operational costs	— Strong corporate governance — Climate strategy — Stakeholder engagement	— GEPP Board Committee — Voluntary emissions reductions — Voluntary ESG-related reporting	— Annual Report — CDP Water Response — Sustainability Report
Market	Transition	— Climate-driven market volatility impacting commodity price and revenue	— Strong financial performance and flexibility — Hedging strategy	— Financial performance through commodity price fluctuations	— Annual Report
Access to Water	Physical	— Increased operating costs — Reduced ability to operate in certain key basins due to changes in precipitation patterns	— Innovative water management to increase reuse — Proactive planning	— Delaware Basin water reuse — Freshwater targets	— Annual Report — CDP Water Response — Sustainability Report
Natural Disasters & Extreme Weather	Physical	— Increased costs from supply chain and services disruption — Impaired or lower value of assets	— Strong physical infrastructure — Robust emergency preparedness culture — Proven business continuity capability	— Adaptable capabilities-based planning	— Annual Report — Sustainability Report — CDP Climate Response

Climate-Related Risks and Opportunities continued

Transition Risk: Current and Emerging GHG Regulation, Legislation, & Litigation

Continuing and increasing political and social attention to the issue of climate change has resulted in legislative, regulatory, and other initiatives, including international agreements. The focus of this added attention is on efforts to reduce greenhouse gas emissions, such as carbon dioxide and methane. Policymakers and regulators at both the U.S. federal and state levels have already imposed, or stated intentions to impose, laws and regulations designed to quantify and limit the emission of greenhouse gases. For example, the Environmental Protection Agency (EPA) and The Bureau of Land Management (BLM) released rule proposals with respect to excess methane emissions. Applicable facilities in the oil and gas sector will pay this methane emissions charge to the EPA for waste emissions above defined thresholds, thereby incentivizing reductions. In addition to these federal efforts, several states where we operate, including New Mexico, Texas, and Wyoming, have or are creating laws or regulations designed to reduce methane emissions from oil and gas exploration and production activities.

Policymakers and regulators, including the Securities and Exchange Commission (SEC), are expanding reporting and disclosure requirements relating to GHG emissions and other climate-related topics. The SEC has proposed rule amendments that would require companies to disclose GHG emissions alongside climate-related risks, governance, and targets, among other topics. Governmental authorities are also increasing their scrutiny of climate-related disclosures, focusing on misleading or false claims.

With respect to more comprehensive regulation, President Biden has continued to highlight addressing climate change as a priority of his administration, and he previously released an energy plan calling for a number of sweeping changes to address climate change. These changes, among other measures, include a national mobilization effort to achieve net-zero emissions for the U.S. economy by 2050, through increased use of renewable power, stricter fuel-efficiency standards, and support for zero emission vehicles.

While the full impact of these efforts is uncertain at this time, the adoption and implementation of these or other initiatives could impact our business. The results may include restriction or cancellation of oil and natural gas activities, greater costs of compliance or consumption (thereby reducing demand for our products), or an impairment in our ability to continue our operations in an economic manner.

In addition to regulatory risks, the risk of litigation may also continue to increase. In recent years, there has been a steady rise in climate-related litigation from governments, insurers, and property owners, among other groups, focused on topics including companies' perceived liability or responsibility.[1] Governments and other groups may continue to bring claims against oil and gas companies for weather and climate-related damages. The increasing social or political pressures also may increase the risk posed by this kind of litigation.

Mitigation: Operational Decarbonization Strategy, Public Policy Engagement

Devon believes a meaningful reduction in GHG emissions is important to managing the risks and opportunities associated with climate change, including the ability to proactively address current and emerging regulations and potential litigation. From 2019 to 2022, we reduced our Scope 1 and 2 GHG emissions intensity by 19%, methane emissions intensity by 55%, and flaring intensity by 77% – and we are committed to delivering further reductions as highlighted in the Targets section below. Devon's efforts to reduce GHG emissions include anticipating and proactively positioning the company to achieve more stringent emissions reduction requirements in the future, which helps us mitigate our exposure to future policy risk. At the same time, Devon continues to proactively engage policymakers and thought leaders to support the creation of sound policies, such as the EPA's pending methane regulations, while ensuring availability and access of affordable energy.

Ambitious GHG emissions reduction

Our operational emission reduction strategy, detailed above (see the Business Strategy section), is both a risk mitigation tactic and a commitment to participate in the transformational challenge of getting to net zero. Devon is focused on our core operations where we can make the most immediate and impactful difference, and our long-term targets are reinforced by near-term goals.

Devon's continuous improvement culture has prompted us to develop a detailed understanding of our emissions sources. This makes it possible to address our emissions at the source through a variety of mitigation strategies, including:

- Building out Delaware Basin midstream assets to alleviate capacity constraints that exacerbate the potential for flaring
- Expanding our Leak Detection and Repair (LDAR) program
- Evaluating and deploying emission detection and quantification technologies across our portfolio
- Installing air-driven pneumatic pumps and controllers in our production operations
- Increasingly replacing diesel engines with dual-fuel or electric engines
- Integrating renewable energy and battery storage into our power supply in the Delaware Basin
- Joining industry-leading methane measurement and reporting frameworks, OGMP 2.0 and GTI Veritas
- Collaborating with industry, nonprofits, and government agencies
- Improving our data precision and reporting methodologies through development of a carbon accounting platform.

For more on our emissions reduction strategy, see the Strategy section of this report or Devon's 2023 Sustainability Report.

LEARN MORE

[1] United Nations Environment Programme (2020). Global Climate Litigation Report: 2020 Status Review. Retrieved April 5, 2023, from https://wedocs.unep.org/bitstream/handle/20.500.11822/34818/GCLR.pdf

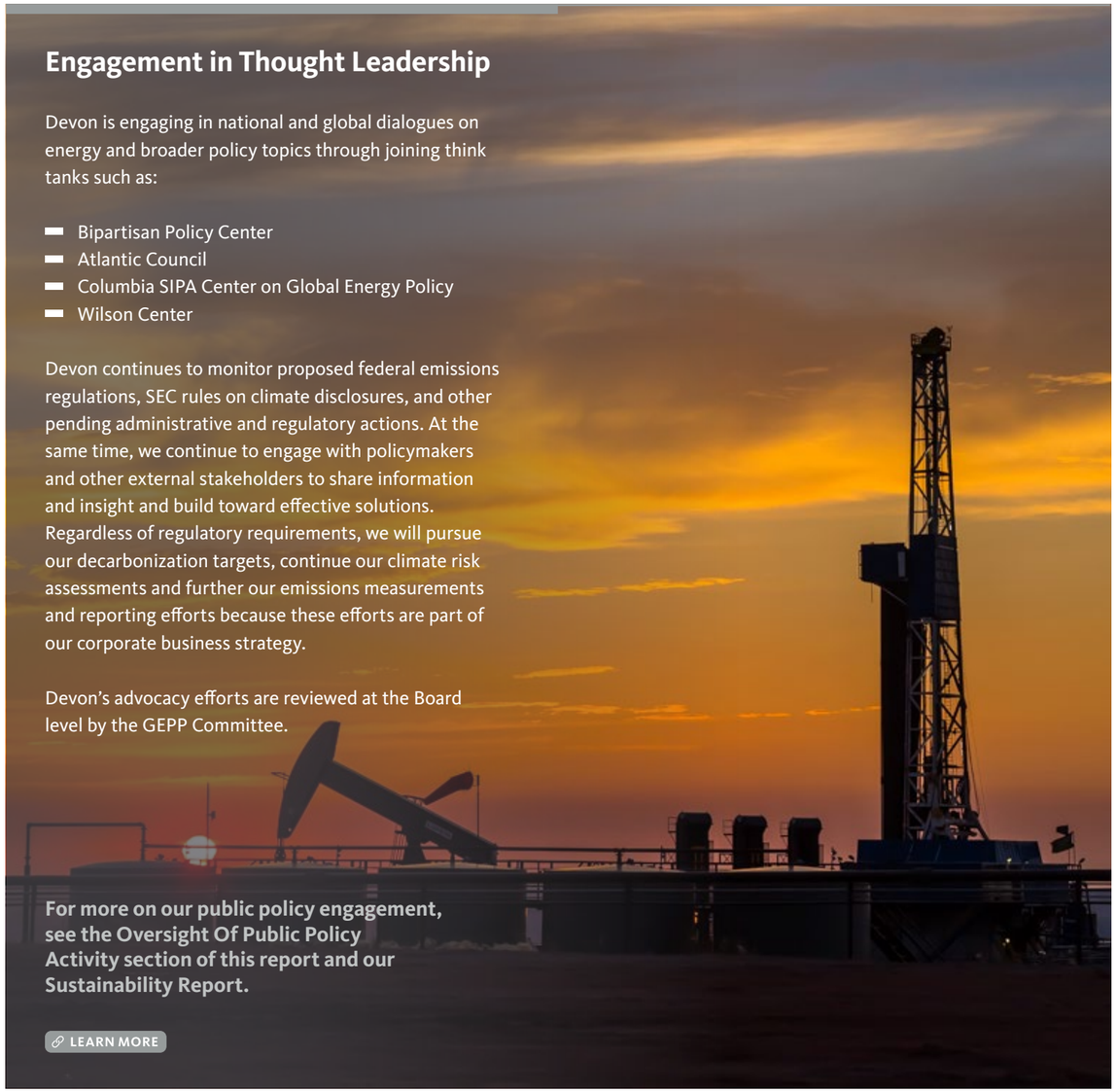
Climate-Related Risks and Opportunities continued

Public Policy Engagement

With growing interest in the energy transition and the sustainability of our industry, public policy discussions about oil and natural gas development and production are evolving rapidly. Important decisions about energy, the environment, and the economy require accurate information and thoughtful deliberation across diverse viewpoints. We are committed to having constructive conversations, building relationships, and developing solutions—with a broad range of stakeholders—that help us deliver results, meet business and societal needs, address stakeholder concerns, and encourage sound public policy. For example, we have worked with stakeholders ranging from New Mexico state regulators to environmental groups, such as the Environmental Defense Fund, on methane regulations and flaring.

We strive to help stakeholders understand how proposed policies impact our day-to-day operations and longer-term business prospects, as well as the value of oil and gas production to governments and society. This philosophy is reflected in our balanced approach to prominent policy issues including federal and state emissions regulations, climate change, financial, and global commodity markets. We publicly support the Biden Administration's efforts to build a durable framework for regulating methane at the federal level, and we continue to engage constructively with the EPA as the agency strengthens the regulation of methane in our industry.

By joining non-partisan or bipartisan think tanks, Devon is helping develop policy solutions on issues that affect our business and stakeholders. We are also building relationships with academic institutions to drive practical discussions on technology, climate change, and other issues.



Engagement in Thought Leadership

Devon is engaging in national and global dialogues on energy and broader policy topics through joining think tanks such as:

- Bipartisan Policy Center
- Atlantic Council
- Columbia SIPA Center on Global Energy Policy
- Wilson Center

Devon continues to monitor proposed federal emissions regulations, SEC rules on climate disclosures, and other pending administrative and regulatory actions. At the same time, we continue to engage with policymakers and other external stakeholders to share information and insight and build toward effective solutions. Regardless of regulatory requirements, we will pursue our decarbonization targets, continue our climate risk assessments and further our emissions measurements and reporting efforts because these efforts are part of our corporate business strategy.

Devon's advocacy efforts are reviewed at the Board level by the GEPP Committee.

For more on our public policy engagement, see the Oversight Of Public Policy Activity section of this report and our Sustainability Report.

LEARN MORE

Case Study: Electrification in the Delaware Basin

Electrification will be a key part of our strategy to meet our net zero GHG emissions for Scopes 1 and 2 by 2050. In the Delaware Basin, we are piloting an effort to supplement highly dynamic power demand by bringing emissions reducing renewable energy and battery storage into our power supply. This effort involves integrating a behind-the-meter 5-megawatt solar array into our operations near the Texas-New Mexico state line area. The array, which reached mechanical completion in 2022, is expected to come online in 2023 and produce power that displaces electricity that would have been purchased from the grid and delivered across state lines. Ultimately, we expect this solar array to help ensure efficient delivery of lower-cost energy and provide Devon a competitive advantage for future growth.

Climate-Related Risks and Opportunities continued

Transition Risk: Technology
Devon recognizes that new technologies developed for the purpose of transitioning to a lower-carbon economy can introduce new uncertainties and risks to our business. Various public and private initiatives subsidize the development and adoption of alternative energy sources and technologies to promote a lower-carbon economy, including mandating the use of specific fuels or technologies. The IRA, for instance, contains hundreds of billions of dollars in incentives for the development of renewable energy, clean fuels, and carbon capture and sequestration, among other initiatives. This funding can accelerate the transition to lower- or zero-carbon emissions energy sources and may reduce the competitiveness of carbon-based fuels, such as oil and natural gas. Devon continuously evaluates emerging technologies and their potential impacts on shaping the choice of products that our customers will make in the future.

Mitigation: Decarbonization and Diversification through Emerging Technologies
Devon's measured approach toward lowering the carbon impact of our operations also mitigates the risk posed by low-carbon technologies and shifting demand. Key to this strategy are Devon's ongoing investments in innovation, research, and development of technical solutions that yield steady improvements in how the company manages and reduces GHG emissions associated with the production of oil and natural gas. These include our efforts to improve measurement of methane emissions industry-wide and implement leak detection technologies. In parallel with emission reductions initiatives, we continue to explore opportunities to create value in the transition to ever-cleaner forms of energy, by evaluating investments in hydrogen, carbon capture utilization and storage, and geothermal energy, among others. The decarbonization and exploration of adjacent diversification of Devon's operations position us to continue to compete and deliver strong returns in a potentially carbon-constrained future.

Decarbonization technology
Devon's decarbonization strategy, outlined in the Business Strategy section, includes medium-term targets to reduce Scope 1 and Scope 2 GHG emissions intensity, methane emissions intensity, and flaring intensity of Devon's operations. To meet these targets, Devon will continue to explore and invest in new technology, tools, and techniques. As a long-time industry innovator, we develop and deploy advanced technologies to improve environmental performance and optimize production. These include methods to detect equipment methane leaks, assess flare performance, identify beneficial uses of produced water outside of our industry, and identify small fluid spills. We invest in a dedicated technology team and embed technology professionals in our business units to align solutions to business needs. For example, our technology, operations, and EHS teams are working collaboratively to leverage the data from our emissions-related technologies. Our data science analytics team developed custom artificial intelligence models that evaluate multiple camera images of wellsites every hour to determine if the flaring equipment is functioning properly. If issues are detected, we can alert or dispatch an operator to take action. We have patents pending for the unique camera technology and already hold multiple patents that help optimize drilling and completions operations, including the breakthrough in fracture diagnostics called sealed wellbore pressure monitoring.

Exploration of Diversification Opportunities
Devon has already begun exploring and capturing opportunities in geothermal energy, hydrogen, carbon capture utilization and storage, electrification, liquified natural gas, produced water management, low-carbon venture capital, and strategic export opportunities to enhance the ultimate value of our production. We are positioning the company to capture opportunities presented by a lower-carbon future.

Investment Spotlight: Fervo Energy

In the 2nd Quarter of 2023, Devon announced a $10MM strategic investment in Fervo Energy. Fervo is a leader in next-generation geothermal technology and the first geothermal company to successfully drill and complete a horizontal well pair for commercial production. Fervo employs horizontal drilling, multi-stage well completion, and distributed fiber optic sensing to geothermal reservoir development. Given the synergies in operational practice and core competencies, this strategic partnership with Fervo underscores Devon's commitment to creating value in the transition to an ever-cleaner energy economy.

For more on Devon's investment in Fervo Energy, see our company website for the press release.

LEARN MORE

Climate-Related Risks and Opportunities continued

Case Study: Taking action to mitigate, measure, and report methane emissions

As a potent greenhouse gas, methane represents a core focus of Devon's emissions reduction strategy. Devon is committed to reducing the methane intensity of our operations, through our robust leak detection program, among other initiatives. Devon is also participating in multi-stakeholder partnerships to improve methane emissions measurement and reporting to enhance transparency across the industry.

Since 2014, Devon's Leak Detection and Repair (LDAR) program has helped the company detect, repair, and prevent equipment leaks, a key source of methane emissions in our operations. The program includes surveys that leverage optical gas imaging (OGI) cameras to detect leaks, evaluate the equipment performance for repair or replacement, and document findings in a mobile app. The widespread data collection through these surveys allows operational teams to refine and deploy best practices in emissions prevention across the company. The LDAR program enabled Devon to meet our methane intensity target well ahead of schedule.

In 2022, we enhanced our leak detection and repair program by:

- Surveying 90% of production facilities with OGI cameras at least once annually
- Surveying 100% of production facilities with aircraft flyovers at least twice annually, and
- Installing continuous emissions monitoring on 30% of our production

A cross-functional team at Devon is responsible for evaluating new technologies that can enhance the speed and scale of leak detection, measurement, and mitigation. Technologies currently under investigation include advanced OGI, continuous on-site monitoring, and remote detection using facility flyovers and satellites. Devon has also established a facility in the Anadarko Basin for testing emissions-monitoring technologies. across Devon's operating areas. As technology evolves rapidly, we will continue to monitor solutions available on the market, evaluate and test those likely to improve our operations, and deploy those that best contribute to our emissions reduction targets.

Collaborating with industry peers to develop methane measurement and reporting methodologies

Devon collaborates with a diverse group of stakeholders to find and implement solutions that reduce air emissions. Together with peer companies who share our commitment, Devon is developing methodologies for reporting methane emissions that incorporate new technologies we and others are using. For example, Devon is a founding sponsor of Veritas, a GTI Energy Methane Emissions Measurement and Verification Initiative. Veritas has established standardized, science-based, technology neutral, measurement-informed protocols for creating methane emissions inventories that are verified by direct measurements. The initiative brings together scientists, academics, environmental organizations, certification organizations, and industry participants to drive consistent and credible reporting. Devon also participates in the Oil and Gas Methane Partnership 2.0 (OGMP 2.0), a public-private partnership between the United Nations Environment Programme and more than 80 oil and gas companies, among other stakeholders. This partnership developed a comprehensive methane emissions reporting framework to enhance reporting from the oil and gas sector.

Case Study: Reducing flaring and monetizing natural gas

Flaring represents another primary source of Devon's operational emissions and a top priority of our emission reduction strategy. Reducing flaring not only drives down our emissions intensity, but also allows us to capture more value, enhancing profitability. Our current goals include reaching a flaring intensity of 0.5% of gross natural gas produced by 2025 and eliminating routine flaring by 2030. We plan to meet our targets by building upon and evolving the best practices already established. This includes continuously evaluating and improving equipment, implementing a flare management program, and ongoing gas capture planning, among other efforts.

We collaborate with other organizations as we drive down our own emissions and seek to reduce those of our broader industry. For example, in select locations we collaborate with midstream partners to ensure there is sufficient capacity to receive our production, reducing a key driver of flaring. Devon is also a founding member of The Environmental Partnership, a coalition of oil and gas companies committed to emissions reductions. As part of this effort, Devon and peer companies are sharing best practices to reduce flaring, encourage beneficial use of associated gas, and improve flare reliability and efficiency when flaring does occur.

For more on Devon's efforts to reduce flaring, see our Sustainability Report.

LEARN MORE

For more information about Devon's role in these industry initiatives, see our Sustainability Report.

LEARN MORE

Climate-Related Risks and Opportunities continued

Transition Risk: Reputation
Concerns regarding climate change may influence global perceptions of the oil and gas industry and contribute to the stigmatization of the sector. Negative perceptions may cause customers to pursue low-emission alternatives, such as renewable energy or fuels, or reduce overall fuel consumption, potentially driving down demand for our products. Investors concerned about climate change may limit their investment in oil and natural gas, making it difficult or more expensive for companies in our sector to fund operations. These negative perceptions could also have a compound effect by increasing policy and litigation risk as described above, impacting the cost of business.

Mitigation: Strong Governance, Climate Strategy, and Engagement
Devon's reputation has been built through years of responsible operations. We aim to preserve this legacy by maintaining robust corporate oversight, pursuing our climate strategy, and continuing to effectively engage our stakeholders.

Strong corporate governance structures help ensure that Devon maintains corporate values and a social license to operate. Board-level oversight of climate and ESG topics in particular helps integrate these issues into Devon's strategy, goals, and business activities. The creation of the GEPP Committee and management-level ESG roles demonstrate that Devon's governance structures continue to evolve with the business.

Devon's broader climate strategy to decarbonize, disclose, and diversify reduces exposure to reputational risk by differentiating Devon within the oil and gas industry. Through our targets, strategies, and progress, Devon publicly demonstrates our commitment to reducing greenhouse gas emissions. Our goal to reach net zero GHG emissions for Scopes 1 & 2 aligns with ambitions of many of our key stakeholders. Thoughtfully exploring low-carbon business opportunities adjacent to our core business and reducing the GHG and methane intensity of our products also help to anticipate risks from shifting stakeholder demand through low-carbon products.

For more information on our corporate governance, see the Governance and Risk Management section or Devon's 2023 Sustainability Report.

LEARN MORE

Disclosure represents another key aspect of our climate strategy and our ability to bring stakeholders along with us in our progress. Devon will continue to share our progress against our environmental commitments through our annual Sustainability Report and CDP response. To bolster the credibility of our reporting, Devon pursued independent third-party verification for our Scope 1 & 2 GHG emissions data and developed a comprehensive carbon accounting database to facilitate high quality disclosure of our operational emissions. Devon is also participating in multiple cross-sector initiatives to enhance and standardize the reporting of methane emissions, as outlined in the case study "Taking action to mitigate, measure and report methane emissions."

Beyond disclosure, Devon actively engages with a broad range of stakeholders to understand their diverse viewpoints on ESG issues, our sector, and our operations. This includes listening to and collaborating with federal and state regulators, nongovernmental organizations, academic institutions, and community groups. We have joined various cross-industry initiatives and think tanks focused on issues of shared interest. In 2022, we engaged with the stewardship teams of the majority of our larger investors, as well as many other investors and stakeholders.

For more information on Devon's climate strategy, see Our Business Strategy in the Context of Energy Transition.

LEARN MORE

Climate-Related Risks and Opportunities continued

Transition Risk: Market
Changes to global supply and demand for oil and gas drives fluctuations in the price of these products. Historically, many factors outside of Devon's control have contributed to this volatility, from geopolitical risks to inflation. In the future, climate change may further contribute to price changes. For example, climate change incentives and environmental protection efforts could reduce demand for oil and gas products by imposing costs or supporting alternative energy sources. Severe weather events related to a changing climate may also disrupt supply chains, increasing operational costs. Activism to reduce emissions may further restrict production of oil and natural gas. These factors could contribute to future fluctuations in the price for our products, impacting Devon's revenue and cash flow, while also creating secondary effects by impacting our credit rating.

Mitigation: Financial Performance, Flexibility, and Hedging
Devon has a disciplined, returns-driven business strategy, which is designed to be successful through economic cycles. We focus on building economic value by moderating production growth, emphasizing efficiencies, optimizing reinvestment rates for greater free cash flow, maintaining low leverage, delivering returns to our shareholders, and pursuing ESG excellence. By maintaining low operating and interest costs as well as minimizing corporate overhead, we reduce our exposure to price volatility. Preserving a strong balance sheet also helps ensure our financial, strategic, and operational flexibility and our ability to respond quickly to market changes.

Devon's premier, multi-basin portfolio allows us to operate at a scale that increases profitability, reducing our risk exposure. Our commodity mix balances exposure to oil and natural gas prices with access to premium markets, as our production is distributed across crude oil (~50%), natural gas (~25%), and natural gas liquids (~25%). We continue to expand access to global oil and gas markets. For example, in 2022, Devon invested in a long-term liquefied natural gas export partnership, allowing us to further diversify the price of our products.

As Devon focuses on strong financial performance founded in our high-quality assets, we also maintain a level of financial liquidity and flexibility to help us operate competitively regardless of changes in the price of our products. Maintaining this flexibility is a consideration in our strategic decisions, including the way we allocate capital. Devon also invests in derivative financial instruments to protect a portion of our production against potential decreases in price. These instruments help to assure cash flow, supporting the company's annual budget and expenditure plans and forming another part of our multi-pronged approach to reduce the impact of market volatility on our business.

For more information on our strategic planning and market risk mitigation efforts, see the Strategy section or our Annual Report.

LEARN MORE

Climate-Related Risks and Opportunities continued

Physical Risk: Access to Water
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 on 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 more on water risk, see Devon's Annual Report and CDP Water response.

In addition to risks driven by regulations around water use and disposal, Devon recognizes the need to mitigate physical risks associated with regional water stress. Using the World Resource Institute's Aqueduct Water Risk Atlas and its corresponding definition of baseline water stress, approximately 8% of Devon-operated wells as of December 31, 2020, were located in "high" or "extremely high" areas of baseline water stress. In addition, ICF's analysis of the physical risks of climate change showed the potential for drought at select basins, another factor that could increase future water stress in the areas where we operate.

For more on our water management strategy, see Devon's Sustainability Report.

LEARN MORE

Mitigation: Innovative Water Management, Proactive Planning
By working to identify and develop alternative sources of water for operational activities, Devon seeks to reduce our dependence on fresh water and improve our ability to respond in a scenario where fresh water or disposal availability is constrained. Devon collaborates with government, industry and community stakeholders to find innovative ways to conserve water in our drilling and completions operations companywide.

Innovative Water Management
To minimize freshwater use in areas of drilling and production activity, Devon employs economically and operationally feasible freshwater alternatives wherever possible and has multiple water treatment facilities throughout the Delaware Basin. Using less freshwater also reduces the amount of water for disposal, saves money, creates efficiencies, and improves our ability to respond if water availability or disposal capacity is constrained. Every gallon of produced, recycled, brackish, or non-fresh water that Devon uses in our operations reduces our consumption of fresh water.

Devon is taking steps to increase the use of recycled water as production grows and is investing in infrastructure to support this initiative. This includes water treatment facilities, pipelines for safe transportation, and impoundment basins to store water until it is needed for reuse. We also partner with third-party disposal companies to share water for treatment and reuse, supporting each other's operations and minimizing the water sent to disposal. This approach has contributed to the rapid increase in Devon's recycled water use, which not only reduces impact on local water sources but also helps provide a continuous source of water for Devon's operations.

Since 2015, Devon has reused more than 250 million barrels of water from our water treatment facilities. Companywide, we used 72 million barrels of recycled water in 2022, nearly doubling our recycled water over a 2-year period. This means that 56% of the water we used in our drilling and completions operations in 2022 was reused water, allowing us to limit our freshwater use to 7%.

Proactive planning
In addition to water management, Devon also takes a proactive approach to planning. In all our project designs, Devon considers access to and the cost of water, alongside the costs of methane and GHG management. Such costs are incorporated into the characterizations of an asset, which may then inform the overall allocation of capital to an area. If costs are too burdensome, the company may consider directing capital to other assets. In addition, Devon monitors policies relating to the sourcing, recycling, and disposal of water that may impact operations and assets. This proactive approach helps Devon mitigate both the physical and transition risks related to water access.

To enhance water management across our industry, Devon collaborates with other organizations and stakeholders to explore new technologies and share best practices. For example, Devon participates in the New Mexico Produced Water Research Consortium and is a founding member of the Energy Water Initiative. Through the New Mexico Produced Water Research Consortium, we're exploring new technologies to treat produced water, including desalination technologies. While we reuse much of the water we produce, cost-effective desalination could make produced water suitable for other applications, including refilling aquifers for the benefit of broader stakeholders. Technology is essential for improving the quality of produced water, yet we also need a regulatory framework to allow for its reuse in other applications. This is why Devon continues to work with stakeholders to find water conservation solutions in New Mexico.

Produced water desalination and reuse represents one of the opportunities we are evaluating as a way to diversify and complement our core business. Devon is exploring advanced evaporation technologies to stay at the forefront of water recycling. These technologies have the potential not only to support Devon's use of recycled water, but also unlock a water source for the broader Permian Basin and have the potential to contribute to the region's resiliency in the long term.

For more on Devon's water programs, see our 2023 Sustainability Report and CDP Water response.

LEARN MORE

Climate-Related Risks and Opportunities continued

Physical Risk: Natural Disasters and Extreme Weather
Climate change has the potential to exacerbate physical risks, whether by increasing the frequency and intensity of extreme weather events or by shifting precipitation or other weather patterns. These physical risks may result in damage to our facilities, lower the value of our assets, increase operating costs, or otherwise negatively impact our operations. 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. We further expanded our evaluation of physical climate risks by performing a scenario analysis as recommended by the TCFD. This assessment focused on changes to extreme temperatures, precipitation, drought, and winter storms across a broad range of future scenarios. For more information, see the Physical Risk Assessment section.

Oil and natural 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 periods of extreme weather or natural disasters. Devon has intentionally built a robust emergency preparedness program and culture, centered around a flexible capabilities-based approach that can scale with the intensity and frequency of future events for enhanced resilience.

Mitigation: Robust Emergency Preparedness, Proven Business Continuity Capability
Devon's capabilities-based planning and centralized emergency response and recovery efforts are led by a corporate emergency management function that reports to Devon's security department, which follows the Federal Emergency Management Agency's (FEMA) National Incident Management System (NIMS), a nationwide approach to enable the whole community to work together regardless of the type of threat. Devon believes that capabilities-based planning has been the lynchpin for success in maintaining business continuity through a variety of difficult emergencies, including the widespread winter storm conditions in December 2022 caused by a historic extratropical cyclone, as well as record snowfall and ongoing risk of Gulf Coast hurricanes. Devon learns and improves from each response. Moreover, the centralized nature of Devon's emergency response system ensures that the program and response are consistent across the company and cover all assets, regardless of whether an asset is considered to be in a hazard-prone area or not.

Years in the making, emergency preparedness and response are now a fundamental part of Devon's culture. Devon provides in-house training, drills, and exercises on the NIMS Incident Command System (ICS) to prepare employees for effective incident response. For example, Devon completes a hurricane scenario exercise annually prior to each hurricane season, and reviews severe weather/tornadic activity systems each spring. When a Devon employee enters the Incident Command Center, they can sit down in their seat and plug into the process immediately without direction because roles and responsibilities are clearly defined and well-practiced.

Devon's investment in building a culture around the Incident Command System demonstrates how Devon is building climate resilience into our operations. Our capabilities are based on a flexible and scalable process, so we can respond to any type of event or incident regardless of size, location, or nature. The adaptability of the ICS enables personnel to follow and implement the same process in response to incidents, and to scale the response based on the magnitude of the event. Creating a consistent foundation supported by incident training, operational drills, and full-scale exercises will allow for the continuing readiness of mitigation measures. Devon's prioritization of safety allows us to respond effectively to emergency events.

We aim to continually improve our response, documenting areas for improvement, best practices, and strengths after each emergency response or drill. Any corrective actions are incorporated into our EHS incident management system. When emergencies and incidents occur, these practices enable Devon to protect our workforce and assets, as well as our community and license to operate.

Case Study: Nurturing Connections to Support Ongoing Readiness

Devon actively participates at the local, state, and federal level to maintain proficiency and contribute to readiness and resilience for the company and our stakeholders. Devon regularly engages with law enforcement, fire departments, emergency management, and emergency medical services. During an energy emergency, Devon participated in establishing Oklahoma's energy assurance plan to assist the state. At the federal level, we follow the U.S. Department of Homeland Security (DHS) Security Exercise and Evaluation Program, which allows us to provide community partners with documentation that validates their participation, enabling them to access federal funding and meet medical facility accreditation requirements.

Metrics and Targets

Metrics

Devon reports GHG emissions from fuel combustion, flaring, fugitive emissions, venting and storage losses (Scope 1) and electricity consumption (Scope 2) for assets under our operational control. We collect data on GHGs (carbon dioxide (CO2), methane and nitrous oxide) and submit annual GHG emissions according to the requirements of the U.S. Environmental Protection Agency (EPA) Greenhouse Gas Reporting Program.

We also report indirect emissions from the use of sold products (Scope 3, Category 11) on an equity basis from sources not owned or controlled by Devon. Scope 3 GHG emissions include indirect emissions resulting from the consumption and use of crude oil and natural gas produced by Devon.

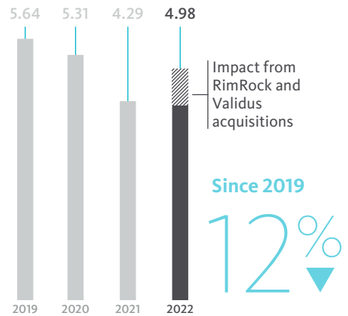
In line with the 2021 guidance for implementing the TCFD recommendations, we are disclosing additional metrics on Capital Deployment and Remuneration as it pertains to our climate change strategy.

- Capital Deployment: As a result of our organizational efforts, environmental objectives and targets are considered in capital allocation decisions, corporate and business unit planning, and team strategies to integrate sustainability into our business activities. To support our commitment to improve our carbon footprint, in 2022, we spent approximately $100 million on capital projects that will directly or indirectly result in emissions reductions and we anticipate similar spending in 2023.

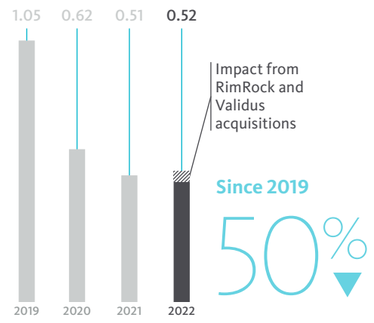
- Remuneration: Executive compensation is tied to ESG and climate performance. Performance-bonus payouts depend on the company's performance in relation to the structured and measurable goals approved by the Board at the beginning of the year. Beginning in 2022, our corporate performance scorecard includes a standalone emissions reduction goal with a weighting of 15%.

Emissions performance trends

Direct and Indirect GHG Emissions
(Scope 1 and Scope 2 location-based)
(million tonnes tCO_2e)



Methane Emissions
(million tonnes CO_2e)



Note: Scope 1 and 2 GHG emissions and methane emissions increased in 2022 compared to 2021 primarily driven by the acquisition of RimRock and Validus, as well as an uptick in combustion-related emissions.

How we calculate our GHG and methane emissions intensity rates

We calculate our direct (Scope 1) GHG and methane emissions by including all emissions reported to the EPA pursuant to the Greenhouse Gas Reporting Program (GHGRP) for production and gathering and boosting assets under our operational control, as well as emissions subject to the GHGRP that fall below the basin-level reporting threshold.

We calculate our indirect (location-based Scope 2) GHG emissions for electricity consumption using EPA fuel and electricity emissions factors for assets under our operational control.

$$\text{GHG Emissions Intensity} = \frac{\text{SCOPE 1 \& SCOPE 2 LOCATION-BASED GHG EMISSIONS (tonnes } CO_2e)}{\text{GROSS OPERATED PRODUCTION AS REPORTED TO THE EPA (MBoe)}}$$

$$\text{Methane Emissions Intensity} = \frac{\text{METHANE EMISSIONS (tonnes } CO_2e)}{\text{GROSS OPERATED PRODUCTION AS REPORTED TO THE EPA (MBoe)}}$$

Our baseline recalculation methodology

Devon's commitment to reduce our Scope 1 and Scope 2 location-based GHG emissions intensity by 50% and methane emissions intensity by 65% by 2030 will be calculated from a 2019 baseline.

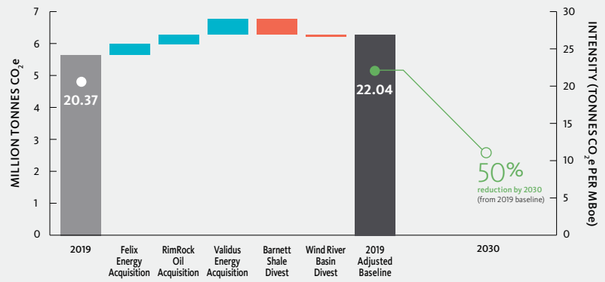
This baseline serves as a hypothetical reference point for what the emissions intensity would have been in the absence of emissions reduction efforts over time. To comparably track progress toward the targets, adjustments to the emissions baseline may be necessary to reflect structural, organizational or reporting changes that may occur over time. For example, an acquisition or divestiture could significantly impact our emissions performance and impair comparability from the emissions baseline.

We relied upon guidance from the Greenhouse Gas Protocol and IPIECA in establishing our baseline recalculation methodology. Our baseline will be adjusted if impacted by one or more trigger events that result in a change to the emissions baseline of 5% or higher on an absolute or intensity basis. Trigger events include structural changes; source ownership or control changes; changes to reporting boundaries, quantification methodologies or data improvements; or discovery of errors.

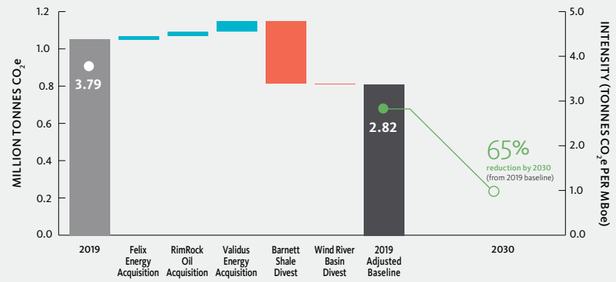
Our 2019 baseline has been recalculated to reflect the acquisition of Felix Energy in 2020, divestiture of the Barnett Shale in 2020, divestiture of the Wind River Basin in 2021, acquisition of RimRock Oil in 2022 and acquisition of Validus Energy in 2022.

We believe our recalculation methodology affirms our commitment to structurally drive down emissions, rather than divesting assets as a means to achieve our ambitious emissions reduction targets. We are committed to the ongoing review and assessment of the appropriateness of our emission reduction target levels and will adjust as needed.

GHG Emissions



Methane Emissions



Note: Reporting years 2019, 2020 and 2021 have been updated to include an additional category of emissions that was not previously calculated and reported until 2022.

Metrics and Targets continued

Environment Performance Metrics[1]

**Unless otherwise noted, all data presented is pro forma (Devon + WPX) for U.S. operated assets.*

	2020	2021	2022
Direct GHG Emissions (Scope 1) (million tonnes CO_2e)[2]	4.98	3.95✓	**4.59**✓
By Constituent			
Carbon Dioxide (million tonnes CO_2e)	4.36	3.44	**4.07**✓
Methane (million tonnes CO_2e)	0.62	0.51	**0.52**✓
Nitrous Oxide (million tonnes CO_2e)	0.003	0.002	**0.002**✓
By Source			
Flaring/Venting (million tonnes CO_2e)	2.99	2.32	**1.88**
Combustion (million tonnes CO_2e)	1.95	1.60	**2.69**
Other (million tonnes CO_2e)	0.04	0.03	**0.02**
Indirect GHG Emissions from Electricity Use (Scope 2 location-based) (million tonnes CO_2e)[3]	0.32	0.34✓	**0.39**✓
Direct and Indirect GHG Emissions (Scope 1 and Scope 2 location-based) (million tonnes CO_2e)[2,3]	5.31	4.29	**4.98**✓

Scope 1 and 2 GHG emissions and methane emissions increased in 2022 compared to 2021, primarily driven by the acquisition of RimRock and Validus, as well as an uptick in combustion-related emissions.

Direct GHG Emissions Intensity (Scope 1) (tCO_2e/MBoe)[2]	18.19	14.22	**15.29**✓
Direct and Indirect GHG Emissions Intensity (Scope 1 and Scope 2 location-based) (tCO_2e/MBoe)[2]	19.36	15.44	**16.58**✓
Indirect GHG Emissions from Use of Sold Products (Scope 3) (million tonnes CO_2e)[4,5]	49	84	**90**

We report indirect emissions from the use of sold products on an equity basis from sources not owned or controlled by Devon; however, it is important to note that Scope 3 emissions estimates are subject to uncertainty, inconsistency and duplication as further described in the Air Emissions section of this report. 2020 estimated Scope 3 emissions are legacy Devon only, while 2021 and 2022 reflects pro-forma Devon + WPX.

Methane Emissions Intensity (Scope 1) (tCO_2e/MBoe)[2]	2.28	1.84	**1.72**✓
Methane Emissions Intensity - Production Segment (Scope 1) (% of natural gas produced)[6]	0.23%	0.20%	**0.19%**
Flared Volume (Bcf)	12.3	6.4	**3.8**
Flaring Intensity (% of natural gas produced)[7]	1.43%	0.93%	**0.51%**✓
Energy Used - Fuel and Electricity Use (trillion BTU)[3]	31.36	27.18	**43.03**

	2020	2021	2022
Water Usage (million Bbl)[8]	98	116	**126**
Recycled (million Bbl)	37	61	**72**
Sourced (million Bbl)	61	54	**54**
Fresh (million Bbl) – *Newly Reported in 2022*	—	—	**9**
Water Usage Intensity (Bbl/Boe produced)[8]	0.32	0.42	**0.44**
Water Usage Intensity (million Bbl/well completion)[8]	0.29	0.37	**0.35**
Water Recycle Rate (recycled water Bbl/water usage Bbl)[8]	38%	53%	**57%**

Devon's total water use for completions activities varies with activity levels, targeted formations and lateral lengths, and includes fresh, non-fresh and recycled water volumes. We seek alternatives to freshwater supplies, where possible.

Reportable Spill Events Released to the Environment (events)	246	280	**413**
Reportable Spill Volumes Released to the Environment (barrels)	4,042	5,705	**10,858**

EXCEL DOWNLOAD

[1] The environment metrics have been calculated using the best available data at the time of publication. Historical metrics are subject to change as we continuously seek to improve our data management practices, data sources and calculation methodologies in order to provide the highest level of transparency, consistency and accuracy. We report environment metrics on an operated basis, unless otherwise noted.

[2] We include all reportable emissions under EPA's Greenhouse Gas Reporting Program (GHGRP) for Devon operated facilities, as well as non-reportable emissions from our production assets and, beginning in reporting year 2019, gathering and boosting assets. We calculate emissions intensities using gross production as reported under the EPA GHGRP for all reporting segments. **Prior year data has been revised to include an additional category of emissions that was not previously reported.**

[3] We calculate our Indirect GHG Emissions from Electricity Use (Scope 2) on a location-based methodology using EPA fuel and electricity emissions factors.

[4] We report indirect emissions from the use of sold products (Scope 3) on an equity basis from sources not owned or controlled by Devon. To estimate our Scope 3 emissions, we rely upon IPIECA's 2016 guidance document Estimating Petroleum Industry Value Chain (Scope 3) Greenhouse Gas Emissions. Per the IPIECA guidance, we report category 11 "Use of Sold Products" by calculating combustion emissions for our oil, natural gas and marketed natural gas liquids products using emissions factors obtained from the EPA and net equity production reported in Devon's 2022 Annual Report on Form 10-K.

[5] Performance is limited to legacy Devon performance only in 2020 and pro-forma Devon + WPX in 2021 and 2022, using net equity production reported in Devon's 2022 Annual Report on Form 10-K for all three years.

[6] Our methane emissions intensity rate calculation includes all natural gas produced at Devon operated facilities and all methane emissions from Devon operated facilities associated with the production of oil and natural gas.

Click here to see Devon's calculation methodology for methane emissions intensity

[7] Our flaring intensity rate calculation includes high-pressure flared volumes associated with the production of oil and natural gas.

[8] Our water usage includes all water sources used in completions activities at facilities operated by Devon in 2022.

✓ ERM CVS provided limited assurance in relation to Devon's Total Scope 1 GHG emissions and Total Scope 2 GHG emissions (location-based method) for the reporting period January 1, 2021 to December 31, 2021. **Due to subsequent revision of 2021 GHG emissions data owing to calculation refinements that are more representative of some aspects of our operations by including an additional category of emissions, ERM CVS has reassured the revised data for reporting year 2021. For reporting period January 1, 2022 to December 31, 2022, we expanded the scope of the limited assurance to include individual GHG constituents (i.e., carbon dioxide, methane and nitrous oxide), GHG emissions intensity, methane emissions intensity and flaring intensity.**

Basis of Reporting GHG Emissions
Independent Assurance Statement

Data presented on this page is a direct reference from our 2023 Sustainability Report. For more comprehensive information, please see the company's CDP disclosures and Sustainability Report.

LEARN MORE

Performance Targets and Progress

Devon has established aggressive environmental performance targets focused on reducing the carbon intensity of our operations, minimizing freshwater use and engaging constructively with our value chain. These targets reflect our dedication and commitment to achieving meaningful emissions reductions while pursuing our ultimate goal of net zero GHG emissions.

Targets

NET ZERO
GHG EMISSIONS FOR SCOPE 1 & 2 BY 2050

50%
REDUCTION IN GHG EMISSIONS INTENSITY FOR SCOPE 1 & 2 BY 2030
(FROM 2019 BASELINE)

65%
REDUCTION IN METHANE EMISSIONS INTENSITY BY 2030
(FROM 2019 BASELINE)

0.5%
OR LOWER FLARING INTENSITY BY 2025

ELIMINATE
ROUTINE FLARING BY 2030

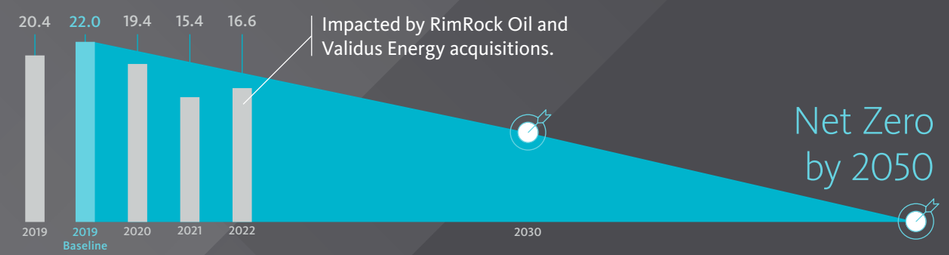
90%
NON-FRESHWATER USAGE FOR COMPLETIONS IN MOST ACTIVE DELAWARE BASIN OPERATING AREAS

ANNUAL ASSESSMENT
OF DEVON CONTRACTORS IN KEY ESG PERFORMANCE AREAS BY 2023

Progress

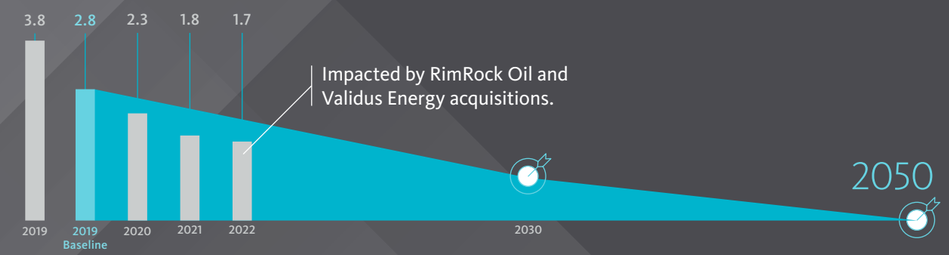
GHG Emissions Intensity

(Scope 1 and Scope 2 location-based) (tCO_2e/MBoe)



Methane Emissions Intensity

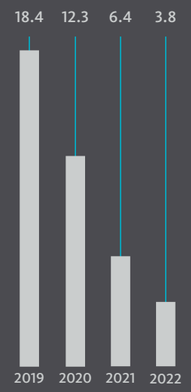
(Scope 1) (tCO_2e/MBoe)



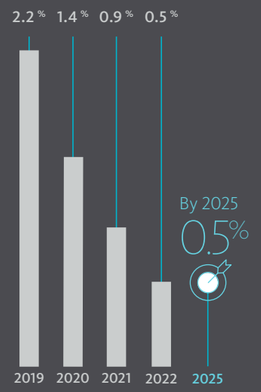
Note: Scope 1 and 2 GHG emissions intensity and methane emissions intensity increased in 2022 compared to 2021 primarily driven by the acquisition of RimRock and Validus, as well as an uptick in combustion-related emissions. See "Our baseline recalculation methodology" discussion on page 20.

Flaring Performance

Flared Volume
(BCF)



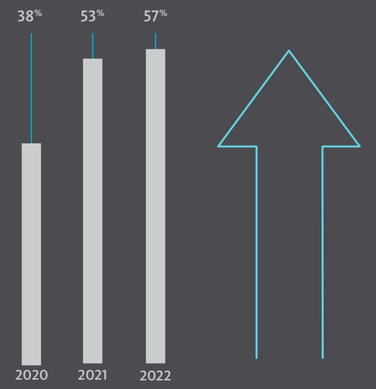
Flaring Intensity
(% of natural gas produced)



Water Performance

OVER 90%
Non-freshwater used in most active areas of the Delaware Basin in 2022

Water Recycle Rate
(% recycled water Bbl/water usage Bbl)



Value Chain Engagement

BEGINNING IN 2023
Devon contractors who perform work on the company's locations will undergo annual evaluations to assess their ESG performance in key areas.

Devon will continue evaluating how we can constructively engage stakeholders upstream and downstream of our operations to improve ESG performance across our value chain.

TFCD Summary Table

TCFD

Recommendations of the Task Force on Climate-related Financial Disclosures (October 2021)

The TCFD seeks to develop recommendations for voluntary climate-related financial disclosures as a tool for investors and other stakeholders to assess risks associated with climate change. Devon published our fourth Climate Change Assessment Report in 2023, a direct result of our ongoing commitment to transparency.

CORE ELEMENT	TCFD DISCLOSURE	REFERENCE
Governance Disclose the organization's governance around climate -related risks and opportunities.	a) Describe the board's oversight of climate-related risks and opportunities.	Climate Change Assessment Report (CCAR), CDP Climate Response, Form 10-K, Proxy Statement, Sustainability Report (SR)-Message from Our Board, SR-Report Summary, SR-Environment Overview, SR-Climate Change, SR-Governance Overview, SR-Corporate Governance, SR-Enterprise Risk Management, SR-Shareholder Engagement
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	CCAR, CDP Climate Response, SR-Environment Overview, SR-Climate Change, SR-Governance Overview, SR-Enterprise Risk Management, SR-Shareholder Engagement
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	CCAR, CDP Climate Response, Form 10-K, SR-Climate Change, SR-Air Emissions, SR-Water Management
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	CCAR, CDP Climate Response, Form 10-K, SR-Climate Change, SR-Air Emissions, SR-Water Management
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	CCAR, CDP Climate Response, Form 10-K, SR-Climate Change, SR-Shareholder Engagement
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks.	CCAR, CDP Climate Response, Form 10-K, SR-Environment Overview, SR-Climate Change, SR-Corporate Governance, SR-Enterprise Risk Management
	b) Describe the organization's processes for managing climate-related risks.	CCAR, CDP Climate Response, Form 10-K, SR-Air Emissions, SR-Climate Change, SR-Enterprise Risk Management,
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	CCAR, CDP Climate Response, SR-Climate Change, SR-Air Emissions, SR-Water Management, SR-Enterprise Risk Management
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	CCAR, CDP Climate Response, CDP Water Response, Form 10-K, Proxy Statement, SR-Report Summary, SR-Performance Targets and Progress, SR-Environment Overview, SR-Air Emissions, SR-Water Management, SR-Performance Metrics
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	CCAR, CDP Climate Response, SR-Report Summary, SR-Environment Overview, SR-Air Emissions, SR-Performance Metrics
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	CCAR, CDP Climate Response, CDP Water Response, Form 10-K, SR-Report Summary, SR-Performance Targets and Progress, SR-Climate Change, SR-Air Emissions, SR-Water Management

Methodological Appendix

This section explains the methodology that ICF used to generate its price forecasts and to adapt and further analyze price forecasts from IEA.

World Energy Outlook (WEO)

For the 2022 WEO, the IEA removed the Sustainable Development Scenario (SDS) and added the Net Zero Emissions (NZE) by 2050 Scenario. The Announced Pledges Scenario (APS), which is also included in this climate resilience report, most closely resembles the SDS in terms of emissions and global temperature increase, but due to the different modelling approaches between the two, they should ultimately be viewed as separate scenarios. The 2021 WEO shows that the emission reduction of the previous SDS fall between the 2022 APS and NZE Scenario.

The IEA also discusses the differences or "gaps" between the three scenarios. They refer to the gap in modelled outcomes between the STEPS and APS scenarios as the implementation gap: the gap that needs to be filled to meet climate-related commitments in full. The gap between the APS and the NZE Scenario is referred to as the ambition gap because it reflects that the announced pledges made to date are not ambitious enough to match the goal of keeping global average temperature rise below 1.5 °C. For 2030, CO_2 emission levels in the APS Scenario are around 5 Gt CO_2 lower than in the STEPS, but nearly 9 Gt CO_2 higher than in the NZE Scenario; therefore, the gap between the APS and the NZE Scenario by 2030 is nearly twice as large as the gap between the STEPS and the APS. This highlights the magnitude of the policy changes needed globally to achieve the emissions reductions set forth in the NZE Scenario.

ICF Oil Prices

ICF's oil prices have been estimated using a combination of near-term futures prices and a long-term assessment of oil market fundamentals. For 2023, WTI futures were used to forecast oil prices. For 2024 through 2026, a blend of futures prices and ICF's fundamentals forecast is used. For the long-term, ICF assumes an equilibrium marginal production cost of $70/Bbl. That $70/Bbl Refiner Acquisition Cost of Crude Oil (RACC) has been converted to a WTI Cushing price for this analysis. In this report, estimated prices rely on ICF's Q1 2023 Base Case Projection.

Oil prices for the ICF APS and NZE Scenarios have been estimated by applying a derived price elasticity for oil to the demand change between the IEA Stated Policies Scenario and the IEA APS and the IEA NZE Scenarios. For example, in 2050, IEA forecasted a 78% reduction in global oil demand and a 75% reduction in price for the 2022 IEA NZE Scenario compared to the IEA STEPS. In this example, ICF used the resulting 1.03 price elasticity of demand for 2050 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 NZE Scenario in the year 2050.

The IEA price elasticity is about 0.60 in the near term (2025-2030) and 1.00 in the long term (2035-2050). The average elasticity over the entire 2025-2050 projection period is about 0.93 in the APS and 0.67 in the NZE Scenario.

IEA Oil Prices

For its STEPS, APS, and the NZE Scenario, IEA provided an average worldwide oil importer price through 2050. ICF converted the worldwide oil importer price to a WTI price forecast by carrying forward the 2021 difference between the IEA importer average price and the 2021 average WTI price. This difference was about $1/Bbl.

ICF Natural Gas Prices

ICF's natural gas prices have been estimated using ICF's GMM, a model widely used to project natural gas supply, demand, and prices for the North American natural gas market. Estimated prices rely on ICF's Q1 2023 Base Case Projection. The GMM solves for hub prices through 2050 at the different locations relevant to Devon's production. Gathering and processing charges have been subtracted from those prices to derive wellhead prices at each of those locations.

The ICF Q1 2023 Base Case projects associated natural gas supply growth from tight oil plays (such as the Permian in west Texas and New Mexico and the Eagle Ford) due to a rise in oil prices and also growth from Marcellus, Utica, and Haynesville gassy shale plays.

Natural gas prices for the ICF APS and NZE Scenarios were estimated by applying an ICF-derived price elasticity for natural gas to the demand change between the IEA STEPS and the APS and NZE Scenarios. ICF's long-term natural gas price elasticity is about 0.8 (Figure 12).

IEA Natural Gas Prices

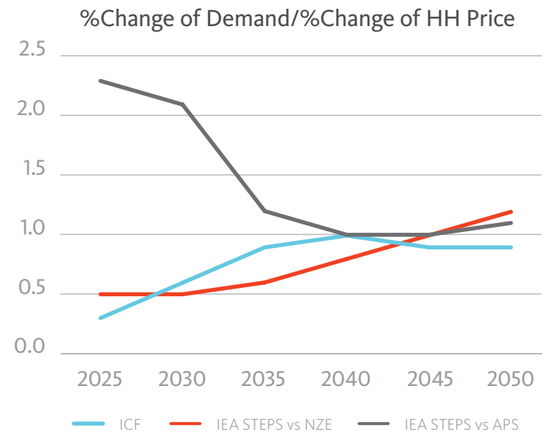
IEA projected natural gas prices at Henry Hub for the IEA STEPS, APS, and the NZE Scenario through 2050. IEA's price elasticity of demand is 1.46 in the APS and 0.77 in the NZE Scenario (Figure 12).

ICF and IEA Implied Propane Prices

ICF has estimated propane prices by using the historical relationship between the WTI Cushing oil price and the Mont Belvieu propane price. ICF halved the oil price and then converted the per barrel price into a per gallon price in order to forecast propane prices.

Natural Gas Price Elasticity of Demand

Figure 12



Source: ICF analysis of ICF and IEA data

[12] Oil price elasticity of demand measures the responsiveness of oil demand with the change in oil price. The elasticity is calculated by dividing the percentage change in oil demand by the percentage change in oil price. Natural gas price elasticity of demand is calculated with the same methodology as oil price elasticity of demand using IEA's natural gas price and demand forecast.

[13] Associated gas or associated dissolved gas refers to natural gas that is produced along with crude oil from oil wells.

Disclaimer

List of Acronyms

API - American Petroleum Institute
AXPC - American Exploration and Production Council
Bbl - Barrels of oil
CCAR - Climate Change Assessment Report
CDP - formerly Carbon Disclosure Project , now CDP
CO_2 - Carbon dioxide
CH4 - Methane
EHS - Environmental, Health, and Safety
EPA - Environmental Protection Agency
ERM - Enterprise Risk Management
ESG - Environment, Social, Governance
EWI - Energy Water Initiative
FEMA - Federal Emergency Management Agency
GHGs - Greenhouse gases
GMM - Gas Market Model (ICF)
ISS - Institutional Shareholder Services
LDAR - Leak detection and repair
LNG - Liquefied natural gas
IEA - International Energy Agency
IPCC - Intergovernmental Panel on Climate Change
IPIECA - formerly International Petroleum Industry Environmental Conservation Association, now IPIECA
MMBD or mmb/d - Million barrels per day
MBOE - Thousands of barrels of oil equivalent
MMBtu - Million British thermal units
MSCI - Morgan Stanley Capital International
N_2O - Nitrous oxide
NGL - Natural gas liquids
NIMS - National Incident Management System
TCFD - Task Force on Climate-related Financial Disclosure
VOCs - Volatile organic compounds
WEO - World Energy Outlook (IEA annual report)
WTI - West Texas Intermediate (benchmark oil price)

This report contains information, terms, and standards from third parties, such as ICF, the TCFD, and the IEA. The contents of this report are intended as guidance only and may not be comprehensive in scope or coverage, including as to such third parties. Devon does not intend to and is not endorsing or adopting phrases, specific terms, or recommendations from the third parties. Devon does not make any express or implied representations or warranties and shall not assume any liability whatsoever for providing guidance or using the third-party information, or for any errors, mistakes, or omissions in this report. This report considers a number of different scenarios. These scenarios are not intended to be predictions of what is likely to happen or what Devon believes is likely to happen. Instead, the scenarios are meant to examine the potential effects of several regulatory, economic, and societal conditions; they do not provide a comprehensive description of all possible future outcomes and there can be no assurance that the scenarios presented in this report are a reliable indicator of the actual impact of climate change on Devon's portfolio.

The concept of materiality used in this report is not intended to correspond to the concept of materiality associated with the disclosures required by the U.S. Securities and Exchange Commission (the "SEC"), even though we may use the words "material" or "materiality." Please refer to our 2022 Annual Report on Form 10-K and our other filings with the SEC for information about the SEC-material risks and uncertainties to our business and operations, and our industry in general. This report covers our owned and operated businesses and does not address the performance or operations of our suppliers, contractors, and partners unless otherwise noted. As used in this report, the term "Devon" and such terms as "the company," "their," "our," "its," "we", and "us" may refer to our ultimate parent company (Devon Energy Corporation), one or more of Devon's consolidated subsidiaries, or to all of them taken as a whole.

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

Forward-looking statements are often identified by use of the words "will," "may," "should," "could," "expects," "forecasts," "projections," "estimates," "plans," "expectations, "targets," "opportunities," "potential," "outlook" and other similar terminology; however, all statements other than statements of historical fact should be considered forward-looking statements. Such statements concerning future performance are subject to a variety of risks and uncertainties that could cause Devon's actual results to differ materially and adversely from the forward-looking statements contained herein. "Factors," that could cause these differences include, among others price volatility, inflation or lack of availability of goods and services, environmental risks, drilling risks, political changes, energy and fuel prices, the uncertainty inherent in estimating future oil and gas production or reserves, socio-demographic and economic trends, technological innovations, climate-related conditions and weather events, legislative and regulatory changes, our ability to gather and verify data regarding environmental impacts, our ability to successfully implement various initiatives throughout Devon under expected time frames, the compliance of various third parties with our policies and procedures and legal requirements, our dependency on certain third parties to perform, and other unforeseen events or conditions. Certain material risks and uncertainties are described in more detail in the "Risk Factors" section of our most recent Form 10-K and in our other filings with the SEC. The forward-looking statements provided in this report are based on management's examination of historical operating trends, the information which was used to prepare reserve reports and other data in Devon's possession or available from third parties. Devon cautions that its future oil, natural gas and NGL production, revenues and expenses are subject to all of the risks and uncertainties normally incident to the exploration for and development, production and sale of oil, natural gas and NGLs. Readers should not place undue reliance on Devon's forward-looking statements. Moreover, we note that the forecasts and scenarios included in this Report are subject to additional layers of uncertainty due to the extensive timelines involved and the levels of estimation and extrapolation necessary to produce data, and therefore are likely to change, potentially materially, in the future. Given the inherent uncertainty of the estimates, assumptions and timelines associated with the matters discussed in this Report, we may not be able to anticipate in advance whether or the degree to which we will or will not be able to meet our plans, targets or goals.

Moreover, while we have provided information on several climate and ESG-related topics, there are inherent uncertainties in providing such information, due to the complexity and novelty of many methodologies established for collecting, measuring, and analyzing climate and ESG-related data. While we anticipate continuing to monitor and report on certain climate and ESG-related information, we cannot guarantee that such data will be consistent year-to-year, as methodologies, data assurance processes, and stakeholder expectations continue to evolve. This information may be modified, updated, changed, deleted or supplemented from time to time without notice and we reserve the right to make any such modifications in our sole discretion. Unless otherwise provided, the information contained in this report is expressly not incorporated by reference into any filing of Devon made with the SEC, or any other filing, report, application, or statement made by Devon to any federal, state, tribal, or local governmental authority.