DIVERSIFIED energy

Decarbonising While Delivering

2022 Sustainability Report

About this Report

Reporting

Diversified Energy Company PLC ("Diversified", "DEC" or "the Company") is pleased to share our 2022 Sustainability Report (the "Report") that presents our ongoing commitment to and performance on material environmental, social and governance ("ESG") issues which are important to our company and our stakeholders. This Report complements our **2022 Annual Report** ("Annual Report") and further details our stewardship performance during the year.

The Report was developed by our team of employee experts, managers and experienced advisers, and was subsequently reviewed and approved by the Sustainability & Safety Committee of the Board of Directors ("Board" or "the Directors"). Absent an explicit indication otherwise, the scope of this Report encompasses all Company operations through the 12-month period ended 31 December 2022.

Materiality

We value feedback and input from all stakeholders when determining our material sustainability priorities and reporting practices. We proactively assess our methods of engagement across our broad stakeholder group to deepen these relationships and ensure proper understanding of their views. The key issues outlined in this Report reflect those issues that have the greatest potential to significantly affect our business performance and the communities we serve and support, and are informed by the periodic in-depth **Stakeholder Materiality Assessment** last completed in 2021, which has been reviewed and updated in part to help guide this Report's content.

Frameworks

Our Report was developed in reference to the following sustainability reporting standards and frameworks:

- Global Reporting Initiative ("GRI") Universal Standards and GRI Sector Standard for Oil and Gas
- Sustainability Accounting Standards Board ("SASB")
- United Nations' ("UN") Sustainable Development Goals ("SDG")
- Task Force on Climate-Related Financial Disclosures ("TCFD")

Our key findings in response to the recommendations of the TCFD are also summarised in our 2022 Annual Report and reflected in full in both the Appendix to this Report as well as a separate report entitled **Climate Risk and Resilience Report**, both of which are available on our **website**.

Independent third-party, ISOS Group, Inc. ("ISOS"), has provided assurance of our 2022 Scope 1 and 2 greenhouse gas emissions ("GHG"), as reflected in ISOS' assurance statement included in the **Appendix** of this Report.

We are pleased to share the tremendous progress our team has made on ESG and sustainability initiatives in 2022, and we appreciate your review of our Report. Questions and feedback are welcome and can be directed to **IR@dgoc.com**.

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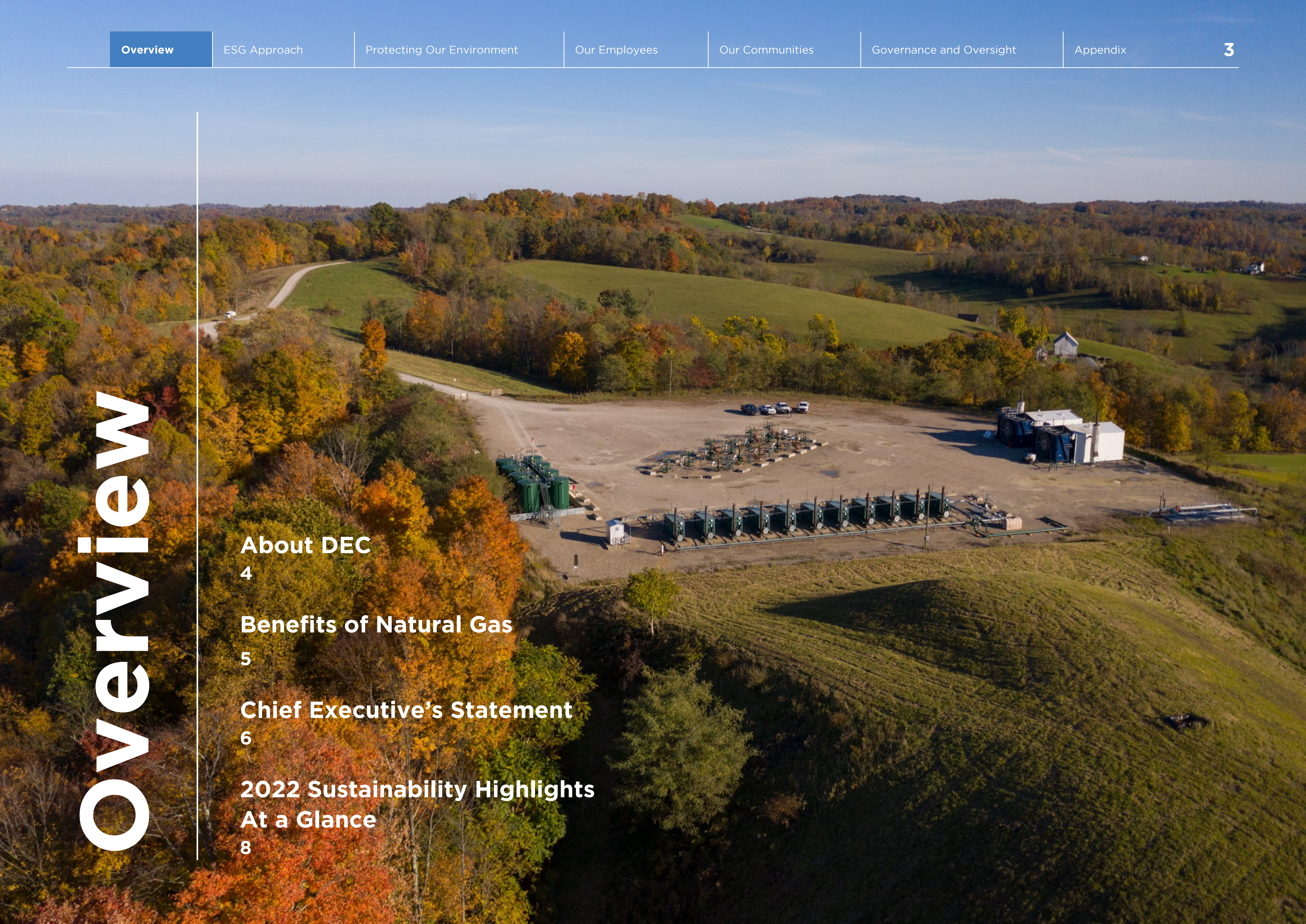


Overview

About DEC

Headquartered in Birmingham, Alabama and listed on the London Stock Exchange (LSE ticker: DEC), Diversified is a leading U.S. independent energy company engaged primarily in the production, marketing and transportation of natural gas. As the largest independent conventional producer in the Appalachian Basin and with an expanding asset base in its Central Region, our vertically integrated business also includes a newly acquired and expanded asset retirement company, Next LVL Energy, which now represents a significant portion of the current well retirement capacity in Appalachia.

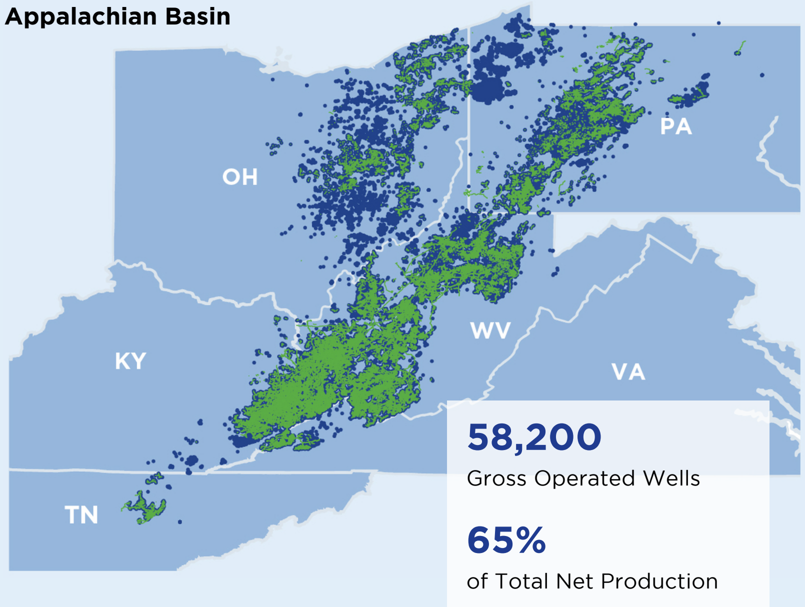
Our unique business model allows us to play a valuable role within our industry, supporting the vast energy needs of our communities and nation with abundant natural gas as the world transitions to a lower carbon economy. Our core stewardship model is focused on acquiring existing onshore wells and at times associated midstream assets rather than on actively engaging in expansive, capital-intensive new drilling and development. As such, we avoid large, energy-intensive development activities that may place further strain on the environment and negatively impact our climate goals.

Our stewardship emphasis includes a commitment to asset integrity and operational safety while also optimising production and increasing efficiencies. At the end of its useful life, we responsibly retire the asset, ensuring any potential environmental impact is appropriately addressed to the satisfaction of our landowner partners, local communities and the regulatory agencies to which we report. Our asset retirement business also provides revenue-generating services to fellow operators in Appalachia as well as to the states in this basin who are seeking to permanently retire their orphan wells.

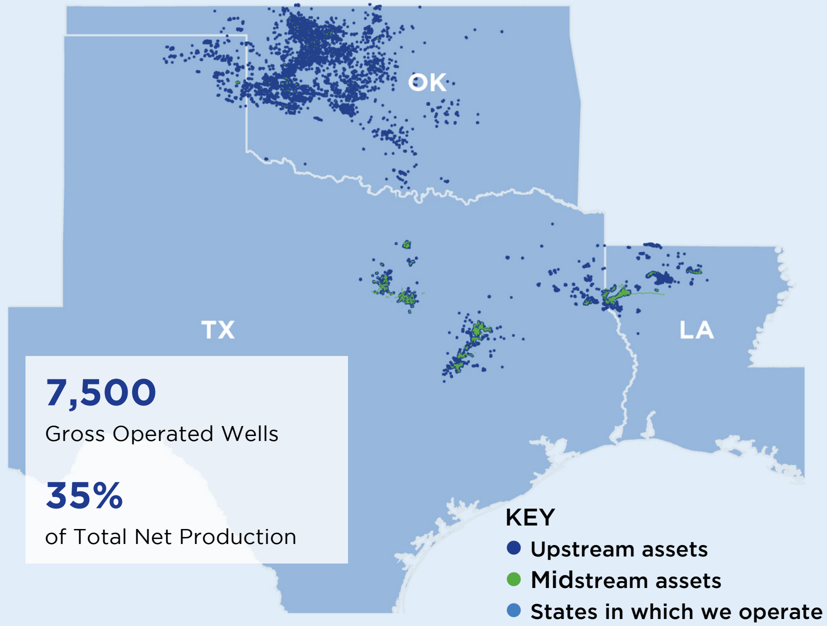
Through our commitment to responsible operations and retirement, our acquisition model positions Diversified as the buyer of choice for mature natural gas and oil assets. Our proven ability to acquire, optimise, operate and retire assets has positioned our company as a unique, profitable and highly responsible energy provider.

From our natural gas and oil assets in nine U.S. states, we produced over 811 million cubic feet equivalent per day ("MMcfepd"), net, in 2022, to meet the energy demands of our customers who include energy marketers, other producers, gathering and processing facilities, local communities and utilities, commercial and industrial end users, and direct retail customers.

Appalachian Basin



Central Region



For the Year Ended 31 December 2022

97%
Production Mix: Natural gas and NGLs

45%
Unconventional Production

830 MMBoe
Proved Reserves

$6.1 Billion
PV10 of Proved Reserves

$503 Million
Hedged Adjusted EBITDA

$143 Million
Dividends Paid

Benefits of Natural Gas

Diversified serves both domestic and global daily energy needs with reliable, efficient, abundant, clean and affordable natural gas. In 2021, six of the nine states in which we operate natural gas assets were the leading dry natural gas producers by volume for the U.S.[1] Natural gas is undoubtedly a critical resource in the foreseeable energy mix and will continue to play a vital role in our global and domestic energy supply as evidenced by policy developments under the European Taxonomy and the 2022 U.S. Inflation Reduction Act encouraging continued, responsible production of natural gas in support of sustainable investments and development. Simultaneously, given its focal position for supporting the world's energy demand, natural gas contributes to a range of UN SDGs by addressing both sides of the dual challenge: providing clean energy while supporting sustainable global development through access to affordable and reliable energy.

We remain keenly aware of the balance between climate, energy security and sustainability. We know that natural gas can and must play a key role in the global economic transition to a lower-carbon economy, so we remain committed to our role as a responsible steward of the natural resources we manage, working to lower our operational carbon footprint.

Combined with our unique model which operates existing assets across some of the country's most expansive natural gas reserves, Diversified enhances existing wells and infrastructure while contributing to our critical life-sustaining energy supply. We continue to lead the industry forward through innovation, accurate detection, measurement and mitigation of fugitive emissions, and collaboration and public policy engagement.

Note: For referenced (superscripted) sources within this Report, please refer to the Endnotes found on page 87 herein.

Natural gas is RELIABLE

Natural gas provides a resilient and flexible energy supply - increasingly critical characteristics as evolving risks such as changes in global energy supply and availability or extreme weather events continue to threaten energy security. Serving as a critical base load energy resource to prevent and overcome challenges associated with the scale and reliability of other sources of energy, natural gas provides an uninterrupted and reliable energy source helping to achieve SDG Goal 7: Affordable and Clean Energy. Reliable, affordable energy is an essential economic input and instrumental for a country to achieve SDG Goal 8: Decent Work and Economic Growth.

Natural gas is EFFICIENT

Natural gas has a greater than 90% efficiency rate from wellhead to end use, while coal-generated electricity delivers less than half of natural gas' efficiency.[2] Natural gas is also easily stored, whether underground or in liquid form, and is transported through a safe, reliable and proven pipeline infrastructure. The efficiency, storage and transportation features of natural gas have made it an important focal asset as the most reliable source of clean energy, advancing SDG Goal 9: Industry, Innovation and Infrastructure and Goal 13: Climate Action.

Natural gas is ABUNDANT

The U.S. Energy Information Administration ("EIA") estimates in its *Annual Energy Outlook 2022* that as of 1 January 2020, technically recoverable resources of dry natural gas in the U.S. totalled 2,926 trillion cubic feet, or enough to meet U.S. energy needs for approximately 89 years assuming annual U.S. natural gas consumption remains at 2020 levels.[3] Related to this supply, the extraction of domestic natural gas by responsible U.S.-based producers helps ensure safe operations that are conducted in compliance with the appropriate regulations and oversight. Abundant gas formations in our Appalachian and Central operating regions provide the surrounding communities access to secure, high-paying jobs as well as royalties and taxes for the local economies where we operate, assuring SDG Goal 8: Decent Work and Economic Growth is achieved.

Natural gas is CLEAN

Natural gas is the cleanest-burning hydrocarbon, producing approximately half the carbon dioxide ("CO_2") and releasing less air pollutants compared to coal when burned to generate an equivalent amount of electricity[4]. As natural gas consumption in the U.S. increased to record levels in 2022, coal's presence in the energy mix continued to decrease annually.[5] Meanwhile, on the international stage, coal remains a significant source of energy, yet it accounted for over 40% of the overall growth in global CO_2 emissions in 2021.[6] However, U.S. liquified natural gas has the ability to replace international reliance on coal, thus eliminating millions of metric tonnes ("MT") of CO_2 emissions per year. Natural gas also provides important energy used to power transportation as well as to generate electricity, supporting energy supply and reliability while also helping to reduce the U.S. electric power sector's CO_2 emissions over the past decade. Collectively, these attributes emphasise the key role natural gas has in achieving SDG Goal 7: Affordable and Clean Energy while serving the advancement of Goal 13: Climate Action.

Natural gas is AFFORDABLE

The abundant supply of domestic natural gas helps to not only reduce consumers' monthly utility bills but also their total monthly spending when considering the lower cost of consumer goods as a function of manufacturing and transportation sectors that rely upon this abundant natural resource. According to recent studies, 27% of U.S. households struggle to afford their energy bills and face energy insecurity, pushing them to forgo basic necessities, like medicine and food, or to keep homes at unhealthy temperatures.[7] The affordability of natural gas can contribute to a range of SDG goals that aim to support the well-being and economic mobility of communities across the country, including SDG Goal 7: Affordable and Clean Energy, SDG Goal 3: Good Health and Well-being, and Goal 8: Decent Work and Economic Growth while ultimately having a collective impact on Goal 1: No Poverty.

For more information on how Diversified's strategy, business model and actions impact other relevant SDGs, please refer to the **UN SDG Content Index** in the Appendix herein.

Chief Executive's Statement

In our inaugural Sustainability Report in 2019, I stated "We recognise the dual challenge facing the energy industry today – to meet the world's growing energy demands with affordable and reliable energy whilst addressing the need to reduce carbon emissions. At DGO [now DEC] we embrace our role in meeting this challenge." Since then, we have certainly embraced, and continue to meet, those challenges through ambitious environmental commitments, transparent reporting and demonstrable progress against our stated targets and goals through our thoughtful actions and investments.

Global events unfolded in 2022 as none could have predicted. Amidst post-pandemic rebounds and the global response to Russia's invasion of Ukraine, energy access and reliability came into sharp focus. The rush for U.S.-produced liquefied natural gas and subsequent rise in commodity prices occurred against the backdrop of the continually evolving energy transition, in which responsible operations and prudent environmental investments are desired and required. These shifting global regulatory, capital, stakeholder, and societal expectations underscore the value Diversified delivers in responsibly producing and supplying energy.

While some may see challenges in this environment, we see opportunity. Our differentiated business model is a stewardship model with ESG concepts deeply embedded since the Company's founding more than 20 years ago. And this stewardship model is why we are poised to play an increasingly critical role as the world aims to transition to a lower carbon future. The world needs energy stability which can only be realised through the use of natural gas, and this stability must be inclusive of a diverse range of lower carbon technologies, many of which are still under development or improvement.

This goal is our focus every day - taking actionable steps to prove time and again we can create sustainable value for stakeholders while also being highly responsible stewards of assets. I founded Diversified with a vision to focus on environmental performance, disciplined acquisitions and social responsibility, and strongly believe that our Company is needed now and more than ever.

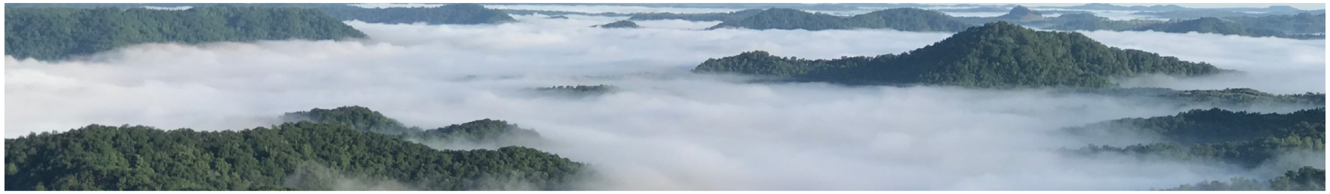
In 2022, we broadened our operational footprint in some of the most prolific natural gas and oil producing regions in the central U.S. All the while, our commitment to environmental excellence remains steadfast as we continue to reduce emissions and as demonstrated in our 20% reduction in methane intensity for the year ended 2022.

Further, we've continued integrating climate awareness into every aspect of our business strategy, taking proactive steps to increase transparency and deliver on important pledges. At our November 2021 Capital Markets Day, our executive team made a commitment, with the full support of our Board, to advance our progress toward carbon neutrality and to bolster our methane emissions detection capabilities. I am proud to say we are delivering on these commitments as we continue to expand our toolbox of innovative and leading edge technologies to aid in our emissions detection and reduction efforts.

Supported by an environmental capital funding commitment, we are taking steps daily to improve our environmental performance and advance on our pathway to net zero GHG emissions. Our climate initiatives and methane reduction capabilities, including state-of-the-art aerial emission detection equipment and our blended approach of aerial and on-the-ground analysis, enable us to identify and repair fugitive emissions quickly to ensure we are moving as much gas as safely as possible to market to meet demands.

To validate our environmental performance, 2022 also marked Diversified's **achievement** of the UN's Oil and Gas Methane Partnership ("OGMP") 2.0 Gold Standard designation for our aggressive and effective

"Our country needs a well-capitalised, responsible operator with both economies of scale and established best practices to ensure natural gas and oil is produced in the most sustainable, reliable and affordable manner."



methane reduction plans. I am so proud to see our company be recognised as an industry leader in these important efforts.

We have also doubled down on our own commitment to responsible asset retirement. Through the strategic acquisitions of three Appalachia companies during 2022, we grew our well retirement teams by 4x and significantly increased our capacity, contributing to increased economies of scale and driving improved efficiencies and cost control. Under the direction of our Next LVL Energy subsidiary, we are also seizing an evolving market opportunity to support this activity across the industry by deploying some of our additional capacity to serve fellow operators and state government-managed orphan well programmes.

While environmental discipline is at the core of our business strategy, so too is our commitment to socio-economic development and community engagement. To this end, we formalised our Community Giving and Engagement Programme in 2022 to support our commitment to contribute up to $2 million during the year to community outreach, engagement and volunteerism activities, while simultaneously expanding benefits and professional development opportunities for our own employees.

The collective sum of these meaningful and consistent efforts and investments, and our desire to transparently report these actions, drive our sustainability reporting.

I am proud to see our transparency being rewarded as only three years into our sustainability reporting journey, our 2021 Sustainability Report was awarded "Best Sustainability Report: Basic Materials" by ESG Investing. We are encouraged by this recognition but will not allow it to lead to complacency in our ESG or climate efforts, or transparency of the same, as we strive to achieve the goals we've set for our company.

None of this progress would have been possible without our incredible team members who are fully committed to safety and operational integrity and diligently work to meet the ambitious goals we've set.

You have heard me say before, "If not Diversified, then who?" Our acquisition-based strategy, breadth of experience, emphasis on responsible stewardship, and best-in-class employee base means that we are perfectly positioned to meet energy needs for decades to come.

Sincerely,

Rusty Hutson, Jr.
Chief Executive Officer

A UNIFIED, FOCUSED CULTURE

Though our upstream, midstream and asset retirement business units encompass distinct activities, we view our corporate and individual employee actions through the lens of a single, unified OneDEC approach that drives a culture of operational excellence fostered through the integration of people and the standardisation of processes and systems.

Our OneDEC approach is an effort centred around supporting and encouraging company-wide initiatives by ensuring alignment of our corporate and ESG goals with departmental action supported by financial investment and boots on the ground. Thus, we embed our strategic frameworks, values and stewardship business model in our OneDEC culture to align our organisation, our goals and our priorities around continued progress.

2022 Sustainability Highlights At a Glance

Environmental

- Delivered significant progress on 2022 emissions reduction plan:
  - Reduced methane intensity 20% vs. 2021
  - Surveyed 100% of operated Appalachia wells for fugitive emissions
  - Aerially surveyed ~11,000 miles (~60%) of midstream system
  - Converted pneumatics to compressed air at 57 facilities (~38% of 5-year stated target)
- Achieved Gold Standard Pathway in OGMP 2.0
- Significantly expanded asset retirement business
  - Completed three key acquisitions of established companies
  - Retired 200 Appalachia wells, 47% increase vs. 2021 and in advance of stated target date
- Advanced Marginal Abatement Cost Curve ("MACC") analysis for use in progressing climate strategy

Social

- Improved annual Total Recordable Incident Rate ("TRIR") more than 50% to 0.73
- Improved annual preventable Motor Vehicle Accident ("MVA") rate 4% to 0.69
- Expanded Human Resources programmes to include:
  - New maternity and adoption leave benefit programme
  - Corporate matching gift programme for employees' charitable contributions
  - Volunteer time off tracking system to record employee volunteer hours
- Distributed ~$2.5 million through multiple community outreach programmes
- Provided financial and physical support to community flood relief efforts in central Appalachia

Governance

- Conducted comprehensive Board self-evaluation
- Completed thorough Board committee charter evaluations
- Completed Board climate training to increase climate literacy and aid in assessing and managing climate-related risks and opportunities
- Increased weight of methane reduction targets in executive leadership's long-term incentive compensation
- Board's Non-Executive Director Employee Representative personally engaged >30% of employees across operating footprint
- Formulated succession planning procedures and plans around key roles in management
- Completed employee outreach and training regarding Compliance Hotline and Whistleblowing Policy

STATED TARGETS

Regular reporting against our stated targets is central to our ESG management and progress as well as accountability to our stakeholders. Our targets and goals cover key ESG priorities which are monitored by our leadership to drive internal decisions and influence our ESG efforts across the Company. A summary of our key ESG targets can be found below.

Environmental:

- Reduce Scope 1 methane intensity by 30% by 2026 and 50% by 2030 (2020 baseline)
- Achieve net zero Scope 1 and 2 GHG emissions by 2040 (2020 baseline)
- Achieve zero spills annually
- By 2023, retire at least 200 wells per year, or 2.5x 2021 state agreements

Safety:

- Maintain a zero harm working environment as measured by TRIR
- Record zero preventable motor vehicles accidents

Community:

- Invest up to $2 million in 2022 for stakeholder and community outreach and support programmes, including enrichment, education and workforce, and the environment

ESG Approach

A Letter from Our Vice President of ESG & Sustainability

I am pleased to provide you this annual update on Diversified's progress during 2022 across our environmental, social, and governance initiatives. Our more than 1,500 employees remain committed to driving and delivering meaningful progress through responsible stewardship, focused operations and community engagement.

With this context, we are excited to share the significant progress Diversified made during the year.

Driving significant climate, environmental and safety improvements

In our upstream segment, and nine months sooner than our original target date, our employees completed initial emissions detection surveys on 100% of our operated Appalachia wells, immediately repairing any fugitive emissions, where practicable, and thereby attaining a documented no-leak rate on approximately 90% of total initial asset surveys.

Meanwhile, our midstream segment supported aerial emissions survey efforts on ~60% of our ~17,700 mile midstream system, where our efforts also covered ~10,500 of our wells and compressor stations and further benefited our industry partners and offset operators in identifying potential leaks on their midstream systems. In both our upstream and midstream emissions detection and repair initiatives, we are working to repair the remaining prioritised leaks. We also made significant progress in 2022 against our stated five-year target to replace natural gas-driven pneumatic devices with compressed air systems, further driving significant environmental benefit.

At the same time, we continue to focus on our OneDEC safety culture through expanding awareness, reporting and training programmes, as evidenced by a more than 500% increase in Good Catch/Near Miss reporting during the year and a more than 50% improvement in our year-over-year TRIR to 0.73. Additionally, our annual MVA rate improved 4% to 0.69 even with new acquisitions contributing to increases of 18% and 35% in the number of employees operating company vehicles and total miles driven, respectively, during the period.

Identifying and supporting community needs

Diversified seeks to support and improve its surrounding communities through targeted social development, economic improvement and engagement efforts by empowering our large workforce living and working in these communities to make a difference where, when and how it matters most.

During 2022, we formalised our Community Giving and Engagement Programme to identify and support the physical and economic needs of the communities we serve across our growing 10-state footprint. In response to our 2022 stated goal to distribute $2 million in grant funding and community/stakeholder engagement, we enhanced our volunteer efforts and provided monetary funds of approximately $2.5 million to some 140 organisations. Through these investments, we have expanded access to youth fine arts development along with secondary and higher education programmes and initiatives, supported vital health and well-being initiatives for both adults and children, provided first responders with much needed funding and equipment to meet emergency needs in their communities, and joined the front lines of relief efforts in the wake of devastating floods. Separately, we also expanded both our student internship and scholarship programmes.

Remaining committed to transparency

In 2022, we were pleased to receive the OGMP 2.0 Gold Standard Pathway designation, validating our endeavours to accurately measure and report our emissions footprint, particularly methane, and to deliver a differentiated energy product. While the designation was a significant achievement and one of which we are very proud, we remain committed to continuously improving our measurement and reporting. As such, we have again engaged ISOS to provide a moderate Level 2 assurance of our reporting of Scope 1 and 2 GHG emissions.

We are pleased to share in this year's Report a first time look at a **State-by-State Economic Impact** analysis which reflects the direct and ancillary impact our operations have on the communities in which we operate, including but not limited to employment opportunities and related labour income and tax revenues paid to federal, state and local jurisdictions.

"As we seek to continually demonstrate our commitments through actions, we also remain committed to incorporating the needs of our stakeholders through transparently reporting our plans and performance with timely and decision-useful communications."

2022 was a year of great progress for our stewardship and ESG initiatives. I am proud of our teams for their support and for their commitment to deliver on our stated goals. We perpetually strive to differentiate our company and operations by focusing on continuous asset enhancement, environmental stewardship, and effective community action across our footprint. We look forward to driving additional improvement and to providing ongoing updates on our progress.

Sincerely,

Teresa B. Odom

Teresa B. Odom
Vice President-ESG & Sustainability

Commitment to ESG Leadership and Transparency

As a company, our efforts have focused on ensuring our ESG strategy delivers tangible actions to support the sustainability of our organisation and society as a whole while also strengthening the integrity and reliability of our asset portfolio. We have demonstrated our commitment through industry-leading emission detection and measurement efforts while securing the resources needed to deliver consistent improvements towards achieving our stated commitments for emission reductions and asset retirement.

We have built a track record of trust by delivering on our commitment to responsibly operate our wells until permanently retiring them at end of life. Our efforts to optimise production paired with the Company's aggressive emissions reduction programme have helped to bolster our reputation as a capable, responsible steward of a portfolio of long-lived, conventional and unconventional assets across our operating footprint. Our commitment to stewardship and transparency continue to garner recognition from stakeholders both inside and outside of the industry.

SUSTAINABILITY REPORTING AWARD

Our **2021 Sustainability Report** was selected as the "Best Sustainability Report: Basic Materials" by ESG Investing, a global media platform that publishes news and features on ESG and sustainable investing for fund managers, institutional investors, and listed companies. Our work was recognised for its breadth and depth in covering material ESG issues, for providing quantitative performance information on progress over the years and for including meaningful, tangible and transparent ESG targets. For many of these same attributes, our 2021 report was also a top finalist for best ESG reporting (based on market capitalisation) from two other organisations, ESG Awards 2022 and IR Magazine.

OIL & GAS METHANE PARTNERSHIP RECOGNITION

In October 2022, we are pleased to have been awarded the Gold Standard Pathway by the OGMP 2.0, the only comprehensive, measurement-based reporting framework created to accurately and transparently report methane emissions for the oil and gas industry. In line with our long-standing stewardship actions and transparent reporting of the same, this award is a recognition of our demonstrated commitment to set aggressive and achievable multi-year plans designed to accurately measure and significantly reduce methane emissions.

MSCI ESG RATING IMPROVEMENT

In 2022, Diversified received a rating of "A" (on a scale of AAA-CCC) in the MSCI ESG rating assessment.[8] This 2022 rating represents the fourth consecutive year that our ESG score from MSCI has improved and is based on the Company disclosing increasing qualitative and quantitative metrics as well as developing highly effective and best-in-class policies that support our commitments and drive our daily actions as responsible stewards of the natural resources we manage, the people we employ and the communities we support. Our efforts are being duly recognised and documented by other third-party rating agencies as we have seen consistent year-over-year improvements in our ESG ratings across multiple ratings platforms.

EXPANDING OPERATIONS, BUILDING TRUST

Through the strategic expansion of our internal asset retirement capacities, managed through our Next LVL Energy subsidiary, we retired 200 Appalachia wells in 2022, surpassing our goal by a full twelve months to retire at least 200 wells per year by 2023. Further, our efforts, capabilities and leadership in this area were recently recognised by the states of Ohio, West Virginia and Pennsylvania, which selected Diversified to participate in their respective federal abandoned and orphan well programmes.

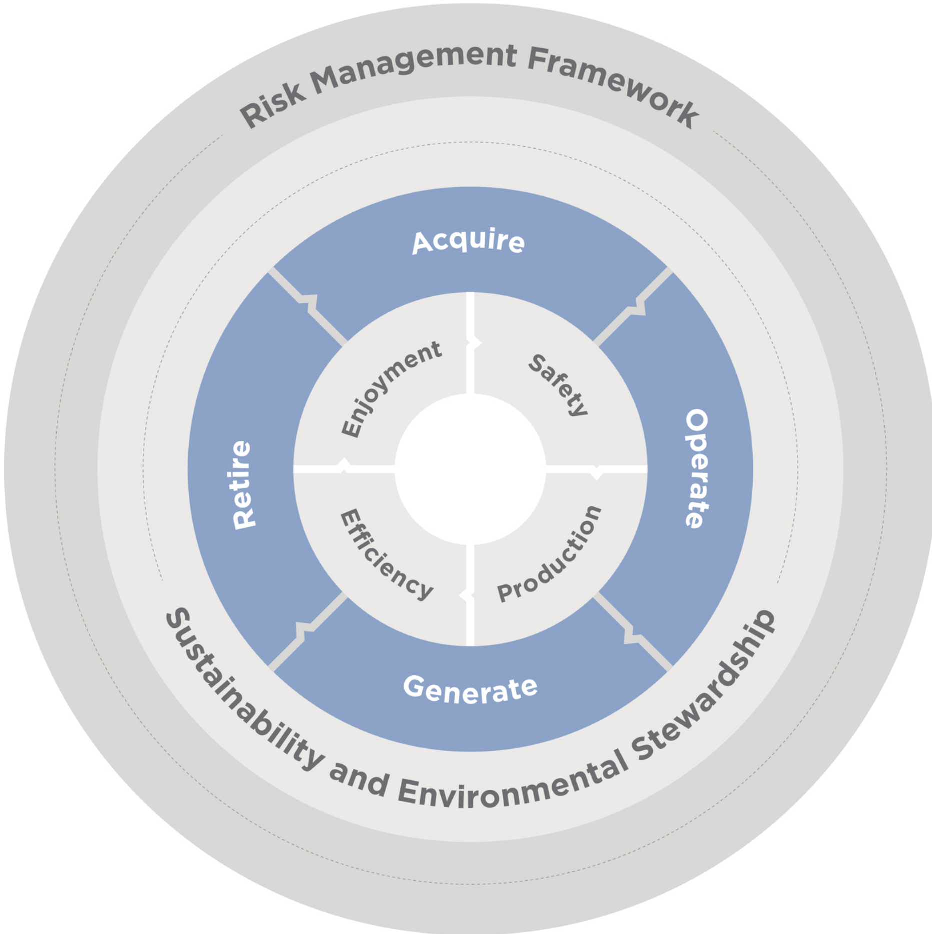
In Ohio, we were selected to co-manage a state-run $12.5 million contractor management orphan well programme, and we also have the opportunity to bid on orphan well activity in the state. In West Virginia, we were awarded a collective $12.6 million to retire 100 orphan wells across three different regions in the state. Additionally, we have been successful in securing an opportunity to retire a portion of Pennsylvania's orphan wells. We also collaborated with Pennsylvania state officials to showcase Diversified's innovative approach and associated equipment for emissions measurement and detection and conducted a 'meet and greet' with state officials and regulators in West Virginia highlighting the same.

Our Strategy Supports Sustainability

Our Sustainability Philosophy

Focused on the responsible acquisition, efficient operation and retirement of assets, our sustainability strategy is one that is rooted in prudent risk management, asset integrity, employee safety, environmental protection and emissions reduction. In doing so, Diversified fully embraces our role as responsible stewards of the natural resources we manage, the people we employ and the environment in which we operate. We strive to adhere to quality operating standards with a strong focus on the environment, the health and safety of our employees and our local communities.

> Transparency, continued action and investment, and steady progress have all contributed to Diversified's ability to embed ESG concepts into our approach to operations. **Our core strategy is built to address relevant environmental and social issues, and we believe our efforts to connect the meaningful and differentiated attributes associated with our natural gas will be increasingly recognised by the market as enhanced value is increasingly placed on highly profitable yet highly responsible operators of natural gas assets**. We look forward to sharing further detail on our progress and plans to move the industry forward through our pursuit of responsible production and transparent reporting in the following sections of this Report.



ACQUIRE

ESG Concepts are Embedded into Our Acquisition Philosophy

Our diligence in reviewing target acquisitions includes not only an understanding of the target's financial effect but also the potential environmental and social impacts associated with ownership and operation of the target assets. We seek acquisitions that will grow our business while contributing positively to our emissions profile and environmental goals. To aid in this understanding, we often retain from the seller personnel with knowledge central to successfully integrating these assets into our portfolio.

2022 ACTIVITIES

- Expanded Central Region presence with upstream and midstream acquisitions;
- Evaluated the carbon footprint of acquired assets through detailed screening tools;
- Welcomed 105 new team members through our 2022 acquisitions; and
- Expanded our acquisition pipeline with opportunities accretive to our business model and environmental goals.

OPERATE

Stewardship Drives Our Operations Focus

We leverage our Smarter Asset Management ("SAM") programme to optimise the efficiency and productivity of our assets. Simultaneously, our diligent approach to inspect and maintain our assets is central to detecting, measuring and repairing the sources of fugitive emissions in order to reduce our environmental footprint and to increase asset integrity alongside keeping employee safety at the forefront of our daily operations.

2022 ACTIVITIES

- Produced 811 MMcfepd (net);
- Returned 148 wells to production in lieu of retiring;
- Surveyed 100% of operated Appalachia wells as part of our dedicated emissions detection programme; and
- Removed 16 compressors, or 6,062 horsepower and 11,823 MT carbon dioxide equivalent ("CO_2e") reported emissions, from our operations.

GENERATE

Investing in Long-term ESG and Sustainability

We continue to establish low-cost solutions and effective strategies that increase our responsible operations and generate significant and reliable free cash flow. As such, we are able to reinvest in ESG and sustainability initiatives which increase the amount of clean, affordable natural gas routed to our customers and to create further value through our differentiated, responsible operating model.

2022 ACTIVITIES

- Funded $307 million in acquisitions, where we will steward reliable natural gas production, transportation and retirement;
- Funded numerous upstream and midstream workovers, repairs and enhancements to route more natural gas to our pipelines and end users;
- Funded $14 million in asset retirement capacities and capabilities; and
- Funded the acquisition of leading edge, innovative emissions reduction technologies.

RETIRE

Sustainable Asset Retirement, Supporting the Industry

Through the strategic growth of our asset retirement business, we have outperformed our retirement goals both as they relate to our annual state retirement obligations and to our ambitious internal goals to increase our retirement resources. With the expansion of our internal expertise and capacity to retire wells, we now possess the resources to support our ongoing annual obligations as well as the retirement goals of our fellow operators and the states' respective orphan well programmes.

2022 ACTIVITIES

- Created single, large capacity asset retirement business through strategic acquisitions;
- Increased dedicated retirement capabilities to 12 teams and capacity to 15 rigs;
- Retired 214 Diversified wells, inclusive of our Central Region operations (150% beyond 2022 Appalachia requirement), and other non-Diversified operated wells; and
- Updated our **asset retirement supplement** inclusive of acquisitions through 2022 with confirmation of our commitment and ability to meet long-term retirement obligations.

Issues that Matter Most: Priorities and Progress

Through robust stakeholder engagement and regular consideration of internal and external feedback, we proactively manage the material topics most important to our business. We conducted a multi-stakeholder materiality assessment in 2020-2021 that has largely informed our ESG strategy, reporting, and key objectives to date. This stakeholder group included debt and equity holders, industry partners, joint operating partners, suppliers and customers, and our employees and Board members.

Our Priority ESG Issues

We are pleased to report on our progress against these key issues below and throughout this Report. Since identifying these priority topics, objectives to improve and address these key areas have served as the foundation of our ESG efforts and strategy, informing where progress should be tracked and forward-looking targets set. The progress update below and throughout the detailed sections of this Report highlights Diversified's commitment and transparent approach to tackling the ESG issues most important to our business and stakeholders.

To ensure our most critical ESG issues remain squarely in focus, under the oversight of our Board's Sustainability & Safety Committee and Vice President of ESG & Sustainability, we plan to conduct a new materiality assessment in 2023 to understand more deeply how our material ESG topics may have changed since our prior assessment and use this information to refresh our strategy and actions.

Health and Safety	1	Accident management and prevention
	2	Employee safety
	3	Driver safety
	4	Process safety
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	6	Energy consumption optimisation
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	9	Protection of local environment
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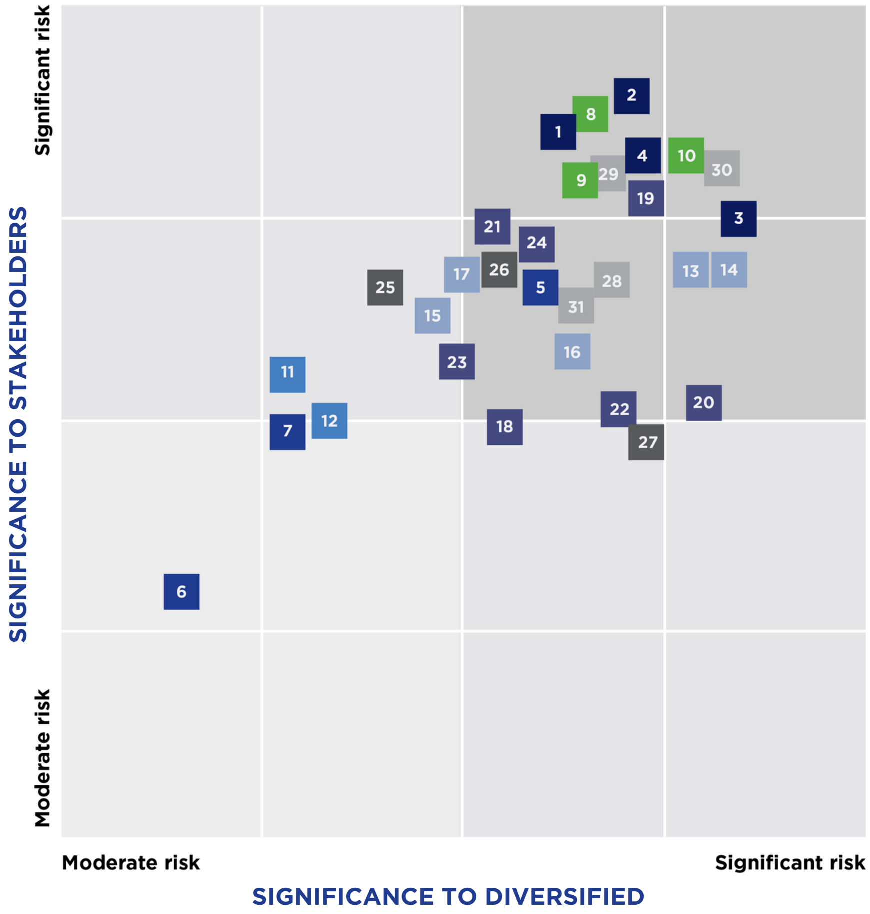
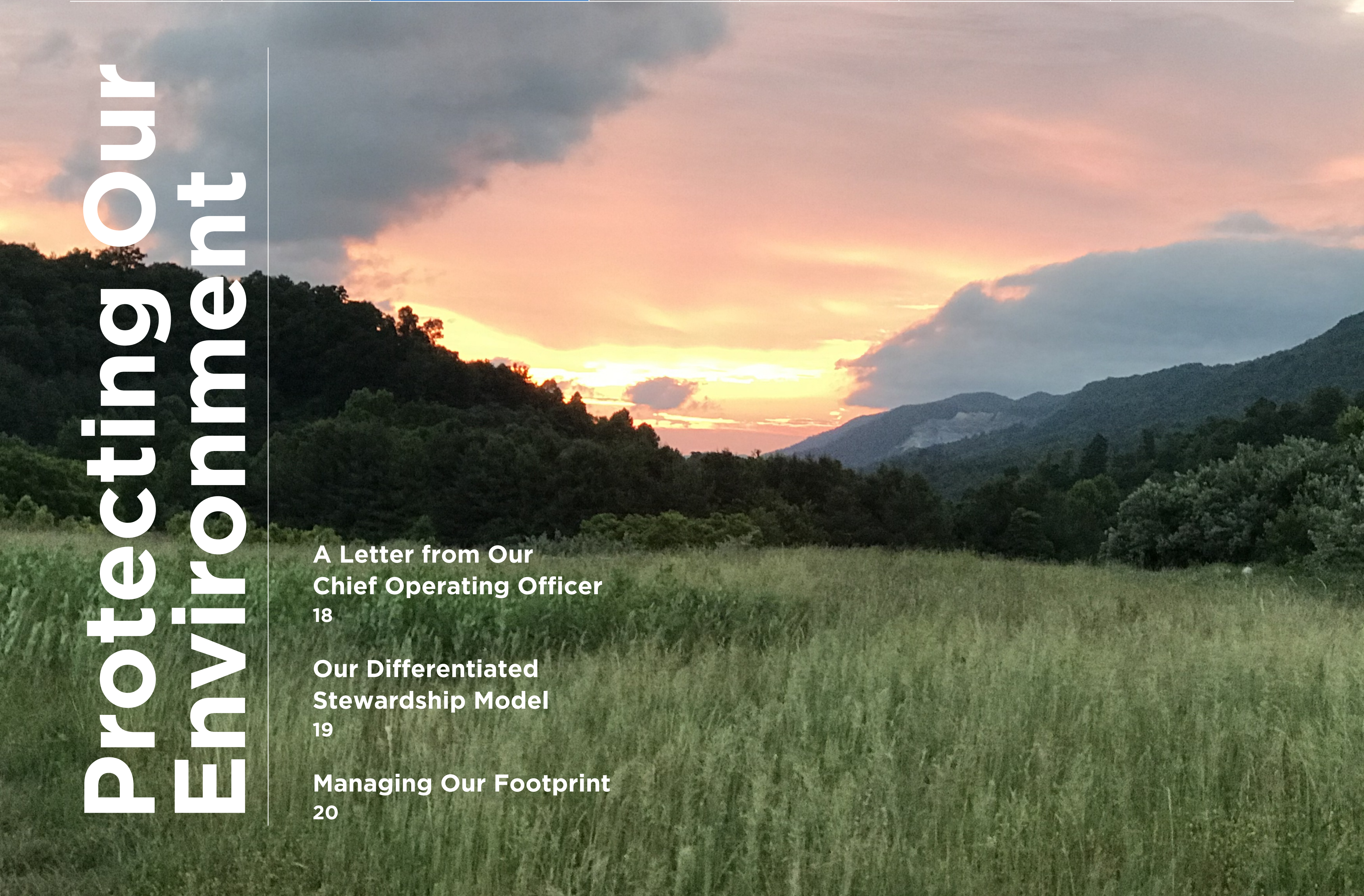
Resource Management	11	Water management
	12	Waste management
Socio-Economic Value Creation	13	Business model resilience
	14	Access to funding
	15	Tax payments to governments
	16	Local community engagement
	17	Landowner engagement
Our Employees	18	Effective grievance mechanisms
	19	Clearly stated expectations of ethical behaviour
	20	Whistle-blower programme
	21	Workplace culture
	22	Diversity and equal opportunity
	23	Employee training, education, performance reviews and development
	24	Promote human rights and healthy labour practices
Suppliers and Partners	25	Joint venture and working interest partner engagement
	26	Advocacy and industry leadership
	27	Procurement management
Risk and Compliance	28	ESG management
	29	Risk identification, assessments, communication and discipline
	30	Compliance with state and federal laws and regulations and associated fines
	31	Cybersecurity and data protection protocols



Cluster	Commitment /Areas of Focus	2022 Objectives	2022 Performance	2023 Objectives[a]
HEALTH AND SAFETY	We seek to create a zero-harm working environment for our employees and other stakeholders that encounter our operations. — Accident management and prevention — Employee safety — Driver safety — Process safety	— Increase safety training contact hours — Implement targeted safety programmes — Increase quantity of leading safety indicators — Achieve zero preventable incidences in both personal and driver safety	— Provided 34,657 hours of field and personal safety training to operations personnel (2021: 15,961 hours) — Initiated monthly touchpoints, targeted computer-based learning and tailgate meeting support materials — Proactively utilised frequent and numerous communication channels, including employee-led safety initiatives and podcasts, to address various safety topics — Increased Near Miss/Good Catch reporting >500% year-over-year — Achieved year-over-year TRIR of 0.73 (2021: 1.55, 3-year average ended 2022: 1.21) — Achieved year-over-year MVA of 0.69 (2021: 0.72, 3-year average ended 2022: 0.82) with 35% increase in total annual miles driven	— Seek further improvement in 3-year average TRIR and MVA — Implement safety culture baseline survey with 85% or better participation — Seek 10% improvement in 12-month average Good Catch/Near Miss reporting rate with active participation across all districts — Complete risk review of acquisition-expanded contractor base
CLIMATE CHANGE	We recognise the importance of addressing climate change and are committed to reducing the impact of our operations by factoring climate considerations into all business decisions, including acquisitions and divestitures and investments in our processes, equipment and capabilities. — Emissions control and reduction — Energy consumption — Statement on climate change and climate management	— Continue to implement our stated emission reduction goals and plans with targeted projects — Continue to develop MACC analysis tool to identify projects for advancement from pilot scale to full scale — Pursue responsibly sourced gas accreditation	— Reduced Scope 1 methane intensity 20% to 1.2 MT CO_2e/MMcfe year-over-year — Deployed ~9 million in earmarked capital toward emission reduction projects — Surveyed 100% of Appalachia wells, confirming no leak status on 90% of surveyed wells by close of inspection — Aerially surveyed ~11,000 miles and ~10,500 facilities in midstream leak and repair efforts — Replaced natural-gas driven pneumatics at 57 facilities, exceeding 2022 target — Advanced MACC analysis with emphasis on near- and mid-term projects — Conducted engineering feasibility studies on bio-fuels, waste heat recovery and fuel cells for future pilot scale projects — Attained OGMP 2.0 Gold Standard Pathway	— Target 8% decrease in Scope 1 methane intensity — Install air compression on 50 well pads by year end to replace natural gas-driven pneumatic devices — Conduct handheld emission survey on 100% of Central Region's ~7,500 wells by 31 December 2023 — Convert large West Virginia combustion engine compression facility to electric compressors to achieve operational status by year end — Continue OGMP 2.0 measurement efforts, working toward Gold Standard Compliance by July 2024 — Apply shadow carbon price in acquisition and other capital allocation decisions and present findings to the Board for informed decision-making — Conduct heat recovery pilot project
ENVIRONMENTAL MANAGEMENT **RESOURCE MANAGEMENT**	Strict environmental and resource stewardship is central to Diversified's operating practices and corporate objectives. — Incident management and emergency response — Protection of local environment — Safe and efficient asset retirement — Water management — Waste management	— Expand asset retirement capabilities in Pennsylvania, West Virginia and Ohio and further explore additional opportunities to benefit Diversified as well as states and fellow operators — Target annual asset retirement of at least 200 wells per year, or 2.5x current state agreements, by 2023 — Expand SAM initiatives in Central Region assets	— Expanded well retirement capabilities and capacity with three strategic acquisitions — Retired 214 Diversified wells, including 200 in Appalachia, exceeding annual states' requirements and in advance of 2023 goal date for achievement (2021: 136 wells retired) — Pursued partnerships with two large organisations to expand the Company's conservation and biodiversity efforts — Continued to develop our water management systems to better standardise and optimise logistics and reduce our impact on the water table and local roadways	— Build and maintain emissions intelligence through the Iconic Air platform — Create and empower Spill Prevention focus group to develop and effectuate plan to reduce spill incidences — Conduct lookback on year 1 of Bridger Photonics' ("Bridger") aerial surveillance programme, amend forward processes accordingly and execute year 2 of programme to continue surveys of Appalachia midstream assets

Cluster	Commitment /Areas of Focus	2022 Objectives	2022 Performance	2023 Objectives[a]
SOCIO-ECONOMIC VALUE CREATION OUR EMPLOYEES SUPPLIERS AND PARTNERS RISK AND COMPLIANCE	We are committed to contributing to the social and economic development of the states where we operate. We aim to create shared value and to develop strong partnerships and meaningful stakeholder engagement. — Business model resilience — Access to funding — Tax payments to governments — Local community engagement — Landowner engagement — Effective grievance mechanisms — Clearly stated expectations of ethical behaviour — Whistle-blower programme — Diversity and equal opportunity — Employee training education, performance reviews and development — Promote human rights and healthy labour practices — Joint venture and working interest partner engagement — Advocacy and industry leadership — Procurement management — ESG management — Risk identification, assessments, communication and discipline — Compliance with state and federal laws and regulation and associated fines — Cybersecurity and data protection protocols	— Invest up to $2 million for community outreach & support programmes — Complete Professional Development Programme (“PDP”) and assess future applications — Expand summer internship programme — Fund scholarships for university students — Develop framework for tracking employee community volunteer efforts	— Distributed ~$2.5 million in funds to our communities through newly formalised Community Giving and Engagement Programme, biodiversity initiatives and other outreach efforts — Extended landowner engagement efforts to Central Region through multiple channels to further position Diversified as an active partner in those communities — Completed PDP assessment with decision to renew the programme and to add a new, separate leadership development programme in 2023 — Welcomed 9 summer interns (2021: 5 interns) — Funded 27 scholarships for dependents of Diversified employees and other students attending 9 different universities within our footprint — Rolled out volunteer time off tracking system to record employee volunteer hours — Tied corporate financing opportunities to ESG strategy with sustainability-linked funding — Launched an education campaign to raise employee awareness of our **Whistleblowing Policy** and reporting mechanism — Advertised job opportunities in targeted areas to improve reach to diverse candidates — Expanded company social programmes to include new maternity leave benefit and corporate matching gifts for employees’ charitable contributions — Communicated intention to require vendors to provide ESG information through our contractor risk management service provider, Veriforce, in 2023 — Conducted Board-level education on climate change and governance trends and best-practices — Actively reviewed and maintained Enterprise Risk Management controls process, including four ESG issues monitored as Principal Strategic Risks — Utilised Integrated Operations Centres to improve data consistency, communications and validation	— Contribute $2 million to community and stakeholder giving and engagement through Community Giving and Engagement Programme, with at least 25% targeting programmes in diverse and/or socio-economically disadvantaged populations — Expand summer internship and scholarship programmes for university students — Launch new, diverse PDP and Leadership Development programme classes — Expand Training staff to oversee development of trackable computer-based training curriculum for all employees — Develop structured programme to track corporate-wide training hours — Expand company-wide online compliance training to include ethics and diversity topics — Seek 100% contractor participation in ESG survey via Veriforce contractor platform

[a] Refer to **2022 Annual Report** for more information on the Executive Directors’ short- and long-term incentive compensation plans for 2023.



Protecting Our Environment

A Letter from Our Chief Operating Officer

As the Chief Operating Officer of Diversified, it is my responsibility to oversee efforts that effectively transform our inseparable operational and environmental strategies into action and clear results. In 2022, we focused on further developing our "OneDEC" platform and approach, which aims to foster a culture of operational excellence through integration of people, process and systems. Additionally, with our OneDEC culture, we are committed to fully incorporating ESG and climate action into our operations such that these efforts are standardised, fully implemented and ultimately executed across all aspects of our organisation.

While led in practice by our Environmental, Health and Safety ("EHS") team, our environmental focus and performance is ultimately the responsibility of everyone at Diversified - from our front line team members to our Board of Directors. Therefore, we rely upon operating guidelines, training opportunities, frequent internal communications, town hall meetings with leadership, and Board oversight and strategy to drive our sustainability efforts around stewardship and toward our 2040 net zero goal for Scope 1 and 2 GHG emissions. I am pleased to report on the great progress our teams achieved in 2022 toward delivering on our stated commitments. Our 2022 progress was truly a team effort!

- Our well tenders, technicians and specialists conducted both ground-level and aerial emissions surveys using state-of-the art measurement and detection equipment such as our new HI-FLOW 2® meter and a suite of additional leading-edge detection technologies;
- Our senior leadership and environmental advisers collaborated to leverage GHG tracking and long-term MACC analysis platforms;
- Our EHS leadership and other due diligence personnel utilised environmental and climate screening of target assets to inform acquisition considerations;
- Our Information Technology ("IT") teams implemented new software applications and developed data tracking and analysis tools to drive efficiency and accuracy in emissions reporting and asset optimisation;
- Our Chief Financial Officer ("CFO") and finance team facilitated sustainability-linked financings and first of its kind asset-backed securitisations to support, in part, capital for our emissions reductions technologies and initiatives as well as expansion of our asset retirement capacities and activities; and
- Our Board of Directors provided strategic oversight and direction in support of all short-, mid- and long-term ESG and climate goals.

In late 2021, we made the strategic decision to grow our internal asset retirement operations and in 2022 we delivered on that strategy. In order to more effectively steward the assets we manage, we significantly expanded our own such capabilities in 2022. Thus, as retiring our own wells is an integral part of our business, our enlarged internal capabilities allow us to better control the environmental impact of a well from the moment it becomes part of our portfolio through the time we retire it. Our acquisitions of three well-respected Appalachian companies in 2022 led us to build one of the largest well retirement operations in the Appalachian region, making us a leader in safely retiring wells while seizing an evolving market opportunity to support these activities across the industry by deploying additional capacity for similar peer and state programmes. This initiative is a critical component of our unique and differentiated stewardship model and SAM operational programme.

As we continue to invest in technologies and procedures to enhance the sustainability of our operations, we acknowledge and welcome the opportunity to be the last operator of the assets we manage and will continue to work tirelessly to ensure responsible operations remain paramount to meeting our environmental commitments.

"While led in practice by our Environmental, Health and Safety team, our environmental focus and performance is ultimately the responsibility of everyone at Diversified - from our front line team members to our Board of Directors."

While the actions we have taken to date leave us well-positioned to responsibly and profitability manage our assets, we remain committed to demonstrating our integrated and aligned approach to environmental stewardship.

Sincerely,

Bradley G. Gray
Executive Vice President & Chief Operating Officer

Our Differentiated Stewardship Model

Our stewardship business model is unique among the oil and gas industry and well-positions Diversified to play a key role in the ever-evolving energy industry. Our SAM programme, full service well retirement capabilities and operations, reliance on existing assets and EHS diligence during target asset screening all contribute to a differentiated business model which naturally aligns with our stewardship goals and targets.

Smarter Asset Management

The objectives of our SAM programme are to increase efficiencies to deliver improvements in production and margins, reduce fugitive GHG emissions, and ultimately responsibly retire end of life production assets. We achieve these objectives in part by conducting ~131,000 well site and compression facility visits each month to closely monitor our assets, inspect equipment and scan for fugitive emissions. The findings from our inspections and measurements provide detailed information and inform our actions to address the needs of each instance accordingly, with the express goal to optimise performance across both our upstream and midstream footprint. By focusing on optimising production volumes and driving efficiency in costs while simultaneously reducing fugitive emissions to improve our environmental performance, we create value for all of our stakeholders.

We view our SAM programme as more than just good business - it represents wise stewardship of existing assets and aligns with our environmental and social impact goals. The smallest daily improvement to a single upstream well or portion of a midstream pipeline translates to significant cumulative gains over time for our company, our stakeholders and the environment. We provide regular progress updates on our SAM emissions detection programme, and information on these efforts as well as our broader Smarter Asset Management programme can be found on our **website**.

Safe and Systematic Asset Retirement

As our operations expand through acquisitions, our ability to increasingly and responsibly retire assets is imperative. To ensure our assets are retired safely and permanently, we have taken intentional and significant steps to secure resources and develop the internal capabilities necessary to effectively and competently complete this work. Fulfilling our retirement obligations and ensuring activities are completed both efficiently and with great care to maximise reduction of our impact is of central focus to our growing team.

Historically, we have met our asset retirement requirements with the support of third-party contractors. However, in 2022, we opportunistically expanded our own internal teams largely through the strategic acquisition of three Appalachian service providers which expanded our total rig count to 15 and associated teams to 12, all of which are managed under our consolidated and wholly-owned subsidiary, Next LVL Energy. With investments made in equipment and capabilities to retire assets responsibly, our expanded teams, along with our continued relationships with third-party contractors, have helped us to surpass our well retirement commitments and to generate revenue by extending these services to the Appalachian states and other third parties.

Leveraging Existing Assets

Our strategy to acquire and optimise mid-life assets coupled with our focus on EHS management systems results in avoidance of environmental issues often faced by other industry participants engaged predominantly in the drilling and hydraulic stimulation of new wells. Our work is unique in that we do not actively participate in large-scale development programmes, and thus we avoid, or in those few instances minimise, any disruption to local habitats and biodiversity normally resulting from new pad development. With our acquired assets, we continually seek opportunities to reduce our environmental footprint. For example, in addition to our SAM efforts to eliminate redundant compressor facilities, we regularly downsize our Pennsylvania production pads to return to a natural state any excess pad space previously needed for initial development but no longer utilised for ongoing operations.

Further, for the minimal number of contract-drilled wells we may complete during a year, we do not typically use a significant amount of fresh water for hydraulic stimulation or generate significant waste beyond naturally-occurring produced water from the wells which we aim to reduce or recycle rather than dispose. Further, we do not flare natural gas because we seek to sell 100% of our production, and our strong midstream partnerships in combination with our owned midstream assets allow us to route production efficiently to nearby sales or end use markets. Therefore, we are currently in alignment with The World Bank's goal of zero routine flaring by 2030.

M&A Screening

With a business model for growth predicated on acquisitions, an essential component of our net zero strategy is our focus on identifying the emission profile of prospective assets. Assessing target assets provides us with important decision-making information to understand the potential impact on Diversified's portfolio-level emissions profile. In addition to the incorporation of ESG concepts into our due diligence and investment process, our determination of methane intensity, MACC tool and consideration of carbon abatement costs collectively allow us to effectively screen potential assets to minimise risk and ensure Diversified's emissions profile continues to trend in a direction aligned with our stated goals. In doing this, climate becomes a business metric in our decision-making.

Managing Our Footprint

Our approach to managing our environmental footprint leverages our strong environmental, health and safety capabilities to produce positive results across our asset base. We pair our greatest asset, our employees, with leading edge technologies funded through dedicated capital investments to drive our processes and actions toward best practice environmental stewardship. Our focus is on responsibly producing and operating our portfolio of assets while also reducing risks and emissions and meeting or exceeding regulatory compliance. To that end, we are committed to:

- **Achieving net zero GHG emissions;**
- **Eliminating fugitive natural gas releases;**
- **Decreasing fresh water consumption;**
- **Reducing waste;**
- **Preventing spills;**
- **Increasing energy efficiency; and**
- **Protecting biodiversity.**

2022 PROGRESS AND ACHIEVEMENTS

In 2022 and by design, we focused predominantly on methane emissions reductions, and our strategy has been very successful in obtaining the reductions we expected. We are pleased, therefore, to report that we made significant progress in both actual performance against our emission reduction targets and forward planning for future reduction initiatives. For example, to identify and aid in the repair of fugitive emissions across our footprint, we acquired handheld detection equipment for each of our nearly 600 Appalachian upstream field employees to integrate voluntary emission detection and measurement into daily operational activities, and we began a multi-year aerial Light Detection and Ranging ("LiDAR") surveillance programme of our Appalachia midstream and production assets. For both of these emissions detection and repair programmes, we developed corporate use, open access dashboards to identify, direct and track our teams' response plans for repairs and emission reductions in the short-term which will have lasting impact in the long-term.

Emissions

COMPANY-WIDE EMISSIONS GOALS

As a U.S.-based energy company, we recognise the essential role we play given the need for global climate action, and we are committed to prudent operational practices alongside other businesses, governments and international regulatory bodies. Therefore, we are working hard to achieve our corporate commitments to positive U.S. climate action as well as to help drive forward a responsible, well-considered energy supply for the future generations. Our perspectives on climate action are clearly outlined in our **Climate Change Policy**, which includes a list of 11 action-principles designed to achieve, among other things, three primary targets and goals:

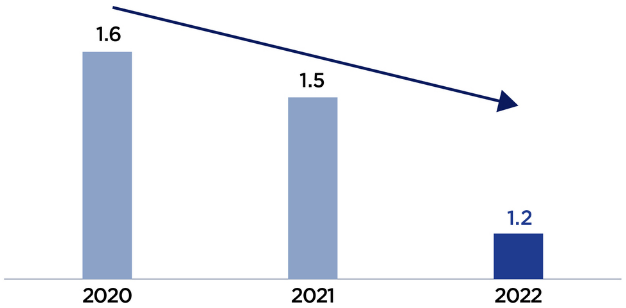
1. Reduce Scope 1 methane emissions intensity by 30% by 2026 (2020 baseline);
2. Reduce Scope 1 methane emissions intensity by 50% by 2030 (2020 baseline); and
3. Achieve Scope 1 and 2 net zero GHG emissions by 2040.

Our emission reduction targets and goal require a holistic, multi-year, rigorous plan to deliver results. As such, Diversified continues to dedicate time and attention and invest in financial resources and technologies on its pathway to net zero. To meaningfully reduce our emissions, we have made it a priority area of focus in each project we consider and undertake. This consideration extends to future potential acquisitions by determining if the emissions profile and geographic location of the target assets is compatible with or beneficial to our portfolio and our climate goals for emissions reduction. Core components of our multi-year emissions reductions progress and plans are outlined below.

Methane Emissions

Our methane emissions are largely a function of fugitive emissions and natural gas-driven pneumatics, and we indicated during our November 2021 Capital Markets Day that we intended to focus our near-term emissions reduction efforts primarily on methane from fugitive emissions and pneumatics. Our commitment in 2022 to identify and repair fugitive emissions through aggressive leak detection and repair ("LDAR") efforts combined with replacing natural gas-driven pneumatic devices with compressed air yielded significant results, as reflected in our year-over-year 13% reduction in absolute Scope 1 methane emissions to 686 thousand MT CO_2e as compared to 790 thousand MT CO_2e in 2021. Importantly, our Scope 1 methane intensity improved ~20% year-over-year to 1.2 MT CO_2e per MMcfe.

SCOPE 1 METHANE INTENSITY
(MT CO_2e per MMcfe)



Cumulatively, for 2021 and 2022, we have now reduced our Scope 1 methane intensity by ~25% as compared to our 2020 baseline. In just two years' time, our total progress on this methane intensity effort represents more than 80% of our stated 2026 target of a 30% methane intensity reduction to our 2020 baseline. The voluntary practices we initiated in 2022 have become standard components of our emission reduction strategy and SAM approach, and an integral part of our field operating practices. These "mainstay practices", utilised across our existing footprint and with any new acquisitions as applicable, collectively include aggressive leak detection and repair, elimination of natural-gas powered devices (i.e. controllers, regulators, and pumps), measuring and optimising fuel usage, and increased use of actual measurements where applicable vs. theoretical measurements.

In Appalachia, our reported Scope 1 methane intensity improved more than 30% to 1.0 MT CO_2e per MMcfe as compared to the 1.5 MT CO_2e per MMcfe reported in 2021. The largest contributor to this reduction was the benefit we realised from our team's significant efforts during the year to conduct fugitive emissions surveys on 100% of Appalachia's operated wells and to make repairs when needed and as expeditiously as possible. This action alone contributed to a more than 35% reduction in year-over-year reported fugitive emissions from gas service for the Appalachia Basin.

In the Central Region, our Scope 1 methane intensity remained unchanged in 2022 at 1.5 MT CO_2e per MMcfe. Our absolute methane emissions in this region increased slightly in 2022 primarily as a result of acquisitions which led to an increased inventory count. Largely offsetting this increase was a reduction in reported methane emissions driven by our use of actual measurement-based emissions accounting for Central assets acquired in late 2021, which previously used emissions factors. Certain assets acquired in 2022 were also converted to measurement-based emissions accounting during the year. Additionally, we realised a partially offsetting reduction driven by the conversion of natural gas pneumatics to compressed air on 40 existing well pads in the Central Region during the year.

IMPACT OF METHANE REDUCTIONS

~28

wind turbines running for one year (avoided GHG emissions)

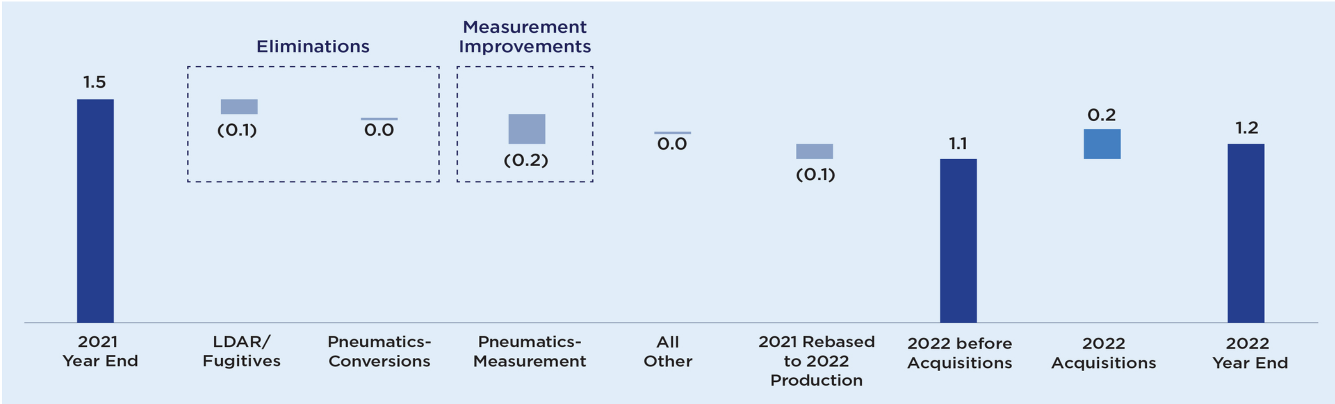
>123 thousand acres

of U.S. forests in a year (carbon sequestered)

12.6 billion

smartphones charged (CO_2e emissions)

SCOPE 1 METHANE INTENSITY
(MT CO_2e per MMcfe)



Note: Totals may not sum due to rounding. Refer to the Performance Data Table in the Appendix herein for more details on emissions.

Carbon Emissions

Our CO_2 emissions are largely a function of our compressor inventory and vehicle fuel use. Our total absolute Scope 1 and Scope 2 CO_2 emissions increased from 844 thousand MT to 1,189 thousand MT in 2022. With Appalachia's CO_2 footprint remaining largely unchanged year-over-year, this increase in CO_2 emissions was driven by two primary factors related to Central Region activities: (1) the installation of additional gas lift compression to bring previously non-producing (idle) wells in Oklahoma and Texas back on line as part of our SAM operating efforts within our 2021 acquisitions and (2) the purchase of additional compression and gathering equipment associated with east Texas and north Louisiana midstream acquisitions during 2022. These increases in compression more than offset the benefit we received from eliminating 16 compressors and 6,062 horsepower company-wide during the year.

Total GHG Emissions

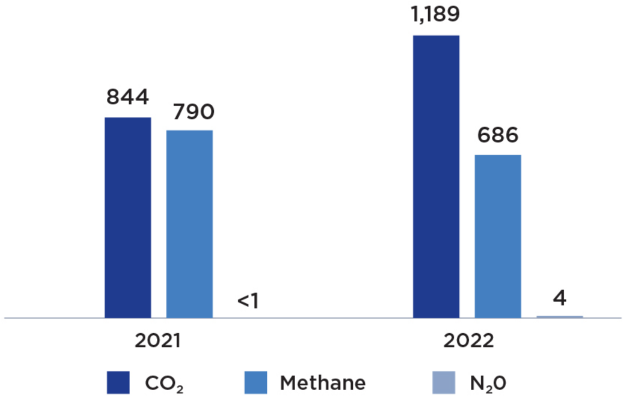
Total absolute Scope 1 and Scope 2 GHG emissions increased from 1,634 thousand MT CO_2e in 2021 to 1,879 thousand MT CO_2e in 2022, while overall CO_2e intensity increased from 3.1 MT CO_2e per MMcfe in 2021 to 3.4 MT CO_2e per MMcfe in 2022. The primary driver of this increase was acquisitions during the year in our Central Region where some of our SAM reduction programmes have not yet been fully recognised and as a result cannot yet be taken into account.

For example, in 2022, we eliminated pneumatic devices on 55 well pads, including on 40 such pads in the Central Region. Since we installed alternative compressed air devices at various times throughout the year, we are only able to report a portion of the associated reductions (~9,000 MT CO_2e) in 2022 given this conversion timing. In 2023, we will benefit from a full year of accounting for these reductions which we currently estimate at 40,000 MT CO_2e. Likewise, we plan to eliminate natural gas pneumatics at 50 additional well pads in 2023, but we will again only report a portion of those associated reductions in our 2023 year-end reports because the installations will not all occur on 1 January 2023. Going forward, as we continue to make more acquisitions and carry forward this project, we expect this timing occurrence to continue to impact reported emissions.

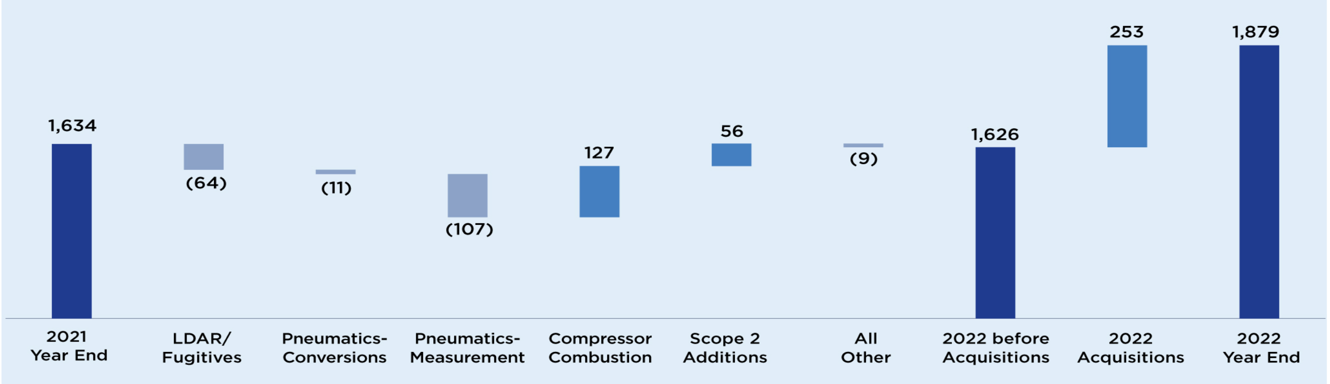
As we have seen with prior acquisitions, in the full year periods following our ownership we expect these temporary increases in total absolute emissions will be reduced by the application of our ongoing mainstay projects and SAM actions. Therefore, as these reduction activities mature and are fully implemented across the acquisitions, we expect to report the associated emission reductions and see the benefit in our CO_2e intensity metrics.

As expected, our Scope 2 emissions increased year-over-year primarily because of increased electricity in all regions. We expect this trend to continue as we electrify more operations currently driven by the combustion of natural gas. Scope 2 emissions also increased as a function of our purchased natural gas for our expanding Central Region footprint and as a result of a regulatory update to the emissions factors used in this calculation. At the same time, our percentage of annual renewable energy usage increased from 7% in 2021 to 13% in 2022. In 2023, we are performing assessments to increase energy efficiency across the organisation.

SCOPE 1 AND 2 GHG EMISSIONS
(thousand MT CO_2e)



SCOPE 1 AND 2 GHG EMISSIONS
(thousand MT CO_2e)



Note: Totals may not sum due to rounding. Refer to the Performance Data Table in the Appendix herein for more details on emissions.

The Impact of Acquisitions

As previously noted, we recognise that our absolute GHG emissions will increase with each acquisition, though our operating plans for these assets include direct actions aimed at reducing both absolute emissions and emissions intensities. We can demonstrate the result of our actions by considering our emissions profile without the inclusion of our 2022 acquisitions, and thus reflect the outcomes our emissions reduction efforts on existing assets as owned at 31 December 2021.

On a year-over-year basis, when excluding the 2022 Central Region acquisitions, our absolute Scope 1 emissions would have declined approximately 4% to 1,567 thousand MT CO_2e as compared to 1,631 thousand MT CO_2e in 2021. For the same reasons noted above, this reduction was driven primarily by a 25% reduction in absolute methane emissions (596 thousand MT CO_2e in 2022 vs. 790 thousand MT CO_2e in 2021) largely offset by a 15% increase in CO_2 emissions (968 thousand MT CO_2 vs. 841 thousand MT CO_2, respectively). On a rounded basis, our Scope 1 methane intensity metric would still have improved to 1.2 MT CO_2e per MMcfe, though nearly one unrounded point closer to our 2026 objective of 1.1 MT CO_2e per MMcfe.

When considering total emissions without the impact of 2022 acquisitions, the baseline increase in our Scope 2 emissions largely offset our improved Scope 1 emissions. Our Scope 1 and 2 absolute GHG emissions, therefore, would have declined slightly to 1,626 thousand MT CO_2e vs. 1,634 thousand MT CO_2e in 2021. Given the decline in our gross production for 2022 (the denominator for our intensity calculations), we would have recorded a slightly increased total Scope 1 and 2 GHG emissions intensity of 3.2 MT CO_2e per MMcfe in 2022 as compared to 3.1 MT CO_2e per MMcfe in 2021, though an improved metric as compared to our GHG intensity of 3.4 MT CO_2e per MMcfe when including the 2022 acquisitions.

Scope 3 Emissions

We understand that most companies' value chains produce significantly more emissions than their own direct emissions, particularly in the natural gas and oil industry when considering the breadth of affiliated upstream and downstream activities using these commodities. More specifically, we recognise that Scope 3 emissions are often seen as a proxy for understanding and managing a company's climate-related risks. However, consensus on the best way to measure and report Scope 3 emissions is still evolving among investors, companies, and regulators.

Reliably measuring Scope 3 is complex, especially when considering the number of commercial and individual users of our production both within our footprint or beyond for whom we have no control or full knowledge of their final end use application. Further, we are cognisant of significant pending U.S. regulation on climate disclosures, including Scope 3. Therefore, while we have begun to evaluate our value chain emissions, we believe it is prudent in the near-term to continue internally evaluating the measurement and reporting of Scope 3 metrics while also focusing our current efforts on emissions reductions where we have the most direct control – Scope 1 and 2 emissions.

Summary of GHG Emissions

As with prior years, and as required by U.S. Environmental Protection Agency ("EPA") emissions reporting regulations, as operator of record on 31 December 2022, we report emissions from our acquisitions for the entire calendar year, without regard to the date of purchase or takeover of operational control for the respective transactions. Likewise, and for emissions intensity calculations, we use gross production from the acquisition assets for the full calendar year for consistency in periods represented.

Our efforts to identify, measure and manage our environmental performance are largely driven by our:

- Extensive investments in 2022 emissions reduction initiatives;
- Accurate detection and measurement capabilities;
- Committed employees and programmes utilising state-of-the art technologies;
- Regulatory partnerships and industry collaboration;
- Information systems to drive planning and progress; and
- Full service, responsible well retirement capabilities for Diversified and third parties.

GHG Emissions[a]	**Unit**	**2022**	**2021**	**2020**[b]
Scope 1 Emissions	**thousand MT CO_2e**	**1,820**	**1,631**	**958**
Carbon Dioxide	thousand MT CO_2e	1,130	841	538
Methane[c]	thousand MT CO_2e	686	790	420
Nitrous Oxide	thousand MT CO_2e	4	1	1
% Methane[c]	%	38	48	44
Scope 1 Methane Intensity	**MT CO_2e/MMcfe**	**1.2**	**1.5**	**1.6**
Scope 1 Methane Intensity - NGSI[d]	**%**	**0.21**	**0.28**	**0.29**
Scope 1 Emissions Attributable to:[e]				
Flared Hydrocarbons	thousand MT CO_2e	0	0	0
Other Combustion	thousand MT CO_2e	1,173	870	537
Process Emissions	thousand MT CO_2e	67	65	83
Other Vented Emissions	thousand MT CO_2e	182	295	54
Fugitive Emissions	thousand MT CO_2e	399	402	283
Scope 2 Emissions[c]	**thousand MT CO_2e**	**59**	**3**	**1**
Total Scope 1 and Scope 2[c]	**thousand MT CO_2e**	**1,879**	**1,634**	**959**
Scope 1 and Scope 2 GHG Intensity	**MT CO_2e/MMcfe**	**3.4**	**3.1**	**3.8**

Note: Totals may not sum due to rounding.

[a] Emissions are reported under a modified Intergovernmental Panel on Climate Change ("IPCC") report format for EU investors.

[b] As reported at year end 2021, emissions data for 2020 has been revised to incorporate the impacts of 2021 Project Fresh initiatives and to improve year-over-year comparability going forward. Please refer to the Company's 2021 year-end reports for commentary related to Project Fresh.

[c] Based on a 100-year global warming potential (GWP) of 28 for methane, in line with IPCC's Fifth Assessment Report (AR5).

[d] Using the Natural Gas Sustainability Initiative ("NGSI") protocol, calculates methane intensity using methane emissions from Production assets only (therefore, excluding Gathering & Boosting facilities).

[e] Reflects SASB categories for reporting Scope 1 GHG emissions (EM-EP-110a.2) in line with the Oil & Gas – Exploration & Production Sustainability Accounting Standard (October 2018).

Disclaimer: GHG emissions were calculated per IPCC reporting guidance, which permits best engineering estimates for certain emissions categories, and which may vary from the prescriptive measures applied under U.S. EPA reporting standards. The source data used in these calculations were accurate and complete, to the best of our knowledge, at the time they were gathered and compiled. If new data or corrections to existing data are discovered, the Company may update emissions calculations as permitted and in accordance with industry standards and expectations. Such updates will be included in future reporting and posted to our website where such post may take place without notice.

EXTENSIVE INVESTMENTS IN 2022 EMISSION REDUCTION INITIATIVES

Inventorying and monitoring current assets on a consistent basis through Project Fresh[9], which occurred in 2021 and included, in part, updating a complete inventory and accurate count of our pneumatic devices, has improved our emissions monitoring, informed our emission reduction efforts, and allowed us to replace outdated and inaccurate theoretical emissions factors with actual measurements for improved GHG emissions reporting.

With our baseline firmly established, we committed to investing $15 million toward emission reduction projects in 2022. Year-end actual investments totalled $9 million, less than our commitment due primarily to (i) cost efficiencies recognised in our pneumatics conversions allowing us to convert more devices during the year than originally planned for less money than projected and (ii) compressor conversion project deferrals to 2023 driven largely by third-party vendor delays. Capital spending for the compressor conversion project will shift therefore into 2023.

Initiative	Committed (millions)	2022 Actual (millions)	Progress as of 31 December 2022
Air Compression for Pneumatic Devices	**$3.0**	**$0.9**	57 facilities converted, exceeding original plan to convert 30 facilities, though at less actual cost than originally expected
Aerial LiDAR	**$3.0**	**$2.9**	Surveyed ~11,000 miles, or ~60% of midstream system
Additional Asset Retirement	**$3.0**	**$3.2**	Retired 200 Appalachia wells during 2022, exceeding commitment to retire that number by 2023
Compression Conversion	**$3.0**	**$0.0**	Spending deferred to 2023 due to vendor delays in supplying electric power to the site
Fugitive Emission Detection	**$1.5**	**$1.4**	Surveyed 100% of operated Appalachia wells, confirming consistent 90% no leak rate at conclusion of survey
Environmental Consulting	**$1.0**	**$0.4**	Primary projects included: OGMP support, Board climate training, further development of a MACC and pathway to net zero analysis, and internal cost of carbon analysis
Tree Planting/Biodiversity	**$0.5**	**$0.2**	Activities included tree planting and land preservation initiatives through engagements with the National Wild Turkey Federation (“NWTF”) and the foundation of West Virginia State University (“WVSU”)
TOTAL	**$15.0**	**$9.0**	

ACCURATE DETECTION AND MEASUREMENT CAPABILITIES

Our LDAR efforts have always been a major area of focus in our SAM programme, where our growing portfolio of handheld technology is consistently leveraged by our expansive network of field employees to continuously gather data and make informed decisions regarding next efforts for well repair or workover. With our acquisitions of advanced technologies and capabilities, we are better able to form a complete picture of the needs in our operations to then better manage our total resources, both equipment and personnel, that are critical to reducing our methane and overall emissions profiles. As such, we have continued to invest significantly in industry-leading detection and measurement capabilities to identify and measure fugitive emissions before prioritising their repair and elimination.

In 2022, we expanded our handheld leak detection capabilities with the purchase of additional leak detection devices, including some devices which allow us to detect emissions as small as one part per million ("PPM"), a threshold well under the EPA's own leak definition of 500 PPM. We also further advanced our Project Fresh pneumatic inventory efforts to the Central Region which will allow us to preferentially increase the use of actual emissions measurements over dated, default emissions factors. Further, we were the first company in the world to deploy certain of these technologies, as noted below.

2022 NEW TECHNOLOGIES

Teledyne FLIR Si124[(a)], an industrial acoustic imaging camera capable of locating pressurised leaks up to 10 times faster than traditional methods.

Teledyne FLIR GT-44, a handheld detection device capable of detecting leaks as small as one PPM, currently deployed across our well tender staff.

Opgal EyeCSite® QOGI[(a),(b)], an imaging camera coupled up with artificial intelligence ("AI") software that provides a leak rate by comparing the image it captures with a library of leak concentration images.

Heath RMLD® – CS, a handheld device capable of detecting leaks as small as one PPM for inspections of well pads and pipelines.

SEMTECH® HI-FLOW 2[(a),(b)], a highly accurate, handheld portable device which quantifies fugitive emissions through state-of-the-art flow and gas sensing technologies.

FLIR GF320, used for regulatory compliance to inspect facilities and detect leaks at 100 PPM.

(a) Newly acquired by Diversified in 2022.

(b) Diversified was the first company in the world to deploy this technology.

OGMP GOLD STANDARD RECOGNITION

The Oil and Gas Methane Partnership 2.0 is a multi-stakeholder initiative launched by the United Nations Environment Programme and the Climate and Clean Air Coalition to promote measurement and transparency in methane emissions reporting. As a member of the OGMP, we have committed to disclosing actual methane emissions data aligned with the OGMP 2.0 framework. During 2022, we submitted our Implementation Plan for which we were awarded a Gold Standard Pathway designation in recognition of our robust data disclosures, mitigation plans and credible pathway to attain higher levels of the OGMP 2.0 certification. As required by OGMP reporting, we will provide an annual update to OGMP on our emissions disclosures.

As we strive to attain the next highest level of OGMP 2.0, Gold Standard Compliance, we will be focused on gathering additional measurement data in three specific categories: verification of leak quantities, compressor rod packing emission quantities and methane slip quantities from incomplete combustion of natural gas. When this measurement data is obtained, we will be fully positioned to attain Gold Standard Compliance for our produced natural gas which is considered further “differentiated”.

We are proud that our hard work over the past years has been recognised through this achievement, but most importantly, we are pleased to continue to differentiate our emissions performance as we continue to focus on operating responsibly and working toward earning an environmentally-differentiated market acknowledgement through OGMP in 2023.

COMMITTED EMPLOYEES & PROGRAMMES UTILISING STATE-OF-THE-ART TECHNOLOGIES

From our first year of business, Diversified has had a zero tolerance policy for natural gas leaks. To further align our LDAR efforts with our differentiated asset acquisition and retirement model, we expanded our SAM programme’s reporting objectives to include regular periodic updates on our proactive emission reduction efforts, and we accomplish this objective through at least quarterly updates to the marketplace via press releases, industry and financial conference presentations, website updates, and direct stakeholder interactions.

Audio, Visual and Olfactory (“AVO”) Inspections

Our employees visit a multitude of our well pads and compression facilities daily to monitor, evaluate and manage our producing assets. A product of our tailored well management programmes, we generally schedule a well tender to visit a producing well as often as daily for our highest producing wells, to a few times per week, bi-weekly, monthly or even quarterly based on the well’s production level or regulatory guidance. In addition to handheld GT-44 instruments which are supplied to well tenders and operators for integration into daily inspection tasks, our nearly 131,000 monthly site visits are conducted by our ~1,200 experienced field employees and ~500 well tenders who incorporate AVO natural inspections for natural gas emissions.

Upstream Initiatives

In 2022, as we continued to solidify our pathway to net zero with a heightened focus on our near-term targets, we directed our focus to fugitive emission detection, review and repair, with a particular emphasis on methane emissions. At year end 2021, we originally committed to proactively survey all of our Appalachian wells for fugitive emissions by mid-2023 and then accelerated that commitment to largely complete the surveys by the end of the third quarter of 2022. We are pleased to report that we completed surveys on 100% of those Appalachian wells during 2022.

Of the more than 60,000 wells that were surveyed during this time, we achieved a consistent rate of no detectable emissions after survey and mitigation on ~90% of the assets, with repairs for the remaining wells prioritised based on emissions rates. Since our initial surveys of those wells, we have now conducted more than 100,000 repeat surveys on those wells with a standing 95% no leak rate. Importantly, our proactive efforts to detect emissions are in excess of that currently required by the EPA and all states where we operate. As a result of this verification process, we were able to reduce our reported fugitive emissions in 2022 by 64 thousand MT CO_2e. In 2023, our surveys will continue and be expanded to our Central Region. We expect to be positioned to reduce an additional 100 thousand MT CO_2e based on the expanded surveys and related mitigation efforts we plan to undertake in 2023.

Natural gas-driven pneumatic devices are widely used throughout the oil and gas industry, and frequently used where electrical power is unavailable, to power necessary controllers and pumps at the wellhead. These pneumatic devices are designed to vent a very small amount of natural gas when powering the operating equipment during the production phase of the well. In order to reduce the amount of vented gas (and therefore methane) during their operation, and to keep that equivalent amount of natural gas in the pipeline for sales, we also previously committed to install air compression to eliminate the use of natural gas-driven pneumatic devices at 150 well pads or compression facilities by 2026, or approximately 30 pads or facilities per year for the next five years.

During 2022, we piloted auxiliary air and solar packages on our facilities in both Appalachia and Central and then purchased or designed, sourced and built the equipment needed to convert two compressor stations and 55 well pads, or 38% of the 150 pads previously identified,. and inclusive of more than 2,100 total pneumatic devices. Because we committed to reducing emissions on a methane-reduction prioritised schedule in 2022, during the year we retrofitted pneumatics at 19 of our 20 highest emitting pads.

These capital programmes for emissions reductions are in addition to the daily focus we place on implementing SAM elements throughout our expanded portfolio of assets. Our SAM programme is not unique to any one region or asset class, but rather a common approach to all our upstream assets in an effort to operate them more efficiently in order to minimise emissions and operating costs while maximising the value they deliver. For our upstream assets, and in addition to methane reduction activities already discussed, those SAM initiatives may include returning wells to production, optimising wellhead setup or compression, managing well fluids, or conducting well treatment applications. During 2022, our SAM initiatives also included:

2022 UPSTREAM ACHIEVEMENTS

	Wells Returned to Production	Number of Workovers	Tanks Removed or Replaced
Appalachia	116	2,574	243
Central	32	319	40
Total	148	2,893	283

Midstream Initiatives

During 2022, we began a new, multi-year collaboration with Bridger to aerially surveil our entire Appalachia midstream system, or some ~17,700 miles of pipelines. Bridger's advanced gas mapping LiDAR technology detects emissions well below the EPA-defined leak rate, giving us confidence that we are identifying any fugitive emissions in our midstream system. We are pleased to report that by year-end 2022, we had surveyed approximately 11,000 miles, or some 60%, of our total midstream system, and had repaired ~75% of verified emissions.

In addition, and concurrently with the aerial coverage of our midstream system, we also surveyed ~10,500 facilities which include individual wells, central collection facilities, and compressor stations. Of the 10,500 facilities surveyed, 96% of those facilities were operating with the lowest emissions achievable. We opportunistically validated that over 200 facilities were operating as expected and made minor adjustments to approximately 200 additional facilities to further reduce emissions.

This aerial surveillance programme is a textbook example of designing and delivering decision-useful information. Our internal Geographic Information Systems ("GIS") department developed detailed maps and geographical data for our entire midstream system and provided those to Bridger to make its flight route planning as complete, efficient and effective as possible.

Upon completion of each day's surveillance flights, the Bridger team shares the findings with our GIS group so we can promptly update our specially-designed mapping database and review the results to prioritise the findings with regard to on-the-ground verification and repairs. Our midstream operators are then dispatched to the surveyed sites with RMLD technology to verify the findings of the aerial surveillance. Having multiple metrics – from the land and from the air – allows us to screen out any potential errors in measurement and remain confident that we are gathering and reporting accurate data.

The aerial LiDAR patrols have improved conventional foot patrol coverage by aiding midstream operators in prioritising efforts to patrol areas with potentially higher concentrations of fugitive emissions or in areas with known issues. More importantly, this aerial monitoring process has revealed that in some 10% of total findings, the emissions are actually originating from nearby sources not owned or operated by Diversified, but rather owned or managed by offset operators or industry partners. Therefore, we are able to benefit the broader community by not only identifying and repairing our own fugitive emissions but also by sharing these additional findings with those third-parties so that they too may address any potential climate impacts from their owned assets.

"The emissions reduction program that Paul and the Diversified Team have put together is world-class, and Bridger is excited to play a significant role in it. What really establishes Diversified as a leader in this space is the strong executive level commitments to emissions reduction and the follow through on those commitments at every level of their organization."

BRIDGER PHOTONICS

— Ben Losby, VP Operations

In addition to the ground-based LDAR initiatives we began for our operated Appalachia wells, we also initiated voluntary LDAR initiatives in our midstream portfolio in 2022. Using a combination of Teledyne FLIR GT-44 and FLIR Si124 technologies, we began periodic inspection of Appalachian compressor stations that were not already required to be inspected by regulation. Based on successful field trials to date, we will expand this programme in 2023.

Similar to SAM opportunities in which we may engage in our upstream portfolio, our midstream portfolio also affords possibilities to create additional value through efforts to optimise wellhead compression, optimise contractor expense to improve productivity and profitability, and partner with third-party midstream operators to lower line pressure to further increase productivity. When we engage daily in both upstream and midstream SAM activities, we improve asset safety and integrity, increase operational efficiency and directly reduce fugitive emissions across our asset base.

2022 MIDSTREAM ACHIEVEMENTS

29.5 Miles
Pipeline upgraded

16
Compressors Removed

6,062
Horsepower Removed

REGULATORY PARTNERSHIPS AND INDUSTRY COLLABORATION

As a company we aim to respect and engage regulatory officials and agencies in their roles to consistently ensure understanding of and adherence to best-practices in the complexities of our ever-changing and quickly evolving energy industry. In addition to our commitment to rigorous reporting and adherence to national and international best practices and standards, we are enthusiastic to join programmes and address challenges that meaningfully improve and advance our industry. In 2021, we joined The Environmental Partnership as well as the EPA Methane Challenge. Collaborative initiatives of these types motivate us to continue developing internal projects and ideas alongside peers and regulators to achieve widespread, long-term emissions reduction.

We are proud that Diversified's leadership in innovation has been recognised by state regulatory agencies. In the spring of 2022, we were the first company in the world to deploy the Opgal EyeCGas® 2.0, with companion EyeCSite® Tablet software, and the SEMTECH® HI-FLOW 2 sampler in natural gas upstream operations. When Pennsylvania's Department of Environmental Protection

("DEP") expressed an interest in learning more about these technologies, Diversified was honoured to host DEP representatives and provide a demonstration of the devices.

Alongside Bridger, we were also pleased to host West Virginia lawmakers and regulatory officials for an open house at Bridger's facilities in Charleston, West Virginia to experience first-hand the aerial methane detection technology that we are using to identify fugitive emissions across our Appalachian midstream footprint.

INFORMATION SYSTEMS TO DRIVE PLANNING AND PROGRESS

Diversified has invested in both best-in-class technology and dedicated professionals to ensure that we achieve our sustainability objectives. Our mechanisms to record, understand and manage our environmental impact leverage our internally-designed, cloud-based information systems that inform our decision-making and work order processes. Our EHS team also plays an increasingly critical role in managing and understanding the emissions generated by our operations to inform how we prioritise projects and allocate resources.

Progress Dashboards

During 2022, our internal teams developed and consistently managed separate dashboards accessible to all employees for both our upstream handheld detection and repair programme as well as our midstream aerial surveillance programme. These dashboards were used regularly by field personnel to prioritise survey and repair efforts and by company management to track programme progress. Further, information from these dashboards were included in periodic updates to the Board's Sustainability & Safety Committee and to the full Board. These upstream and midstream dashboards are just two of the many internally developed tools that our teams utilise on a daily basis to track progress against improvement initiatives, including also for personal and vehicle safety and spill prevention.

Marginal Abatement Cost Curve Analysis

In 2021, we engaged a global environmental and sustainability consultancy, Montrose Environmental Group ("Montrose"), to assess and formalise our net zero GHG emissions plan. As outlined in Step 1 of the Roadmap to Emissions Reduction graphic, we entered our engagement with Montrose with a thorough understanding of our emissions in regard to emissions attributes, quantum and sources.

During 2022, and as part of Step 2 in the process, we identified 45 types of projects with the potential to significantly reduce our Scope 1 GHG emissions. Equipped with accurate and real-time data and as part of Step 3, we evaluated those projects to prioritise our emissions reduction activities using a MACC analysis. This analysis is reflective of our focused intent to develop an exact, data-based evaluation around the costs and impacts of different emissions reduction projects.

Generally speaking, a MACC is a tool that allows for the visualisation of a portfolio of projects that, when taken as a whole, provide complementary choices for the most efficient reduction of GHG emissions. Both the GHG emission reduction potential and the associated abatement cost for each project are identified within the MACC. Anticipated emission reductions are estimated based on source-specific emissions calculations or through direct measurement. Total costs include direct costs for project implementation and the value generated from the project, including decreased product loss or reduced operating costs. When estimated emission reduction costs and benefits are combined in the MACC, emissions reduction project ranking based on economic feasibility and potential impact is realised.

ROADMAP TO EMISSIONS REDUCTION

1 Understanding Emissions Profile

EMISSIONS PROFILE

Attribute (Methane or CO_2)? Quantum? Source?

2 Identifying Potential Reduction Methods

EMERGING TECHNOLOGY | DIRECT MEASUREMENT | EXISTING TECHNOLOGY | ELIMINATION

3 Screening Potential Reduction Methods via MACC Analysis

PROJECT 1 | PROJECT 2 ... PROJECT 45

POTENTIALLY VIABLE REDUCTION METHODS

MACC PORTFOLIO

Description	Emission Type	Target MT CO_2e	Duration	Financial Impact
Pneumatic	Methane	90,000	1.5 years	$XX,XXX
Engine	CO_2	40,000	1.0 years	$XX,XXX

4 Developing Pilot/ Full Scale Projects

PILOT PROJECT ▶ FULL IMPLEMENTATION ▶ REDUCTION ACHIEVED

To build on the significant MACC progress to date, and to develop a more in-depth platform to regularly track and report accurately on our corporate progress toward emissions reductions, we are also working toward building and maintaining real-time emissions intelligence through the Iconic Air platform. Iconic Air works with existing applications and data throughout our company, to simplify and automate our carbon disclosure processes. The platform manages information on carbon accounting and emissions, providing a full-picture view for better decision-making, and supporting our path to net zero. In the future, the Iconic Air platform will further enhance the accuracy and power of our predictive analytics, and thus decision-making, by providing various incremental data inputs over the next 10 years based on changing, real-time parameters for inclusion in our MACC analysis.

Refer to **Looking Ahead** section below for more information on our forward-looking MACC process.

FULL SERVICE, RESPONSIBLE WELL RETIREMENT CAPABILITIES FOR DIVERSIFIED AND THIRD PARTIES

With established well retirement agreements in our primary Appalachia states of operation (Pennsylvania, Ohio, Kentucky and West Virginia) and an overall focus on minimising our environmental footprint and impact, responsible asset retirement is a central aspect of our operations and corporate responsibility. Reflective of our commitment to responsible environmental stewardship in this area, we have consistently exceeded our annual regulatory requirements for well retirements.

Further, in 2021, we committed to retiring at least 200 Appalachia wells per year, or 2.5x our 2021 annual state agreements of 80 wells per year, by 2023. We achieved that target by year end 2022, one year in advance of our commitment. Since inception of our state agreements, we have retired nearly 570 total Diversified wells.

To bolster our commitment to the states in which we operate, we strategically expanded our well retirement capabilities in 2022 with the acquisition of three established asset retirement companies in Appalachia which will be managed collectively under our wholly-owned subsidiary, Next LVL Energy. With the acquisition and full integration of these additional teams, we are able to not only expand our ability to retire an increasing number of our wells but also to address the same liabilities of both industry participants and states' orphan well programmes.

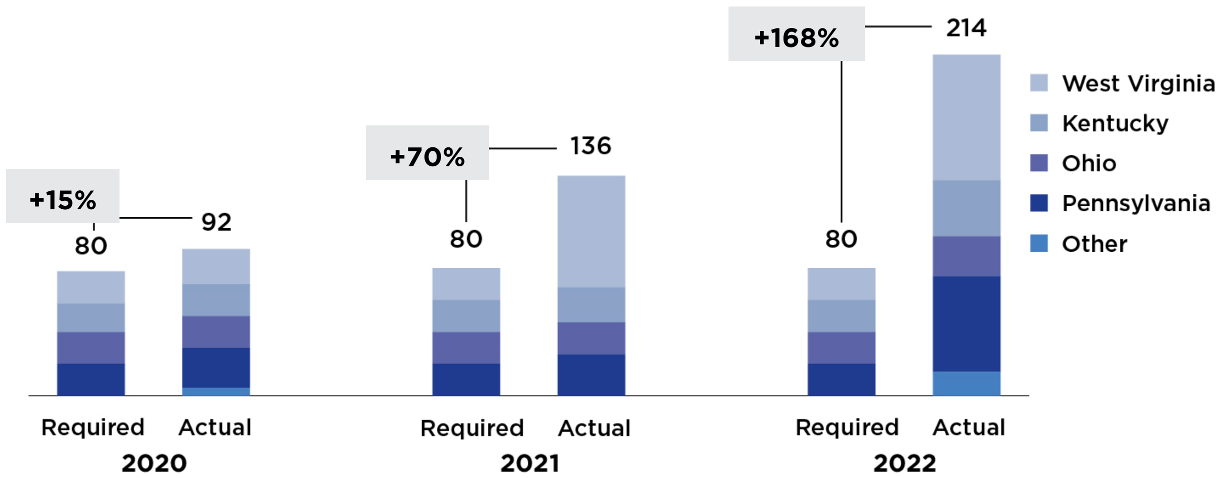
Importantly, we are working toward a goal of using the revenue generated from third-party asset retirement activities to offset Diversified's cash costs to retire our own wells. Our operations are now full-service operations in that we own and operate rigs, wireline trucks, cement trucks, reclamation equipment and transportation equipment required for any portion of the asset retirement process. Our core capabilities now also include the ability to retire deep or shallow wells and vertical or horizontal wells.

We established a centrally located asset retirement headquarters in West Virginia to effectively serve our regional asset retirement operations throughout Appalachia. With our now expanded scale of operations, we have also benefited from an increase in efficiency as our enlarged rig count coupled with our multiple local field office locations, most notably in Pennsylvania, Ohio and West Virginia, affords improved overall logistics with regard to rig utilisation rates and movements and thus reduced vehicle emissions and improved safety from fewer equipment movements.

Our retirement group now includes approximately 100 professionals on 12 teams and support staff, as compared to 15 employees and three in-house teams at the prior year end. Further, our rig count has increased to 15 rigs, a tremendous increase over the one rig owned at year end 2021.

Diversified remains one of the most active well retirement companies in the Appalachia, and we foresee a continued need for these services across the oil and gas industry given the total oil and gas well count across the U.S. and the current environmental emphasis on permanently retiring orphan wells. Looking ahead we aim to increase the support provided to other operators as we continue to expand our responsible retirement operations, relationships and capabilities.

DIVERSIFIED-OWNED WELL RETIREMENTS - CONSISTENTLY EXCEEDING REGULATORY REQUIREMENTS



Responsible Asset Retirement	2022	2021	2020
Annual state required retirements	80	80	80
Number of Diversified operated wells retired	214	136	92
Number of Diversified teams	12	3	0
Number of Diversified rigs	15	1	0

Note: 2022 includes 14 wells retired in our Central Region. 2021 and 2020 are reflective of Diversified's efforts only, and do not include any activity related to the acquisitions of asset retirement companies in 2022.

LOOKING AHEAD

Importantly, and to support our goal to achieve net zero Scope 1 and 2 GHG emissions by 2040, our continuously evolving and improving MACC provides an understanding of which projects produce the greatest reduction in emissions per unit of cost input, enabling continued capital investments in our GHG emissions reduction plans with confidence that we are pursuing progress as efficiently as possible. We continue to evaluate emissions reduction opportunities and implement leading edge technologies such as optical imaging and AI software pilots to drive further innovation in our emissions detection efforts. We expect continued technology advancements, increased asset retirement activity and opportunities to reduce GHG emissions to emerge as short- to medium-term opportunities for ongoing emissions reduction, along with continued investment and repair across our portfolio of assets.

Short- and Mid-term Plans (2023-2039)

As we assembled the MACC project portfolio in 2022, we verified that our priorities on methane and CO_2 emissions reductions aligned well with identified potential projects. In the near-term, our existing mainstay projects and other identified projects are currently expected to attain our stated targets for methane intensity reductions of 30% by 2026 and 50% by 2030 (assuming a 2020 baseline).

These Scope 1 mainstay and other potential projects may result in actual emissions reductions or more accurate reporting from the use of actual measurements vs. theoretical factors and may include but are not limited to:

- Comprehensive leak detection and repair programmes on both upstream and midstream assets, including ground-based LDAR and aerial surveillance;
- Accurate measurement of compressor fuel usage;
- Accelerated replacement of reciprocating compressor packing;
- Conversion of pneumatic devices to system air (multiple methods), including at least 150 well pad or facility conversions by 2026 as per our previously stated target;
- Capture of pipeline and compressor blowdowns;
- Combustion of remaining tank emissions;
- Engine eliminations;
- Engine conversions to electric; and
- Waste heat to power from compressor engines.

The range of emissions eliminations or reductions associated with these potential projects alone could approximate 300 thousand to 500 thousand MT CO_2e, which represent 35% to 60% decreases, respectively, in methane emissions as compared to reported 2021 methane emissions.

Armed with the results of our MACC work to date, in 2023 we have earmarked investment capital for ongoing and/or new emission reduction and other environmental projects including, in part,: (1) completion of Appalachia upstream repairs based on our 2022 comprehensive fugitive emissions review; (2) expansion of the fugitive emissions review programme to our Central Region assets; (3) installation of additional air compression to eliminate methane-driven pneumatic devices; and (4) elimination or conversion of combustion compression.

In 2023, per the Implementation Plan we submitted to the OGMP, we will be initiating the methane direct measurement campaigns as well as continuing to implement emissions reduction actions (guided by the MACC, as noted above) and to transparently report our measured emissions. A more accurate understanding of our emissions through direct measurement and monitoring will directly contribute to emissions reduction planning and project ranking by updating the materiality analysis to reveal the most significant and impactful sources of emissions projects. We are moving forward with our current targets, with the understanding that future projects and activities should change as we learn more about our emissions impacts through executed near-term projects and as our portfolio changes through acquisitions and/or divestitures.

As reflected in Step 4 of the Roadmap to Emissions Reductions previously depicted, we are also reviewing plans to pilot a project in 2023 on waste heat recovery and will use the results of that study to inform our thoughts on a full scale heat recovery project.

In the medium-term, as we focus most immediately on our 30% methane intensity reduction target by 2026 (vs. 2020 baseline), we will continue to (1) utilise a calculated carbon price in our target acquisitions screenings to better understand total emissions abatement costs, (2) regularly update our broader MACC analysis as planned projects come to fruition and actual costs and results are known or new projects are added based on advancing technologies, and (3) broadly assess and pursue additional projects and acquisitions that may contribute to our emission reduction targets and goals.

Long-term Plans (2040 and beyond)

As we set our sights on our 2030 Scope 1 methane intensity reduction target and our 2040 net zero Scope 1 and 2 GHG emission goal, we recognise the importance of continued investment and innovation. While we pursue available emission reduction efforts in the near- and intermediate-term, we will also continue to identify, screen and assess feasibility of emission reduction projects, as we anticipate and evaluate new technologies and innovative strategies. For example, in 2022 we conducted engineering feasibility studies for biofuels and fuel cells, both of which could provide options to reduce emissions, generate carbon offsets or provide new negative net carbon projects.

Due to their high global warming potential compared to CO_2, methane emissions have a magnified impact on climate change, and thus our focus on reducing our methane emissions with a target to halve these, as measured by intensity, by 2030 - a target which we are well on the way to achieving as previously discussed. As we approach our 50% methane reduction target by 2030, we plan to increase our efforts to reduce the combustion-derived CO_2 in our operations , therefore delivering on our commitment to addressing total GHG emissions as reflected in our net zero by 2040 goal. Projects in the MACC portfolio for CO_2 reduction consideration currently include activities such as:

- Carbon capture and sequestration;
- Fuel cell conversion with electric compressors;
- Generation and blending of renewable natural gas;
- A combination of renewable gas generation and fuel cell usage; and
- Potential to create or purchase carbon offsets.

We are collaborating with third parties to study the potential for using CO_2 production fields for carbon capture and sequestration, yet this is likely to be a long-term project for us given the current mix of near-term projects on which we are choosing to focus. We are also in the early stages of pursuing partnerships to further understand the potential of existing pipelines and infrastructure to aid in the development of future hydrogen production, storage, and transportation.

As we consider our expanded asset retirement capabilities, we will investigate voluntary, accelerated retirement activities as a potential source of carbon offsets, which we could then choose to utilise to offset our emissions or to sell. We will continue to evaluate innovation and carbon offsets as long-term opportunities, relying on offsets only after we have exhausted other clear, actionable pathways to net zero.

> "Our commitment to emission reductions is providing tangible results. We are excited about our future and the continuation of the positive trends we have achieved as we remain diligently focused on meeting or exceeding our climate goals."
>
> — **Paul Espenan, Sr. Vice President, EHS**

Water Management

WATER USE

With strategic acquisitions in the Central Region in 2022, we significantly increased the amount of liquids under management as a function of the natural produced water profile of the geologic reservoirs into which these wells were drilled. At Diversified, water management is an integral part of responsible management, and we apply the same principles of operational efficiency and environmental performance to water as we do in all other aspects of our business. As such, we continue to develop management methods and to implement new technologies that will allow us to more effectively limit freshwater use, manage our produced water, and expand recycling and reuse of produced water.

Fresh Water

With regard to freshwater use, we are positioned advantageously relative to other industry participants as supported by two key factors:

1) Projects wherein new wells are being developed and freshwater use is a primary input represent an immaterial portion of our business model or portfolio. Instead, our predominant focus is acquiring and optimising low decline, long-life existing production assets. Our differentiated approach significantly decreases our reliance on water and therefore on freshwater withdrawal, thus alleviating an environmental concern material to many of our peers.
2) According to the World Resources Institute's ("WRI") Aqueduct Water Risk Atlas, we operate in states and counties therein that qualify as Low Overall Water Risk areas, assuming the oil and gas industry-specific weighting scheme which is most relevant for our business. Importantly, no water consumption for our limited hydraulic stimulation activities, our highest potential use of fresh water (as discussed below), occurs in counties with High or Extremely High Baseline Water Stress according to WRI's Aqueduct Water Risk Atlas. Further, we have not incurred any instance of water use limitations or restrictions when fresh water has been needed for any of our operations, whether for stimulation or otherwise.[10]

Most water use in our operations is for the hydraulic stimulation of a limited number of new wells. During 2022, we contract drilled and completed four wells in Ohio in which we own a small minority interest. As the operator of record, despite this small working interest, we included the total water volumes necessary to complete these four stimulation jobs in our water use results. During the year, we also completed five horizontal unconventional wells in Oklahoma which were already underway at the time we acquired those assets and for which little fresh water was required due to the nature of the completion design. Additionally, we consume minimal water as part of our asset retirement operations and domestic usage in our office locations.

In 2022, we consumed approximately 2.7 million barrels of both fresh and recycled water during hydraulic stimulation and 32 thousand barrels of fresh water through our retirement activities to create cement plugs, per industry standards, to safely and permanently retire wells at the end of their economic lives. Our overall water use remains low relative to our natural gas production volume as evidenced by our water consumption intensity rate of 0.03 barrels of water consumed per barrel of total gross equivalent production (see chart below). Our low water use is a direct function of very limited drilling and completion activities and our commitment to reducing our water use by upgrading our water pipelines and investing in other upgrades.

Produced Water

The main waste associated with our operations is produced water, a naturally occurring by-product from the production of natural gas and oil wells. As such, most of our efforts in water management focus on the handling and the disposal of produced water given the potential environmental implications of the same. As a direct result of our continued growth and expansion in the Central Region, our produced water volume is increasing, thereby bringing our management approach to water handling increasingly to the forefront of strategic discussions and decision-making.

Largely as a result of our acquisitions in the Central Region over the last two years, our produced water increased to 62 thousand barrels of water per day ("MBwpd") in 2022 as compared to 59 MBwpd in 2021 and less than seven MBwpd in 2020. The amount of produced water is generally attributable to the geologic nature and profile of the unconventional wells in the Central Region as compared to our more mature, predominantly conventional asset base across Appalachia. For our produced water that is not recycled or reused, we also have 37 saltwater disposal facilities within the Central Region into which we may inject the produced water for permanent storage, if necessary, though many of these are not currently active or utilised.

We have one saltwater disposal well in our Central Region operations that sits within an area of interest ("AOI") for seismicity. That said, we are currently injecting at less than the AOI-recommended capacity of the disposal well, which itself is nearly 75% lower than its actual permitted capacity. Our field personnel proactively monitor for any registered seismic activity in this area, and since inception of the AOI guidance from the state regulatory agency in 2015, we have not had a seismic event close enough to this disposal well that would require an action to our operations.

As water is a finite resource and related resource availability long-term has material implications for our business and resilience, we have taken several measures to insulate ourselves by combating unnecessary water use wherever possible and developing strategies to enhance the efficacy of our recycle and reuse efforts.

WATER MANAGEMENT INITIATIVES

Water Reuse and Water Sharing Agreements

Our goal is for most of our produced water to be reused, rather than disposed, for instance by nearby development companies who may use our produced water to stimulate their new wells rather than their use of fresh water for the same activity. Given our previous success supplying our produced water to other operators for their development needs, as we move forward in 2023 we are focused on increasing (i) the amount of water sharing and reuse agreements, particularly in our Central Region areas where produced water volumes are greater and (ii) the number of vendors and operators with whom we work.

Contractor Safety

We focus on diligently vetting our liquids hauling trucking contractors to assure best-in-class safety records. As instructed in our trainings, we expect our contractors to manage our produced water in a manner compliant with both state requirements and Diversified's standards. Such adherence will help to avoid spills and reduce often unaccounted environmental impacts during transportation. In 2022, we had zero contractor at-fault reportable spills.

Logistics - Smarter Asset Management

While digitalisation and data gathering are efforts that span across all of our operations, we are developing systems to monitor water storage, transport and disposal in real time in order to track our impact, evaluate contractors and optimise recycled water purchasing requirements. Importantly, expanded access to real-time and remote intelligence has the potential to improve our employees' safety, as better real-time monitoring of water management allows us to transport water more effectively and decrease the need for individuals to manually check water levels.

Core elements of our water management strategy are summarised below:

Water Management	Unit	2022	2021	2020
Operating regions with high or extremely high overall water scarcity	%	0	0	0
Water consumption by type:	MBbls	2,798	3,019	1,705
Municipal water supply	MBbls	72	54	42
Fresh surface water (lakes, rivers, etc.)	MBbls	2,630	2,965	1,663
Fresh groundwater	MBbls	0	0	0
Recycled produced water	MBbls	96	0	0
Water consumption by activity:	MBbls	2,798	3,019	1,705
Domestic use[(a)]	MBbls	60	54	42
Hydraulic stimulation	MBbls	2,694	2,944	1,649
Well / asset retirement	MBbls	44	21	14
Total water consumed intensity[(b)]	Bbl/Boe	0.030	0.035	0.040
Disposition of produced wastewater	MBbls	22,728	21,655	2,385
Injected into approved disposal wells	MBbls	22,207	21,054	808
Recycled/reused	MBbls	521	538	333
Disposed/sold	MBbls	—	63	1,244
Handling of produced wastewater				
Produced water - trucked	%	47	32	N/A
Produced water - piped	%	53	68	N/A

(a) Assumes domestic use of 6.15 gallons per day per employee, as per energy.gov domestic use guidelines, for employees as at year end 31 December for 261 total business days during the period.

(b) Total water consumed (Bbl) divided by total annual gross production of natural gas, oil and natural gas liquids (Boe).

Spill Prevention and Management

Our exposure to liquids spills from our produced commodities is limited as 86% of our total production is natural gas. Further, the natural gas liquids that make up 11% of our total production is piped through well-maintained pipelines and processed at third-party facilities. Therefore, only 3% of our total production is crude oil and any remaining liquids handling is associated with produced water from our wells.

Spill prevention and management, an integral factor of responsible asset management, is well-integrated within our SAM programme. While all of our oil sites are inspected at least quarterly in compliance with regulatory requirements, internal company inspections are completed more frequently, and our well tenders can submit concerns and flag potential issues via inspection reports at any time. Certain of our production facilities and sites are electronically monitored and provide automatic alerts to our field staff when and as needed. All alerts, reports and related actions are discussed with leadership and handled accordingly.

We have developed and deployed rigorous approaches to address and manage potential spills of production fluids through proper design, appropriate controls and regularly trained personnel. This training includes annual Spill Prevention, Control and Countermeasure ("SPCC") training and review sessions with our senior management and operational personnel. Notwithstanding SPCC training, we seek to continuously evolve our approach to spill prevention and update internal policies accordingly to reduce spills of any kind or to reduce any harmful environmental impact if a spill event does occur.

SPILL INITIATIVES DURING 2022

CHEMICAL PROGRAMME REVAMP:
We identified corrosion issues as a common contributor to spills in 2022 in the Central Region, specifically in our Louisiana operations. As such, we embarked on a process to identify opportunities to mitigate these issues, including engaging a global third-party oilfield services expert to help design a new pipeline chemical treatment programme for this area. We anticipate further advancement on this programme in 2023.

PIPELINE UPGRADES:
We made several pipeline improvements and installed new pipelines to avoid potential spill incidents, primarily in Appalachia where the vast majority of our pipeline network exists.

FAIL-SAFES AND ALARM MANAGEMENT:
As much as we physically monitor and prepare for potential spills through our SAM programme, we also consider remote monitoring and shut-down technologies as a viable additional tool at our disposable to alert staff, catch spills early and prevent incidents. While we have some remote mechanisms in place at certain of our operating locations, we are in the early stages of discovery and recommendation for expanding these alarm management technologies to improve our alert systems and response times.

TANKS REMOVALS:
Through an inventory of storage equipment, we identified aging tanks and tanks in need of repair. In 2022, we prioritised the removal or replacement of more than 280 of these identified tanks across our footprint to decrease the risks of spills or safety incidents across existing assets.

CASE STUDY: SPILL RESPONSE AND PREVENTION

In late 2021, we recorded a spill incident at a recently acquired Central Region tank battery that also resulted in certain produced fluids breaching the battery's containment barrier. We promptly began a root cause analysis and used these findings to develop an immediate correction plan as well as a longer-term monitoring and mitigation plan for the entire field. Post-incident testing revealed the cause of the pipe failure as the corrosive build-up of bacteria in the pipe. Though this naturally occurring bacteria is commonly found in oil and gas operations, the primary culprit was the excessive build-up of the bacteria that went untreated or only partially treated by the assets' previous owner.

At this location, we successfully treated the bacteria build-up, repaired the damaged pipe, and installed corrosion detection devices within the pipe's drilled joints. Thereafter, in 2022 we proactively advanced a programme to test all central facilities within the same producing field. The tests did not reveal similar build-up issues, but we elected to implement a quarterly testing programme and installed similar corrosion detection devices at all key points throughout the field's system. Throughout this field we also voluntarily increased visual inspections, removed unnecessary pipe from service, updated automated fail-safe alarms and started quarterly water sampling – all in an effort to mitigate any potential future incidents and in keeping with our commitment to asset integrity through Smarter Asset Management.

The continued expansion of our operating footprint through acquisitions has resulted in an increased volume of liquids under management, primarily in the production of oil and water in our Central Region. Additionally, we have identified certain pipeline systems in the Central Region which did not receive the same standard of maintenance or focus from the previous operator as under our care. Directly correlated with these activities, we have recorded a less-than-desired change in spill performance over the past two years, with total reportable spill volumes in 2022 up 132% as compared to 2021, pushing our 2022 spill intensity rate to 0.23 spilled barrels per thousand barrels of produced liquids volumes.

We seek to identify and utilise contractors who meet our preferred operating and safety standards, and, much like we do for our own employees, we monitor their actions in an effort to not only hold them accountable but also to discover opportunities for improvement or changes in practice. In 2022, we chose to terminate engagement with a contract operator whose sub-standard operating actions contributed to a reportable spill incident which could have been avoided with proper procedure.

We are committed to identifying ways to reduce spills, including the development of a wholistic spill prevention focused training effort in 2023 which will include a strategic and systematic review of our current operations as we seek to identify areas of programme improvement. Much like we have seen first-hand the results that a dedicated and focused training, awareness and accountability programme can have on our safety targets, we are committed to expanding our spill prevention programme in the same way and to enhancing our fail-safe and response systems as applicable. We have worked hard to develop a single 'OneDEC' culture where impacted employees are receiving the same, focused training and working toward the same positive end result.

Spill incident metrics, including many reviewed regularly by our Board's Sustainability & Safety Committee and senior leadership, are reflected in the below chart:

Spill Management	**Unit**	**2022**	**2021**	**2020**
Total number of reportable spills	#	59	34	24
Oil	#	22	14	13
Produced water	#	37	20	11
Total volume of reportable spills	Bbl	5,938	2,564	103
Oil	Bbl	350	304	47
Produced water	Bbl	5,588	2,260	56
Total volume of recovered spills	Bbl	417	N/A	N/A
Oil	Bbl	26	N/A	N/A
Produced water	Bbl	391	N/A	N/A
Total produced liquids volumes (oil & water)	MBbl	25,923	24,627	2,934
Spill Intensity Rate[a]	Per MBbl	0.229	0.104	0.035

[a] Calculated as total volume of reportable spills for oil and water divided by total gross produced liquids volumes for oil and water.

Air Quality

In adherence to state and federal air quality standards, we closely monitor and measure air emissions across our operational sites to reduce harmful emissions. We are specifically regulated by EPA and states to limit our toxic emissions to below required levels using emissions control devices, and we do this in all cases. In 2022, we conducted air emission compliance assessments on all major sources and Quad Oa facilities, including 356 Quad Oa and 15 Title V Major Source facilities, reporting zero deviations.

In 2022, we incurred an increase in our total nitrogen oxide (“NOx”), carbon monoxide (“CO”) and volatile organic compounds (“VOC”) quantities directly related to our aforementioned increase in CO_2 emissions from adding compression units in our Central Region. During the year, we voluntarily began installation of catalysts at nine compressor stations in Pennsylvania, resulting in partial offsets to NOx emissions. As we move forward, we are also formalising plans to install fuel meters on our compression fleet in order to utilise actual measurements vs. standard factors.

Air Quality[a]	Unit	2022	2021	2020[b]
Nitrogen Oxide (NOx)	tonnes	10,744	4,435	5,809
Carbon Monoxide (CO)	tonnes	4,762	3,840	3,451
Sulfur Oxide (SOx)	tonnes	18	—	—
Volatile Organic Compounds (VOC)	tonnes	482	437	796
Particulate Matter (PM Total)	tonnes	183	24	15

(a) Emissions are reported under a modified IPCC report format for EU investors.

(b) As reported at year end 2021, air quality data for 2020 has been revised to incorporate the impacts of 2021 Project Fresh initiatives and to improve year-over-year comparability going forward. Please refer to the Company’s 2021 year end reports for commentary related to Project Fresh.

In keeping with our commitment to engage state officials and agencies in their regulatory roles to monitor our industry’s emissions actions, we also purchased and donated to the state of West Virginia two portable industrial combustion gas and emissions analysers to add to its inventory of EPA compliance-level emissions monitoring equipment.

Energy Efficiency and Renewables

We rely on solar equipment and small wind turbines deployed across our portfolio to provide auxiliary power for measurement equipment and, in some cases, these small installations meet the power needs for the daily operation of smaller well sites. In many cases, these installations are necessary to power the systems in remote areas where other power sources do not exist.

As part of our efforts to reduce vented emissions from pneumatics, we have identified priority projects where new compressed air and renewable solar electrification equipment can replace natural gas-driven pneumatics to power certain operations on our well pads. As part of this initiative, we installed clean air-driven pneumatic compression on 55 well pads and at two compression facilities during 2022 which included solar arrays for power. As previously noted, we aim to replace natural gas pneumatics at 50 additional well pads during 2023, thus continuing to increase our share of renewably-sourced energy while decreasing our methane footprint.

While the power provided from Diversified’s approximately 14,000 solar panels and 80 small wind turbines does not represent a large amount of energy consumed by the Company, the use of these of renewable sources powers equipment reliably and independently of potential grid outages, thus enabling ongoing measurement. In 2022, we consumed approximately 128 million kilowatt hours of energy. Of this amount, 13% originated from renewable sources, as compared to 7% from renewable sources in 2021, while 38% originated from low carbon sources (i.e. including nuclear).

We continue to investigate new technologies including biogas, heat recovery and hydrogen fuel cells to evaluate the potential expanded use of renewable and zero-emission energy to achieve our net zero GHG goals.

ENERGY SOURCES:

13%
renewable sources

38%
low carbon sources

Biodiversity

We rely on strong oversight, risk management, standardised procedures and ambitious targets to guide our biodiversity and ecosystem protection efforts in the areas in which we operate. To this end, we recognise that protecting biodiversity is central to sustainable operations. Our EHS systems seek to reduce the environmental impacts of our ongoing operations while our asset retirement and reclamation efforts seek to restore end of life sites - both actions thereby contributing to our collective asset ownership efforts toward biodiversity and land protections. We identify and assess biodiversity risks across all of our operations.

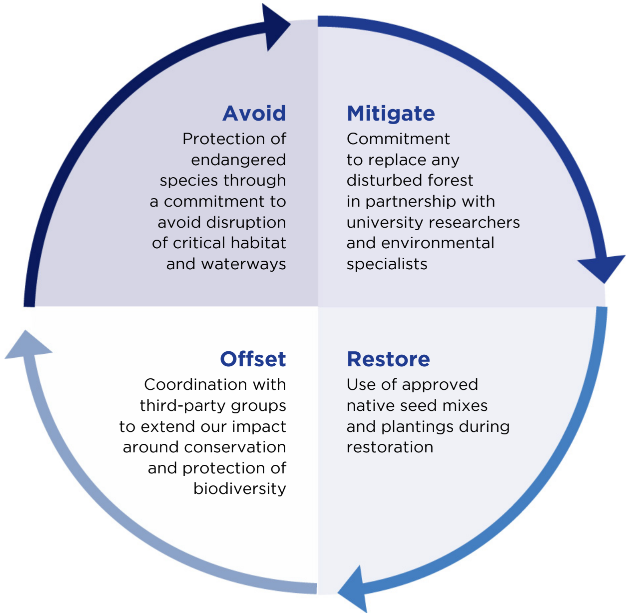
Our business model to acquire existing, developed assets is a significant contributor to our reduced biodiversity impact as the assets we acquire were developed by previous operators. As such, the former operators are largely responsible for any biodiversity impacts directly related to land and well development to drill new wells. Regardless, as we continue to expand through acquisition and invest in the Appalachian Basin, Central Region, and perhaps other new regions to our operating footprint, we recognise the responsibility we have to fully protect the habitats and ecosystems present in all these regions.

GOVERNANCE

With oversight of biodiversity risks and opportunities assigned to environmental specialists within Diversified, we evaluate the impact of potential environmental disturbances across our entire operating footprint with regards to various biodiversity factors. Our team of environmental specialists work under the direction of our Senior Vice President of EHS, with broader oversight of the Chief Operating Officer, as they engage closely with local regulators and government agencies throughout applicable permitting and operating processes to ensure we meet or exceed all applicable laws and regulations. With the support of an experienced team, our environmental specialists manage new permitting and site reviews and investigate any concerns that may be identified.

STRATEGY

Our Avoid, Mitigate, Restore and Offset strategy helps us protect biodiversity, particularly in protected areas. Whenever possible, we seek ‘avoidance’ to minimise disruption and protect sensitive species, habitats and waterways.



We recognise the importance of leveraging online tools and visual checks from on-site employees to comprehensively review all applicable areas of operations for potential impacts. To this end, desktop diligence is performed for all projects using multiple sources such as the U.S Fish and Wildlife Service’s (“USFWS”) federal species listings to decide what steps need to be taken, including but not limited to field reviews to gather additional information. In addition to our own reviews, permitting through federal, state and local regulatory agencies helps ensure all impacts to threatened and endangered species' habitats are minimised or eliminated completely, as applicable, using agency-approved measures. Implementation of internal controls and regular site inspections supplement regular reviews by regulatory agencies. We respect legally designated protected areas, such as national parks and nature reserves, where strict nature conservation is the management objective, and we do not operate in designated World Heritage sites.

We recognise that healthy, biodiverse ecosystems provide vital natural resources and services such a flood mitigation and serve as natural sinks for atmospheric carbon. Given the importance of taking explicit action to protect natural capital, we replant a variety of native plant species at reclaimed upstream and midstream sites, where applicable and as approved, following completion of any asset retirement or construction project. Our processes include working to understand appropriate native species, hydro-seeding and restoring natural contours to best preserve and restore vital ecosystem services in the areas where we operate. In doing so, we are also promoting the opportunity for the longer-term natural restoration of the land as these native species grow and as natural pollination contributes to the ecosystem.

During the year, we retired 214 Diversified wells along with other non-Diversified operated wells, for all of which we restored in the aforementioned manner insofar as possible to their original and natural condition. These onshore, predominantly shallow wells generally pose low environmental or safety risk during the retirement and closure process. Even so, our process involves a few carefully planned steps, unique to each well and completed by our experienced teams while overseen by state regulators. Just as the retirement job is tailored to each well's specific location and depth to minimise any potential negative impacts, so too is our effort in the approved and applied measures to protect the natural ecosystems during the process. No retirement job is complete without our intentional efforts to restore the land to its natural condition to maximise the opportunity for ecosystems to thrive or without the appropriate approvals from the landowner or regulatory agency, as applicable.

To further amplify and extend our positive biodiversity impact, we partner with conservation and stewardship organisations that focus on contributing to the health of natural ecosystems in the states in which we operate. For instance, in 2022 we established partnerships with two separate organisations to whom we made financial contributions earmarked specifically for biodiversity initiatives:

National Wild Turkey Federation

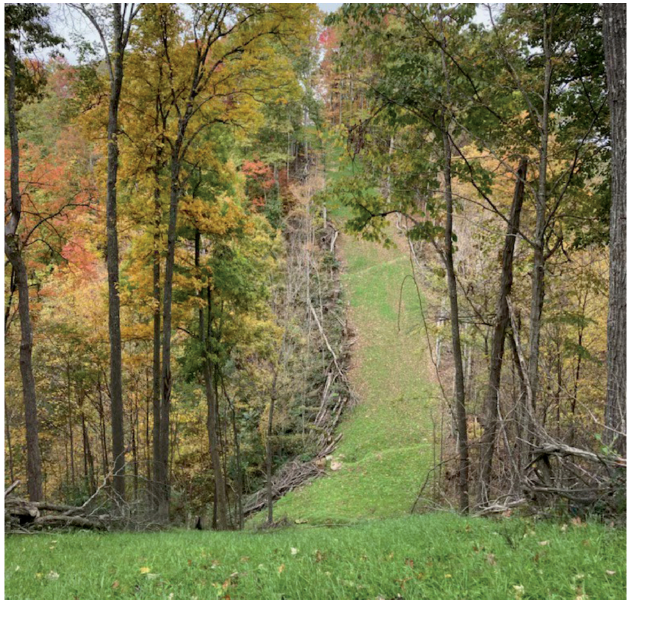
The NWTF, whose primary mission is to conserve the wild turkey in North America through the preservation and restoration of habitats, is also a national leader in partnering with the U.S. Forest Service in stewardship work on national forests across the country. We are excited to partner with the NWTF because of their long-standing ability to match corporate contributions by 5 to 1 from the private sector. We elected to allocate our contribution to two ongoing NWTF projects:

(1) The NWTF's White Oak Restoration Initiative, a science-based project impacting approximately 4,000 acres across four states, is intended to restore the long-term sustainability of the U.S.' white oak forests in order to avoid their decline, support extensive plant and animal biodiversity and maintain the economic, social and environmental benefits these forests provide society. Our funds work in tandem with other contributors' funds to collectively make a larger impact across this acreage as projects and opportunities present themselves.

(2) NWTF youth events in 2022 included more than 1,200 children and adults from eight local NWTF chapters across six of our operating states. During these events, state NWTF chapters and wildlife agencies facilitated wildlife conservation education sessions while also promoting ethical and safe hunting. The NWTF supports the **North American Model of Wildlife Conservation** which is a successful system of policies and laws to restore and safeguard fish and wildlife and their habitats through sound science and active management, and therefore is an effective system to conserve our natural resources.

West Virginia State University

In 2021, we extended an existing, owned natural gas pipeline in West Virginia by eight miles to connect it to an existing interstate pipeline that would create opportunities for our natural gas production to reach much needed and alternative-priced sales markets. In order to extend this pipeline, known as the Maverick Express, we removed saplings and other trees along the identified route and, when completed, we restored the pipeline acreage with native seed mixes. However, we also made a commitment to replant the felled trees, and in 2022 we were pleased to have partnered with WVSU, a public, land grant, historically black university, to effectuate this replanting project. Our replanting goal is not just to have a net zero deforestation impact related to the Maverick Express, but we aim to replant an even greater number of trees through this partnership. Beginning in the spring of 2023 through a programme designed by WVSU's extension service, we will partner Diversified personnel with university students studying Forestry at WVSU as well as high school students in local Future Farmers of America chapters across West Virginia to accomplish our goal.



RISK MANAGEMENT

Our risk management process relies upon our comprehensive planning processes to adequately identify and avoid disturbing any threatened species, critical habitats or waterways. We sometimes acquire assets that may require unique risk management solutions to access the well location, and we are prepared for a variety of these situations. For example, we (i) own and utilise a fleet of mobile bridges to protect waterways when transporting equipment across the waterway; (ii) work with strategic equipment placement that maximises efficiency while avoiding disruption; (iii) employ erosion control systems to prevent potential run-off into the streams or waterways; and (iv) have SPCC plans in place for liquids stored on all of our sites. To date, the work being completed across our midstream and upstream projects has created synergies and supported our biodiversity risk management efforts.

METRICS & TARGETS

Similar to our approach to managing climate-related risks and opportunities, relevant metrics and targets related to biodiversity and land use ensure we have actioned commitment to minimise our impacts and protect biodiversity across our operational sites. Stated metrics and targets may vary from time to time and as relevant to planned annual operational activities. For example, we earmarked funds in 2022 for biodiversity initiatives and are pleased to report as noted above on the use of allocated funds through our partnerships with the NWTF and WVSU.

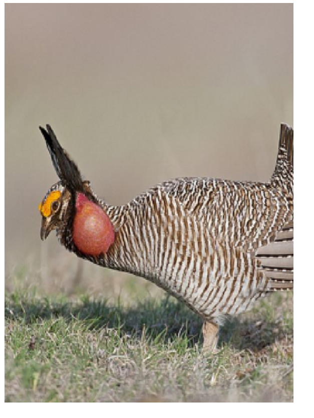
To support our Avoid, Mitigate, Restore and Offset approach, our ongoing commitments include a goal of no net deforestation in our operational activities and a goal to retire wells beyond our annual regulatory requirements, thus returning an expanded number of retired well pads to their natural condition in order to promote both natural reforestation and natural pollination.

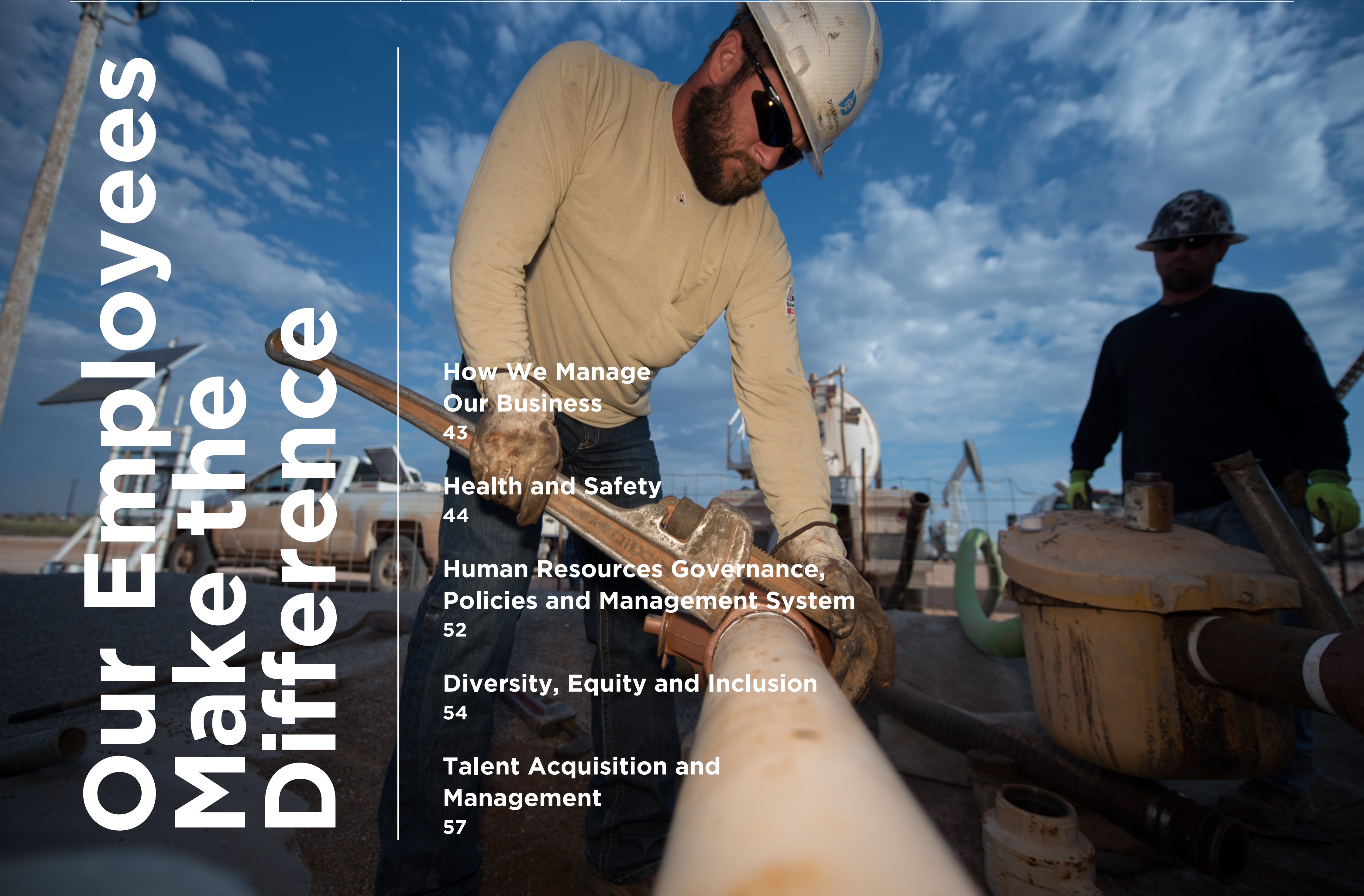
CASE STUDY: FRESHWATER MUSSELS - HABITAT AVOIDANCE

The freshwater mussel is an endangered group of organisms in the U.S. where pollution and other harmful impacts have significantly reduced the freshwater mussel population. In 2022, during our short (less than one mile) X1M1 pipeline replacement project in Kanawha County, West Virginia, we took steps above and beyond regulatory expectations and permit requirements to protect several freshwater mussels species potentially present within the project scope area. To avoid disturbing critical habitat while installing our pipeline across the Pocatalico River, we determined that the best "avoidance technique" would be to directional drill one bore beneath the river and adjacent tributaries. The horizontal directional drilling proposal was reviewed and then authorised by several federal and state agencies before any work was completed. As part of the site reclamation upon project completion, we proactively included native common milkweed into the approved seed mixes as this plant is a great pollinator and of upmost importance to the survival of the migratory Monarch Butterfly, the state butterfly of West Virginia and a Candidate Species of protection with the USFWS.

CASE STUDY: PROTECTING ENDANGERED AND THREATENED SPECIES

When we acquired producing assets in western Oklahoma from a seller in 2022, our environmental specialists made sure to transfer an existing Certificate of Inclusion ("CI") associated with these assets. Through the CI, we voluntarily commit to implement or fund specific conservation actions that will reduce and/or eliminate threats to the lesser prairie chicken as provided in the CI. As outlined in the CI, we commit to avoid and minimise impacts on the lesser prairie chicken and its habitat on the properties covered under the agreement and to take all steps necessary to ensure compliance with the agreement, including educating all personnel and contractors about those requirements. In November 2022, the USFWS published a final rule to federally list the lesser prairie chicken as endangered and threatened. As such, we will be obligated by this ruling to meet certain regulatory requirements if we need to make any future changes to the well sites located within this area. We do not currently expect this ruling to impact our operation of these wells going forward given our ongoing commitment to meet or exceed regulatory requirements in all of our operations.





Our Employees Make the Difference

How We Manage Our Business

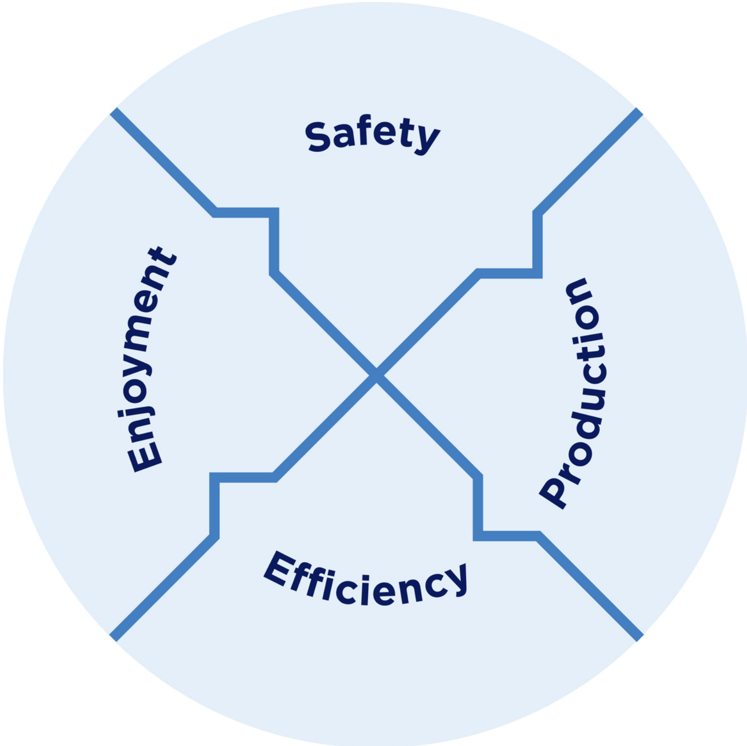
Our four guiding daily principles of Safety, Production, Efficiency and Enjoyment drive the success of our 'acquire and operate' and SAM-centric stewardship business model. These principles reflect our steadfast commitment to safety and employee satisfaction as well as superior operational results and meaningful sustainability and environmental stewardship initiatives. We continue to embrace these guidelines and challenge our employees to prioritise them in their daily work.

Safety
No Compromises

Production
Every Unit Counts

Efficiency
Every Dollar Counts

Enjoyment
Have Fun Delivering Great Results



"While we have grown rapidly over the last five years through successful acquisitions, our commitment to the health, well-being and professional development of all our employees remains a steadfast priority. Through our policies, programmes and operating procedures, we aim to support and unite our enlarged staff - driving forward our OneDEC culture."

- Mark Kirkendall, Chief Human Resources Officer

Health and Safety

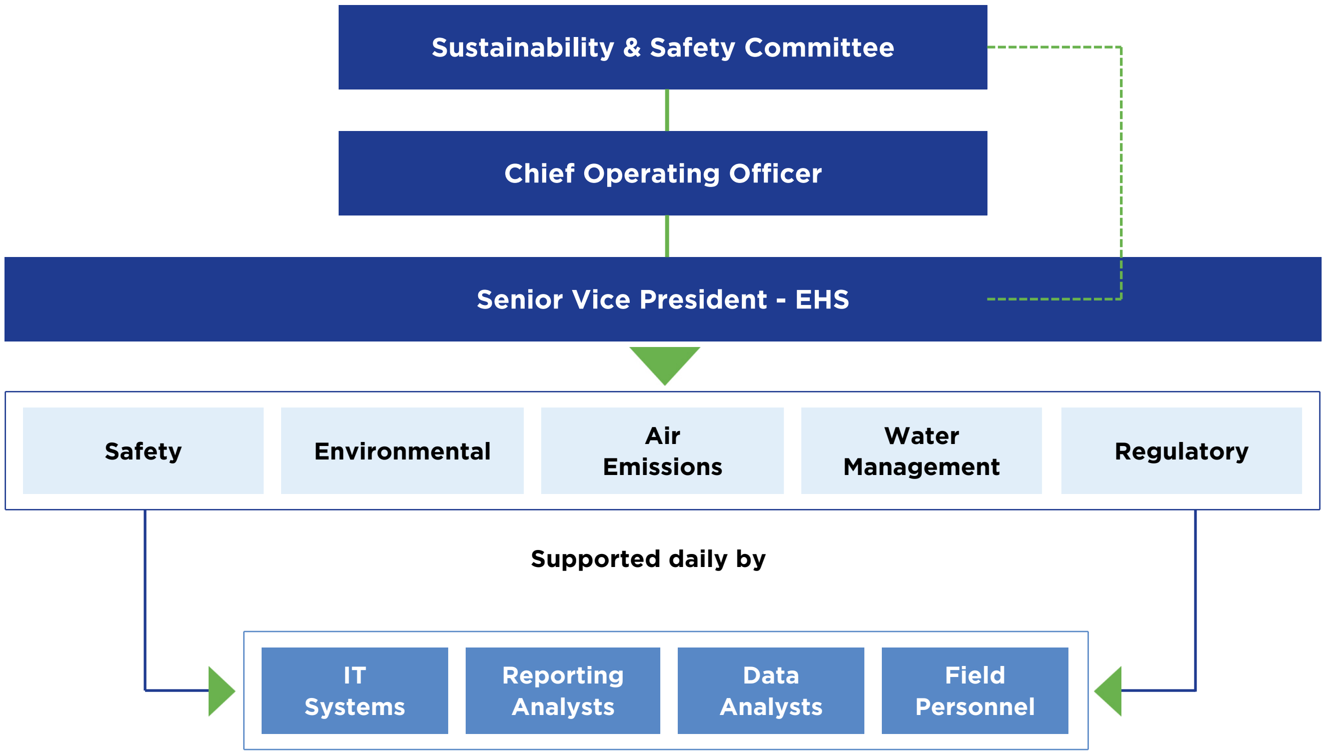
Strong environmental, health and safety management practices are central to the health and safety of our employees as well as to the integrity of our assets and our environmental stewardship. To this end, we ensure that all acquired assets meet or exceed our EHS standards, which includes a post-acquisition transition period to bring the new assets and accompanying staff under a single, shared set of common operating standards and expectations. A guiding force within our organisation supporting the seamless operations of our business, our EHS team's responsibilities include but are not limited to:

- Overseeing occupational health and safety matters, including safety training and incident learning;
- Managing process and community related health and safety matters;
- Managing regulatory compliance related to production operations;
- Maintaining active spill prevention mechanisms and controls; and
- Governing emissions, air quality, water and biodiversity management processes, including metric and target tracking and reporting.

Our **Environmental, Health & Safety Policy** formalises and clearly outlines our values and approach to safety. Our **Business Partners Policy** similarly highlights our safety and operational expectations from the suppliers and business partners with whom we conduct business on a daily basis. Our head of EHS sits on Diversified's senior management team and works directly with our Chief Operating Officer and other key senior leadership on EHS matters. We monitor our performance across multiple EHS metrics on a daily basis using an internally developed dashboard available to every employee and distribute summary reports weekly, monthly, or quarterly as applicable to our full Board, the **Sustainability & Safety Committee** of the Board, and to our operations leaders.

Further, our head of EHS is an active participant in the Board's Sustainability & Safety Committee meetings where he provides direct updates to the committee regarding company metrics and targets and EHS programmes.

Given the importance of safety across our operations, as reflected in our own emphasis of our number one daily priority - "Safety - No Compromises" - we have continued to expand our EHS team to support our safety focus and efforts in both the Appalachia and Central regions, including incorporating additional expertise through our acquisitions. Our dedicated, cross-functional EHS staff of 28 employees is a significant resource to our more than 1,500 employees, working tirelessly to protect our staff, business partners and communities as we continue to operate and grow. While supported tremendously by our EHS safety teams, we recognise that safety is every employee's responsibility and priority - no matter the employee's location, position or job function. When we hold each other responsible and accountable, we benefit the entire Diversified family.



Safety and Preparedness

To ensure the safety of our personnel, we consistently seek new opportunities to enhance our safety tracking and training. To this end, some of the tools we use to standardise and elevate our company-wide approach to safety include the use of safety awareness software applications, an incident management system, role-specific field operating guidelines and regular fit-for-purpose trainings to maintain a strong daily focus on safety across the organisation.

While we have made great progress to date, we continue to enhance the depth and focus of our trainings and continue to expand educational opportunities around both preventative and responsive measures. To keep employees engaged and up to date on safety matters, field staff receive regular trainings and communications which we provide across numerous channels, including but not limited to employee-led podcasts, newsletters, safety briefs, tailgate meeting support materials, and videos.

Further, we analyse every incident, response and associated trends, and we track related data through our safety management system which includes predictive analytics tools to help us anticipate and thus avoid future potential incidents. By identifying trends and seasonal risks, we can disseminate proactive communications to highlight hazards with the goal to reduce incidents. Given the power inherent in this data and the related insights it affords, we ensure safety data is available across the full organisation so employees can learn from weekly anonymised incident reports and shared safety advisories.

Finally, as evidenced in our number one daily priority of safety, we set high expectations for our employees and we likewise hold them accountable. We use our systems to track the corrective action that is taken following an incident, therefore also providing a mechanism to ensure we address hazards and follow up appropriately where and when needed. In 2022, 100% of incidents were followed with appropriate corrective actions which varied based on our incident severity matrix.

OUR 2022 SAFETY ENHANCEMENTS

Robust Safety Training	— Initiated development of more robust safety training including monthly touchpoints, targeted computer-based learning, and tailgate meeting support materials — Expanded safety leadership moments in all field operations calls — Field employees completed 100% of both mandatory and recommended training, including a total of 34,657 training hours
Advanced Safety Analytics	— Enhanced our ability to identify seasonal and calendar-linked hazards — Enabled our teams to more effectively understand and communicate key safety metrics and hazards
Amnesty Campaign	— Increased awareness among employees on amnesty in safety reporting — Continued growth in our culture of responsibility across our workforce — Validated safety amnesty reporting through Great Catch award
Progressed Leading and Lagging Safety Indicators	— Increased Good Catch/Near Miss reporting by >500% — Improved TRIR by >50% and MVA rate by 4% — Incurred zero severe incidents during the period
Transparency on Safety Information	— Provided information on safety to all employees via intranet, weekly and monthly meetings — Made enhanced, online safety dashboard available to all employees, including district performance allowing healthy intra-company competition for improvement

CASE STUDY: DIVERSIFIED'S AIR FORCE

Recognising the need to further enhance our air emissions knowledge and bench strength, in 2022 we chartered a new work group called the "Air Force". This team, led by our staff Air Manager, intentionally consists of both air emissions professionals and other EHS team members who are less-experienced in air emissions, including members of our safety and regulatory teams. The Air Force connects in bi-weekly collaboration sessions to advance communication and collaboration and to improve working knowledge of emission reduction, measurement and compliance across the team and larger organisation. As a result of this team, we have successfully grown our air emissions capabilities and ability to rapidly address emerging issues. For example, when a potential air pollution control issue was identified on one engine, the Air Force was able to rapidly identify and address other potential areas where this issue might exist. The team also collaborated to create and deploy a Power BI application that enabled field personnel to accurately track maintenance compliance tasks associated with small air emission sources.

Air Force

Personal Safety

EQUIPMENT & TRAINING

As a part of prioritising safety, we provide employees with the tools they need to be protected and to act safely. As applicable, employees receive necessary protective equipment such as fire-retardant clothing, hard hats, eye gear, hearing protection and steel-reinforced footwear. Any employees with additional task-specific needs are provided with relevant best-in-class safety equipment.

Field employees are required to complete safety and risk mitigation training. Consistent, continuing education on these topics is required and additional further training in first aid and CPR is provided on an annual basis at no cost to the employee. All of these trainings help build the confidence of our employees of themselves and those around them when faced with a possible incident.

Our field employees are provided with monthly trainings on safety topics, with trainings both in person and online. In addition to providing general flexibility to our workforce, our online training system is often used when an employee is unable to attend a training in person. Updates on safety training are provided to leadership and discussed weekly.

We aim to uphold a zero-harm working environment and culture and continue to improve our safety awareness and efforts as we do so. As we integrate acquired assets, our safety emphasis programmes are designed to actively engage our new employees into our policies, practices, procedures and most importantly our safety culture.

BUILDING A POSITIVE SAFETY CULTURE

Building safety culture takes a constant investment, especially from our front-line leaders. We take time to explain the "why" of our safety approach to gain ownership. Each of our regular operational calls begins with a Safety Leadership Moment. Through these embedded trainings, we instil a "safety always" approach that promotes leadership and the need to take deliberate actions to maintain a positive safety culture. We regularly receive feedback from staff that they actively look forward to these safety leadership reminders.

Utilising the safety communications infrastructure we developed in 2021 which enables rapid safety reporting, we further improved safety communications within the organisation in 2022. Culturally, we emphasised the importance of reporting all events, regardless if it was identified through a proactive, action-oriented approach - a 'Good Catch' - or through a reactive outcome that avoided an injury as the event occurred — a 'Near Miss.' Bypassing existing stigmas and building trust allowed us to see a significant increase in 'Good Catch' and 'Near Miss' reporting, which we have found to be a strong leading indicator for safety performance.

We encourage reporting through our amnesty provision that provides protections against repercussions if an honest, Good Catch/Near Miss is experienced and reported. While the amnesty provision has been in place at Diversified historically, with full support from senior leadership, we are increasing awareness via more frequent and clearer communications around related protocols to further drive the completeness and accuracy of our performance tracking and reporting.

We believe that our actions in this area are reaping benefits as evidenced in our increasing Good Catch/Near Miss reporting coupled with our much improved TRIR metric, even across a growing employee base who are coming to us from various acquisitions and are now embracing Diversified's safety culture.

SAFETY LEADERSHIP MOMENT - INTENTIONALITY

I was safe... before I was safe.

To be intentional in safety takes planning.

What does it mean to be intentional in safety? It means we must systematically gain knowledge from errors, educate our people in solid procedures and expectations, and establish sound polices – all of which must be ingrained, adopted and applied by the individuals on the front line of an operation.

Why?

It's about what will happen to us in "the" moment – the moment when we need to make a withdrawal of our banked safety knowledge.

In safety circles, we have a great example of intentionality - Sully Sullenberger, the pilot who successfully landed a passenger plane on the Hudson River. To quote Sully, he said:

"One way of looking at this might be that, for 42 years, I've been making small regular deposits in this bank of experience: education and training. And on January 15, the balance was sufficient so that I could make a very large withdrawal."[11]

If we don't plan to be safe, we might not be. We must be safe ... before we are safe.

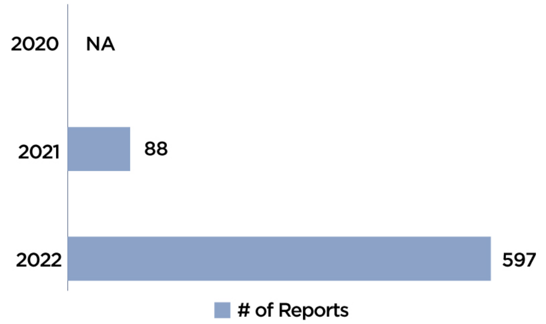
We also work to communicate with our employees across unique and highly engaging platforms to present critical safety information. For example, our employee-led podcasts now number nearly 40 episodes and are highly popular with our teams. On average, each podcast has been listened to by several hundred employees, and we anticipate continued growth in interest across Diversified as awareness continues to build. Our popular Safety and Environmental Minute video series is also growing, with a library of over 30 videos.

- Internally developed incident tracking tool
- Situational awareness programme: Be Where Your Boots Are
- Video Series: DEC Safety Minute
- Video Series: DEC Environmental Minute
- Newsletter: Safety Fast Facts
- Video Channel: Cross Roads Training, Focus Topics
- Podcast: Walk the Talk
- EHS Safety Dashboard

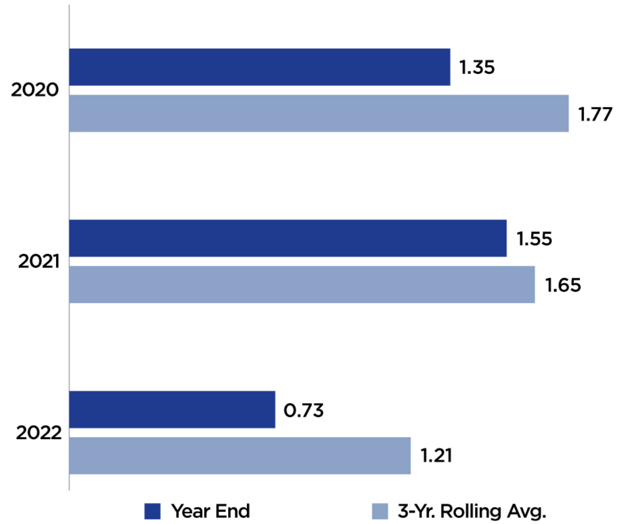
SAFETY METRICS

We have invested in safety culture and leadership, particularly with our recent expanding regional presence, and we are now seeing the benefits of those investments. We track detailed safety metrics across our operations in an effort to continually learn and improve as we aim for zero preventable incidences in both personal and driver safety. One such safety metric is our TRIR, or the sum of lost time injuries, restricted work injuries and medical treatment injuries per 200,000 work hours. In 2022, we recorded a TRIR of 0.73, down more than 50% from the 1.55 recorded in 2021 and lower than our 2022 goal of 1.33. Our much improved result in 2022 included several months where we incurred no safety incidents across the organisation, reflective of that consistent and continual focus we are investing in with our employees. With this improved performance in 2022, our three-year rolling average TRIR, on which a portion of executive and certain senior leadership's short-term incentive compensation is based, also improved 27% to 1.21 as compared to the prior year's three-year rolling average of 1.65.

GOOD CATCH/NEAR MISS



TOTAL RECORDABLE INCIDENT RATE (TRIR)



Driver Safety

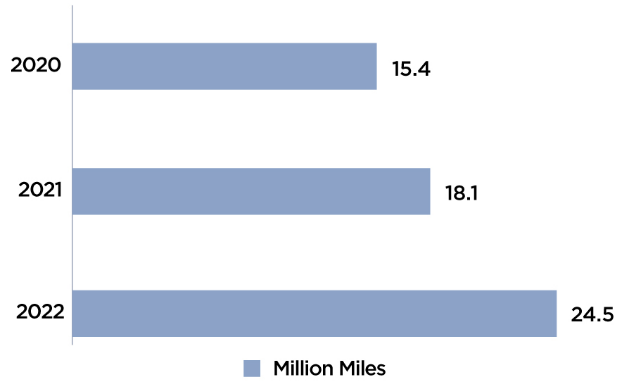
Our fleet vehicles are heavily utilised by our employees due to the geographic expansiveness of our operations. Therefore, though we work hard to optimise the routes of our well tenders to minimise windshield time and reduce vehicle emissions, our employees spend significant time and accrue millions of miles on the road. Nonetheless, we seek zero preventable motor vehicle accidents during the calendar year.

Our 2022 MVA is 0.69 incidents per million miles driven. This rate is a 4% improvement from 2021 even with a 35% increase in miles driven and 18% more drivers in company vehicles during 2022 largely as a function of the acquisitions we made during the year. Our three-year rolling average MVA, on which a portion of executive and certain senior leadership's short-term incentive compensation is based, also improved 11% to 0.82 as compared to the prior year's three-year rolling average of 0.92. As with our TRIR safety focus, we continue to actively manage and respond to our MVA with additional training focused on a cultural mindset that promotes preparation, awareness and avoidance.

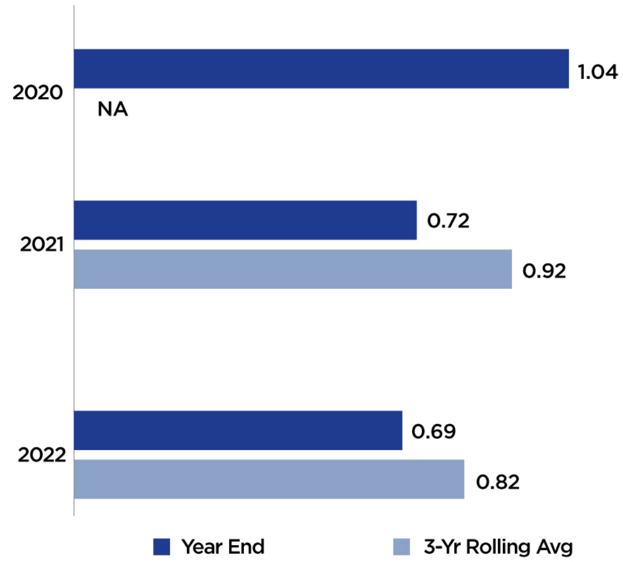
To further encourage safe driving, we mandate driver safety training for all company vehicle drivers as well as additional trainings for any drivers involved in preventable motor vehicle-related safety incidents. Additionally, we created the Safe Passages recognition programme to reward employees annually who are motor vehicle accident free. This Safe Passages programme has become a significant motivator for our drivers across the Company, as they look forward to their year-end reward if earned and therefore more frequently keep the reward front of mind when operating motor vehicles. Paired with our top daily operational goal of "Safety-No Compromises", this programme is a constant reminder to employees of what matters most, which includes returning home safely at the end of each day to spend time with their families and in the great outdoors.

Each year we commission a wildlife artist to create an original pen and ink wildlife drawing which becomes the theme for our annual Safe Passages award. Using thematic elements of the select animal species (Elk, Turkey, Rainbow Trout, to date), all of which are connected to our stated commitments to biodiversity, we message our employees on safe driving attributes along with their connection to the natural environment and survival instincts of the year's selected species. From the wildlife art we make framed prints which are distributed to our field offices to serve as a constant reminder of the programme, and we also commission highly collectible, custom wildlife-themed Case knives for the employees. Our employees have shared that these knives are a cherished memento and a powerful motivator for their constant vigilance to be a safe driver. The Case knives are proudly made in Pennsylvania and are another example of our support for local companies.

EMPLOYEE MILES DRIVEN



MOTOR VEHICLE RATE (MVA)



Process Safety

> "Through our persistent focus on safety improvements, we have maintained an exemplary safety record and increased our pipeline safety compliance programmes. In 2022, fourteen various state and federal regulatory agencies audited our operational assets and compliance programmes and cited zero non-compliance issues. This success is a testament to our focused attention and high internal standards in operating these assets."
>
> **— Shawn Bailey, Vice President, Midstream Compliance**

We currently operate four gas conditioning plants that are regulated by the Occupational Health and Safety Administration's ("OSHA") Process Safety Management rules which include a 14-part management system focused on operational safety. While these operations are required to follow all state and federal regulatory codes, we also take care to verify that all operations adhere to applicable recommended practices. Therefore, we verify that these facilities attain applicable recommended practices, including from the American Petroleum Institute ("API"), American Society for Testing and Materials ("ASTM") and American National Standards Institute ("ANSI").

In 2022, an extensive review of our process safety programme was presented to our Board's Sustainability & Safety Committee as part of an effort to improve our process safety through in-depth education and examination with leadership.

We provide employees with training instruction and clearly-defined evaluation criteria through our operator qualification programme which is focused on assessing the abilities of employees set to perform higher-risk and safety-sensitive tasks on our regulated assets. The programme spans across our pipelines to ensure we meet key safety measures more broadly and feeds into our public awareness programme.

We operate a full complement portfolio of natural gas production, gathering, transmission and storage assets. Through our SAM and integrated asset integrity management programmes, we maintain exemplary and proven operational and safety records. Our highly experienced and well-qualified workforce maintains a foundational commitment to both employee and public safety. Our interactions with the various industry stakeholder groups strengthen our relationships and binds our business model. Our leadership is consistently interactive and involved, taking a forefront role in the implementation of our operating methodologies. All these attributes are key ingredients in Diversified's recipe for past, present, and future success.

As we continue to work with more liquid products and our process safety therefore increases in importance, installing additional fail safes, expanding investments in technology and personnel, and increasing the depth, frequency and transparency of related reporting will remain central to our success.

Our success formula for process safety includes four key aspects:

PEOPLE

With emphasis on intense commitment to operational safety, highly experienced operations personnel, interactive stakeholder engagement, and frequent leadership engagement.

PROCESS

With emphasis on well-managed systems, procedures and priorities, frequent communications, and an organised compliance model.

PERFORMANCE

With an emphasis on a continuing exemplary safety record and well-documented compliance.

ASSETS

With emphasis on clearly defined asset classifications, prioritised mechanical integrity programmes including scheduled maintenance and reliability actions, and integrated records retention methodologies.

Pipeline Safety

We seek to acquire and operate midstream systems primarily where we are a large producer into those systems in order to better serve our upstream operations, introduce operational synergies and add more operational control over our total footprint. We operate thousands of miles of production, gathering and transmission pipelines, and given the importance of pipelines to our business, our midstream safety measures seek to ensure our people along with the community and environments in which we operate remain safe and protected. We are also continuously working to avoid potential sources of risk including those related to corrosion and needed pipe replacements.

One such tool for use in monitoring the integrity of our pipelines is the 'smart pig', an electronic inspection device inserted into the pipe and used to detect and measure corrosion and metal loss both internally and externally on the pipe wall and to detect curvatures or deformations in the pipeline. As it travels the distance of the pipe, the smart pig records information on the health of the pipeline so that our midstream operators can analyse the data and promptly address any potential deficiencies, thus helping to ensure the safety of our equipment and neighbours and the unencumbered transmission of our product. As required by law, we use this smart pig application on a seven-year rotating basis for a small subset of our transmission pipelines located in heavily populated, or high consequence, areas. We also more frequently use pressure testing or other forms of direct assessment throughout the year to maintain the ongoing integrity of our pipeline system.

Our public awareness programme provides information to a variety of key stakeholder groups who have touchpoints with our pipelines, including first responders, public officials and excavators. We maintain access to public awareness support documents on our website and provide multiple methods of company contact for stakeholders who may have questions or concerns about our process pipeline operations. We also work with state auditors and with the Pipeline and Hazardous Materials Safety Administration ("PHMSA") to annually evaluate our pipeline safety programme.

ENSURING PIPELINE INTEGRITY

As part of our ongoing pipeline integrity management programme, in 2022 we conducted a smart pig test on a 15-mile section of 16-inch pipe located within a highly populated area of northern Pennsylvania. The use of this in-line inspection technique negated the need for a scheduled blowdown or shutdown of the pipe during testing, thus lessening the release of natural gas and thereby directly supporting our ESG commitments to minimise methane releases into the atmosphere, while also delivering on our commitment to the integrity and safety of our assets. We are pleased to report that the inspection revealed no internal obstructions or external deformations in the pipe structure. As we do with each of these inspections, we also used the pre-test pipe cleaning runs and inspection findings to ensure that our overall operational pigging programme remains relevant and timely.

Working with Responsible Suppliers

Our commitment to safety through education, communication and reporting does not stop at our own internal processes. We take care to ensure that our external business partners and suppliers are adhering to or exceeding the same high standards we set for ourselves within our EHS management system.

Our **Business Partners** and **Modern Slavery** policies ensure that our values are represented in all the work we are connected to and that we build strong relationships with suppliers on foundations of trust. To this end, in 2022 we upgraded our procurement and contractor/supplier selection process and procedures to ensure all appropriate steps are taken in the selection of our vendors. With that said, we reserve the right to conduct audits to ensure compliance and the right to adjust or end professional partnerships if our expectations are not being met. Through 2022, we are pleased to report that our business partners actively maintained compliance with our expectations, and therefore, we did not conduct any external compliance audits.

To effectively manage our large network of nearly 550 suppliers and business partners, we leverage Veriforce, a safety and human rights monitoring platform that also includes our contractors' compliance with state and federal operating standards such as OSHA regulation, modern slavery and human rights, discrimination, and other U.S. labour laws.

Veriforce has improved the ability to track relevant performance metrics for both ourselves and our business partners. Further, as we seek to expand our third-party interactions with business partners who also desire to make positive contributions in our communities and to society at large, we plan to roll out a programme in 2023 to make the completion of a company-defined ESG survey through the Veriforce platform a mandatory requirement by year end 2023 for our suppliers and contractors to continue to do business with Diversified (with the exception of small vendors and vendors for which the survey presents undue hardship such as sole-proprietors or professional services providers). Included in this effort will be an assessment of contractor compliance with human rights in accordance with our expectations as driven by our own **Human Rights Policy**.

With a contractor base that continues to expand as a function of our acquisition activity, we recognise the importance of utilising contractors that are properly insured and that meet or exceed our safety standards. Thus, in 2023, we will undertake a thorough review of our enlarged contractor set to identify opportunities for rationalising our supplier network and focusing on partnering with contractors with the same safety mindset as Diversified.

Emergency Preparedness

We aim for prevention rather than response when it comes to emergencies, but we are prepared to be effective and expeditious in our response to any potential emergency event. Our employees are trained to respond to emergencies ranging across various scenarios, from natural disasters to operational incidents. We prepare our employees for the worst-case scenario, taking care to ensure everyone is ready to respond effectively and confidently if and when the time comes. One way in which we accomplish this is through our formal Crisis Management Plan ("CMP"), which consists of company-wide guidelines on how to prepare for and respond to emergencies and is reviewed for efficacy, clarity, and relevance at least twice annually by our senior leadership.

Risk categories covered by the CMP are extensive and include environmental, personal safety, legal and regulatory, communications, data security, and operational disruptions, among others. Our CMP includes a 12-member team of experts who are responsible for:

- Mobilisation to the site;
- Plan maintenance;
- Identification of potential crises;
- Preparing crises responses;
- Coordination of response to unanticipated events;
- Post-event investigations;
- Consolidation of insights learned and team communications;
- Overall plan communications; and
- Local response teams.

Our CMP is available and easily accessible to all employees and includes protocols for crisis communications to help inform necessary internal and external stakeholders.

In addition to our CMP, we also have a formal Business Continuity Plan ("BCP") to ensure the resilience of our critical business functions and the safety of our employees and other stakeholders in the case of a natural disaster or black swan event and related business disruption.

Our BCP includes a team of experts that are responsible for:

- Maintaining and evolving response protocols in the event of disruption to critical business functions;
- Developing function-specific plans that restore respective business functions; and
- Providing input from the perspective of various core business functions including:
  - Information Technology;
  - Gas Control;
  - Risk Management;
  - Legal;
  - Land;
  - Finance & Accounting; and
  - Investor Relations.

We ensure all emergency response related processes exceed the needs of situations that may arise and that we are positioned to learn from potential incidents in order to provide our employees with increasingly effective tools to keep themselves out of harm's way. Our overall risk management process, effectuated by our Internal Audit team and ultimately overseen by our Board of Directors, is important to the success of our company, and we are committed to our stakeholders to execute our risk management processes with thoroughness and excellence.

Human Resources Governance, Policies and Management System

Making our Employees a Priority

As we continue to grow our asset base, both organically and through acquisitions, standardisation, harmonisation, and proactive employee engagement and receipt of feedback have remained key priorities in guaranteeing a seamless assimilation and execution across our teams. Through continued efforts to reconcile differing, pre-existing Human Resources policies into singular overarching policies such as our **Corporate Responsibility Policy** and **Employee Relations Policy** formalised in 2021, we are effectively integrating teammates in key areas of our business.

In 2022, our Board's designated Non-Executive Employee Representative, Ms. Sandra Stash, conducted four site visits across our operating areas, hosted by employees participating in our PDP Programme. During these site visits with our broader employee base, employees had the opportunity to directly engage with Ms. Stash as well as our local leadership teams. Ms. Stash provided field visit summaries to the full Board, and the respective leadership teams provided feedback to Executive Management.

Ms. Stash's role as Non-Executive Employee Representative was established in compliance with the UK Corporate Governance Code, and 2022 was the second full year of her role in this regard. During this two-year period, the frequency of Ms. Stash's meetings with our employees has increased largely as a result of her advisory work with our PDP group. We are pleased that this increased interaction affords PDP members and other employees direct interaction with a Non-Executive Board member and field leadership but also presents an opportunity for Ms. Stash to share workforce views or concerns with the Directors for their consideration when making decisions that may affect our employees.

During the year our Chief Executive Officer, Mr. Rusty Hutson Jr., and other senior management officials also conducted separate town hall meetings with various district or division offices to update our employees on recent corporate actions and results and otherwise directly engage the local staff. Mr. Hutson plans to continue these field visits in 2023, presenting an ongoing opportunity for continued, two-way direct communication between senior management and our employees.

We value all employee feedback, especially from new employees who come to us as new hires or through acquisitions. As such, in order to better understand a higher than expected exit rate among new hires within the first 12 months of employment during 2022, we instituted a company-wide practice during the year requesting that all new employees complete a survey after their first week of employment as well as at 45, 90 and 180 days post-hiring. Results of these new hire surveys help us identify potential areas of improvement in our interviewing, onboarding and ongoing employment processes and procedures.

Our most recent company-wide annual employee experience survey was conducted in November 2022 and included an 80% response rate from our more than 1,500 employees. The employees responded to survey questions related to: engagement, their job, their manager, the people they work with and the overall organisation. We were pleased to see that managers and co-workers again received ratings significantly above the survey's benchmark data. Responses regarding the organisation and its processes, resources, and communication provide room for focus and improvement, and management has already begun to actively address these areas in the current year.

Ensuring adequate leadership time in the field and regularly sourcing feedback through employee surveys are not difficult nor complex initiatives, but they are valuable in helping us identify and meaningfully address the needs of our employees. We continue to assess levers at our disposal to further strengthen our ability to provide a safe and welcoming workplace where all employees remain accountable and empowered to communicate openly and honestly.

Establishing an Employee-Oriented Workforce

A core aspect of our OneDEC culture is the wholistic and meaningful integration of personnel within our acquired companies. It is of the utmost importance to the long-term success of our business that we instil in all employees – those with long tenure and newly welcomed alike – the importance of operating ethically and within Diversified's non-negotiable expectations as it pertains to employee behaviour.

Our Company Values form the foundation upon which our company was started and the standards to which each Director, officer and employee of Diversified is expected to adhere. As per these Company Values, we will conduct our business and deliver value to our stakeholders based upon ethical standards and beliefs that:

- Value the dignity and worth of all individuals;
- Act with personal and business integrity;
- Commit to excellence in our performance;
- Respect environmental stewardship as we make business decisions;
- Exhibit courage of convictions, challenge the status quo and strive to create value;
- Seek opportunities for continuous learning and improvement; and
- Serve and support our teams and communities with passion and enthusiasm.

Diversity, Equity and Inclusion

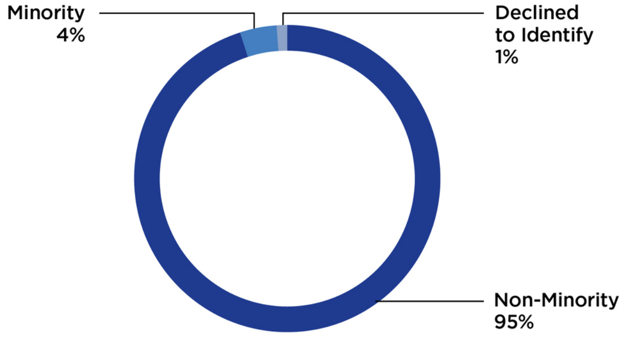
“Value the dignity and worth of all individuals” is listed first in our Company Values, showcasing our dedication to foster an environment of acceptance and inclusion and to ensure all employees are valued without discrimination. Our goal is to develop a company culture of belonging that not only welcomes but also fosters the development and retention of employees of all walks of life.

As an equal opportunity employer, it is our corporate and collective obligation to treat every individual with equal respect and to avoid discrimination on the basis of actual or perceived race, colour, religion, alienage or national origin, ancestry, citizenship status, age, disability, gender, marital status, pregnancy, veteran or military status, sexual orientation, gender identity or expression, genetic information or any other characteristic protected by applicable law. Our management team is committed to ensuring equal employment opportunities with respect to recruitment, hiring, placement, promotion, transfer, training, compensation, benefits and employee activities.

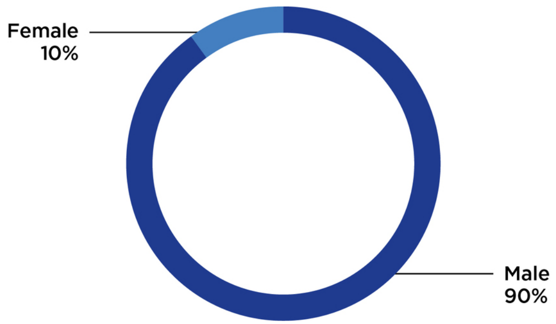
The same energy and commitment spans across all levels in our company, including setting the tone at the Board level. In 2022, we invited a new member – Sylvia Kerrigan – to join our Board of Directors, further increasing female representation on our Board and helping to ensure our female employees and job candidates can envision themselves in a position of leadership within Diversified. With concrete example-setting more important than ever before, the Board’s Nomination & Governance Committee mandate includes direct oversight of Board composition and diversity.

Below are summaries of the diversity within our total company employee base, as of the year ended 31 December 2022.

ETHNIC DIVERSITY



GENDER DIVERSITY



In 2022, we experienced a total turnover rate of 17.6% as compared to 9.4% in 2021. In addition to the aforementioned larger than normal turnover rate experienced by new hires in the first 12 months of employment, this increase also was related to an early retirement offering in April and a reduction in force programme in May. Absent these named initiatives, we would have incurred an annual turnover for the year of 12.6%. We believe this increase in total turnover during the year is largely attributable to a rebound in development activity within the industry driven by significant increases in oil and gas commodity prices. As we have seen many times in this industry, the increase in commodity prices which drives the increase in activity can also drive both current and prospective employees to seek other opportunities for employment with prospective employers willing to pay incentives and/or higher salaries to reboot and kick-start their respective development programmes. We remain committed to making our employees a priority through an inclusive culture, opportunities for growth, and increasingly meaningful benefits.




Gender Diversity, Equity and Inclusion

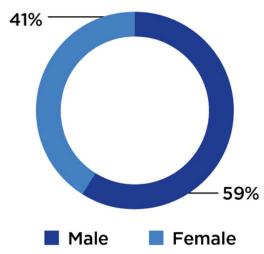
According to recent sector studies, less than one in eight employees in technical and field roles are women[12] and our employee base currently reflects similar statistics. Thus, even outside the inherent difficulties that may encumber recruitment and retention as a result of commodity price swings, the U.S. oil and gas industry still faces an ongoing challenge to recruit and promote qualified and experienced women in these roles which include engineering, equipment handling, maintenance, and field operations.

The vast majority of our workforce are upstream and midstream field personnel, otherwise considered Production employees, while our Production Support employees typically cover all other roles such as back office, administrative and executive positions.

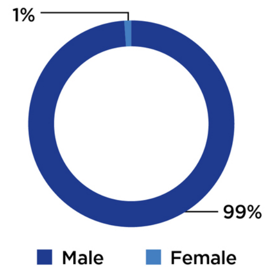
In 2022, the percentage of females that made up our entire workforce remained relatively consistent as compared to 2021 (10% in 2022 vs. 11% in 2021) and was reflective of a decrease in female Production employees more than offset by an increase in female Production Support employees. Not surprisingly, our overall Production team, which accounts for 77% of our total employee base, tends to grow at a faster rate than our Production Support team. While we hired female candidates at a higher rate than total female applicants received (12% vs. 10%, respectively), we on-boarded the existing workforces of acquisitions made up primarily of male Production employees.

We recognise that our acquire-and-operate business model which very often includes bringing on board personnel directly from the seller of the assets limits the opportunities for Diversified to otherwise hire new individuals for technical or other roles. Even so, as any such opportunity permits, we do work to enhance the diversity of our candidate pool from which we identify and hire the most qualified individuals, regardless of gender, ethnicity or any other identification. Through our internship programme, industry partnerships and internal employee development initiatives, we seek to increase opportunities for all genders to succeed within our business and our industry.

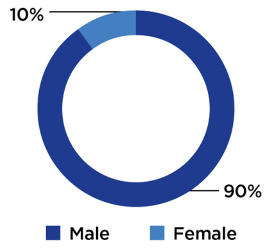
2022 PRODUCTION SUPPORT



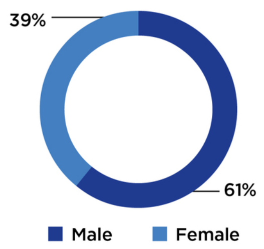
2022 PRODUCTION



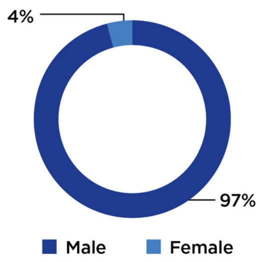
2022 TOTAL EMPLOYEES



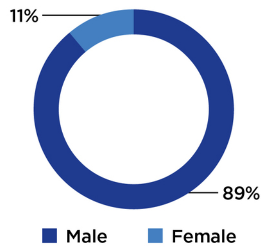
2021 PRODUCTION SUPPORT



2021 PRODUCTION



2021 TOTAL EMPLOYEES



> "Production and technical employees throughout our industry are predominantly male, but Diversified has given our female staff authentic support and the same career development opportunities as our male counterparts. For example, building technical expertise gained in my current role has been central to my career development, and I appreciate the ability to lead a team where my experience is valued and contributes to the culture of excellence that drives our results."
>
> **— Michelle Kirby, Director of Production Engineering, Central Region**

Data-Driven DEI Tracking and Recruiting Initiatives

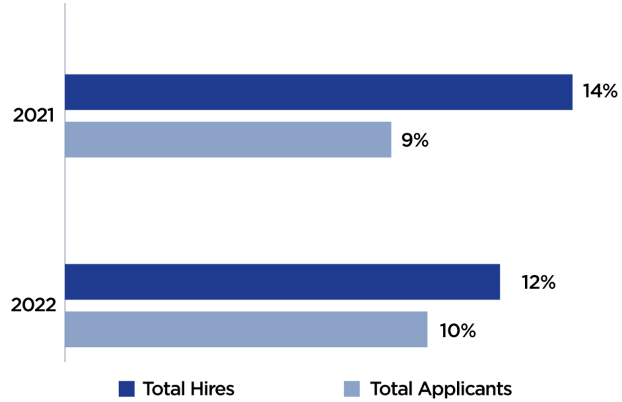
In 2022, we finalised implementation of important systems across our human resources functions, further enhancing our analytical abilities as it pertains to diversity metrics and performance. Our ability to assess and understand trends in data and then subsequently improve recruitment, retention and promotion is a major driver of our human capital success.

More specifically, our applicant tracking system, among other features, allows us to measure and report on the diversity of employment candidates and those who have submitted employment applications inclusive of self-reported DEI attributes. This system aggregates and organises prospective employee information, providing a full yet anonymised overview of the candidate pool to better understand our practices and avoid hiring biases. Based on our data, we are able to track and report our progress around hiring, while acknowledging the challenges and benchmarks within our industry and operating geographies. As a result of our emphasis on increasing the gender and ethnic diversity of our applicant pool, we are pleased to note an increase in both of these areas in our 2022 applicant processes.

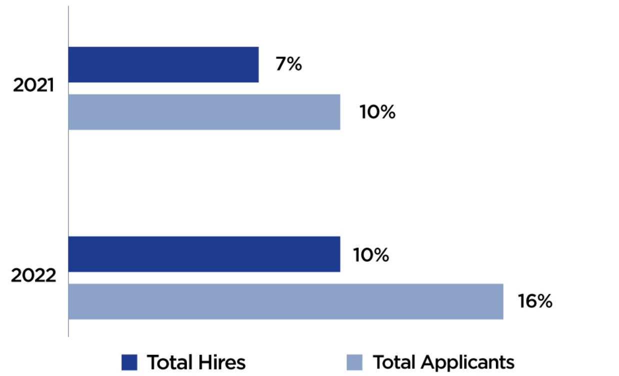
To support our talent acquisition initiatives, we have an internal talent acquisition team. Our Talent Acquisition Manager, who is certified in workplace diversity, equity and inclusion through Cornell University and the University of South Florida, is collectively responsible with two Talent Acquisition Partners for proactively supporting DEI initiatives and embedding related principles into the fabric and culture of our company.

As part of a coordinated diversity and engagement strategy within our recruitment processes, we engaged third-party agencies across eight geographic focus areas within our operating footprint to disseminate recruiting materials targeting diverse racial and ethnic candidates. In 2022, ~16% of applications received through our applicant tracking system were from racially diverse candidates.

APPLICANT POOL: FEMALE



APPLICANT POOL: ETHNIC MINORITIES[a]



Note: Applicant data does not include initial hires made as part of Diversified acquisitions.

[a] Ethnic minorities primarily represent African-American, Hispanic/Latin, Asian, and Native American ethnicities

Talent Acquisition and Management

"I am extremely thankful for the internship and opportunity to learn so much about the financial sectors of companies especially within oil and gas. I am also extremely thankful to have learned more about myself and the type of company atmosphere and work I need to do in order to feel fulfilled and happy."

— DEC Intern

Noah Campbell
NGL/Crude Marketing Analyst

"Coming into my internship, I knew very little about the industry, but through the marketing team I had an incredible learning experience. Being an intern felt less like I was a temporary employee and more so a member of the team. Beyond the industry, my internship taught me a lot about the company culture... one of the many reasons I am now proud to officially be a part of the team."

Employee recruiting represents a key human resources function that substantially affects our ability to achieve our financial objectives and performance targets and positively impacts the communities in which we operate through gainful employment and accompanying access to health and wellness benefits. To that end, we have in place various diversity initiatives that serve to both showcase to potential applicants our culture of inclusion and celebrating individuality and build a long-term recruitment pipeline.

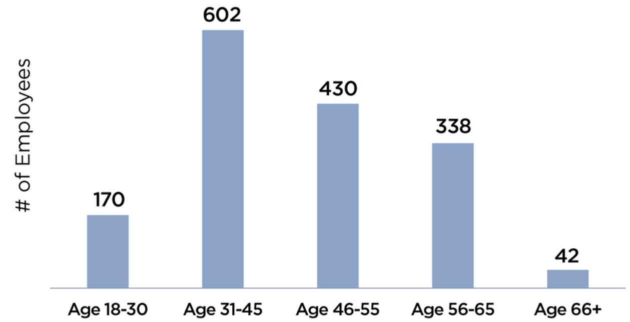
Local Hiring

In 2022, greater than 95% of our new employee hires included in our year-end headcount total of 1,582 employees were selected from within local communities in which we operate. Among those new employee hires, we welcomed 105 employees to the Diversified family directly through our 2022 acquisitions in the Central Region. Our commitment to support economic development in the areas in which we operate is closely tied to local hiring, as our company acts as a highly valuable source of employment for many remote communities given the size of our operating footprint across multiple states.

Building An Employment Pipeline

We recognise that in order to maintain a large, talented workforce to support our expansive operations, we must remain aware of the age distribution of our employee base and actively recruit, as needed, then cross-train and upskill our employees to ensure we foster a healthy workforce into the future. As part of this strategy, we understand the importance of training the next generation of field employees and developing the future leadership of the group, and as such, we have pursued several partnerships to provide both internal and external training with an eye to fostering a diverse and skilled talent pool into the future.

EMPLOYEE AGE DISTRIBUTION AT 31 DECEMBER 2022



Our internship programme is one initiative which we continue to expand. In 2022, we hired nine university student interns of different educational and demographic backgrounds, nearly doubling the programme from the five interns that we hired for our inaugural summer internship programme in 2021. Both the students and the Company continue to benefit greatly from the experience, which is further driving our goal to further expand our student internship programme to 15 interns in 2023. We were pleased in 2022 to onboard one of these summer interns into a full-time employment position with our company, and we look forward to more opportunities to do the same in the future.

In 2022, we provided financial scholarships to 24 university students attending six different local universities and colleges within our geographical operating areas. We also awarded three scholarships to children of Diversified employees as part of our newly developed Employee Dependent Scholarship programme, bringing total scholarship awards in 2022 to 27 students attending nine different universities within our operating footprint. Furthermore, we supported certain university vocational programmes which we anticipate will serve as a pipeline for new hires to our company and our industry.

"I am so grateful to Diversified for this scholarship. Growing up around the oil and gas industry and with a passion for environmental protection, I chose to pursue an environmental engineering major with a minor in civil engineering. Upon graduation, I hope to obtain a full-time position in regulatory compliance and environmental sustainability."

— Mariann

"Let me start by saying 'thank you' for this Diversified Energy Company scholarship! ... I have been trying to work and pay my way through school these last couple of years, and it hasn't exactly been easy. This is the first scholarship I have received, and it is going to make all the difference in the world to me."

— Kevin

SCHOLARSHIP PROGRAMME - BY THE NUMBERS

9	**27**
Universities Attended by Scholarship Recipients	Students Receiving 2022 DEC Scholarships

Employee Training and Development

Developing the competencies of our employees remains central to our workplace culture and directly supports our business goals, inclusive of those related to sustainability. Our employees are encouraged to advance their personal and professional development and receive our support in these endeavours. In addition to required workplace safety trainings, we offer several training opportunities and programmes to promote the growth of our employees.

Educational Assistance Programme

Available to all Diversified employees, our Educational Assistance Programme provides tuition reimbursement for continuing education through any accredited programme related to the employee's current position or to future promotional opportunities within the Company.

Professional Development Programme

Our two-year PDP empowers employees to develop personal and professional skills while collaborating on and advancing important corporate and community projects. The programme convenes a small group of employees from across the organisation to address internal improvement initiatives and gather employee feedback on key actions of the Board and Management. The programme makes certain that our employees' views are taken into consideration by the Directors when making decisions, particularly those that will affect the workforce.

Our inaugural PDP group began in late 2020 and completed its tenure in 2022, leading Diversified's community giving efforts and spearheading improvements to Diversified's internal communications and community relations. We look forward to ushering in a new group of PDP members in a new cycle to further advance these efforts, encourage networking across our internal business divisions and foster employee-led efforts to improve our business processes.

"It has always been a goal of mine to earn an energy-centered graduate degree and advance my career into a leadership role. The Educational Assistance Programme has benefited me greatly by providing me with support to pursue my career goals while developing my leadership skills and knowledge of the dynamic energy environment."

— Andrew Barker, Landman-Acquisitions and Divestitures

Leadership Impact Training

We recognise the far-reaching impact that strong leaders can have on the entire organisation, and we value a mindset of continuous improvement and skill development. As a means of further developing leadership skills and positioning individuals for even greater leadership roles in the future, we are piloting in 2023 a year long Franklin Covey leadership development course for 40 managers across the organisation. The training platform is largely technology-based to permit flexibility in completing the programme and includes direct interaction with a Franklin Covey leadership coach. The programme includes a 360° feedback assessment that will drive a personalised development programme for each participant.

Employee Development Tools

Our focus remains not only on development of critical professional skills, but also on providing employees with the infrastructure to improve in a competitive and healthy manner. To this end, our company-wide online performance management and goal setting platform permits all employees and their supervisors to establish annual workplace achievement goals and then subsequently track employee performance against those goals. This system provides employees with visibility to those areas in which workplace improvement can be made and acts as a clear means of assessing and establishing merit-based compensation from the Company.

> "The PDP Programme was a great learning tool through my transition from Supervision to Management. The Programme's leadership allowed the group to select training that helped us with many management subjects for our current and future roles with Diversified. I'm thankful to have had the opportunity to participate and hopeful the Programme continues for years to come to benefit future leaders within our organisation."
>
> — **Jimmy Justice, Manager-Midstream Pipeline**

Employee Well-Being and Benefits

Our inclusive human resources policies, competitive salaries and access to excellent health and welfare benefits for employees and their dependents are central to managing and retaining talent. The recent transition from a fully-insured health insurance platform to a new, self-insured health insurance offering for our employees will allow us to engage employees, create an educated workforce of health insurance consumers and better manage expense while continuing to provide a comprehensive employee benefits guide.

We continue to offer our Employee Assistance Programme, a company-paid programme for all employees and their families that provides free access to certain mental health counselling outlets. And closely aligned with our tremendous wages and well-being offerings, we also provide a generous match to employee dollars contributed to a 401(k) savings plan, with 2022 company matching contributions totalling $0.81 for every $1 of employee contributions.

In 2022, we expanded our portfolio of health and wellness benefits to include paid maternity leave for staff, a volunteer time off offering for salaried staff, and a paid time off rollover for all employees. We also instituted a Hybrid Work Policy that permits hybrid work or full-time remote work opportunities as approved by an employee's supervisor. This policy is incorporated accordingly into our corporate-wide Employee Handbook and subject to review for continuation or cessation as warranted.

HEALTH & WELLNESS BENEFITS

- ✔ Comprehensive health and wellness plans
- ✔ Employee Assistance Programme
- ✔ Paid time off & rollover plans
- ✔ Maternity leave
- ✔ Hybrid Work Policy
- ✔ 401(k) savings plan match

Our Communities

State-by-State Economic Impact

Our disciplined financial and operational approach combined with our accretive acquisition strategy allows us to continually grow shareholder value while contributing to the economies of the ten states where we operate and work. We provide a positive impact in our communities by providing jobs with competitive salaries and excellent benefits, royalty payments, tax revenues, and other investments in our supply chain and local communities. These investments support our employees and their families, and in turn, support the communities and economies in our states of operation.

To further understand the direct and indirect economic impact of our operations in these communities and states, we commissioned an independent third-party to analyse financial data across our operations for calendar year 2022 using a well-established financial analysis process.

This process gathers data from all aspects of our business and assesses the net benefit we generate at the local, state and national levels, allowing us to understand our contributions to the benefitted economies and stakeholders.

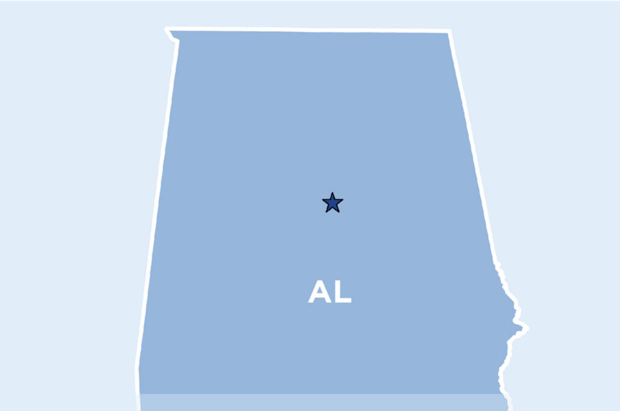
As we grow, we continue to prioritise the interests of our stakeholders while creating value for these same groups. We are proud of the positive work we have done and look to continue our role as an actively engaged and beneficial member of the communities where we operate.

For example, during 2022 we directly distributed approximately $507 million in royalty payments to a multitude of private and government mineral interest owners across our operating footprint. Further, we also directly contributed $105 million in state and local taxes.

Indirectly, our business activities during the same period also supported more than 8,600 ancillary jobs and provided some $735 million in ancillary labour income, including for contractors and suppliers who contribute to or participate in some way to our ongoing operations.

The following pages outline Diversified's total economic impact by state for each of the ten states in which our headquarters is located and in which we have operations. We delineate these impacts as related to Diversified's direct contributions or as an ancillary contribution, consisting of both indirect impacts resulting from our activities with our supply chain and induced impacts resulting from the subsequent spend in the communities of direct and indirect dollars by the beneficiaries of those dollars.

Alabama



Our corporate roots originated in Alabama more than 20 years ago, and while we do not have production operations in the state, it remains the home of our corporate headquarters today.

Community Giving and Engagement Programme recipients include: Banks Academy, local food drives, Toys for Tots, The Children's Hospital of Alabama, Make-A-Wish Foundation

"We are so grateful for Diversified's support as the presenting sponsor for our first annual Run, Ride & Rumble event to raise awareness of mental health issues, specifically post-traumatic stress disorder. Your generosity will allow us to serve more people in the community, especially our veterans and first responders, who are living with the impact of trauma in their lives."

— **Beau Armistead, Founder, Director & Counselor, Sojourn Counseling**

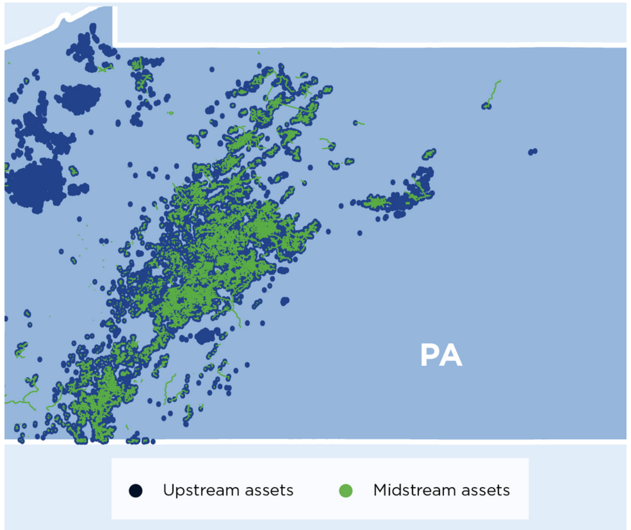
"Diversified has been a wonderful corporate sponsor to Banks Academy, which aims to serve and educate teenage scholars seeking to rise above often difficult financial situations. In financially supporting our school's needs, including educational programs, school lunches and transportation, Diversified is living out its stated company value to serve and support its communities, and we are very grateful for their generosity."

— **Darryl White, Board President, Banks Academy**

GDP Contribution	DEC Direct	$	14.4
	Ancillary GDP	$	31.8
	Total	**$**	**46.2**
Jobs & Employment	DEC Employees		69
	Ancillary Employment		347
	Total		**416**
Gross Wages & Income	DEC Employees	$	11.7
	Ancillary Labour Income	$	29.0
	Total	**$**	**40.7**
State & Local Tax Revenues	DEC Direct	$	0.1
	Ancillary Taxes	$	6.9
	Total	**$**	**7.0**
Federal Tax Revenues	DEC Direct	$	—
	Ancillary Taxes	$	8.6
	Total	**$**	**8.6**
Other Payments	Capital Expenditures	$	12.1
	Royalty Payments		N/A
	Operating Expenses		N/A

All dollars in millions

Pennsylvania



Community Giving and Engagement Programme recipients include: Marion Center Volunteer Fire Department, Sykesville Volunteer Fire Company, Washington PA County Fair, Toys for Tots, Post-partum Depression Support Organization, Operation Warm local coat drive

"Diversified Energy is a responsible operator creating reliable and affordable energy for Pennsylvania businesses and families. The Company is a leader on efforts both to meet the energy needs of tomorrow and to mitigate emissions through plugging abandoned and orphaned wells for the state. The PA Chamber is proud to count Diversified Energy as a member and engaged partner working to create a more sustainable energy future for the Commonwealth."

— **Luke Bernstein, President and CEO, Pennsylvania Chamber of Business and Industry**

GDP Contribution	DEC Direct	$	42.0
	Ancillary GDP	$	87.0
	Total	**$**	**129.0**
Jobs & Employment	DEC Employees		206
	Ancillary Employment		725
	Total		**931**
Gross Wages & Income	DEC Employees	$	13.1
	Ancillary Labour Income	$	65.6
	Total	**$**	**78.7**
State & Local Tax Revenues	DEC Direct	$	5.0
	Ancillary Taxes	$	18.4
	Total	**$**	**23.4**
Federal Tax Revenues	DEC Direct	$	1.4
	Ancillary Taxes	$	20.9
	Total	**$**	**22.3**
Other Payments	Capital Expenditures	$	19.2
	Royalty Payments	$	63.5
	Operating Expenses	$	63.5

All dollars in millions

Ohio

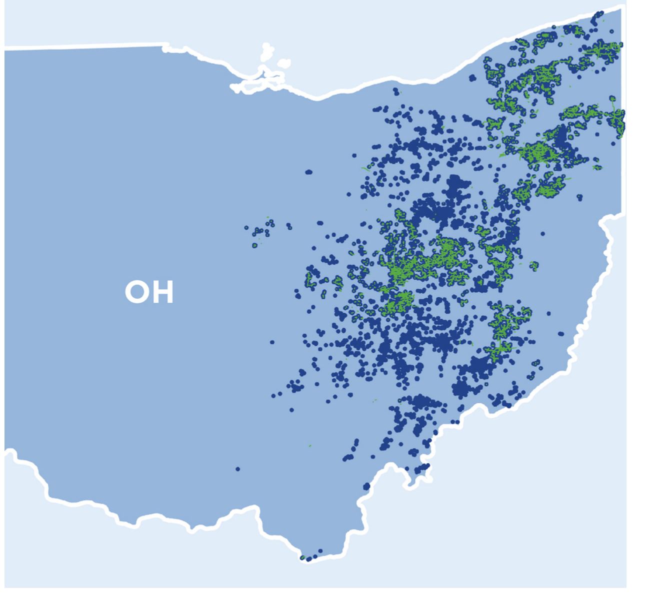
GDP Contribution	DEC Direct	$ 33.4
	Ancillary GDP	$ 43.6
	Total	**$ 77.0**
Jobs & Employment	DEC Employees	166
	Ancillary Employment	483
	Total	**649**
Gross Wages & Income	DEC Employees	$ 14.6
	Ancillary Labour Income	$ 42.7
	Total	**$ 57.3**
State & Local Tax Revenues	DEC Direct	$ 2.2
	Ancillary Taxes	$ 13.4
	Total	**$ 15.6**
Federal Tax Revenues	DEC Direct	$ 0.6
	Ancillary Taxes	$ 15.0
	Total	**$ 15.6**
Other Payments	Capital Expenditures	$ 14.5
	Royalty Payments	$ 14.9
	Operating Expenses	$ 21.5

All dollars in millions

Community Giving and Engagement Programme recipients include: TomTod Ideas, Tuscarawas Society for Children and Adults, Toys for Tots, local food drive, Operation Warm local coat drive, Gigi's Playhouse, Perry County Fair

"As a non-profit energy education and public outreach organization, the Ohio Natural Energy Institute values Diversified Energy's continued support which enhances our ability to aid and educate teachers, students and the general public about the oil and natural gas industry while also promoting safe and environmentally sound practices. As a responsible operator engaged with our organization and other state stakeholders, Diversified plays an important role in ensuring we are all working to support the energy and education needs of Ohio citizens."

— **George Brown, former Executive Director, ONEI**



West Virginia

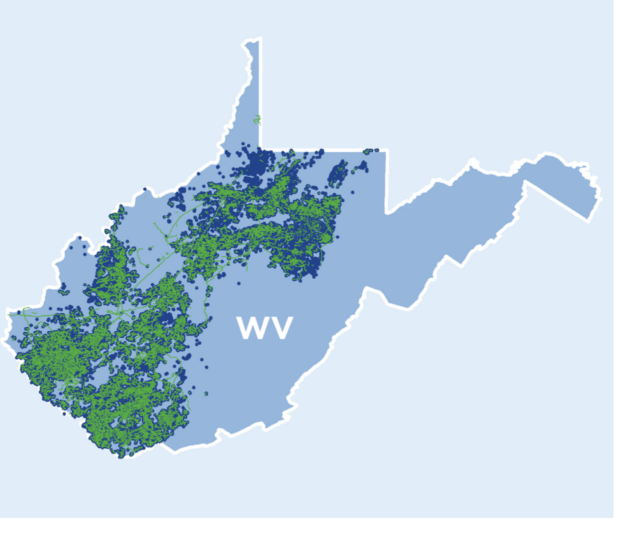
GDP Contribution	DEC Direct	$ 121.4
	Ancillary GDP	$ 88.4
	Total	**$ 209.8**
Jobs & Employment	DEC Employees	509
	Ancillary Employment	1,042
	Total	**1,551**
Gross Wages & Income	DEC Employees	$ 45.4
	Ancillary Labour Income	$ 120.5
	Total	**$ 165.9**
State & Local Tax Revenues	DEC Direct	$ 17.8
	Ancillary Taxes	$ 41.0
	Total	**$ 58.8**
Federal Tax Revenues	DEC Direct	$ 4.9
	Ancillary Taxes	$ 55.3
	Total	**$ 60.2**
Other Payments	Capital Expenditures	$ 20.5
	Royalty Payments	$ 70.2
	Operating Expenses	$ 111.9

All dollars in millions

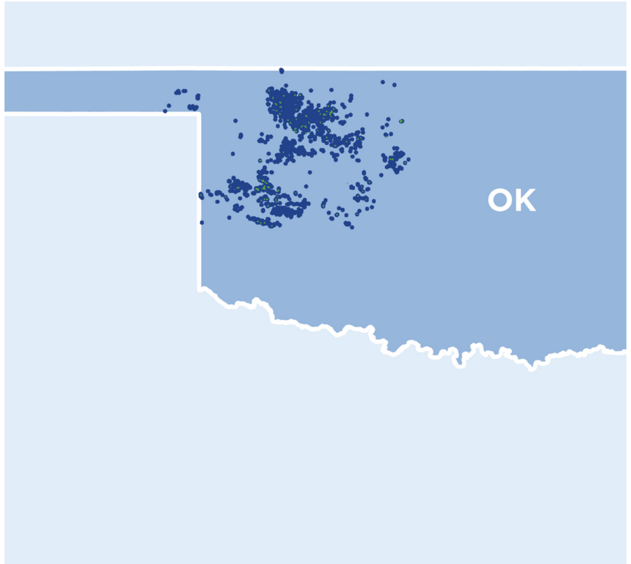
Community Giving and Engagement Programme recipients include: Grant Town Emergency Medical Services, Laurence Jones, III Childhood Language Center, Lumberport Volunteer Fire Department, West Virginia State Fair, West Virginia State University tree planting initiative, YMCA of North Central West Virginia Inc., Toys for Tots, Operation Warm local coat drive

"Our paraffinic and refined products, developed from oil sourced in part from production owned and operated by Diversified Energy, find their way into numerous applications vital to our everyday life, such as adhesives, tires and roofing materials. Importantly, our products are also used in the fabrication and construction of alternative energy generation and green energy vehicles. We are thankful for Diversified's responsible production of this vital resource to support our nation's broader basic needs."

— **Leslie Barton Lampton IV, President, Ergon Oil Purchasing**



Oklahoma



Community Giving and Engagement Programme recipients include: Leedey Volunteer Fire Department, local food drive, Boys & Girls Club of Oklahoma City, Woodward Elks Rodeo

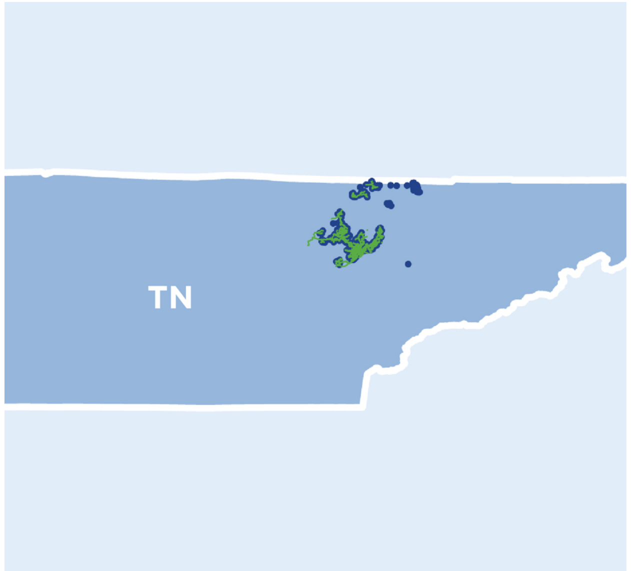
"Diversified Energy is a great operator and partner. The Company operates natural gas wells on my property, and they have always done so with respect and integrity while quickly and efficiently addressing any questions or issues that may arise. I'm proud to have Diversified producing from wells on my property and providing affordable, reliable energy to Oklahoma."

— **Steve R., Land and Mineral Interest Owner**

GDP Contribution	DEC Direct	$	30.6
	Ancillary GDP	$	89.6
	Total	**$**	**120.2**
Jobs & Employment	DEC Employees		147
	Ancillary Employment		630
	Total		**777**
Gross Wages & Income	DEC Employees	$	12.3
	Ancillary Labour Income	$	53.0
	Total	**$**	**65.3**
State & Local Tax Revenues	DEC Direct	$	18.3
	Ancillary Taxes	$	16.7
	Total	**$**	**35.0**
Federal Tax Revenues	DEC Direct	$	5.0
	Ancillary Taxes	$	33.7
	Total	**$**	**38.7**
Other Payments	Capital Expenditures	$	21.4
	Royalty Payments	$	99.5
	Operating Expenses	$	63.5

All dollars in millions

Tennessee



Community Giving and Engagement Programme recipients include: Wilson Barn - Museum of Appalachia, Casting for Kids

"Citizens Gas Utility has been providing the residents and businesses of Scott and Morgan counties with a reliable and affordable heating source since 1958, thanks in part to local producers like Diversified Energy. With nearly 20% of the counties' residents living in poverty, access to affordable local gas supply produced right here at home is critically important in creating jobs and helping us consistently meet our customers' needs. Diversified Energy has been a good neighbor to Citizens Gas Utility and its customers."

— **Greg A. Bell, General Manager, Citizens Gas Utility District of Scott and Morgan Co.**

GDP Contribution	DEC Direct	$	2.9
	Ancillary GDP	$	14.3
	Total	**$**	**17.2**
Jobs & Employment	DEC Employees		14
	Ancillary Employment		130
	Total		**144**
Gross Wages & Income	DEC Employees	$	1.3
	Ancillary Labour Income	$	11.0
	Total	**$**	**12.3**
State & Local Tax Revenues	DEC Direct	$	0.7
	Ancillary Taxes	$	1.5
	Total	**$**	**2.2**
Federal Tax Revenues	DEC Direct	$	0.2
	Ancillary Taxes	$	1.9
	Total	**$**	**2.1**
Other Payments	Capital Expenditures	$	2.3
	Royalty Payments	$	2.9
	Operating Expenses	$	3.9

All dollars in millions

Kentucky

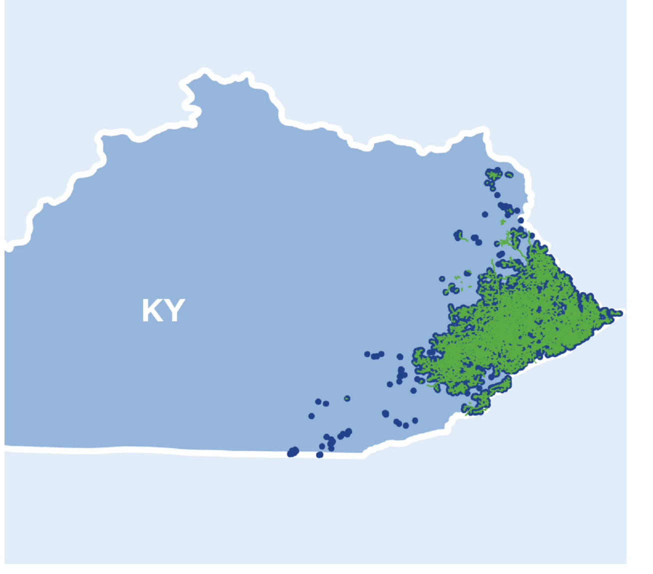
GDP Contribution	DEC Direct	$	49.2
	Ancillary GDP	$	62.0
	Total	**$**	**111.2**
Jobs & Employment	DEC Employees		209
	Ancillary Employment		577
	Total		**786**
Gross Wages & Income	DEC Employees	$	19.0
	Ancillary Labour Income	$	55.4
	Total	**$**	**74.4**
State & Local Tax Revenues	DEC Direct	$	14.4
	Ancillary Taxes	$	18.2
	Total	**$**	**32.6**
Federal Tax Revenues	DEC Direct	$	4.0
	Ancillary Taxes	$	31.0
	Total	**$**	**35.0**
Other Payments	Capital Expenditures	$	11.5
	Royalty Payments	$	58.6
	Operating Expenses	$	64.9

All dollars in millions

Community Giving and Engagement Programme recipients include: Floyd County Homeless Shelter, Mountain Arts Center, local food drive, Foundation for Appalachian Kentucky, Knott County Emergency Rescue Squad

"Diversified is an important provider of natural gas to the Peoples Natural Gas distribution systems in Pennsylvania, West Virginia and Kentucky, with hundreds of supply locations throughout our system. We depend on Diversified daily to provide safe, reliable natural gas supplies to meet the needs of our large customer base. We appreciate Diversified's efficiencies, resourcefulness, and flexibility in putting customers and the environment first. Thank you for being a valued partner for Peoples Natural Gas and we look forward to growing our relationship moving forward."

— Steven Kolich, Gas Supply Director, Peoples Natural Gas Company LLC



Texas

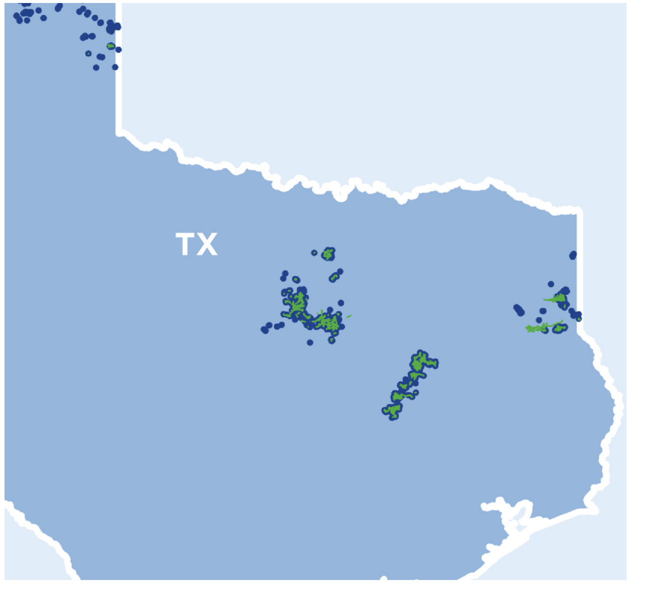
GDP Contribution	DEC Direct	$	40.4
	Ancillary GDP	$	165.2
	Total	**$**	**205.6**
Jobs & Employment	DEC Employees		154
	Ancillary Employment		1,006
	Total		**1,160**
Gross Wages & Income	DEC Employees	$	12.7
	Ancillary Labour Income	$	85.8
	Total	**$**	**98.5**
State & Local Tax Revenues	DEC Direct	$	31.8
	Ancillary Taxes	$	17.4
	Total	**$**	**49.2**
Federal Tax Revenues	DEC Direct	$	8.8
	Ancillary Taxes	$	38.4
	Total	**$**	**47.2**
Other Payments	Capital Expenditures	$	9.0
	Royalty Payments	$	133.5
	Operating Expenses	$	152.9

All dollars in millions

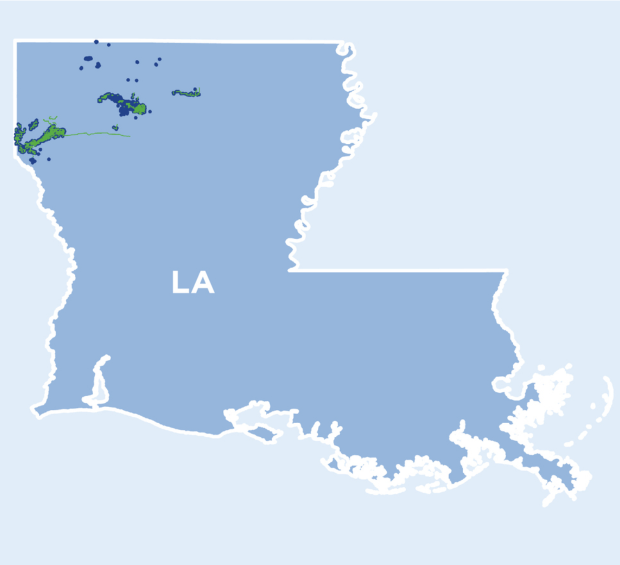
Community Giving and Engagement Programme recipients include: Butler Elementary School, Raquel's Wings for Life, Tolar Volunteer Fire Department, Toys for Tots, local school supply drive, local food drive

"For nearly seven years, Evans has provided Diversified with a number of wellsite services, with perhaps one of the most relevant in today's climate-focused backdrop being quarterly emissions testing. Diversified has long recognized the importance of emissions testing from both regulatory and environmental stewardship positions, and as such seeks to continuously and proactively test and maintain the Company's fleet of engines to ensure it meets or exceeds the stringent emissions standards. We are proud to partner with Diversified in these stewardship activities."

— Ben Evans, Director of Operations, Evans Onsite Services



Louisiana



Community Giving and Engagement Programme recipients include: Reaching for Excellence, Toys for Tots, local school supply drive, local food drive

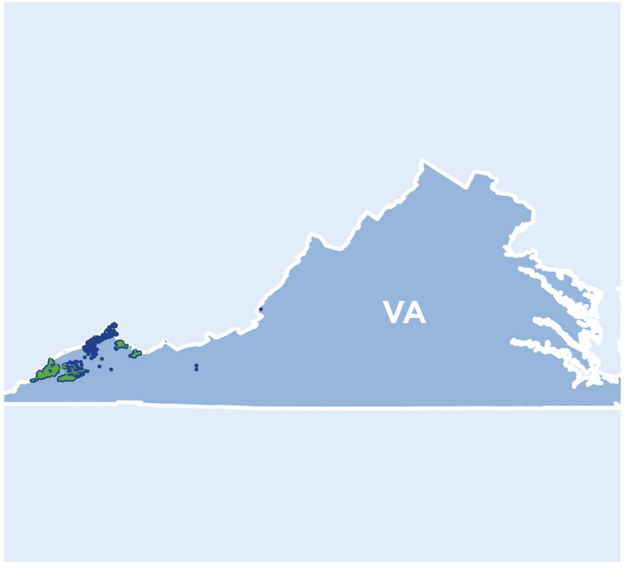
"The Louisiana Oil & Gas Association is grateful to members like Diversified Energy, who continue to serve and support our communities. The Caddo Parish backpack drive was a huge success, giving 200+ students backpacks and supplies for the 2022-2023 school year. We appreciate Diversified Energy for its commitment to community!"

— Mike Moncla, President, Louisiana Oil & Gas Association

GDP Contribution	DEC Direct	$	14.7
	Ancillary GDP	$	61.9
	Total	**$**	**76.6**
Jobs & Employment	DEC Employees		61
	Ancillary Employment		355
	Total		**416**
Gross Wages & Income	DEC Employees	$	6.8
	Ancillary Labour Income	$	32.7
	Total	**$**	**39.5**
State & Local Tax Revenues	DEC Direct	$	12.8
	Ancillary Taxes	$	8.3
	Total	**$**	**21.1**
Federal Tax Revenues	DEC Direct	$	3.5
	Ancillary Taxes	$	16.4
	Total	**$**	**19.9**
Other Payments	Capital Expenditures	$	10.0
	Royalty Payments	$	59.4
	Operating Expenses	$	63.0

All dollars in millions

Virginia



Community Giving and Engagement Programme recipients include: Transformational Housing Program, Synergy Foundation, Toys for Tots, local food drive

"As a locally elected official in my hometown of Buchanan County, Virginia, I will never forget the immediate and unselfish outpouring of support from Diversified Energy of financial and physical aid in our communities' time of need following the devastating flood in the late-night hours of July 2022. Diversified provided two temporary bridges to get residents to safety, donated water pumps to remove water from flooded homes, and made two generous financial contributions to our local fire department and YMCA to support our relief efforts. As an employee of Diversified, I am also humbled and grateful for my co-workers' outreach and support for me and my family - Diversified is forever my extended family!"

— Jeff Cooper, Chairman (formerly), Board of Supervisors of Buchanan County and Manager-Diversified Upstream Production

GDP Contribution	DEC Direct	$	6.7
	Ancillary GDP	$	18.8
	Total	**$**	**25.5**
Jobs & Employment	DEC Employees		37
	Ancillary Employment		182
	Total		**219**
Gross Wages & Income	DEC Employees	$	4.4
	Ancillary Labour Income	$	14.6
	Total	**$**	**19.0**
State & Local Tax Revenues	DEC Direct	$	2.1
	Ancillary Taxes	$	2.9
	Total	**$**	**5.0**
Federal Tax Revenues	DEC Direct	$	0.6
	Ancillary Taxes	$	4.5
	Total	**$**	**5.1**
Other Payments	Capital Expenditures	$	2.7
	Royalty Payments	$	4.6
	Operating Expenses	$	5.4

All dollars in millions

Community Outreach and Engagement

With an acquire-and-operate business model in which our field personnel are well-trained to actively and effectively operate and repair the wells which they manage on a daily basis, we inherently use fewer third-party contractors in our field operations. As such, we have a large, fully-employed workforce that lives and works in the communities in which we operate. Therefore, our expansive, on-the-ground presence within the many communities across our 10-state footprint allows us to identify and participate in supporting community needs with our focused time and attention as well as our financial and human capital resources.

More specifically, we support communities in which we work through our volunteer efforts, financial grants through our new Community Giving and Engagement Programme, and other physical or financial support as needed. We place immense value on being a respected, responsible operator while also nurturing relationships with key organisations and individuals because we know doing so translates to long-lasting and positive impacts for both local communities and our company.

In all, our multifaceted community outreach and engagement programme aims to contribute to many community aspects, including:

- Childhood education, with emphasis on STEM (science, technology, engineering and math);
- Secondary and higher education efforts and programmes;
- Children and adult physical and mental health and wellness;
- Environmental stewardship and biodiversity;
- Fine arts for children;
- Food banks and meal programmes;
- Homeless shelters;
- Community and volunteer first responders; and
- Local infrastructure.

We are pleased to report that during 2022 we put in place a number of key programmes that will provide our company and team members more opportunities to support our communities. For example, late in the year we initiated a matching gift programme that matches dollar-to-dollar gifts up to $1,500 per employee per year to qualifying 501(c)(3) organisations. While the programme officially kicks off in 2023, we matched approximately $9 thousand of donations from our employees in 2022 to support many of the outreach programmes noted above, including St. Jude Children's Research Hospital, Toys for Tots Foundation, Akron-Canton Regional Foodbank and Angioma Alliance.

Through the efforts of our employee PDP Programme, we also created an employee volunteer time off programme to encourage community volunteerism and social service. The programme currently permits exempt employees to take up to three days of paid time-off to engage in a social service, and we aim to expand the programme to encompass the entire employee base.

Community Giving and Engagement Programme

Aligned with our focus on enhancing our community outreach and engagement efforts, we committed to give up to $2 million in 2022 to support the social and economic development of the communities in which we operate and live. In 2022, we successfully launched a new grant-giving programme to support organisations or projects that have a positive, direct and long-lasting impact on the communities in which our employees live and work.

Through this programme and other community engagement and outreach, we distributed nearly $2.5 million during 2022, including 29% on family, health and youth engagements, 12% on local first responder programmes, 10% on biodiversity and conservation projects, and the remaining 49% on other community and stakeholder engagements.

For our new Community Giving and Engagement Programme, the qualifying grant criteria and application process is transparently communicated and outlined on the **application website**, where the aim of our community investment programme is to provide support to programmes which address one or more of three societal focus areas:

- **Community Enrichment** - programmes that encourage the development of diverse, safe, healthy, and sustainable communities, which help to foster residential, commercial and economic growth;
- **Education & Workforce Development** - programmes that support youth training, including proficiency in STEM topics, and other workforce development; and
- **Environment** - programmes that focus on sustainability and the preservation of natural resources and equip the public with conservation techniques to minimise environmental impacts.

Our corporate Community Giving and Engagement Programme is led by our Community Affairs Associate, who receives all the submitted grant applications and reviews them for eligibility as per the programme focus areas. Our employee-led Charitable Giving Council then has oversight of the final grant recipient selections while ensuring that our total grant pool is appropriately distributed across our operational presence. This structured grant programme will continue to drive our community financial efforts moving forward and will be evaluated periodically for efficacy.

Making a Difference in Our Communities

Our awareness of local community initiatives is driven predominantly by our employees remaining actively engaged in their communities and aware of opportunities for Diversified to support our neighbours. Our workforce is not only a major driving force of our engagement in these initiatives but are also heavily involved in on-the-ground support as well.

We recognise that financial donations alone are not enough to build strong relationships and create meaningful impact. Therefore, we also continued to expand our community engagements throughout the year with an eye on enhancing our ability to actively engage when our communities are in need and to participate in community-building events or actions.

Below are just a few of the many important initiatives that our company and employees supported, both financially and physically, during 2022.

Operation Warm Coat Drive

We believe every child deserves a warm, winter weather coat. We committed $150,000 to Operation Warm to provide over 4,000 coats to students in portions of our Ohio, West Virginia and Pennsylvania operating footprint. Operation Warm works with individuals, community organisations and corporations to provide warmth, confidence and hope through basic needs programmes that connect underserved children to community resources they need to thrive.

P3 Program at Mon Health Foundation

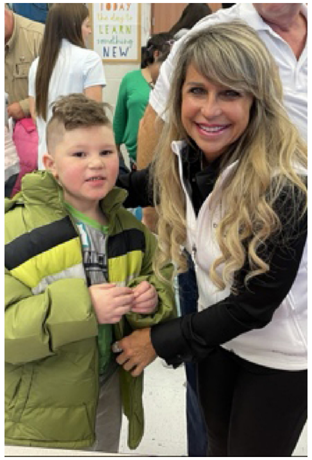
One in seven women are affected with perinatal depression (depression during and after pregnancy), and many of those diagnosed with this disorder do not receive help simply because they can not afford a babysitter or therapist or even find a ride to such care. The Mon Health Foundation implemented the P3 Program to help these women receive treatment without cost. We eagerly partnered with Mon Health by providing a three-year commitment of $25,000 per year to create the Diversified Energy Fund – “Healing Families One at a Time”.

Woodward Elks Rodeo and The Hope Center

Supporting activities important to our communities, we helped sponsor the 2022 “Tuffest of ‘Em All” Woodward Elks Rodeo in Oklahoma and provided a matching contribution to The Hope Center. The Hope Center is the largest food resources center in the region, serving over 600,000 meals annually across six counties in northwest Oklahoma. Beyond providing food security, the staff and volunteers of The Hope Center serve a vital role in connecting individuals with community resources such as utility, housing and clothing assistance programmes.

Toys for Tots

For the second year in a row, employees across the Company were eager to participate in the U.S. Marine Corps Reserves’ Toys for Tots programme, where 2022 marked the 75th year anniversary of this programme which provides hope and joy to less fortunate children during the holiday season. We were proud to sponsor a corporate-wide initiative to which the employees and the Company collectively contributed nearly $52,000 and hundreds of toys for children in every state within our footprint.



Kids in Need Foundation and Reaching for Excellence

In Louisiana and Texas, we donated funds to the Kids in Need Foundation to provide 1,000 backpacks filled with school supplies to local schools where at least 70% of their enrollment was made up of children on the federal lunch assistance programme. We also provided school supplies to students in Louisiana through the Reaching for Excellence programme which seeks to support families and children in need through financial contributions, mentorship and leadership.

Mountain Arts Center

We entered into a three-year programme totalling $75,000 to sponsor an arts education wing at the Mountain Arts Center in Prestonsburg, Kentucky which will provide individuals in the surrounding communities with specialised fine arts instruction in instruments, visual arts and voice.

Buffalo Creek Watershed Association

In April 2022, we provided fishing rods and tackle boxes to children ages 5 to 14 in support of the Buffalo Creek Watershed Fish Day in Latrobe, Pennsylvania. The Association uses this annual event to showcase the recreation of fishing as well as to share the importance of community cleanliness at large and litter clean up in the stream in order to support the aquatic resource as a long-term, viable fish habitat.

Whitewood Volunteer Fire Department

First responders are vital to our communities and to the broader oil and gas industry. One such group in our footprint is the Whitewood Volunteer Fire Department Inc. ("VFD") located in Buchanan County, Virginia — an area heavily impacted by the damaging floods during 2022. We were pleased to provide the Whitewood VFD with funds to help purchase much needed lifesaving and emergency response equipment for their department.

SERVANT'S HEART AWARD

In 2022, we established and awarded our first annual Servant's Heart Award, an internal award to recognise one or more employees who exemplify our Company Values and provide outstanding service to the community. The inaugural award was distributed to the Kentucky field teams for their work in the community following the severe flooding in the region in July 2022. Recognition of the award includes a Servant's Heart patch that can worn on the recipients' clothing as a daily reminder to themselves and others of the impact their presence and actions can have on those around them.

Through our own "Project Restore Hope," our eastern Kentucky team utilised our company warehouse as a contribution collection and donation facility, stocked much of the warehouse with supplies they bought and donated themselves, and personally drove many of the supplies to the areas that needed them most. Our field teams were critical in surfacing the most pressing needs from within their communities while also mobilising equipment and manpower to complete critical recovery projects.

"The devastating flash flooding that took place in eastern Kentucky in July 2022 cost precious lives and destroyed countless homes, businesses, municipal buildings including schools, fire and police stations, city halls and county court houses, as well as a portion of Diversified's significant field infrastructure. Without hesitation, Diversified's employees sprang into action to begin helping each other and our neighbours in need. Our Beaver Creek compressor station was heavily damaged by the raging flood waters and by the residual mud and debris, yet our employees worked tirelessly to clean up the station and had the facility back in service in just over a week! This example was just one of many of our field employees rising to the challenge and restoring service to keep delivering the energy needed to our communities, our state and our nation."

— Maverick Bentley, Senior Vice President of Midstream Business Unit

"The flood impacted so many in eastern Kentucky, including my own family. Through this event, however, I learned that in the midst of disaster, there is no water deep enough to keep people from supporting and providing for others when in need. To be a part of a company that stepped in and provided so much relief is humbling. You truly have no idea what it means to me and this area; we would not have made it this far without our Diversified family. THANK YOU!"

— Jordan Pigman, Corporate Safety Manager

FLOOD RELIEF EFFORTS

Extreme flooding in July 2022 heavily impacted operating areas in Kentucky and central Appalachia, destroying critical community infrastructure across several counties and leaving many roads impassable. Following the widespread nature of the destruction, there was a dire need for community assistance beyond those typically provided via public support outlets and funds. With the goal of assisting the community directly while also playing an important role in helping local municipalities and state agencies contain and address the damage, our company did not hesitate to lend assistance in critical areas of need.

PROVIDING PHYSICAL AND HUMANITARIAN AID

Our employees promptly and cohesively demonstrated first-hand our Company Value to "serve and support our teams and communities with passion and enthusiasm" when responding to the devastating floods in Kentucky. Both corporately and personally, our company and employees donated supplies, equipment and labour to support recovery efforts in Kentucky and nearby Buchanan County, Virginia following destructive flooding, It was this unselfish display of humanitarian support at its best that prompted the Company to create the Servant's Heart Award, as noted above.

Photo via Reuters

UTILISING EXISTING BRIDGER SURVEILLANCE CAPACITY

We immediately developed and enacted a plan to use our existing, contracted Bridger aerial surveillance programme to survey nearly 1,270 miles of gas pipelines within the flood-impacted areas. In addition to Bridger's ongoing objective to survey for potential fugitive emissions resulting from the flood, an additional Bridger observer joined the flight crew to focus on identifying and reporting any fire, encroachments, slips, washouts and line stress due to debris. Through this work we were also able to supply the State Emergency Operations Center with the coordinates of any signals for assistance or other needs.

RE-BUILDING A 7-FAMILY ROAD IN KANAWHA COUNTY

Roads that were outside of the state system were not due to receive funding from public institutions, but destruction on the Bravo Road had trapped seven families with no way for emergency crews to reach the families or no way to travel, other than by foot, for much needed supplies and sustenance. In response, our employees quickly mobilised and singularly provided repair efforts, supplying some 335 tons of gravel and more than 850 man and heavy equipment hours to rebuild the road and restore access.

Governance and Oversight

A Letter from the Chair of the Sustainability & Safety Committee

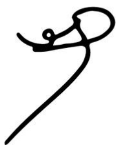
As Diversified marches toward its longer-term 2040 net zero goal, 2022 marked a critical and rewarding year for successful action, specifically making progress toward the Company's target to reduce methane intensity by 30% by 2026. Amidst a continuously developing regulatory landscape, evolving stakeholder expectations, and ongoing severe weather-related events in both the U.S. and abroad, the Company continued to focus on producing both environmentally and financially meaningful results while strengthening its reputation of asset integrity, operational responsibility and environmental stewardship. To accelerate progress against its climate goals, the Company purposefully allocated part of its 2022 operating and capital expense budgets for emissions reduction projects.

I am very pleased with the continuing, tremendous progress the Company is making towards both its climate and safety goals. On the climate front, the fruit of the team's labour is no more evident than in the year-over-year 20% reduction in methane intensity and inclusion of climate considerations in acquisition decision-making. Further, even as the Company worked diligently to integrate new acquisitions and onboard related new employees into the OneDEC culture, Diversified is taking every opportunity to increase safety awareness and touchpoints, successfully driving 53% and 4% improvements in year-over-year TRIR and MVA rates, respectively.

Over the past year in my dual role as Chair of the Sustainability & Safety Committee and the Board's Non-Executive Director Employee Representative (the latter being aligned with UK Governance code expectations), I visited several operational locations, participating in numerous site visits hosted by employees. During these visits, I observed how the Company's financial commitment and investments, consistent messaging and direction setting from leadership around environmental and safety priorities, and the expertise and ambition of Diversified's talented employees, have led to demonstrable progress. Direct interaction and feedback from the employees was encouraging. Namely, indications that the (i) integration of climate and safety-related incentives into executive compensation, (ii) increased ESG education and communications around climate-related risks, and (iii) intentional corporate outreach to boost employee engagement have all helped to align the employees' focus with commitments made by the Company.

I have also observed first-hand the strengthened culture of efficiency, innovation, stewardship and safety in 2022, and I am as optimistic as ever about the progress the Company is making across the organisation to achieve its short- and long-term sustainability and safety goals. Going forward, I am excited to help shepherd the Company's focus on its sustainability initiatives, ensuring all are fully aware of when and how best to play an effective role in the ongoing transition to a lower-carbon economy.

Sincerely,



Sandra (Sandy) Stash
Chair, Sustainability & Safety Committee

"Amidst a continuously developing regulatory landscape, evolving stakeholder expectations, and ongoing severe weather-related events in both the U.S. and abroad, the Company continued to focus on producing both environmentally and financially meaningful results."

ESG Oversight Structure

Our ESG oversight function and resulting structure ensures ESG priorities identified by leadership are ultimately acted upon. Our Board of Directors' Sustainability & Safety Committee oversees and is accountable for many ESG-related efforts, with overall responsibility for sustainability and safety residing with our Chief Operating Officer and senior leadership team, including the Vice President of ESG & Sustainability, Senior Vice President of EHS, General Counsel and Chief Human Resources Officer. Efforts are further supported by other Board committees as well as several hundred team members, as needed, across the organisation. To drive transparency, both internally and externally, and ensure the accurate and complete reporting of relevant ESG information, our Vice President of ESG & Sustainability coordinates communication and reporting efforts across all relevant parties with regard to ESG.

Board of Directors

Board Committees

Remuneration Committee	**Sustainability & Safety Committee**	Nomination & Governance Committee	Audit & Risk Committee

The committee represents the Board and shareholders in its oversight of all sustainability and safety matters. Every year the committee focuses on relevant and emerging areas to improve and oversee DEC's actions around all ESG-related matters.

Executive Vice President, General Counsel and Corporate Secretary	Senior Vice President of Environmental Health & Safety	Vice President of ESG & Sustainability	Executive Vice President & Chief Human Resources Officer

The VP-ESG & Sustainability is responsible for strategies and disclosures supporting ESG initiatives, with an emphasis on expanding Diversified's disclosures to improve stakeholder understanding of key areas of results and opportunities for ESG-focused Company actions.

Our VP-ESG & Sustainability is supported by and coordinates with other key leadership members to monitor and manage all Diversified's ESG efforts.

Our role in confronting climate change remains a key point of focus when assessing how to advance our ESG strategy and allocate resources accordingly. In 2021, our Board approved a formal **Climate Change Policy**, reaffirming our commitment to a lower carbon future and the important role our company will play on the energy road ahead. As part of this policy, executive incentive remuneration has been linked to the achievement of climate-related targets. Importantly, remuneration and incentives are not solely applicable to our executive team but also apply to our senior leadership, ensuring we remain aligned on ESG issues at various levels within the organisation. Given the importance of methane emissions reductions to our own climate goals, we advanced our ESG-linked compensation further within these last few years by increasing the percentage of the remuneration linked specifically to our methane intensity reductions.

With ESG performance embedded into our executive and senior leadership compensation, our ability to assimilate and report on complete and accurate data that precisely reflects our ESG performance remains paramount. To this end, we have again engaged ISOS Group, an independent third-party assurance provider, to help assess some of our more complex performance metrics, including an assurance of our GHG emission calculations. ISOS provided moderate Level 2 assurance in accordance with the AccountAbility 1000 Assurance Standard (v3) on the accuracy and completeness of our 2022 reported Scope 1 and Scope 2 GHG emissions data.

The development and implementation of strategic initiatives related to ESG, like the ones described above, are subject to oversight from our Board. Our COO and senior leadership team provide ESG updates at every meeting of the Sustainability & Safety Committee while the COO likewise shares these ESG updates regularly with the full Board. The increasing depth, frequency and importance of ESG progress updates for the Board – in addition to rapidly evolving stakeholder expectations and regulatory implications – highlight the criticality of providing bespoke, timely and regular education to those accountable for oversight. To that end, all Board members received third-party expert-led training focused on climate during 2022. More specifically, the training included climate-related risks and financial impacts, climate investment decision-making, GHG emissions in the oil and gas industry, climate targets and goals, and climate disclosures.

With that said, and given the importance of these issues, trainings provided on climate and ESG issues are not limited to our Board and senior team members. We strongly believe that a baseline level of education and awareness for all employees is required for the Company to achieve our stated sustainability commitments. In the past year, we have held multiple town halls to communicate the purpose of our ESG efforts to our employees and to create an open forum for feedback.

In addition to enhancing communications, we have also equipped our Production employees with various handheld emissions detection devices to accurately monitor the environmental impact of our operations and empower them to opportunistically identify and minimise potential environmental impacts. The provision of tailored education and real-time intelligence have effectively integrated our ESG and emissions reduction initiatives into the daily activities of our employees - a process we believe instills accountability and that will ultimately foster greater responsibility and stewardship.

CLIMATE CHANGE POLICY

Approved by our Board in 2021, this Policy reflects our recognition that climate change is a complex global issue that requires governments, businesses and communities working together on appropriate, achievable policies. We are committed to doing our part in supporting the goal of responsibly transitioning to a lower carbon world while still serving the energy needs of our communities and nation.

The Sustainability & Safety Committee's Report

Note that the Committee's Report as presented herein is replicated in its entirety from the Company's 2022 ***Annual Report****.*

Committee Composition

Sandra M. Stash (63)
Independent Non-Executive Director (Chair)
Strength: **Industry**
Independence from: **Management & Other interests**

David E. Johnson (62)
Non-Executive Chairman, Independent upon Appointment
Strength: **Finance**
Independence from: **Management & Other interests**

Melanie A. Little (53)
Independent Non-Executive Director (through 31/12/22)
Strength: **Industry**
Independence from: **Management & Other interests**

Bradley G. Gray (54)
Executive Vice President & Chief Operating Officer
Strength: **Industry**
Independence from: **Other interests**

Kathryn Z. Klaber (57)
Independent Non-Executive Director (as of 1/1/23)
Strength: **Regulatory, ESG**
Independence from: **Management & Other interests**

Key Objective

The Sustainability and Safety Committee acts on behalf of the Board and the shareholders to oversee the practices and performance of the Group with respect to health and safety, business ethics, business conduct and responsibility, social affairs, the environment (including climate change) and broader sustainability issues. As part of the Group's overall ESG actions, the committee oversees the Group's climate scenario analysis planning and performance against goals and ensures adherence to the recommended TCFD disclosures for use by investors, lenders, insurers and other stakeholders.

Overview

The committee assesses the Group's overall sustainability performance and provides input into the Annual Report, the Sustainability Report and other disclosures on sustainability. It also advises the Remuneration Committee on metrics relating to sustainable development, GHG and other emissions, regulatory compliance, diversity, equity and inclusion, community engagement and other social goals, as well as health and safety that apply to executive remuneration.

The committee endorses the Group's ESG and Safety plans and reviews execution of the plan and audit outcomes. In addition, the committee reviews and considers external stakeholder perspectives in relation to the Group's business, and reviews how the Group addresses issues of public and stakeholder concern that could affect its reputation and licence to operate.

The overall accountability for sustainability and safety is with the Chief Operating Officer and the Senior Leadership Team, including the Chief Human Resources Officer, the Senior Vice President of EHS and the Vice President of ESG & Sustainability, who are assisted by the EHS team.

Key Matters Discussed by the Committee

MAIN ACCOMPLISHMENTS OVER THE COURSE OF 2022

— Established and reviewed the Group's sustainability and safety strategies and assessed the Group's performance;

— Engaged with the leadership of the Group and monitored progress against the Group's methane emission intensity reduction targets and accelerated commitment to achieve net zero Scope 1 and 2 GHG emissions by 2040;

— Continued the review programme to align executive management remuneration with key EHS and ESG performance indicators and metrics, including factoring GHG reductions into long-term incentives, that has been communicated to the Remuneration Committee;

— Engaged with a consortium of advisers, comprising leading global environmental consultancies and other strategic advisers, and continued to implement the recommendations set forth by the TCFD; and

— Reviewed the Group's sustainability and ESG related communications, including the composition and approval of the Group's 2021 Sustainability Report and preparation for issuance of the 2022 Sustainability Report.

COMMITTEE ACTIVITIES BY FOCUS AREA

During 2022, the committee met regularly to review and discuss a range of prioritised topics. These topics included (i) the safe and responsible operation of the Group's upstream and midstream assets; (ii) environmental protection and conservation activities; (iii) the Group's approach to diversity, equity and inclusion; (iv) the Group's approach to managing climate risk, (v) the Group's emissions reduction capital programmes; and (vi) the Group's expansion of its plugging business. The committee also focused on the following:

PROCESS SAFETY

— The Senior Vice President of EHS presented an overview of the Group's process safety approach and identification of high-risk facility performance, as well as comparable performance benchmarking against industry peers.

CORPORATE SCORECARD METRICS OVERSIGHT

— The committee reviewed the quantitative and qualitative drivers impacting the Group's personnel safety, emissions management, environmental performance, and asset retirement metrics that support performance analysis.

ESG RATING AGENCY ENGAGEMENT

— The committee reviewed the Group's various third-party ESG rating scores, including analysis of the process and review of scorecards to determine targeted areas of improvement.

CLIMATE RISK

— The committee engaged the support of industry and internationally recognised consultants and advisors to help the Group update its climate scenario analysis and advance its work on climate governance, strategy, risk management and metrics as set forth under the TCFD. The committee oversaw the Group's engagement with the GHG emissions inventory and associated scenario analyses and remains actively engaged in setting targets in accordance with the recommendations. The committee has considered the relevance of material climate-related matters, including the physical and transition risks of climate change, when preparing this Annual Report. Further information can be found in the **TCFD** and **Climate-Related Risks** sections within this Annual Report.

ACQUISITION DUE DILIGENCE

— Adding emphasis to its oversight of the Group's investment activities, the committee stayed apprised of the progress and assessment of the Group's emissions screening efforts to aid in its assessment that proposed acquisitions and other capital investments have on its consolidated GHG emissions profile and associated publicly stated targets.

EMISSION REDUCTION INITIATIVES

— The committee engaged in strategic discussions with senior management regarding its capital programme for emissions reductions, including regular updates on the deployment and success of handheld detection equipment and aerial LiDAR surveys, as well as the replacement of pneumatic valves. The Group also advanced its Marginal Abatement Cost Curve (MACC) analysis that will help to inform reduction emissions planning in future years.

OIL & GAS METHANE PARTNERSHIP RECOGNITION

— The committee supported the Group's efforts in achieving the OGMP 2.0 Gold Standard Pathway designation in recognition of the Group's demonstrated commitment to set aggressive and achievable multi-year plans designed to accurately measure and transparently report its efforts to reduce methane emissions.

CARBON PRICING

— The committee engaged with expert third-party consultants to continue to assess potential carbon pricing methodologies to inform investment decision-making, which the Group plans to more fully implement and embed during 2023.

AREAS OF FOCUS FOR 2023 AND BEYOND

— Support the Group in meeting increasing ESG oversight, reporting and disclosure expectations of the Group's stakeholders, including short, medium and long-term quantitative metrics and qualitative objectives tied to executive compensation for reducing GHG emissions (including formalising a roadmap to be net zero Scope 1 and 2 GHG emissions by 2040);

— Support management with effective oversight and advice as the Group executes and reports on the recommendations of the TCFD work and MACC analysis, serving to further integrate climate considerations into business strategies;

— Provide advice and guidance on potential further EHS enhancements and reporting metrics, including an increased focus on water management and biodiversity; and

— Support the Group in its diversity, equity and inclusion aspirations.

COMMITTEE EFFECTIVENESS

— The committee performed a critical analysis internal review and evaluation on itself, as part of its annual self-review process. No significant areas of concern were raised.

Membership

The formation of a Sustainability and Safety Committee is not a recommendation under the current UK Corporate Governance Code. The Group and the Board, however, consider such a committee to be an imperative given the operational footprint of the business and the evolving operational, regulatory, social and investment markets within which the Group operates.

During 2022, the committee was comprised of the Non-Executive Chairman, two Independent Non-Executive Directors and one Executive Director: Sandra M. Stash, the Sustainability and Safety Committee Chair, Melanie A. Little, David E. Johnson and Bradley G. Gray, the Group's Chief Operating Officer. Kathryn Z. Klaber was appointed to the committee as an Independent Non-Executive Director as of 1 January 2023 following Ms. Little's departure from the Board and the committee. Benjamin Sullivan, Executive Vice President, General Counsel and Corporate Secretary acts as Secretary to the committee.

The committee has extensive and relevant experience in EHS and social matters through their other business activities. For one example, Ms. Stash formerly served as Executive Vice President — Safety, Operations, Engineering, and External Affairs for Tullow Oil until her retirement.

Meetings and Attendance

The Sustainability and Safety Committee met five times during 2022 and one time thus far in 2023. The committee also regularly meets in private executive session at the end of its committee meetings, without management present to ensure that points of common concern are identified and that priorities for future attention by the committee are agreed upon. The Chair of the committee keeps in close contact with the General Counsel, the Vice President of ESG and Sustainability, the Senior Vice President of EHS and the EHS team and external consultants between meetings of the committee. The list below details the members of the Senior Leadership Team who were invited to attend meetings as appropriate during the calendar year. In addition, FIT Remuneration Consultants LLP attended certain of the meetings by invitation as advisor to the Group.

- Benjamin Sullivan (Executive Vice President, General Counsel, and Corporate Secretary)
- Eric Williams (Executive Vice President and Chief Financial Officer)
- Paul Espenan (Senior Vice President of Environmental, Health and Safety)
- Teresa Odom (Vice President of ESG and Sustainability)
- Mark Kirkendall (Executive Vice President, Chief Human Resources Officer)

Responsibilities and Terms of Reference

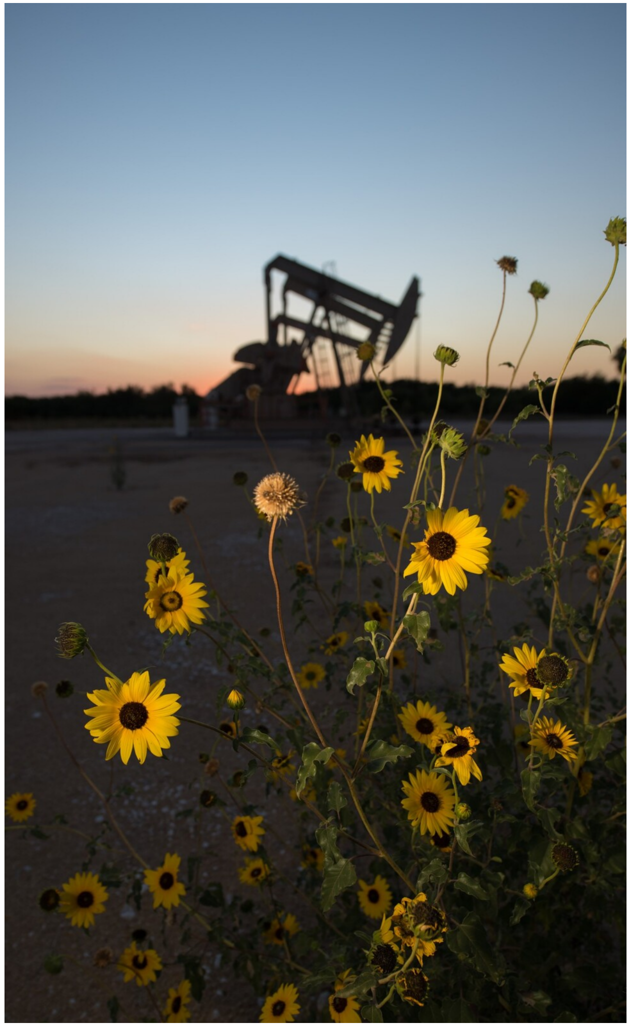
The committee's main duties are:

- Overseeing the development and implementation by management of policies, compliance systems, and monitoring processes to ensure compliance by the Group with applicable legislation, rules and regulations.
- Establishing with management long-term climate, environmental and social sustainability, EHS goals and evaluating the Group's progress against those goals.
- Considering and advising management of emerging environmental and social sustainability issues, such as the TCFD, that may affect the business, performance or reputation of the Group and makes recommendations, as appropriate, on how management can address such issues.
- Advising management on implementing, maintaining and improving environmental and social sustainability and EHS strategies, implementation of which creates value consistent with long-term preservation and enhancement of shareholder value.
- Monitoring the Group's risk management processes related to environmental and social sustainability and EHS with particular attention to managing and minimising environmental risks and impacts.
- Reviewing handling of incident reports, results of investigations into material events, findings from environmental and social sustainability and EHS audits and the action plans proposed pursuant to those findings.

The committee has formal terms of reference which can be viewed on the Group's **website**.

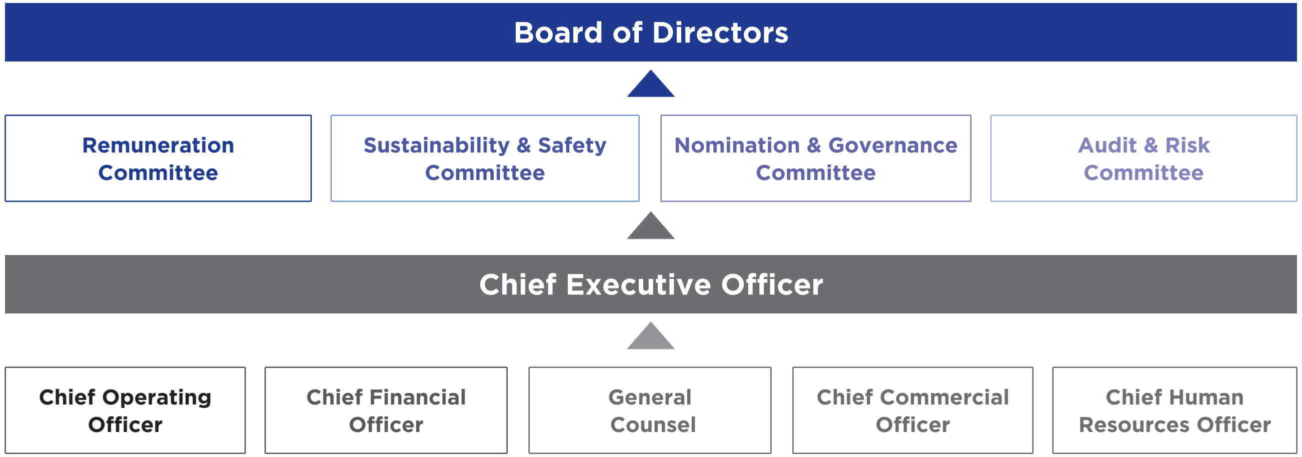
Sandra M. Stash
Chair of the Sustainability and Safety Committee
21 March 2023

"The Committee has extensive and relevant experience in EHS matters through their other business activities."



Governance Framework

Our Board defines our business strategy, assesses risks, monitors performance, and continuously evaluates and oversees all aspects of our strategy, including our governance, to help us refine and/or redefine our strategy as we grow. Our senior leadership team supports improvements and evaluations of our governance framework and provides expertise that allows us to better manage our business.



The Board plays a critical role in strategy and responsibility for the entirety of our operations and initiatives. As such, we rely on the Directors' varying and diverse backgrounds and areas of expertise to provide fulsome and robust oversight. We value the diversity of age, gender and expertise among our Directors and believes this diversity contributes to a well-informed, highly capable oversight authority. Therefore, the Board remains committed to capitalising on and improving these areas of diversity, as and when applicable. The following charts reflect our Board's diversity across several metrics as of 1 January 2023.

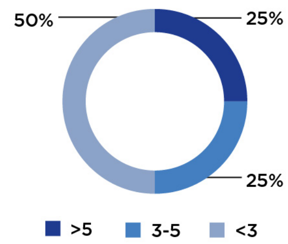
Each Board committee has assigned roles and responsibilities bespoke to the focus of our business and our growth strategy. As the range of expertise and breadth of diversity on our Board is central to the strength of our Board and its active committees, regular adjustments to Board and Committee members are made as and when needed to ensure appropriate skills are present to oversee execution.

To this end, Sylvia Kerrigan joined our Board in October of 2021, bringing a wealth of industry expertise to our team and immediately taking positions on both our Remuneration Committee and Nomination & Governance Committee. Most recently, after serving on the Board for approximately 3 years, including as Chair of the Remuneration Committee and member of the Sustainability & Safety Committee, Melanie Little resigned from her position as of 31 December 2022, in good standing and on amiable terms. Given Ms. Little's departure, Ms. Kerrigan has been named Chair of the Remuneration Committee effective 1 January 2023.

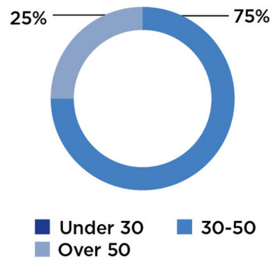
We were pleased to announce the appointment of Kathryn (Katie) Z. Klaber, also effective 1 January 2023, to replace the position vacated by Ms. Little. With this appointment, Ms. Klaber will immediately join the Nomination & Governance Committee and the Sustainability & Safety Committee. Importantly, we continue to maintain our positioning with regard to the Board's female diversity and non-executive member independence.

Board Composition & Diversity At Year End 2022

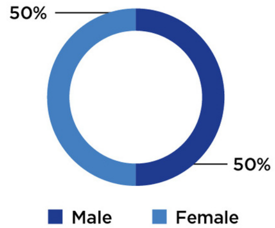
BY TENURE



BY AGE



BY GENDER



Our Board possesses a range of unique knowledge and skills necessary to manage our financial position and acquisition-based business model while overseeing critical factors such as technical operations, environmental performance, health and safety, and risk management. For example, Ms. Kerrigan brought in-depth cybersecurity experience to our Board, an area of growing concern for many industries including our own. Our Board is purposefully composed through the efforts of our Nomination & Governance Committee to bring diverse perspectives and complimentary skills to this important oversight role. Our Board's next evaluation will be externally facilitated in 2023. The matrix below highlights the areas of expertise our Board members contribute to its oversight of Diversified. More information on the activities of our Board Committees and membership can be found in our **Annual Report** and on our **website**.

BOARD EXPERIENCE & SKILLS MATRIX

Board Member	Senior Executive/ Leadership	Energy Sector	Technical/ Engineering	Financial/ Audit	Risk Management	Climate	Health and Safety	Legal/ Regulatory	M&A	Cybersecurity
David E. Johnson	✓			✓						
Martin K. Thomas	✓			✓	✓	✓		✓	✓	
Rusty Hutson, Jr.	✓	✓	✓	✓					✓	
Bradley G. Gray	✓	✓		✓		✓	✓		✓	
Sylvia Kerrigan	✓	✓			✓	✓		✓	✓	✓
Kathryn Z. Klaber[(a)]	✓	✓			✓	✓	✓	✓		
Melanie Little[(b)]	✓	✓	✓			✓	✓			
Sandra M. Stash	✓	✓	✓		✓	✓	✓	✓		
David J. Turner, Jr.	✓			✓	✓					

(a) Ms. Klaber was appointed to the Board effective 1 January 2023.

(b) Ms. Little resigned from her position on the Board effective 31 December 2022.

Continual Improvement through Evaluations, Review and Planning in 2022

Our Board aims to ensure its approach to oversight remains relevant to the Company and our stakeholders while also representing best practice governance. As such, our Board engages in opportunities which permit increased awareness and effectiveness in its approach to governance, including the actions noted below:

Board Self-Evaluation	The Board completed a self-evaluation in 2022. Through a process focused on candid feedback facilitated by an independent third-party, the Board identified themes and opportunities for improvement. Internally, every committee member also completed a committee self-evaluation survey to assess the effectiveness of their respective committees and to identify areas for improvement or focus in the future.
Committee Charter Evaluations	The Board thoroughly evaluated all of the Board Committee charters to identify gaps in coverage, relevance and applicability as well as potential areas of improvement. As a result of this exercise, we added governance oversight to the Nomination Committee, henceforth to be recognised as the Nomination & Governance Committee. The Nomination & Governance Committee will continue to work alongside the Human Resources and management teams on diversity initiatives and policies, while the Audit & Risk Committee is now also responsible for overseeing and advising the Board on cybersecurity matters.
Nomination & Governance Committee Best Practice Evaluation	As part of the Committee's responsibility to oversee our governance structure and trends in best practice, the Nomination & Governance Committee conducted a fulsome evaluation to identify best ESG governance practices in an effort to spot opportunities for enhancement at Diversified.
Succession Planning	Together with management, the Nomination & Governance Committee formulated succession planning procedures and plans around key roles in management. Much like we aim to develop an external talent pipeline through our multiple talent acquisition and human resources efforts, we also seek to ensure workforce continuity in these significant roles by identifying and preparing internal candidates that could move into critical positions over time.

Risk Management

Our enterprise risk management ("ERM") review process is centred around the monitoring and evaluation of our risk control and mitigation efforts. Under the oversight of our Board-level Audit & Risk Committee, and as part of an ongoing effort to improve internal risk controls, our risk management process is regularly evaluated and updated to ensure the process is keeping pace with developments in the Company, industry and broader stakeholder expectations.

The Audit & Risk Committee, in tandem with senior management, has established a risk universe of seven Principal Risks which fall into four main risk categories: (1) Strategic Risks, (2) Operational Risks, (3) Financial Risks, and (4) Legal, Regulatory and Reputational Risks.

Of these seven identified Principal Risks, four directly relate to ESG, further supporting our commitment to thoroughly integrate ESG considerations into our overall risk management framework.

Each of the seven Principal Risks are assigned to a Board Committee based on the Committee's scope of responsibility. Board Committees subsequently assign Principal Risks to members of senior management ("Executive Risk Owners") and a member of management ("Risk Owner"). These Executive Risk Owners and Risk Owners assume responsibility for: (1) identifying risks, (2) assessing the likelihood of risk occurrence and the potential impact and time horizon, and (3) developing and implementing mitigation plans that aim to remove or minimise the likelihood and impact of the primary risks. Our Internal Audit team monitors the effectiveness of our risk mitigation activities within these Principal Risk areas.

Updates pertaining to our ERM review process are provided to our Board Committees by Executive Risk Owners annually, at minimum. Understanding that the nature of some risks does not always allow for pre-emptive planning, we encourage all risk owners to proactively update our Board Committees, and make every effort to ensure we are well-positioned to promptly identify and mitigate risks appropriately. Additional information regarding our risk identification, review and mitigation processes can be found in our **Annual Report**.

ENTERPRISE RISK MANAGEMENT PROGRAMME

(Oversight and approval by the Audit and Risk Committee)

RISK UNIVERSE

Categories of risk

STRATEGIC RISKS

LEGAL, REGULATORY & REPUTATIONAL RISKS

FINANCIAL RISKS

OPERATIONAL RISKS

ENTERPRISE RISK ASSESSMENT REVIEW

(Senior Management Team led with business unit leader support)

PRINCIPAL RISKS

- Corporate Strategy and Acquisition Risk
- Cybersecurity Risk*
- Health and Safety Risk*
- Regulatory and Political Risk*
- Climate Risk*
- Commodity Price Volatility
- Financial Strength and Financial Risk

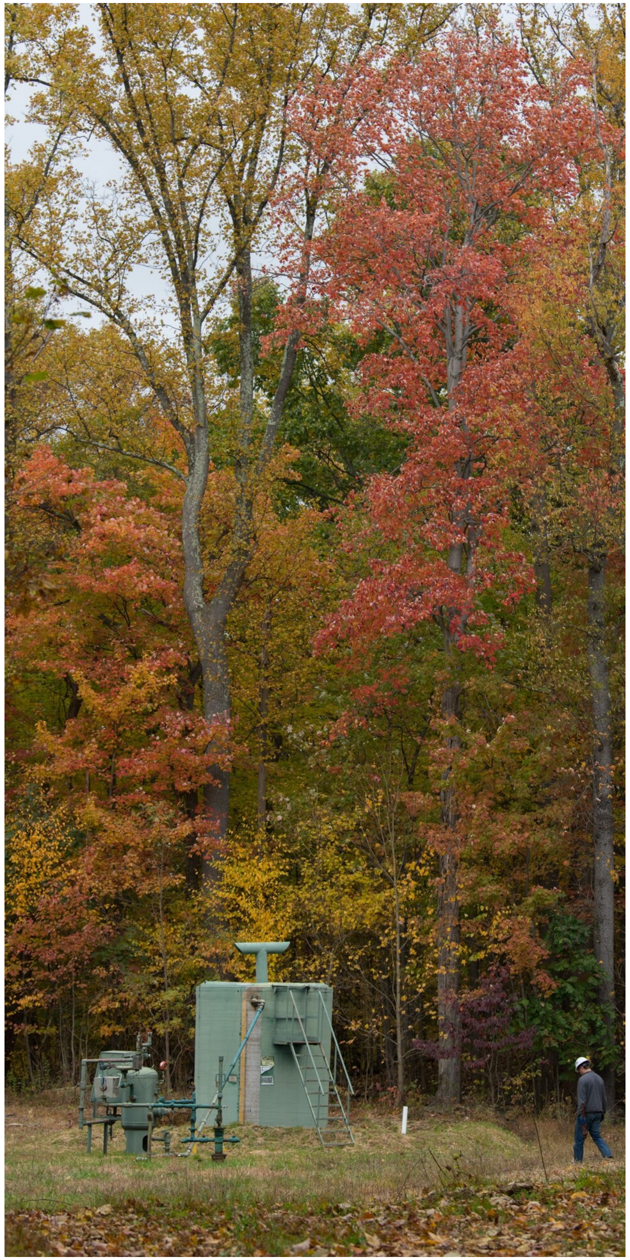
**indicates ESG risk*

Ethics and Compliance

We are committed to conducting our operations with integrity and in an ethical manner that is in full compliance with all applicable laws and regulations. As such, we have engaged in various initiatives throughout 2022 to update our ethics and compliance policies to ensure they reflect the latest and best practices.

As a result of the Board's focus on this critical issue, we allocated resources to educating employees on our **Whistleblower Policy** beginning with an educational campaign in 2022 aimed at clearly explaining the processes and path employees should take to report through the whistleblowing service. In 2023, we will continue to focus on enhancing ethics, compliance and social awareness training programmes.

Tasked with overseeing components of business ethics, our Board-level Audit & Risk and Sustainability & Safety committees review all reported ethics issues as well as our oversight procedures and related initiatives. Our ethics and compliance programme spans across our business operations and employees and is equally applicable to our third-party contractors.



POLICIES

We have several key policies that help support our ethics and compliance programmes:

Anti-Bribery & Corruption
We acknowledge that our commitment to ethical practices extends beyond our company to those individuals and companies with which we interact in the due course of business. As such, we have implemented our **Anti-Bribery Policy** to help address bribery and corruption risk as a part of our overall risk management strategy.

Corporate Responsibility
We are committed to being a leader in the field of corporate responsibility and recognise that in doing so, we add significant value for our shareholders. We aspire to maintain high standards through continual improvement of our procedures, practices and performance. Our **Corporate Responsibility Policy** describes our formal approach to corporate citizenship.

Compliance Hotline and Whistleblowing Policy
Our Company Values clearly state that we will conduct our business and deliver value to stakeholders relying only on ethical standards and beliefs, acting with personal and business integrity, committing to excellence in performance, and exhibiting courage of convictions. We encourage employees who see or suspect that illegal, unethical or improper conduct has taken place by any individual affiliated with the Company to voice their concerns. Our formal **Whistleblowing Policy** aims to provide guidance as to how individuals may raise their concerns and to ensure that they may do so comfortably and confidentially. Our compliance hotline, available 24 hours per day, 7 days per week and hosted by an independent third-party vendor, can be accessed at +1 (800) 261-9132 or online at **compliance.dgoc.com**.

Stakeholder Engagement

When we acquire assets, our efforts to visit our assets, put employees on the ground where we operate, and identify ourselves in the community help to create open feedback channels and identify community needs and potential grievances. Even so, we have a number of formal channels of communication through which our community stakeholder groups may contact the Company to make enquiries or register perceived grievances.

All community enquiries are shared with the internal team best equipped to address the feedback and any such enquiries are handled in a prompt manner. Generally, members of our Land or Community Affairs teams, as applicable, will engage in appropriate feedback and/or remedial action. Given increasing use within local communities of social media as a primary mode of communication and organisation, we are especially active in these channels and continuously receive and respond to messages accordingly to integrate community feedback into our operations. We also provide an **email form** on our website to which any complaint can be reported. In keeping with our grievance reporting policies, we do not tolerate retaliation or intimidation against any stakeholder who may raise an issue or concern in good faith.

LAND AND MINERAL OWNERS

Land and mineral owners are critical stakeholder groups within our communities as we are reliant upon these groups to attain access to the very land or minerals to which they own and hold and we manage through our operations. Therefore, just as we aim to do in every interaction with all stakeholder groups, we focus on clear, effective and transparent communications with our owner groups in order to facilitate and strengthen our engagements.

Given the very nature of our acquisition-focused business model, it is no surprise that the number of land and mineral owners with whom we engaged during the year increased substantially as compared to 2021. Our asset portfolio has largely increased over the last two years in the Central Region, where mineral interest ownership in wells is much more divided (i.e., more owners per well) than in the Appalachia Basin. When combining these new interest owners with the new landowners and working interest partners with whom we now conduct business in the Central Region, we expect our community outreach and engagement efforts to increase.

During 2022, our employees responded to more than 25,800 inbound enquiries from our land and mineral owners and recorded some 800 personal visits with landowners, representing year-over-year increases of 460% and 110%, respectively. These enquiries most often relate to questions involving royalty payments, leases, ownership conveyance, and direct house use of natural gas.

Our Central Region operations, specifically in the state of Oklahoma, include certain wells located in close proximity to or on designated Native American lands. As of 31 December 2022, these wells make up less than 3% of our total net reserves for Oklahoma and some 0.2% of our total net reserves for the Company. Our operations on or near indigenous lands have not included new development drilling by the Company and therefore have not required relocation or reimbursement initiatives with the indigenous peoples. We maintain open and direct communications with these people groups accordingly.

STAKEHOLDER FEEDBACK CHANNELS

We understand the importance of serving our stakeholders in the communities where we operate. As such, we have created a wide range of feedback channels through our website and communications materials. The ways in which we encourage our stakeholders to provide feedback, air grievances and seek information include:

All Stakeholders	— DEC Central Call Center
	— Company website:
	  — Contact Us feature
	  — Emergency Call phone number
	  — Corporate & district office phone numbers and postal addresses
	— Digital and multimedia advertising campaigns
	— Active social media presence (Facebook, Twitter, LinkedIn)

Land and Mineral Owners	— Dedicated Owner Relations email and phone line — Dedicated Land Management email and fax line
Employees	— Direct interaction with supervisor, management, Human Resources and Board (as applicable) — Dedicated compliance hotline and informational posters in company offices — Online compliance website
Investors	— Dedicated Investor Relations email
Customers and Suppliers	— Dedicated vendor/accounts payable email
Contractors	— Online compliance website

In addition to the stakeholder engagement information contained within this Report, refer also to the Section 172 Companies Act Statement within the Company's **2022 Annual Report** for a summary of stakeholder engagements in 2022.

Information Systems

We have implemented a best-in-class, 100% cloud platform for our information systems and cybersecurity defences to ensure we achieve our growth and efficiency objectives. Our agile cloud-based approach lends itself to our growth and acquisition model as it allows us to aggregate company-wide data on a single platform in order to efficiently and effectively integrate and standardise new assets without cumbersome hardware.

Through our OneDEC information technology strategy, transactional systems are standardised through each acquisition and managed by the same team, thus increasing both efficiency and speed when integrating newly acquired assets. In addition, our standardised data management approach ensures we can accurately measure and report on our emissions and other sustainability KPIs. Our IT team manages all data and information across our facilities and organisation, allowing us to gather, conform, integrate and govern data in one platform to facilitate organised and informed decision-making.

We operate four Integrated Operations Centres ("IOC"). Our two upstream and two midstream IOCs were implemented to further streamline the collection, standardisation and dissemination of timely, decision-useful data. We anticipate the central management of data through our IOCs will leverage our supervisory control and data acquisition ("SCADA") system to increase our capabilities around remote monitoring to reduce the burden of data entry and improve data consistency. We are also exploring new remote monitoring technologies for our wells that do not currently have an existing SCADA installation. We expect the IOCs to result in improved communications and data collection while reducing windshield time. Further, we recognise that as communications costs continue to decline, these technologies become more affordable for a portfolio of our size. We look forward to evaluating opportunities for our IOCs to further contribute to our ESG efforts and overall management.

> "Our information systems and management strategy supports our business model by utilising a common technology platform that makes our processes safe, simple and standard."
>
> **– David Myers, Chief Information Officer**

CYBERSECURITY

Given the importance of this topic to the resilience and success of our company, oversight of cybersecurity was assigned to the Audit & Risk Committee of our Board in 2022. As often as requested, our Chief Information Officer ("CIO") will meet with this Committee to provide updates on current security and technology topics and issues. The CIO chairs an internal Information Security Management Team ("ISMT") which meets at least quarterly with Executive Management to provide updates on all security incidents, projects, risks and improvements. Additionally, the CIO provides a summary of ISMT and other security matters to the full Board on an annual basis.

We diligently strive to ensure all employees are adequately and rigorously trained to avoid cyberattacks such as phishing or other targeted threats. With this in mind, all employees are required to participate in quarterly online cyber training.

Our IT department manages our infrastructure and employs a cloud-first technology strategy, which means that 100% of our infrastructure, information systems and applications are operated virtually, reducing the number of cyber threat vectors since there is limited vulnerable hardware on our premises. We follow a Zero-Trust Approach and use software segmentation which ensure that, in the case of a cyberattack, our pipelines and wellheads remain unaffected. Another benefit of our modern cloud IT infrastructure is the ability to backup data and isolate threats to minimise downtime in the event of a breach.

Investment Due Diligence

Central to our growth strategy is the acquisition of complementary upstream and midstream assets that meet certain production and operational criteria. A multi-departmental team of company personnel engage in a thorough investment due diligence process for use in reporting proposed acquisition targets to the Board for consideration and ultimate approval. We diligently review multiple qualitative and quantitative aspects of prospective acquisitions to ensure that the assets complement our existing portfolio with respect to strategic fit, physical condition, overall commodity mix, risk appetite and integration suitability.

CLIMATE & ENVIRONMENTAL DILIGENCE

Our internal team of environmental professionals, supported by third-party consultants, conduct climate and environmental audits prior to the acquisition of any asset. Such diligence helps us deeply understand the risks and opportunities associated with potential acquisitions as well as the long-term impact of the target assets on our existing emissions profile and outstanding environmental commitments. Pre-acquisition audits generally include pre-bid screening for emissions, site inspections, permit reviews, historical report reviews, and production and compression equipment reviews. Beyond aiding in complying with all applicable regulations, these reviews help prioritise which assets require improvements and associated resource allocation.

More specifically, one of the first activities in our due diligence programme is the application of our emissions intensity screening tool. Using the target's EPA-reported Subpart W data and other operational data provided by the seller, we initially screen assets based on their methane intensity according to the protocol developed by the NGSI in order to understand the target's standalone and Diversified's consolidated emissions intensity, respectively. Increasingly, our process looks beyond pure emissions figures. Through our internally developed calculated carbon price metrics, we also look to holistically understand the impact the acquisition will have from an environmental and cost perspective. Therefore, we also seek to confirm and/or develop a complete inventory of natural gas-driven devices, including pneumatics and compression facilities, to understand all possible levers available for emissions reduction as well as the associated costs and applicable SAM efforts required for reduction.

Our diligence process has expanded even further with the recent vertical integration of a wholly-owned asset retirement subsidiary. Through our Next LVL Energy operations, we now take a more comprehensive and systematic approach to evaluating and understanding retirement and remediation liabilities of target assets. Beginning in 2023, we have committed to also conducting air emissions and water use/sensitivity screenings for acquisitions. This expanded portfolio of decision-useful information will help ensure that management and the Board are considering a broader array of the targets' relevant climate and environmental attributes.

HUMAN RESOURCES & SAFETY DILIGENCE

Similar to an asset's emissions profile and retirement obligations, we seek to understand any acquisition through the lens of personnel. Typically, personnel onboarded along with assets have a wealth of institutional knowledge that may have been otherwise lost or inaccessible. Given this dynamic, we prioritise knowledge-sharing among our existing and newly onboarded staff members to maximise the efficacy of our SAM initiatives and related ESG efforts.

As we grow our staff through acquisitions, we are exposed to new human resource management policies and tools, which provide an opportunity to consider new practices that may improve our own approach. Beyond knowledge sharing, we therefore evaluate opportunities where new programmes may need to be initiated or existing programmes bolstered or altered to ensure our human resources related programmes provide all our employees with quality support and benefits at reasonable costs.

During the diligence process and through discussions with seller's leadership and field personnel, we also assess the maturity of the safety culture within the acquired assets and plan our integration training accordingly in order to strengthen the single, go-forward safety culture we endeavour to maintain across the organisation.

LEGAL AND COMPLIANCE DILIGENCE

To ensure that we are able to be successful and impactful when acquiring new assets or companies, we also screen to confirm that no material legal or compliance risks exist, all permits and licenses are up to date and provide full coverage, and all reporting is current. Our comprehensive legal and compliance diligence embedded in target asset evaluations includes how we factor climate-related issues into our acquisition model. For example, if a material climate risk associated with a target asset is identified, we work to understand whether this risk can be mitigated or remains unmanageable. When and as needed, we continue to engage with third-party advisors and attorneys to review any identified risks and proposed mitigation strategies.

Third-Party Groups and Affiliations

We play an active role in natural gas and oil industry groups and associations in the states in which we operate as well as on a regional and national level. We have realised the positive outcomes of collective and collaborative efforts and therefore continue to work with peers among these associations and, in some cases, to take on active leadership roles. Collaborative engagements provide a platform for our company to help shape industry best practices and advance the sector as a whole while at the same time ensuring we remain well-informed on all industry developments to be best-positioned to protect the interests of our company and our stakeholders. Our employees' active participation in these organisations helps us remain informed on public policy, legislative updates and technical progress, while providing important leadership and professional development experience to participating members of our organisation.

We are presently involved in the following industry associations:

- Gas & Oil Association of West Virginia (GO-WV)
- Kentucky Oil & Gas Association (KOGA)
- Ohio Oil & Gas Association (OOGA)
- Virginia Oil and Gas Association (VOGA)
- Marcellus Shale Coalition (MSC)
- Pennsylvania Independent Oil & Gas Association (PIOGA)
- Louisiana Oil & Gas Association (LOGA)
- Petroleum Alliance of Oklahoma (Alliance)
- Texas Oil and Gas Association (TXOGA)
- The American Exploration and Production Council (AXPC)

INDUSTRY AWARD CO-RECIPIENT

In 2022, we were co-awarded, along with CNX Resources, the Industry Innovation award by the Commonwealth of Virginia's Department of Energy. This award was established to recognise outstanding achievements in the gas and oil industry in Virginia. Specifically, Diversified and CNX won the award for their collaborative financial and operational investments and strategic partnership to transition existing, excess natural gas supplies to an underserved market in southern and eastern regions of the U.S.

The project included the design and construction of a pipeline extension and associated compression infrastructure to connect an existing natural gas production field in West Virginia to an existing interstate pipeline which serves energy market needs as far south as Georgia. In addition to the multitude of employment opportunities created through this project for individuals across several southeastern states, this partnership's primary purpose was to supply natural gas to meet the critical needs of millions of people living in these areas. The project included supplying gas for electric power generation facilities that serve these communities as well as a host of manufacturing and national defence facilities in the region.

Endnotes

[1] "Natural Gas Gross Withdrawals and Production", *U.S. Energy Information Administration*, **www.eia.gov/dnav/ng/ng_prod_sum_dc_NUS_MMCF_m.htm**, 31 December 2022 release date.

[2] "Natural Gas-The Cleanest Fossil Fuel", *Blue Flame Alliance*, **www.blueflamealliance.com**, 11 April 2022.

[3] "FAQ; How much natural gas does the United States have, and how long will it last?", *U.S. Energy Information Administration*, **www.eia.gov/tools/faqs/faq.php?id=58&t=8**, last updated 21 February 2023.

[4] IEA (2019), "The Role of Gas in Today's Energy Transitions", *International Energy Agency*, Paris, **www.iea.org/reports/the-role-of-gas-in-todays-energy-transitions**, License: CC BY 4.0

[5] "Electric Power Monthly: Table 1.1. Net Generation by Energy Source: Total (All Sectors), 2012-November 2022", *U.S. Energy Information Administration*, **www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_1_01**, Accessed 15 March 2023

[6] IEA (2022), "Global Energy Review: CO_2 Emissions in 2021", *International Energy Agency*, Paris, **www.iea.org/reports/global-energy-review-co2-emissions-in-2021-2**, License: CC BY 4.0.

[7] "In 2020, 27% of U.S Households Had Difficulty Meeting Their Energy Needs", *U.S. Energy Information Administration*, **www.eia.gov/todayinenergy/detail.php?id=51979**, 11 April 2022.

[8] The use by Diversified Energy Company of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Diversified Energy Company by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

[9] Please refer to our 2021 Sustainability Report (as posted on our website, **www.div.energy/sustainability**), for more information on Project Fresh.

[10] *World Resources Institute*, **www.wri.org/aqueduct**. Accessed 26 October 2022.

[11] Couric, Katie, "Capt. Sully Worried About Airline Industry", *CBS Evening News*, **www.cbsnews.com**, 10 February 2009.

[12] Von Lonski, Ulrike, et al, "Untapped reserves 2.0: Driving Gender Balance in Oil and Gas", *Boston Consulting Group* (in collaboration with World Petroleum Council), **www.bcg.com**, 7 December 2021.

Appendix

2022 Climate Risk and Resilience Report

In last year's Climate Risk and Resilience Report, I wrote about our focused approach to the energy transition, our ambitious targets to reduce the carbon intensity of our own operations and the way in which we increasingly take climate change considerations into account in decision-making as we continue to grow our business inorganically and organically and supply the natural gas our clients and the wider economy need. I am pleased to report that in 2022 Diversified's strategy of *decarbonising while delivering* is well on track to meet the targets we set for ourselves.

In this year's report, we provide further details about the practical steps we have taken to assess, manage and mitigate climate-related risk and demonstrate clearly how our plan for the energy transition is fully aligned with our overall business strategy.

In accordance with the guidance provided by the Task Force on Climate-related Financial Disclosures on Metrics, Targets and Transition Plans (October 2021), our plan and overall approach to climate change risks and opportunities are subject to evaluation, approval and oversight of our Board and Management teams. I am grateful to them for their hands-on approach and leadership on these matters as described in the Governance section of this report. We have set clear and quantitative targets to reduce the methane intensity of our operations in half by 2030 which will position us for success in achieving net zero Scope 1 and 2 greenhouse gas emissions by 2040. We are pleased to provide details of our progress against these ambitious goals in the Metrics and Targets section of this report.

We continue to develop a wide range of actionable, specific initiatives for decarbonising our operations. On the heels of completing emissions surveys on 100% of our operated wells in Appalachia in 2022, these further initiatives include expanding our emissions detection processes to survey 100% of our upstream assets in the Central Region by year end 2023 and continuing the aerial surveillance programme of our midstream pipelines in Appalachia. We also continue to roll out the installation of air compression units on well pads to eliminate emissions from the operation of natural gas pneumatic devices – 55 well pads were completed in 2022 and our goal is to complete a further 50 in 2023 – and we expect to significantly reduce the carbon dioxide emissions associated with a large combustion engine compression facility in West Virginia by installing new electric facilities in 2023.

We were pleased to have been awarded the OGMP Gold Standard Pathway during 2022 and will continue to advance our commitment to OGMP 2.0 through further investment during 2023 in additional measurement and emissions capture equipment as we work toward Gold Standard Compliance.

While we are making good progress in decarbonising our own operations, we recognise that the greenhouse gas emissions associated with our value chain are proportionately greater than non-energy producing companies as our Scope 3 emissions are associated mostly with the end-use of our products. We are in the early stages of evaluating how best to develop an inventory of as well as measure and report these emissions in line with existing protocols and evolving market expectations so that we may also identify greenhouse gas reduction opportunities in our upstream and downstream value chains.

As described in the Strategy and Risk Management sections of this report, we take a proactive approach to identifying and managing the risks and opportunities we face from the energy transition. We expect natural gas to play a crucial role in an energy transition, and demand for Diversified's responsibly produced, low-cost products will remain robust. As the results of this year's scenario analysis demonstrate, our business model remains resilient even under Wood Mackenzie's Accelerated Energy Transition 1.5°C scenario, which sees the global economy achieving net zero greenhouse gas emissions before 2050.

Throughout 2022, I am pleased to report that our teams continued to build and advance our leadership position as a critical piece in the energy transition puzzle, and I thank you for your on-going interest in our steadfast progress.

Sincerely,

Robert R. ("Rusty") Hutson, Jr.
Chief Executive Officer

*Please note that the entirety of this Climate Risk and Resilience Report may also be found as a separate document posted on our **website**.*

About This Report

Disclosures

This report should be read in conjunction with our 2022 Annual Report and 2022 Sustainability Report. Our Annual Report provides a summary of Diversified Energy Company's ("Diversified's") operations and activities during 2022 and our financial position as of 31 December 2022. Our Sustainability Report presents our approach to and performance on material environmental, social and governance ("ESG") issues which are important to our company and our stakeholders. Together, these three year-end reports provide a transparent, complementary review of Diversified's business. These reports will be available on our website at **www.div.energy**.

Report feedback

Questions and feedback are welcome and can be directed to **IR@dgoc.com**.

External Assurance

ISOS Group Inc. ("ISOS") is providing assurance over our Scope 1 and 2 greenhouse gas ("GHG") emissions data for 2022. Please refer to ISOS' independent assurance letter as presented in the Appendix of our 2022 Sustainability Report for more information on the scope of assurance.

Reporting in Line with the TCFD Recommendations

This Climate Risk and Resilience Report ("Climate Report") is our second successive annual set of climate-related financial disclosures. The report is consistent with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), except for TCFD guidance regarding reporting of Scope 3 GHG emissions for which we are still in the early stages of developing an inventory in line with existing protocols and evolving market expectations and aim to have advanced our position on Scope 3 reporting by year end 2024. In this year's Climate Report, we track the progress we have made during calendar year 2022 and highlight some of the key areas where we have further enhanced our approach to reporting on the four core TCFD elements of Governance, Strategy, Risk Management and Metrics and Targets.

Governance

a) Board oversight of climate-related risks and opportunities

b) Management's role in risk assessment and management

Strategy

a) Risks and opportunities identified

b) Impact on business, strategy, and planning

c) Resilience of strategy to different scenarios

Risk Management

a) Process for identifying and assessing climate-related risks

b) Process for managing climate-related risks

c) Integration with overall risk management

Metrics and Targets

a) Metrics for climate-related risk assessment

b) Scope 1, 2, and (if needed) 3 emissions and related risks

c) Targets for risks and opportunities and related performance

CLIMATE CHANGE POLICY

Approved by our Board, our Climate Change Policy reflects Diversified's recognition that climate change is a complex global issue that requires governments, businesses and communities working together on appropriate, achievable policies. We are committed to doing our part in supporting the goal of responsibly transitioning to a lower carbon world while still serving the energy needs of our communities and nation.

Governance - Engaged Leadership Focused on Decarbonisation

Our Board of Directors ("Board" or "Directors") continues to take a hands-on approach to identifying, assessing and managing climate-related risks and seeking new commercial opportunities from the energy transition. The processes by which the Board does this are fully integrated into our Board calendar and our governance procedures. In 2022, elements of our strategic and operational approach to climate change and the energy transition were on the agenda and considered at each of the Board's 11 meetings[1] with discussions and decision-making informed by the work of our four Board Committees, as more fully described below.

The Board receives briefings at every meeting on climate matters from the Chair of the Sustainability & Safety Committee and more detailed briefings on specific topics, as applicable, from the Chief Operating Officer ("COO"), the Senior Vice President-Environmental, Health & Safety ("EHS"), the Vice President-ESG & Sustainability and from the Chairs of the other Board Committees. From time to time the Board also receives training or briefings from external third-party experts on topics such as GHG emissions reporting, peer benchmarking and internal carbon pricing.

A key issue for the Board is to ensure that our acquisition strategy is consistent with our emissions reduction targets. Accordingly, since 2021, the Board has adopted enhanced due diligence measures (see Case Study) which require management to provide detailed information regarding the GHG emissions profiles of proposed acquisitions. Using an internally developed acquisition emissions screening tool, target assets are assessed for their methane intensity in accordance with the Methane Intensity Protocol developed by the Natural Gas Sustainability Initiative ("NGSI"). This information is then used by the Board as one metric to inform its acquisition decision-making. The NGSI voluntary reporting protocol complements existing regulatory reporting by providing a consistent, transparent and comparable methodology for measuring and reporting methane emissions throughout the natural gas supply chain.

1 The Board generally conducts six standard meetings per year, timed around the release of our financial reporting. Additional meetings are held upon request to discuss acquisitions or other matters that require attention prior to the next standard Board meeting.

CASE STUDY: CLIMATE DILIGENCE FOR ACQUISITIONS

Diversified's internal team of environmental professionals, supported by third-party consultants, conducts climate and environmental audits prior to the acquisition of any asset. Such diligence helps us better understand the risks and opportunities associated with the target acquisitions as well as the long-term impact of the target assets on our existing emissions and emissions intensity profiles and our environmental commitments.

Using U.S. Environmental Protection Agency ("EPA")-reported Subpart W data and other operational data provided by the acquisition target, we initially screen assets based on their methane intensity according to the NGSI Methane Intensity Protocol, considering both the target's standalone and Diversified's consolidated emissions intensity, respectively. Through our internally developed carbon price screening process, we look to understand the impact of the acquisition from an environmental and cost perspective. We also seek to compile a complete inventory of the target's natural gas-driven devices, including pneumatics and compression facilities, to understand potential emissions reduction opportunities and the associated costs that will be available to us using our Smarter Asset Management ("SAM") operational techniques and other efficiency measures and how these SAM operations improvements would map into our Marginal Abatement Cost Curve ("MACC").

For example, the assets we acquired in the Central Region in late 2021 had an emissions profile which, as operated by the seller, would potentially increase our methane intensity profile. In early 2022, we immediately conducted an inventory assessment of the assets and developed a three-year plan to lower those emissions. This plan included the conversion of natural gas-driven pneumatic devices to compressed air on a number of well pads, immediately resulting in a lowering in GHG emissions compared to pre-acquisition levels.

Our Board Committees provide oversight of our climate-related risks and opportunities though these considerations are a primary focus of our Sustainability & Safety Committee. The roles of the four Board Committees are reflected in the Climate Change Governance Framework depicted in Figure 1 and further described below.

FIGURE 1: CLIMATE CHANGE GOVERNANCE FRAMEWORK – BOARD

BOARD OF DIRECTORS

Determines climate change strategy, assesses risks and monitors performance

Sustainability & Safety Committee	Audit & Risk Committee	Remuneration Committee	Nomination & Governance Committee
Sandra M. Stash (Chair)	David J. Turner (Chair)	Melanie Little/Sylvia Kerrigan (Chair)[2]	Martin K. Thomas (Chair)
David E. Johnson	Melanie Little[2]	David E. Johnson	David E. Johnson
Melanie Little/Kathryn Klaber[2]	Sandra M. Stash	Sandra M. Stash	Sylvia Kerrigan
Bradley G. Gray (COO)	Martin K. Thomas	David J. Turner	Kathryn Z. Klaber[2]
Evaluates issues relating to climate change and the energy transition to inform the Board's climate decision-making and monitors performance on behalf of the Board	Ensures climate risk is properly identified, assessed and managed, and potential climate impacts are appropriately considered in company financial models	Ensures ESG KPIs, including achievement of GHG emission reduction targets, are included in remuneration packages	Ensures a balance of skills, knowledge, independence, experience and diversity on the Board and its committees

[2] Melanie Little resigned from the Board effective 31 December 2022. Kathryn Z. Klaber was appointed to the Board effective 1 January 2023. Sylvia Kerrigan was appointed as Chair of the Remuneration Committee effective 1 January 2023.

The **Sustainability & Safety Committee** comprises three Independent Non-Executive Directors and the Executive Director Chief Operating Officer. The Committee meets throughout year[3] and evaluates all issues relating to climate risk on behalf of the Board, including changes in regulation and policy and other global macro-level developments relating to the energy transition. The Committee also monitors the progress regarding our own operational climate change mitigation and adaptation plans. Throughout the year, and specifically during these meetings, the COO, the Senior Vice President-EHS and the Vice President-ESG & Sustainability provide updates to the Committee on climate-related matters. Climate topics monitored and discussed during 2022 included:

- the status of our methane leak detection and repair projects for both our upstream handheld and midstream aerial surveillance programmes;
- a review of our well retirement programme;
- progress updates on implementation of budgeted annual and longer-term capital expenditure programme for emissions reductions;
- actual GHG emissions reductions achieved and progress against our Scope 1 methane emissions intensity reduction targets of 30% by 2026 and 50% by 2030 vs. a 2020 baseline;
- progress with the plan to achieve net zero Scope 1 and 2 GHG emissions by 2040 being developed with independent global consultants Montrose Environmental using our MACC tool to evaluate emissions reduction projects;
- lessons learned on adaptation and emergency response to extreme weather events such as the flooding experienced in central Appalachia in 2022;
- the process to achieve the Oil & Gas Methane Partnership 2.0 ("OGMP") Gold Standard Pathway certification and the remaining actions and projects required to achieve full Gold Standard Compliance; and
- plans and progress on decarbonisation and energy transition-related feasibility studies and pilot projects such as waste heat recovery, biogas and carbon capture and storage.

The Chief Financial Officer ("CFO") also participates in meetings with the Sustainability & Safety Committee to ensure that climate-related initiatives are incorporated into financial planning and capital allocation and can be properly communicated to investors.

The **Audit & Risk Committee** oversees our Enterprise Risk Management ("ERM") process and works with the Sustainability & Safety Committee to ensure that:

- climate risk is being properly identified, assessed and managed, as reflected in the risks and opportunities table in the Strategy section of this Climate Report; and
- our financial models appropriately consider the potential financial impacts of the identified climate-related risks and opportunities, based on the outcomes of our scenario analysis.

The Chair of the Audit & Risk Committee ensures that the Board receives updates on each risk area topic, including climate-related risk, at least once every two years. Details about our approach to climate risk are included in the Risk Management section below. For information about our risk management process and wider ERM framework, please reference our **2022 Annual Report**.

The **Remuneration Committee** is responsible for developing a short-term (annual) and long-term compensation structure for executive and senior management linked, in part, to ESG and climate performance metrics, including methane intensity reduction targets, and monitoring progress against those metrics. For more information on remuneration tied to ESG and climate performance metrics, please refer to the Incentivizing Emissions Reduction Performance details in the Metrics & Targets section below.

Overseeing the size and composition of the Board and monitoring governance trends and best practices, the **Nomination & Governance Committee** is responsible for ensuring the Board's collective skill set is positioned to adequately understand and shepherd climate-related decisions and opportunities for our Company. This committee keeps climate-related goals top of mind when interviewing prospective directors, onboarding new directors and formulating succession plans.

[3] The Sustainability & Safety Committee's charter requires a minimum of two meetings per year. During 2022, the Sustainability & Safety Committee met five times.

Significant Climate Expertise of Our Board of Directors

We are fortunate to have significant climate change expertise among our Directors, exemplified by the extensive experience of the Chair of our Sustainability & Safety Committee, Ms. Stash. Below we provide details of the climate-related experience of each of our Board members which has been enhanced further through a detailed climate change training session undertaken by the Board in November 2022.

The training, delivered by third-party global climate consultants Montrose Environmental, covered key climate considerations for business, reporting of Scope 3 GHG emissions, a review of peer decarbonisation targets, climate scenarios, regulation and terminology. This thorough training provided an opportunity for robust discussion among the Board and the Company's senior leadership on these topics and their implications for our corporate and acquisition strategies, ongoing operations and continued transparency in ESG and climate reporting. Separately, the Sustainability & Safety Committee undertook in-depth training provided by Montrose Environmental on the use of an internal cost of carbon in our business.

From left to right: Mr. David J. Turner, Jr., Mr. Martin K. Thomas, Ms. Sylvia Kerrigan, Ms. Sandra M. Stash, Mr. Rusty Hutson, Jr., Mr. David E. Johnson, Ms. Kathryn Z. Klaber, Mr. Bradley G. Gray

Sandra M. Stash, P.E.

Ms. Stash joined the Board of Diversified in October 2019 and is the Chair of our Sustainability & Safety Committee. She has more than 35 years of international executive and non-executive board experience, including in senior leadership roles in Operations, Engineering, and ESG and Sustainability at Tullow Oil (2014-2020), Talisman Energy (2008-2013), and TNK-BP (2003-2006). Alongside her role at Diversified, she serves in a number of board and advisory roles, including as Chair of the EHS Committee for Trans Mountain Company, Chair of the ESG Committee for Lucid Energy, and Chair of the ESG Committee for Chaarat Gold, giving her a particularly broad understanding of the impacts of climate change on business. She regularly participates in climate-related training and discussions through her membership in the U.S. National Association of Corporate Directors.

Bradley G. Gray

As Diversified's Chief Operating Officer, Mr. Gray provides hands-on leadership of our field operations and day-to-day oversight of the development and implementation of the practical steps we are taking and progress we have made to reduce our climate impact, as a function of our zero-tolerance policy on fugitive emissions, and to achieve our ESG and GHG reduction goals, including through our Smarter Asset Management, leak detection and repair and well retirement programmes. He is actively engaged in ESG and climate-related discussions with both internal and external stakeholders.

David E. Johnson

As our Chairman, Mr. Johnson's membership in the Sustainability & Safety Committee reflects the important role that sustainability issues, including climate change, play in helping to shape our corporate strategy. Based in the UK, his understanding of climate change and its impacts is informed by active engagement in a broad range of climate and ESG-related seminars and other events conducted by investment firms and other financial, legal and public relations experts. He is also a member of the Chartered Institute of Securities & Investment which provides educational updates on ESG and climate change issues.

Kathryn Z. Klaber

Ms. Klaber joined the Board of Diversified on 1 January 2023. She brings extensive experience as a strategy consultant and advocate for the energy industry. As Managing Director of The Klaber Group, Ms. Klaber provides strategic advice and compliance assurance services to companies in the shale sector, including in relation to climate risk and emissions monitoring. As founding Chief Executive Officer of the Marcellus Shale Coalition, she worked closely with elected leaders, regulators, non-profits and companies throughout the natural gas supply chain to advance the responsible development of the Appalachian Basin. Earlier in her career she spent 10 years with Environmental Resources Management where she advised clients on provisions of the Clean Air Act, including leak detection and repair. In her recent board role with the Pittsburgh branch of the Cleveland Federal Reserve, she contributed to the organisation's climate guiding principles.

Melanie Little

Ms. Little contributed significantly to the development of Diversified's ESG strategy during her three years on the Board, drawing on her senior leadership experience of environmental, health, safety and security matters gained at Magellan Midstream Partners, where she was also responsible for the publication of Magellan's annual Sustainability Report and the establishment of its Sustainability Committee. She resigned her position from Diversified's Board with effect from 31 December 2022 to join Colonial Pipeline Company as President and Chief Executive.

Robert R. ("Rusty") Hutson, Jr

As Diversified's Chief Executive Officer, Mr. Hutson provides the leadership, and takes ultimate responsibility, for delivering our climate change strategy. In the context of Board meetings, he helps to shape discussion of investment decisions relating to our net zero GHG emissions goal, including capital expenditure for acquisitions and emission reduction initiatives. He engages frequently with industry peers, investors (both in the U.S. and globally), lenders and regulators and policy makers at the national and U.S. levels to discuss climate change policy and the energy transition and the potential impact of each on Diversified and the broader industry.

Sylvia Kerrigan

Ms. Kerrigan joined the Board of Diversified in October 2021. She recently (October 2022) took on the roles of Chief Legal Officer and Company Secretary at Oxy (formerly Occidental Petroleum). She brings considerable board- and executive-level experience on ESG and climate-related matters, including as Executive Vice President and General Counsel at Marathon Oil (2009-2017), where she had responsibility for publication of the company's ESG reports, and as Lead Director and Chair of the Governance Committee at Team Industrial Services, where she oversaw the publication of the company's first ESG report in 2021. As Executive Director at the Kay Bailey Hutchinson Center for Energy, Law and Business at the University of Texas, she planned and delivered events covering the energy transition, climate change, ESG activism and disclosure.

Martin K. Thomas

As a corporate lawyer based in London, Mr. Thomas has specialised for over 20 years in advising on IPOs and secondary financing of companies across sectors, including oil & gas and renewable energy. He receives regular professional updates on listing and other regulatory requirements, as well as on policy developments in non-financial reporting, including climate-related disclosures.

David J. Turner, Jr

Mr. Turner is the Chief Financial Officer of a Fortune 500 bank holding company where he is routinely involved in board- and management-level discussions about climate risk and mitigation. These discussions have involved integration of environmental factors into the company's risk management framework and measures to reduce the company's GHG emissions and improve energy efficiency. He also serves on the Disclosure Review Committee, which reviews the company's ESG-related disclosures, including climate disclosures using the TCFD framework.

Management's Role in Assessing & Managing Climate-Related Risks & Opportunities

Management remains abreast of climate-relates issues through (i) its knowledge of our industry, business environment and ongoing operating activities, (ii) frequent interactions with both internal and external stakeholders, including senior leaders in the Company, state and national regulators and investors, and (iii) engagement with vendors, industry associations and benchmarking groups where current trends and best practice operating standards and emissions reductions solutions are shared.

Climate-related responsibilities are assigned to management-level positions according to each individual's area of responsibility and contribution to our overall corporate strategy. The CEO assumes ultimate responsibility for delivery of the Company's climate change and energy transition strategy, including management of climate-related risks and opportunities. In addition to providing the CEO with frequent climate-related operational and financial updates, the COO and CFO provide these updates to the Board at each Board meeting.

See Figure 2 below for a summary of our executive leadership's climate-related areas of responsibility.

FIGURE 2: CLIMATE CHANGE GOVERNANCE FRAMEWORK - MANAGEMENT

BOARD OF DIRECTORS

Determines climate change strategy, assesses risks and monitors performance

CEO

Ultimately responsible for delivery of the Company's climate and energy transition strategy and managing climate-related risks and opportunities

Chief Operating Officer

- Oversees progress towards climate targets, including MACC[4] project development and OGMP[5] certification processes
- Aids in design of & approves operational activities, including GHG emissions detection & reduction measures, feasibility studies and pilot projects for new business initiatives
- Oversees integrated well retirement operations

Chief Financial Officer

- Ensures annual budgets include operating and capital expenses for climate-related initiatives
- Considers potential financially-material impacts of climate change
- Manages stakeholder communications with respect to climate strategy and climate-related risks & opportunities

General Counsel

- Considers impacts of new or emerging climate-related policy & regulatory developments on the Company
- Engages with policy makers & regulators on climate & energy matters within the industry

Chief Commercial Officer

- Considers impact of potential acquisitions on Company decarbonisation strategy
- Oversees marketing of our responsibly produced natural gas to highlight its climate and overall environmental credentials

Chief Human Resources Officer

- Ensures Board directives on climate are integrated into executive and senior leadership compensation plans
- Monitors progress against climate compensation targets to aid Remuneration Committee considerations

[4] MACC is a marginal abatement cost curve that weighs the financial cost vs. GHG emissions abatement benefit of specific actions.

[5] The OGMP is a multi-stakeholder initiative launched by the United Nations Environment Programme and the Climate and Clean Air Coalition to promote measurement and transparency in methane emissions reporting.

As our Vice President ESG & Sustainability explains:

"At Diversified, emissions reductions and climate-related risks and opportunities are addressed on a consistent basis, with input and action from the wellhead to the boardroom. We all recognise the role we all have to play in this constantly and quickly evolving energy transition, from our Board's strategic insight and oversight to our well tenders' daily actions to carry out our zero-tolerance policy for fugitive emissions."

The **Chief Operating Officer** plays a key role in identifying, assessing and managing our climate-related risks and opportunities and in implementing our climate and energy transition strategy. This role has direct responsibility for operationally delivering on our stated emission and emissions intensity reduction targets and goals, including ensuring appropriate financial and human resources are allocated to reduction-related activities such as our methane leak detection and repair programme and conversion of natural gas-driven pneumatic devices to compressed air. This role also includes (i) identifying and implementing new operational investments in emissions reduction technologies, (ii) identifying, assessing and pursuing new capital investments in carbon capture or other alternative uses of operational assets within our portfolio, (iii) developing commercial opportunities such as our growing well retirement business, and (iv) ensuring that climate-related factors and metrics are considered for company growth plans, including acquisitions.

Our COO holds bi-weekly meetings with a cross functional group of senior leaders to review all operational activities and significant company projects, which may include climate-related initiatives. Additionally, in practice, the COO is involved in daily interactions with senior leaders and field personnel whose responsibility it is to implement our GHG emissions reduction programmes.

The COO's senior leadership team with climate-related responsibilities includes:

— Senior Vice President-Upstream Operations: manages our SAM programme which includes well maintenance and optimisation, equipment and efficiency upgrades, and leak inspection and repairs.

— Senior Vice President-Midstream Operations: manages the integrity and maintenance of the Company's vast pipeline and related compression network, including the implementation of the multi-year aerial leak detection surveillance programme currently underway by Bridger Photonics ("Bridger").

— Senior Vice President-EHS: provides support to all upstream and midstream activities, including training well tenders in the proper use of audio, visual and olfactory ("AVO") inspection techniques and handheld leak detection devices; identifying, developing and prioritising emissions reduction projects through active use of the MACC; tracking GHG emissions and air quality improvements resulting from those projects; and carrying out due diligence on the emissions profiles of acquisition targets for inclusion in the Board's consideration of these targets.

— Vice President-ESG & Sustainability: advises the Board and management on climate-related matters, supports our GHG emissions reduction initiatives, and liaises with both internal and external stakeholder groups about our climate-related commitments and actions.

— Vice President-Asset Retirement: oversees and leads asset retirement operations, engages with state agencies related to retirement activities and develops relationships with third-party operators in the Appalachian states.

The **Chief Financial Officer** is responsible for (i) ensuring climate-related expenditure is incorporated into annual operational and capital budgets, (ii) assessing the financial impact of climate-related risk and opportunities and carrying out associated financial modelling using scenario analysis and (iii) communicating details of our ESG and climate strategy and performance to investors and other stakeholders. The CFO holds bi-weekly meetings with his senior leaders to, among other things, review and update the financial implications of our climate strategy. The CFO also maintains a direct line of communication to the Audit & Risk Committee and with our ERM team to ensure any new developments in climate-related risk are being captured.
The CFO's senior management team with climate-related responsibilities includes:

— Senior Vice President-Strategy & Finance: contributes to strategic planning discussions with executive management and is responsible for conducting scenario analysis and modelling the financial impacts of climate budgets as well as monitoring and tracking annual budgets.

— Senior Vice President-Accounting & Controller: in addition to oversight of financial reporting and regulatory compliance, directly oversees our Internal Audit team's ERM process which includes climate risk awareness and monitoring.

— Vice President-Treasury: manages the Company's daily fiscal responsibilities, including incorporating certain sustainability-linked metrics such as emissions reductions into our longer-term financing structures to demonstrate our commitment to actively engaging in this energy transition.

— Vice President-Investor Relations: regularly engages with various stakeholder groups to ensure the Company's ESG and climate strategy, actions and performance are shared and provides executive management and the Board with feedback on the same.

Our **General Counsel** actively monitors new national and U.S. state climate-related regulatory proposals and engages with state regulators and other state agencies on issues such as reporting obligations, well retirement policies and taxation.

As head of our Business Development department, our **Chief Commercial Officer**, working with our COO, plays an important role in ensuring the initial screening of potential acquisition targets for their GHG emissions profiles while also overseeing marketing of our responsibly produced, environmentally differentiated natural gas.

Our **Chief Human Resources Officer** works closely with the Sustainability & Safety Committee to understand annual and long-term climate-related targets and ensures these targets are included in executive and senior leadership's incentive compensation plans as approved by the Remuneration Committee.

Strategy – Decarbonising Our Operations While Continuing to Meet Our Customers' Demand for Natural Gas

While climate change presents a range of risks for our business, it is also acting as a catalyst for increased operational efficiency and presenting us with opportunities to utilise our asset portfolio and teams in ways beyond our current business model. Consistent with TCFD guidance we consider climate-related risks and opportunities that could have a material financial impact on our business on a short-, medium- and long-term basis. For the purposes of this analysis, our considered timeframes are as follows: short-term 2023 to 2026, medium-term 2027 to 2039 and long-term 2040 and beyond. We chose these time horizons after considering the useful lives of our assets and the time frames to which our stated emission reduction targets and goals are aligned.

The climate-related risk and opportunities presented below were initially determined through workshops with executive management, senior leaders and third-party advisors and through peer comparisons. The identified risks and opportunities were then shared with the Board's Sustainability & Safety Committee for consideration and discussion.

Climate-related risks have been grouped according to the risk types suggested by the TCFD: Transition Risk (including Market, Policy & Legal, Technology, and Reputation) and Physical Risk (chronic and acute), while climate-related opportunities are categorised as Resource Efficiency, Energy Source, Products & Services and Markets. The specific climate-related risks and opportunities identified are set out in the following tables together with the potential impacts they could have on our business, the timeframes associated with each, and the progress being made to mitigate or exploit them.

Climate-Related Risks

Risk	Potential Impact on Diversified	Timeframe[6] S	M	L	Risk Management Actions
MARKET					
Reduced natural gas & oil demand and price outlook	– Negative impact on revenues and portfolio value – Reduced opportunities for acquiring commercially viable assets		✓	✓	– We conduct scenario analysis of portfolio impacts under a range of commodity price and demand outlooks and apply the results in operating or capital expense allocation decisions. – Our existing portfolio is heavily weighted towards natural gas, which is expected to remain more resilient than oil in a carbon-constrained future. – Our low-cost production provides considerable resilience to lower commodity price environments. – Our robust hedging strategy provides financial assurance and protection against commodity price volatility in the short- to medium- term. – Our marketing department is focused on maximising sales value from our achievement of OGMP Gold Standard Pathway to differentiate our responsibly produced gas in the market as we further work toward Gold Standard Compliance.
Increased cost of and more challenging or conditional access to capital	– Investors/lenders look to decrease their portfolio exposure to hydrocarbon assets – Capital available to Diversified may become more difficult to access, more costly or come with additional climate-specific obligations	✓	✓	✓	– Our existing levels of fixed-rate debt and amortising payments provide significant protection in the short/medium term. – We are increasingly utilising ESG-aligned asset-backed securitisations ("ABS") financing structures. – Our achievement or out-performance of commitments to ambitious ESG KPIs attached to these ABS financings can improve borrowing rates and future financing bids. – To date, we have set certain interim targets for Scope 1 methane intensity reductions on our path to net zero, and transparently and frequently communicate progress against these targets to stakeholder groups. – Our hedging strategy provides short- to medium-term certainty and protection for cash flows. – Our strategy of incremental M&A enables adaptation to changing market or financing conditions.

[6] Diversified's timeframes are defined as S – short (2023 to 2026), M – medium (2027 to 2039), L – long (2040 and beyond)

Risk	Potential Impact on Diversified	Timeframe[6] S	Timeframe[6] M	Timeframe[6] L	Risk Management Actions
POLICY & LEGAL					
Cost of carbon	— Implementation of some form of carbon cost or regulation in states where we operate could increase operating costs and make our natural gas less competitive vs. other forms of energy — Such policies could also accelerate pressure from investors and stakeholders to reduce emissions, increasing our decarbonisation costs		✓	✓	— We engage in proactive, voluntary measurement of our Scope 1 emissions to ensure we fully understand potential portfolio liability. — We engage in cost-efficient operations and deploy SAM initiatives across our portfolio. — We perform emissions reduction projects across our portfolio, such as leak detection and repair, compressor optimisation and pneumatics replacements. — We are engaging with third-party consultants to more fully develop our internal price of carbon metrics and strategy. — We include the evaluation of acquisition targets' carbon footprints in our M&A process and final investment decisions. — Our evolving internal MACC analysis allows us to optimise prioritisation of emissions reductions projects.
Well retirement policy	— Acceleration of existing state well retirement commitments could significantly increase annual capital and operating costs		✓	✓	— We actively engage with regulators regarding well retirement policies. — We are committed to retiring wells ahead of state requirements. — We have accumulated excess, low-cost asset retirement capacity (currently 15 rigs) through Next LVL Energy and two other 2022 acquisitions, allowing us to increase our own retirement targets, participate in state orphan well programmes and carry out asset retirement for third parties. — New revenue stream from third-party asset retirement helps to offset the cost of retiring our own wells.
Litigation	— Potential litigation tied specifically to Diversified's climate-related reporting (e.g. for misrepresentation) or actions could bring additional legal and reputational costs — Potential litigation around leaks or other sources of emissions (now or historical)	✓	✓	✓	— We have firm targets to achieve Scope 1 methane intensity reductions by 2026 and 2030 and a goal of net zero Scope 1 and 2 GHG emissions by 2040. — We expect continued development, funding and execution of formal plans and projects will enable achievement of emissions targets. — Our transparent reporting and communication of emissions and climate risks was recognised by ESG Investing's "Best Sustainability Reporting" award for our 2021 Sustainability Report. — We actively engage with federal and U.S. state regulators, and consistently demonstrate our commitment to meet or exceed their requirements. — We maintain strong community support in our operating areas.
Current & emerging climate-related regulation and policy	— Increasing costs of doing business as a fossil fuel-focused company; regulatory fines for emission levels; regulatory constraints on hydrocarbon commerce	✓	✓	✓	— We actively monitor U.S. and international regulatory developments and engage as applicable. — We have multiple emissions reduction activities in place aimed at achieving our 2026 and 2030 targets and 2040 net zero goal. — We continue to invest in leading edge emissions reduction technologies and monitor new technology developments. — We engage an independent, third-party consultant to provide moderate Level II assurance for Scope 1 & 2 GHG emissions. — We actively engage with industry associations to ensure we are using best practices in operating procedures and emissions reductions. — As a direct result of our many voluntary efforts made to date to reduce methane emissions, we are optimistic that the impact of pending regulations under proposed U.S. EPA Quad Ob and Oc and U.S. Inflation Reduction Act's Methane Emissions Reduction Program will not be significant to our business.

Risk	Potential Impact on Diversified	Timeframe[6] S	M	L	Risk Management Actions
TECHNOLOGY					
Cost of GHG emissions detection and reduction technology	– Increased costs of required technology; possible cost increase if more mitigation than expected is required		✓	✓	– Our emissions detection and reduction plans are already well-advanced with short- and medium-term costs factored into budgets. – We continue to benefit from successful use of aerial and handheld leak detection equipment and from continuous investment in our low-cost SAM programme to repair and eliminate fugitive emissions. – To date, we've experienced lower than expected costs of compressed air applications for pneumatic devices. – We continue to demonstrate innovative actions to reduce emissions, including retrofitting/elimination of existing equipment.
Substitution of natural gas and oil with lower-carbon forms of energy	– Faster acceleration and adoption/substitution of alternative energy/lower carbon solutions (i.e., electric vehicles, more efficient appliances) drives lower demand for natural gas and oil		✓	✓	– Our scenario analysis shows that even under low-carbon scenarios our portfolio is relatively resilient. Due to our low cost of production, we are able to maintain profitable operations across our portfolio even under low commodity price environments (see Portfolio Resilience section). – Our business model does not include actively developing new natural gas and oil resources but rather focuses on managing existing sources with an emphasis on reducing carbon emissions. – We are continuing to explore longer term opportunities to lower our carbon footprint e.g. biogas, waste heat recovery and carbon capture utilisation and storage ("CCUS") projects.
REPUTATION					
Overall perception of fossil fuels/energy sector	– Increased stakeholder pressure to accelerate emissions reduction projects could increase short-term costs and challenge profit margins – Potential impact on company valuation or brand driven by changes in stakeholder/society expectations of Diversified's role in the energy transition – Increasing challenge to attract and/or retain talent	✓	✓	✓	– We are committed to transparency in emissions and climate risk reporting, and of our plan to achieve our climate-related targets. – We engage regularly with shareholders, regulators and other key stakeholders to ensure understanding of our climate strategy and external perspectives. – We include climate metrics in short- and longer-term remuneration policies to incentivise ongoing improvement in climate actions. – Broad leadership engagement keeps our current employees abreast of business strategy and emissions reductions actions and results. – Our community engagement initiatives and talent acquisition programmes, including scholarship and internship programmes, facilitate broader awareness of the Company and our climate-related actions among potential employee candidates.
PHYSICAL					
Acute – Changing weather patterns, including increased frequency and severity of extreme weather events such as flooding, winter or tropical storms or wildfires	– Increased risk of compromised infrastructure or forced abandonment of operations could cause loss of revenue and decrease portfolio value	✓	✓	✓	– We have robust business continuity and crisis management plans in place, which were tested during the central Appalachia floods of 2022 and resulted in minimal business disruption. – Our business model inherently requires minimal water consumption in our operations. – We maintain appropriate levels of insurance to mitigate losses. – Our physically dispersed asset footprint mitigates any large-scale disruption to production from individual weather events e.g., flooding.
Chronic – Persistent or constantly recurring weather patterns, including hotter temperatures, lower rainfall, rising sea levels, or reduced access to water	– Increasingly challenging and potentially dangerous environmental and climate conditions could increase operating costs and risks		✓	✓	

Climate-Related Opportunities

Opportunity	Potential Impact on Diversified	Timeframe[7] S	Timeframe[7] M	Timeframe[7] L	Steps and Progress
RESOURCE EFFICIENCY					
Emissions monitoring and replacement of inefficient equipment	– Early detection of methane leaks reduces loss of sales gas and associated revenues across portfolio – Improved operational efficiency to reduce emissions can also reduce operational costs through fuel savings	✓	✓	✓	– We continue to invest in remote leak detection, aerial surveillance, replacement of pneumatic devices and inefficient compressors, to reduce our GHG footprint. – We actively track advances in emissions monitoring technologies and plan to take advantage of any suitable applications and technology cost reductions that evolve. We are currently working with several technology providers to advance detection and measurement projects e.g., acoustic imaging and direct methane loss measurement (SEMTECH® HI-FLOW 2 and Opgal EyeCSite® suite). – We will carry out further development of our internal MACC in 2023 to ascribe value and benefit of specific reduction projects and to optimise the prioritisation of emissions reduction projects.
Lowering vehicle-derived carbon emissions through optimisation and more efficient vehicles	– Fuel and operating cost savings by using vehicles that are more efficient and have lower carbon emissions		✓	✓	– We utilise lighter weight, more fuel-efficient vehicles in our fleet replacement programme, which could further expand in the future to include the use of longer-range electric vehicles. – We are exploring new technology to allow remote operations at well sites thus reducing vehicle use and associated emissions. – We utilise optimised route mapping to create the most efficient well tender routes thereby reducing vehicle run time, maintenance, fuel consumption and vehicle emissions.
ENERGY SOURCE					
Increase use of renewable energy sources	– Replace natural gas with renewable energy sources to support operational power needs		✓	✓	– Diversified already uses solar equipment and small wind turbines to provide auxiliary power at some smaller or remote well sites. – Our sources for Scope 2 electrical usage in 2022 represented 13% renewables and 38% low carbon (including nuclear). – We are exploring new technologies to expand the use of renewable energy in operations, including waste heat recovery and solid oxide fuel cells.
PRODUCTS & SERVICES					
Asset retirement capabilities for third parties	– Providing third-party asset retirement services as an additional revenue stream and advancing states' resolution of orphan wells – Support regional well retirement compliance – Build internal asset retirement capabilities	✓	✓	✓	– Our expanded well retirement capability supports our regional leadership position in responsible asset retirement. – We see an opportunity to grow our retirement capacity further via our subsidiary Next LVL Energy, positioning Diversified to further support states' efforts to eliminate orphan wells. – Expanded well retirement commitments increase return of well pads to original, natural conditions thus supporting natural reforestation and biodiversity initiatives in those areas.
Biogas, fuel cells and hydrogen applications	– Explore potential long-term revenue opportunities in blue hydrogen and/or emissions reductions using biofuels and fuel cells		✓	✓	– We are exploring new opportunities in these rapidly evolving technologies, further details of which are provided under 'New Initiatives Focused on Net Zero' below. – We are currently in the early stages of pursuing partnerships to evaluate potential of using existing midstream infrastructure for future hydrogen applications.
Carbon capture utilisation and storage (CCUS)	– Provide carbon storage services to neighbouring emitters for income stream – Potential to offset our Scope 1 & 2 emissions				– We are exploring the potential of using our gas storage capacity for CCUS. Further details are provided under 'New Initiatives Focused on Net Zero' below.
MARKETS					
OGMP Gold Standard Recognition	– Recognition of our commitment to deliver responsibly produced gas to the market – Enables further differentiation of our produced natural gas vs. competitors	✓	✓	✓	– Achieving Gold Standard Pathway positions us to offer responsibly produced gas in the marketplace to differentiate it from other natural gas production. – As a member of OGMP, Diversified is committed to disclose actual methane emissions data aligned with the OGMP 2.0 framework, thus further increasing our level of transparency for the market's consideration when seeking differentiated gas.

[7] Diversified's timeframes are defined as S – short (2023 to 2026), M – medium (2027 to 2039), L – long (2040 and beyond)

Further detail and examples of how Diversified is taking action to manage climate-related risks and leverage climate-related opportunities are provided in the subsections below.

A BUSINESS MODEL FOCUSED ON STEWARDSHIP AND PERFORMANCE ENHANCEMENT

Our business model, differentiated from that of most other natural gas and oil production companies, is focused on acquiring and enhancing primarily long-life, low decline natural gas producing assets and related midstream infrastructure in the U.S. onshore. Our primary focus is on improving the performance of the existing wells that we acquire, without the need for capital- and emissions-intensive drilling and completions. Through our Smarter Asset Management operational improvement programme, and in keeping with our zero-tolerance policy against on fugitive emissions, we focus on reducing methane loss from the wells while also enhancing their performance and delivered efficiency. This operational focus, coupled with the natural efficiencies that come with the scale created by multiple, accretive acquisitions, contributes to a low cost of production. If climate-related weakening of gas and oil prices occurs, then we are in a favourable position to respond quickly to minimise the long-term impact to our business, including the valuation of new acquisition targets based on current gas price forward curve. Additionally, if the pressure on financial institutions to reduce exposure to gas and oil companies results in increasing costs of capital for the sector, we can adjust our acquisition metrics to reflect the changing financial constraints, thus keeping pace with the transition as it happens.

Gas and Oil Demand and Price Outlooks

TRANSITION RISK-MARKET

For oil and gas producing companies the primary climate-related risk is that of declining demand for their products and a subsequent weakening of prices. Nonetheless, most future climate scenarios point towards gas demand remaining more resilient than oil and we therefore expect our natural gas-dominated business to be well-positioned for possible carbon constrained outcomes (see Portfolio Resilience section below). In addition, our price hedging strategy provides us with considerable financial stability in the short to medium term – our current natural gas hedge positions are in line with our preferred target ranges of 70-90% for the next 12 months, 50-70% for months 13-24 and 30-50% for month 25 and beyond.

Cost of and Access to Capital

TRANSITION RISK-MARKET

As part of our commitment to ambitious climate target KPIs, we have completed four ESG-aligned asset-backed securitisations since the beginning of 2022 representing over $1.4 billion in value. In mid-2022 we chose to convert our Reserve Based Lending facility to a Sustainability Linked Loan and included additional ESG KPIs beyond those included in our ABS financings. By setting interim methane emissions intensity reduction targets on a path to net zero and transparently communicating progress against these targets to relevant stakeholder groups, we have been able to secure improved borrowing rates. In 2023, we will continue to pursue financing closely linked to our sustainability goals, primarily to reinforce our commitments but also to achieve more attractive financing costs. We have already begun assessing ways in which capital can be invested in order to mitigate emissions in some of the more challenging areas of the business, for example through the use of renewable natural gas, which is discussed further below. As part of our capital structure strategy, around 95% of our debt as of year-end 2022 is in fixed amortising structures with scheduled maturities of six to nine years. As part of the requirements for these instruments, we hedge up to 85% of natural gas commodity price risk over the majority life of these loans. As a result of the capital structure and hedging strategy we have in place, we face low commodity price risk and low cost of capital risk in the short- to medium-term.

Current and Emerging Climate-Related Regulation and Policy

TRANSITION RISK-POLICY & LEGAL

While at the federal level the U.S. does not currently impose any direct costs on carbon emissions, we remain cognisant of the need to take a pre-emptive approach to decreasing our carbon footprint in order to stay ahead of possible future policy changes that place a price on carbon. As of the publication date of this Climate Report, we are actively monitoring several proposed federal regulations that could impact our business:

- U.S. EPA actions under the Clean Air Act, introducing proposals Quad Ob and Oc to supplement the existing Quad O and Quad Oa regulations to further reduce emissions of methane and volatile organic chemicals ("VOCs") from the oil and gas sector by, among other things, requiring (i) leak detection and repair ("LDAR") surveys based on facility size, (ii) the use of zero emissions pneumatic controllers at production, processing, and transmission and storage facilities, and (iii) the use of specific or prescribed technology such as optical gas imaging ("OGI") instead of other more traditional measures. We continue to monitor potential regulatory impacts to our business and remain optimistic that the impact of this regulation will not be significant due to the many voluntary efforts we have already made to reduce methane emissions.
- U.S. Inflation Reduction Act's Methane Emissions Reduction Program ("MERP") - At its core, the MERP requires the EPA to impose a charge on oil and gas companies for any GHG emissions those companies report above a threshold. Diversified's 2022 NGSI intensity of 0.21% is fractionally above the proposed threshold of 0.20% for production assets. However, our GHG emissions reduction initiatives should bring us below the threshold, thus avoiding any financial

penalties. At the same time, we are considering whether we may be eligible for funding grants for emissions reduction technologies under MERP.

- U.S. Securities and Exchange Commission's ("SEC") Climate Disclosure Rule – In March 2022, the SEC proposed a new rule for public comment under the Securities Act of 1933 and Securities Exchange Act of 1934 that would require companies to disclose information about climate-related risks that are reasonably likely to have a material impact on their business, results of operations, or financial condition. The proposed rule includes the requirement to disclose information about a company's GHG emissions, including Scope 3 GHG emissions and intensity, if material. Recognising the enhanced level of reporting that would be mandated if the rule is enacted as currently drafted, we are evaluating the potential impact of these disclosure requirements on both our year-end financial and GHG emissions reporting.

Detection, Measurement & Reduction Technology

TRANSITION RISK-TECHNOLOGY

Although we recognise that the increased spending associated with technology advances may be seen as a short-term risk to the business, we see the continued development of technology as providing future opportunities in areas such as LDAR, elimination of natural gas-powered devices (i.e., compressors and pneumatics) and fuel usage optimisation.

Throughout 2022, we strengthened and broadened our LDAR programme in an effort to operate our assets more efficiently and maximise the value they deliver while minimising emissions and operating costs. This programme comprises three core pillars:

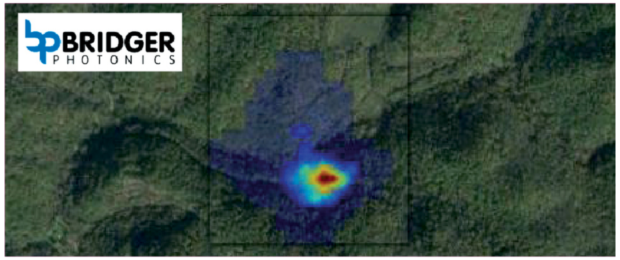
i) AVO inspections by skilled personnel on every visit to a well site or facility;

ii) an inventory of more than 600 handheld emission detectors for everyday use by our field personnel and an expanding portfolio of emissions measurement equipment; and

iii) a three-year, $3 million/year partnership with Bridger to aerially survey our Appalachia midstream system using advanced Light Detection and Ranging ("LiDAR") technology.

Daily well tending and Smarter Asset Management activities routinely include the use of AVO inspections at our facilities.

All field personnel are trained in AVO inspection techniques to detect fugitive emissions. We have a high bias for action to fix any fugitive natural gas emissions, and we do so on a regular basis as our well tenders conduct more than 130,000 well site and facility visits each month, during which they incorporate AVO inspections at every well site or facility and engage in SAM initiatives to repair and eliminate such emissions. These 'boots on the ground' inspections are important and effective actions to ensure the integrity of our asset portfolio while simultaneously increasing the amount of production flowing to the sales meter.



Aerial surveillance reports from Bridger Photonics support fugitive emissions detection and repair activities across our far-reaching midstream system.

Utilising Bridger's LiDAR technology, we aerially surveyed approximately 11,000 miles (or nearly 60%) of our Appalachia midstream infrastructure in 2022, with the remainder scheduled to be completed in 2023. This technology also enabled us to inspect approximately 10,500 of our upstream facilities, including compressor stations, central collection facilities and well pads. This surveillance programme has also identified fugitive emissions originating from nearby third-party assets, affording Diversified an opportunity to serve the broader community by sharing this information with our industry partners. Following completion of the Appalachia midstream survey in 2023, we will assess the programme's results and determine the best use of our remaining multi-year contract with Bridger, to potentially include Appalachia re-inspections, new surveys of other Appalachia assets and/or new surveys of our Central assets.

Handheld emissions detection devices in the hands of every field operations employee support our zero-tolerance policy against fugitive emissions.

Employing our handheld leak detection devices during 2022, we effectively surveyed 100% of our Appalachia upstream wells at least once and completed a total of ~174,000 voluntary emissions surveys of these assets during the year. We completed our initial surveys approximately nine months ahead of our original goal to complete by July 2023. Upon completion of the initial site visits, we documented that ~90% of our wells had no EPA-defined leaks. This performance increased to 95% upon re-inspection, demonstrating the effectiveness of the Company's LDAR programme and alignment with our ESG commitments. In January 2023, we widened the handheld inspection programme to include our Central Region with the goal to complete surveys across that region's upstream portfolio by year end 2023.

Diversified is proud to be the first company in the world to deploy the SEMTECH® technology to support our commitment to achieving net zero Scope 1 and 2 GHG emissions by 2040.

Using multiple detection methodologies – from the land and from the air – gives us confidence that we are gathering and reporting accurate data and identifying as many fugitive emissions as possible. As well as the techniques described above, in 2022, we also piloted new leak detection and measurement technologies such as 'acoustic imaging' and the SEMTECH® HI-FLOW 2 device which can enhance the rapid identification and quantification of fugitive emissions. We will continue throughout 2023 to utilise these devices and to trial additional new technologies for possible wider applications as they become available.

TABLE 1: METHANE DETECTION AND REDUCTION PROGRESS AND PLANS

Initiative	2022 Progress	2023 Plans
Air compression for pneumatic devices	Converted 57 facilities, exceeding annual commitment to converting 30 well pads per year over the next 5 years	Convert an additional 50 well pads
Aerial LiDAR	Surveyed ~11,000 miles, approximately 60% of the Appalachia midstream system	Complete remaining ~6,000 miles of pipelines and assess remaining programme
Compression conversion	Deferred to 2023 due to vendor's delays	Convert West Virginia compressor station to electric and operationalise by year end
Fugitive emissions	Surveyed 100% of Appalachia wells with consistent 90% no leak rate at conclusion of survey	Survey 100% of Central Region wells by year end

PHYSICAL RISK

Our exposure to suffering a significant financial loss from a single extreme weather event is minimised due to the dispersion of our production footprint over a large geographical area covering several states. Nevertheless, we recognise that we are not immune to extreme weather-related events. For example, in July 2022, several central Appalachia states within our footprint, including primarily Kentucky but also Virginia and West Virginia to a lesser extent, experienced devastating floods resulting in loss of life and extensive damage to housing and public infrastructure. While the flooding temporarily impacted our operations, including compressor facilities, communications and pipelines, our field personnel were able to efficiently restore the affected facilities to operations within approximately 10 days. Our teams were quickly able to assess the impact to our operations, re-route a portion of the impacted gas sales to alternative sales points and begin immediate restoration and mitigation efforts after ensuring the safety of our personnel in the impacted areas. While these events did not require the full implementation of our formal Crisis Management and Business Continuity plans, our teams were able to appropriately respond.

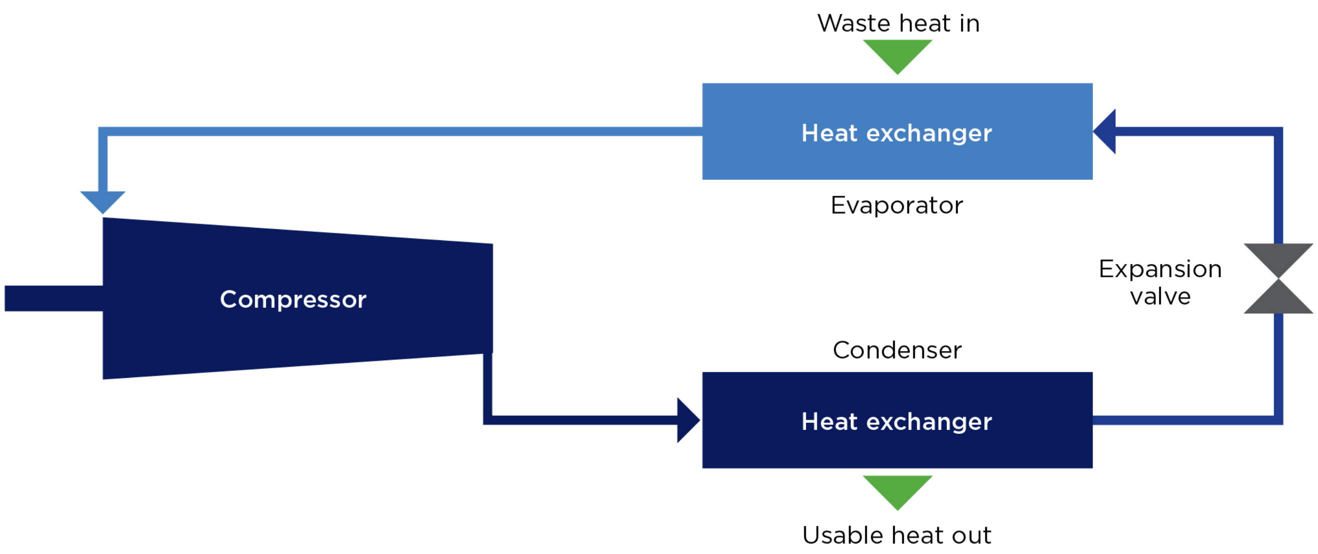
Our preparation for such events through our Crisis and Business Continuity plans was certainly beneficial in regaining operations at the impacted compressor facility. This event did not have a material financial impact on our operations and further benefited from appropriate levels of insurance coverage. Our Central Region acquisitions in 2021 and 2022 brought three district Integrated Operations Centres ("IOC") into our portfolio, two in our upstream operations and one in our midstream operations. These IOCs complement our existing gas control centre in West Virginia which monitors the majority of our midstream Appalachia assets. Supported by 24-hour monitoring, these IOCs facilitate streamlining the collection, standardisation and dissemination of timely, decision-useful data. We anticipate the central management of data through these IOCs will leverage our supervisory control and data acquisition ("SCADA") system to increase our capabilities around remote monitoring, improve data consistency and allow more rapid response to any weather-related disruptions.

NEW INITIATIVES FOCUSED ON NET ZERO

In 2022, we expanded development of our internal MACC to attach value and benefit of specific emissions reduction projects and to optimise their prioritisation for undertaking. We are currently working on a process to partner our evolving MACC with a real-time emissions intelligence platform to simplify and automate our carbon tracking and disclosure processes that, when utilised in tandem, will allow provide a full-picture view of our carbon accounting and emissions for better informed investment and operational decision-making and therefore enhanced clarity and support for our path to net zero.

We are also actively researching opportunities that may provide us with longer term options to help us achieve our goal of net zero Scope 1 and 2 GHG emissions by 2040 as well as potentially diversifying into new business areas.

In 2022, we began assessing the potential of biogas projects in Louisiana and Kentucky that would allow us to use spare gas processing capacity to process biogas captured from agricultural and food waste feedstocks in the vicinity. Biogas carbon emissions can be considered as nearly carbon-neutral and have the potential to generate carbon credits which can then be set against our own natural gas production. Biogas takes emissions that otherwise would have been emitted by natural processes and prevents them from contributing to global warming. This process is therefore considered a natural offset and is recognised as such through a number of certificated renewable energy programs. Some energy is required to digest and purify feedstocks to make biogas, therefore it is not completely carbon-neutral. If the biogas is used in a fuel cell, the emissions from the overall process become carbon negative because the otherwise combusted biogas is converted to electricity with a chemical process that is highly efficient with approximately 70% lower emissions than combustion.



By recovering waste heat that would otherwise be disposed of or released to the atmosphere, we can reduce CO2 emissions and energy costs while simultaneously increasing energy efficiency.

We have also identified multiple waste heat recovery opportunities whereby zero emission renewable electricity is generated from waste heat recovered at our compressor stations. Not only would this reduce our Scope 2 emissions by an estimated 20-30%, but it would also bring attractive economic benefits through investment tax and renewable energy credits. As such, we intend to run a small heat waste recovery pilot project in 2023, joining other oil and gas companies in exploring the potential economic and environmental benefits that this technology could offer.

We are also exploring other longer-term initiatives and have, for example, begun to identify potential manufacturers of solid oxide fuel cells in order to understand ways in which we could incorporate these into our business. Fuel cell technology could support significant emission reductions and create efficiencies cited as high as 77%[8] when coupled with a heat recovery option. Meanwhile, technological developments in hydrogen storage and CCUS, while at relatively nascent stages of development globally, support a dialogue with potential partners to explore opportunities in these areas using our position as a natural gas resource holder and the owner of potential gas storage assets.

[8] Doosan PureCell Model 400 specifications

Portfolio Resilience

In accordance with TCFD guidance and to ensure comprehensive business planning, we evaluate the resilience of our portfolio under multiple future climate scenarios. Each scenario includes assumptions about how the energy transition may evolve, with differing commodity price and demand outcomes. Using these price and demand outcomes, we have analysed the impact they would have on the net present value ("NPV") of our portfolio and on our free cash flow forecasts and then compared the results with the base case used in our 2022 financial reporting. We have also assessed the potential financial cost of carbon prices used in the scenarios on our business. Summaries of the scenarios and the Diversified base case are provided below.

SCENARIO ANALYSIS

The three scenarios we selected to test our portfolio climate resilience are:

1) Wood Mackenzie's Accelerated Energy Transition 1.5-degree pathway ("**AET-1.5**"), a global net zero by 2050 scenario
2) IEA's Announced Pledges Scenario ("**APS**")[9]
3) IEA's Stated Policies Scenario ("**STEPS**")[10]

It should be noted that there are some differences in the categorisation of specific fuels in the Wood Mackenzie vs. the International Energy Administration's ("IEA's") scenarios. For example, in the Wood Mackenzie AET-1.5 scenario, liquid biofuels are included within *oil* whereas they are included with *bioenergy* in the IEA scenarios.

WOOD MACKENZIE AET-1.5

This scenario represents the most aggressive energy transition scenario we considered, consistent with limiting global warming to 1.5°C, in line with the most ambitious goals of the Paris Agreement.

In AET-1.5, global energy supply peaks in 2028 due to more aggressive policy action and accelerated global decarbonisation efforts, which result in an increase in electrification and adoption of new-energy technologies in place of hydrocarbons. Under this scenario, oil demand peaks in 2024 and then declines, from ~97 million barrels per day ("mb/d") to ~33 mb/d in 2050. As a result, near-term oil prices fall rapidly, from current levels to ~$53 per barrel ("bbl") in 2030 and then continue to decline more gradually reaching ~$29/bbl by 2050. Under this scenario the global economy achieves net zero carbon emissions by 2047, three years ahead of the IEA's own net zero scenario, due to built-in assumptions about CO_2 removals.

The forecasts for natural gas demand and prices under this scenario are more nuanced due to the assumed role of natural gas as a transition fuel. Nevertheless, AET-1.5 sees global natural gas demand peaking in 2026 and then falling below 2022 levels by 2035, with a steeper decline forecast from 2040 onwards. U.S. Henry Hub ("HH") natural gas prices drop steeply in the near-term through 2025, and then average around $3.30/million Btu ("MMBtu") through 2035. Prices are then seen trending upwards to peak at $4.10/MMBtu in 2043 as the rapid oil price decline results in less availability of cheap associated gas and thus more expensive non-associated gas is used to fill the supply gap.

IEA APS

This scenario assumes all climate-related policy commitments and net zero targets made by governments, as of September 2022, are fully achieved within their stated timelines. This does not result in a net-zero world by 2050 and instead still has global CO_2 emissions at 12.4 gigatonne ("GT") per year in 2050, highlighting what the IEA calls the "ambition gap" between current targets and the goals of the Paris Agreement.

Under APS, global energy supply peaks in 2030 while both oil and natural gas supply are assumed to have peaked in 2021. Implementation of policies aimed at reducing oil consumption results in oil supply declining gradually from ~95 mb/d in 2022 to ~93 mb/d in 2030, before an accelerated decline to ~57 mb/d by 2050. In

conjunction, oil prices see a similar decline, stabilising at around $60/bbl from 2030 onward. Global natural gas demand declines steadily, dropping about 40% from its 2021 peak by 2050. In conjunction, U.S. natural gas prices see a two-step decline, plateauing around $3.80/MMBtu over the 2020s before declining over the 2030s to settle around $2.60/MMBtu from 2040 onwards.

IEA STEPS

This scenario is the least ambitious energy transition scenario used for our portfolio analysis and projects a rise in global average temperatures of around 2.5°C by 2100. It is based on existing government commitments and climate goals as of September 2022, resulting in an overshooting of the Paris Agreement's 2050 net-zero goal by ~32 GT CO_2 per year.

In this scenario, oil demand grows slowly in the near-term to 2030, and then plateaus at around 102 mb/d. This high supply/demand environment keeps oil prices high, rising to above $80/bbl by 2025 and above $90/bbl by 2045. Global natural gas supply mirrors the growth pattern of oil, rising steadily to a gentle peak level in 2030 that plateaus through 2050. Maintained supply and demand balance means U.S. natural gas prices increase gradually from $3.90/MMBtu in 2022 to $4.70/MMBtu by 2050.

[9] Based on IEA data from the Announced Pledges Scenario of the IEA (2022) World Energy Outlook, **www.iea.org/weo**

[10] Based on IEA data from the Stated Policies Scenario of the IEA (2022) World Energy Outlook, **www.iea.org/weo**

FIGURE 3: TOTAL PRIMARY ENERGY SUPPLY AND CO2 EMISSIONS FOR EACH SCENARIO

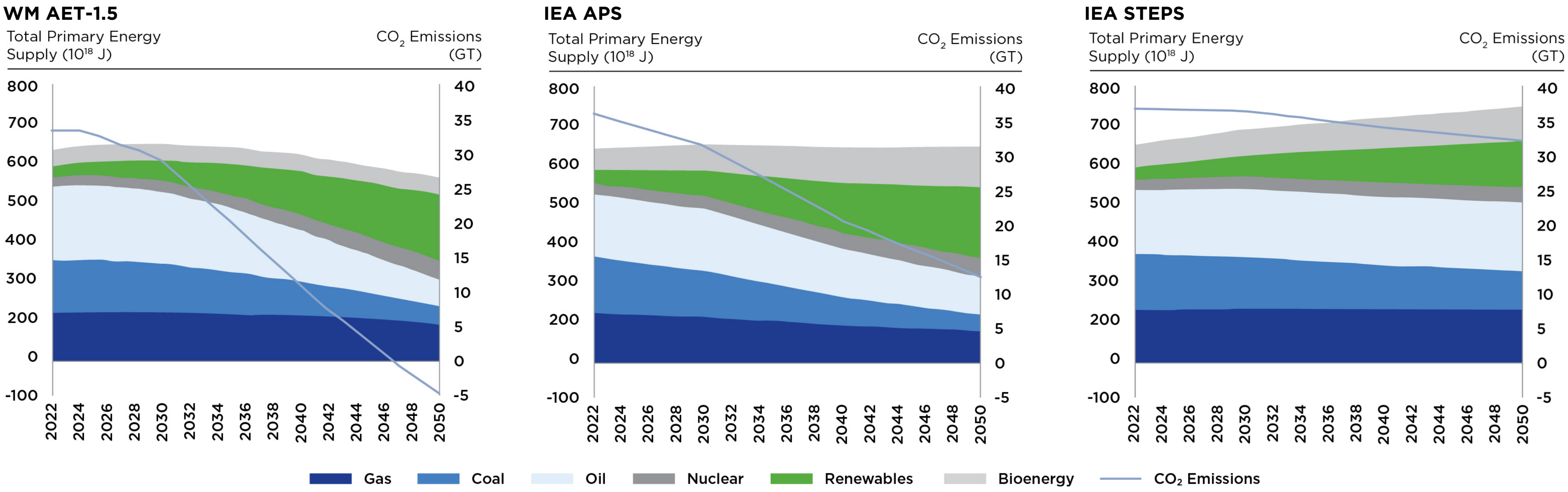
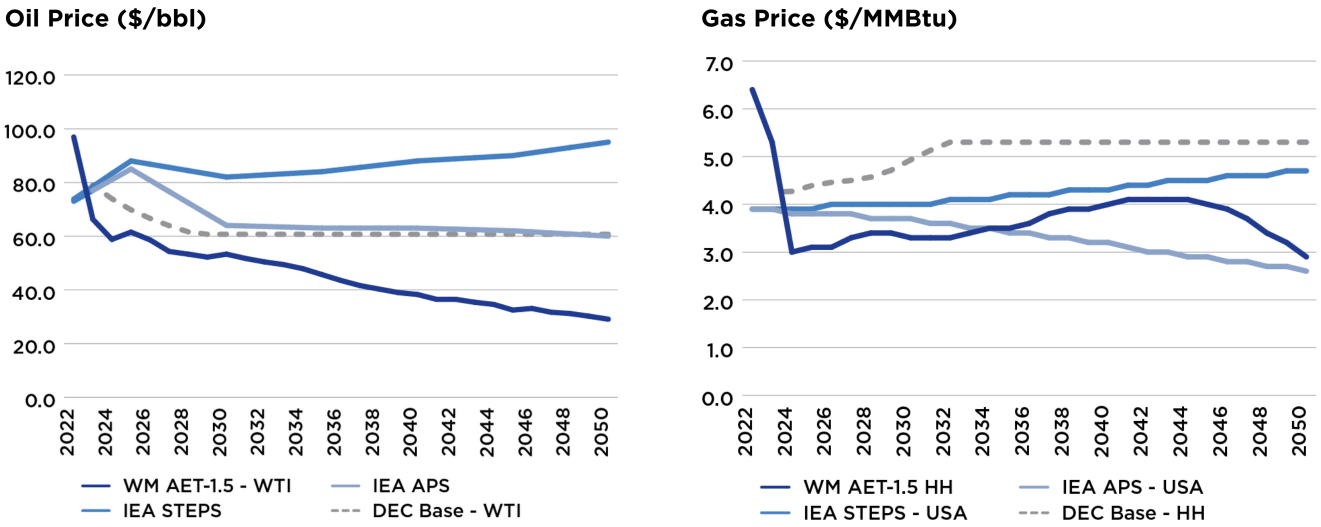


FIGURE 4: OIL AND U.S. NATURAL GAS PRICE FORECASTS FOR EACH SCENARIO (IN REAL TERMS)



DIVERSIFIED'S BASE CASE

Diversified's base case price model is consistent with that used and disclosed in the Company's Viability Statement as required and reported in our 2022 year-end Annual Report. However, rather than a three-year forecast as for the Viability Statement, we extended the model to 2050 to be consistent with the scenarios described above. The price forecasts in the base case model (included in Figure 4), which are used for the calculations of net present value and free cash flow, are based on the NYMEX forward curves from 2023-2032 for Henry Hub and 2023-2029 for WTI as of 31 December 2022. The prices are kept flat in real terms thereafter.

PORTFOLIO IMPACT

In order to test the resilience of our portfolio under the three climate scenarios, we used the published price forecasts for oil and U.S. natural gas from each scenario to assess the potential impact on the value of our assets compared to our base case. It is important to note, however, that this analysis provides only a snapshot of the resilience of our portfolio and only considers our current assets. No account is taken of the impact that future acquisitions may have on our future business value and cash flows.

Table 2 reflects the impact of the three climate scenarios relative to the base case for our current portfolio, when applying a net present value analysis discounted at 10%.

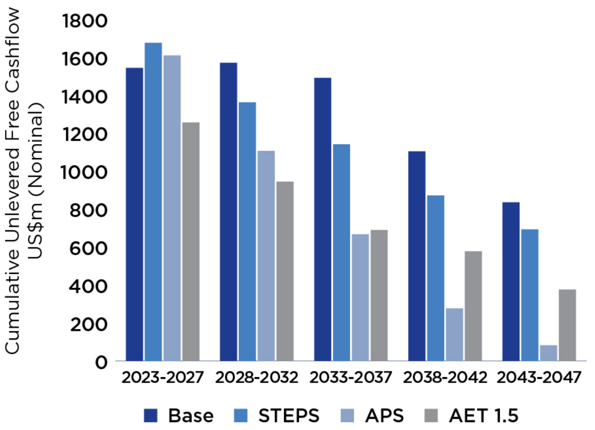
TABLE 2: NPV10 IMPACT RELATIVE TO DIVERSIFIED BASE CASE

Scenario	Portfolio Value Impact (NPV10)
STEPS	-6% ▼
APS	-26% ▼
AET-1.5	-35% ▼

Due to the low commodity price outlooks in both the APS and AET-1.5 scenarios and the relatively positive price view presented by our base case forecasts, it is not surprising that our NPV is negatively impacted in these scenarios. However, since a key advantage of our portfolio is our low cost of production, we are able to maintain profitable operations across our portfolio even under the lower commodity price scenarios.

As such, we expect that, even in the most carbon constrained scenario (AET-1.5), our production would remain resilient and profitable in the short-, medium- and long-term. This conclusion is supported by the analysis of related free cash flows, depicted in Figure 5 below, where even under the most aggressive pricing outlooks, our free cash flow remains positive. While the above-noted climate-related risks and opportunities are delineated with time horizons that best match our stated emission reduction targets and goals, we have chosen to reflect these cash flow outcomes in rolling five-year timeframes in order to better understand the period-over-period impact of the scenarios. Nonetheless, the reflected time periods can be generally compared with the risk and opportunities timeframes for a relative impact from that point of view.

FIGURE 5: CUMULATIVE UNLEVERED FREE CASHFLOW UNDER EACH SCENARIO

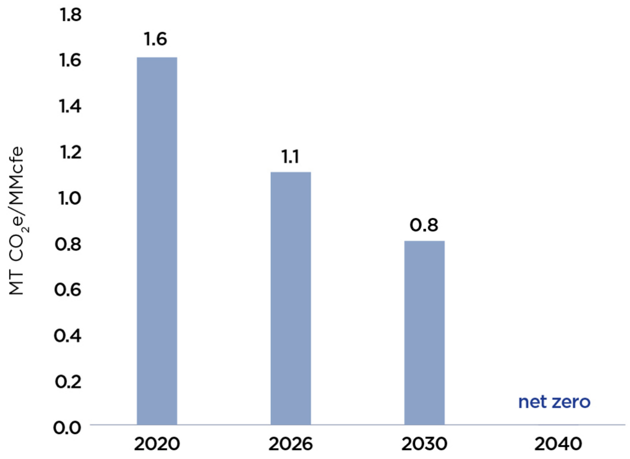


Absent near-term changes in the regulatory environment, the projected financial impact to our cash flows from climate-related risks is not likely a matter of immediate financial materiality to Diversified but rather a potential medium- to long-term impact on the Company. In developing this perspective, we considered the disparity in our operations and the modelled industry scenarios as well as climate-related risks such as: gas & oil price outlook, cost of capital, cost of carbon, well retirement policy, methane loss reduction and low carbon energy costs. The medium- to long-term financial impact of these climate-related risks was further considered in the Company's long-term accounting estimates, including in revisions to the timing of asset retirement costs and the continuation of capital spending on emissions reduction initiatives in our viability and going concern models.

CARBON COSTS AND REDUCTIONS

FIGURE 6: METHANE INTENSITY TARGETS AND CARBON PRICE ASSUMPTIONS FOR EACH SCENARIO

Methane Intensity Targets



Carbon Prices ($/MT)

	2026	2030	2040
STEPS	n/a	n/a	n/a
APS	n/a	135	175
AET-1.5	97	139	177

In addition to the impacts of the three climate scenarios on commodity prices, the scenarios also incorporate carbon price outlooks required to achieve the highlighted primary energy outcomes. While the IEA acknowledges that these estimates should be interpreted with caution, the CO_2 prices provide some context for the level of price that is required to promote fuel switching and associated investment decisions. To assess the impact that carbon pricing may have on our business, we have utilised the carbon price forecast for the U.S. in each of the scenarios and evaluated the implications based on our net zero goal (Scope 1 and 2). Under the APS scenario, carbon prices in the U.S. are forecast to be $135/metric tonne ("MT") in 2030 and rise to $175/MT by 2040, while the AET-1.5 scenario incorporates carbon prices of $97/MT as soon as 2026, thereafter increasing to $139/MT by 2030 and $177/MT by 2040. The STEPS scenario does not incorporate a carbon cost in the U.S. (at a country level) across the forecast period.

In late 2021 we announced our ambitions for near- and long-term emissions reductions relative to our revised 2020 baseline. As more fully outlined in our **2021 Sustainability Report**, we revised our 2020 emissions calculations to incorporate the impacts of our successful 2021 Project Fresh initiative in Appalachia and to improve our year-over-year comparability of relevant emissions metrics by eliminating 'windfall gains' in this area. Thus, we are using the revised 2020 emissions calculations as reported under the Intergovernmental Panel on Climate Change ("IPCC") guidelines as the baseline for our emissions reduction goals and targets.

Our near- and medium-term targets are to reduce our Scope 1 methane emissions intensity by 30% by 2026 and 50% by 2030. Based on our revised IPCC 2020 baseline methane intensity of 1.6 MT CO_2e/MMcfe[11], our targets are therefore 1.1 MT CO_2e/MMcfe by 2026 and 0.8 MT CO_2e/MMcfe by 2030.

Using the carbon price assumptions in each of the climate scenarios, the potential financial impact associated with our methane emissions intensity targets in 2030 would approximate $0.11/Mcfe under both APS and AET-1.5[12]. There would be no cost to our business under STEPS as this scenario does not incorporate a U.S. carbon price. These figures do not account for any additional costs from emissions of CO_2.

Although we have not yet set specific targets for reducing the intensity of our CO_2 emissions, for the purposes of analysing the overall potential financial impact of carbon pricing on our business in 2030, we have considered two possible pathways. The first assumes that we will succeed in reducing the overall carbon intensity of our Scope 1 and 2 GHG emissions in parallel with our target of reducing our Scope 1 methane intensity by 50% vs. a 2020 baseline. With a reported overall intensity of our Scope 1 and 2 GHG emissions in 2020 of 3.8 MT CO_2e/MMcfe (see performance data in Table 3 under Metrics and Targets), a 50% reduction therefore implies a residual intensity of 1.9 MT CO_2e/MMcfe in 2030 with an associated carbon cost under APS and AET-1.5 of approximately $0.26/Mcfe.

The second pathway we have considered makes the far more conservative assumption that the only improvement in the overall carbon intensity of our operations vs. the 2020 baseline derives from achievement of our Scope 1 methane intensity target. Thus, under this pathway we would project the overall GHG emissions intensity of our operations in 2030 to be 3.0 MT CO_2e/MMcfe, or our 2020 Scope 1 and 2 intensity of 3.8 MT CO_2e/MMcfe less the assumed 50% reduction achieved by 2030 in Scope 1 methane intensity to 0.8 MT CO_2e/MMcfe. The result implies a more significant carbon cost under APS and AET-1.5 of approximately $0.41/Mcfe. While at this stage we consider these carbon cost estimates to be hypothetical, we are evaluating their implications for our business and working diligently to ensure that our actions and investments between now and 2030 reflect our stated emission reduction targets, and ultimately our net zero goal, including in part through realising improvements in operational and energy efficiency, particularly in our recent Central Region acquisitions, as well as through increased use of renewable energy in electricity generation.

Beyond 2030 and on a trajectory to achieve our 2040 net zero goal, we anticipate focusing our emissions reduction efforts first on projects that will reduce our absolute Scope 1 and 2 GHG emissions. We would expect this path to reduce the overall carbon cost to our business from these emissions even in the face of rising carbon prices. However, we recognise that our 2040 net zero goal assumes that there will still be residual emissions from our operations which will need to be offset elsewhere and that we may therefore still incur a carbon cost associated with those residual emissions. We plan to build these considerations into our financial models as the pathway for our emissions after 2030 and as carbon pricing becomes clearer.

11 Methane intensity factors utilise a global warming potential (100-year GWP) of 28 in line with IPCC's Fifth Assessment Report (AR5), and reflect metric tonnes ("MT") of carbon dioxide equivalent ("CO_2e") per million cubic feet equivalent ("MMcfe") of gross production.

12 The carbon cost per thousand cubic feet equivalent ("Mcfe") is calculated using the carbon price from each scenario and multiplying this by the methane intensity target for each of the target years, i.e.. 2026, 2030 and 2040.

Risk Management – Identifying, Assessing and Managing Climate-Related Risks and Opportunities

Climate-related risks to our business are assessed alongside other categories of risk based on (i) their likelihood, (ii) their potential impact, and (iii) their speed of impact, as part of our ERM programme. Details of our Risk Management Framework are set out in our Annual Report. In our latest risk assessment, Climate Change remains one of seven Principal Risks alongside Corporate Strategy and Acquisition Risk, Regulatory and Political Risk, and Commodity Price Volatility Risk.

We recognise that the transition to a lower-carbon future could have significant implications for our corporate strategy and could negatively impact our financial results due to lower demand and lower prices for natural gas and oil. In addition to this direct market-driven risk, we recognise that climate change also presents risks emanating from (i) changes in policy and regulation, (ii) potential litigation, and (iii) advances in technology, and that failure to respond proactively to stakeholder expectations about the energy transition could harm our reputation and impact our access to capital. Details of the specific transition risks we have identified are described in the Climate-related Risks table in the Strategy section of this Climate Report together with analysis of their potential impact on our business and the risk management measures we are taking.

We actively consider potential risks to our business from existing and emerging climate-related policies, legal actions and regulatory requirements. Our Government Affairs office engages with federal and U.S. state regulators and other state agencies regarding climate-related legislation and reporting obligations, and we work closely with mutually aligned industry groups to ensure we are fully informed about, and in a position to respond to, any potential new requirements. This preparedness is reflected in our decarbonisation plans and activities which aim to position us ahead of mandated requirements and which are described elsewhere in this Climate Report and in our 2022 Sustainability Report.

We are also aware of the potential physical risks to our business from extreme weather, as most recently experienced in our central Appalachia region with last summer's floods. While we monitor short- and longer-term weather patterns as part of our risk management process, we believe that the wide geographic dispersal of our assets together with robust Crisis Management and Business Continuity plans provide effective mitigation of this risk.

The size and scope of market-related climate risks are assessed and quantified through scenario analysis as detailed in the Strategy section of this Climate Report. The size and scope of other climate-related risks are assessed more qualitatively by the Board, Board committees and management, as described in the Governance section of this Climate Report, and through frequent engagement with stakeholders. We also actively monitor our performance against our peers and ensure that our approach to climate risk, particularly decarbonisation of our operations, follow best practice by engaging with industry organisations such as the NGSI and OGMP as described elsewhere in this Climate Report.

As our Chief Operating Officer explains: "Climate change risk mitigation is an important consideration for our business strategy and stewardship operating model. Our proactive, voluntary emissions reduction efforts drive continuous improvement on our path toward climate risk mitigation."

Metrics & Targets – Driving Operational Emissions Towards Net Zero

Focus on Scope 1 & 2 Emissions

We have been resolute in our focus on reducing GHG emissions from our operations throughout 2022 with a particular focus on reducing methane intensity, underpinned by our clearly defined targets (relative to a 2020 baseline):

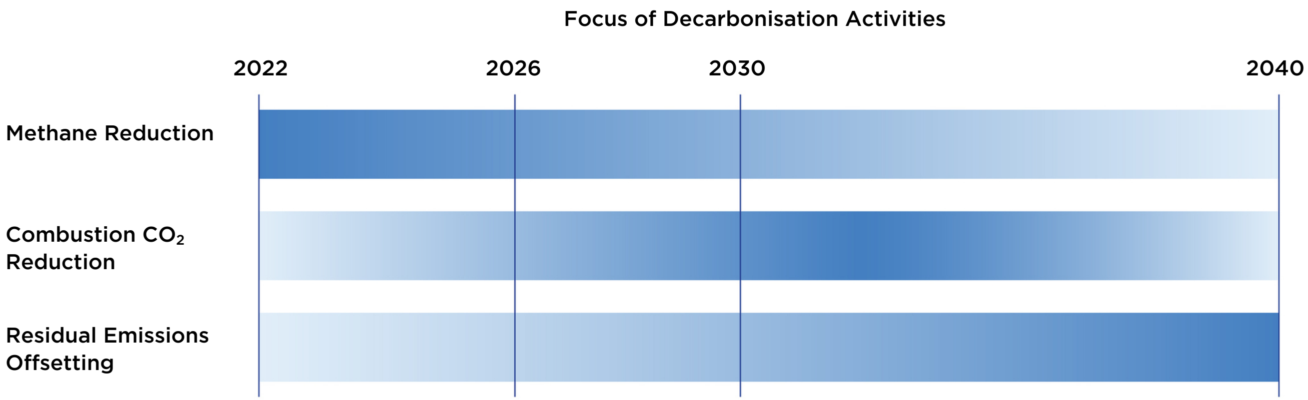
- 30% reduction in Scope 1 methane intensity by 2026 and
- 50% reduction in Scope 1 methane intensity by 2030.

Methane emissions have a magnified impact on climate change due to their high global warming potential compared to carbon dioxide, hence our focus on reducing the methane intensity of our operations. The good progress we are making in achieving our targets is reflected in the reported emissions in Table 3.

Our investment in emissions detection, measurement and reduction technology, such as our handheld methane detection devices, air compression units and LiDAR, is described in the Strategy section of this Climate Report. We also continue to implement operational best practice across our assets, including for the most recently acquired assets in our Central Region, via our SAM programme. Our achievement in 2022 of the OGMP 2.0 Gold Standard Pathway is a testament to these efforts.

While our primary focus remains on our near-term operational efforts to reduce the intensity of our methane emissions, as we approach our 2030 target of halving these, we plan to increase our efforts to reduce the combustion-derived CO2 in our operations through efficiency improvements, potential electrification and the potential broader use of renewable energy. After focusing on true reductions and/or eliminations of GHG emissions, whether methane or CO2, we will then seek to address residual operating emissions through the use of credible offsets and carbon credits generated from emerging business areas such as biogas and CCUS. We believe that this approach will set us on course for achievement of our longer-term goal of net zero Scope 1 and 2 GHG emissions by 2040. As we continue to advance our progress towards existing emissions reduction targets, we will also assess the need to amend these emissions-related targets and goals. Changes in targets may include revisions to existing targets, the addition of other targets and/or the revision of our baseline year for reporting.

FIGURE 7: ACTIVITY LEVELS FOR THE KEY STEPS TOWARDS NET ZERO



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- Zero tolerance policy for fugitive emissions
- Net zero Scope 1 and 2 GHG emissions goal by 2040

Reporting GHG Emissions

In order to monitor our progress towards achieving our emissions reduction targets and ultimate net zero goal, we collect and evaluate a comprehensive set of metrics that are material to our performance. These metrics, which include our absolute Scope 1 and 2 GHG emissions broken down by type and source, as well as emissions intensity figures, are set out in greater detail in the Performance Data Table included in the Appendix of our 2022 Sustainability Report. The relevant data are also included in the GHG Emissions table below.

As noted above, throughout 2022 we have continued to focus our efforts on the reduction of methane emissions from our operations with significant success. As the bulk of our methane emissions are largely a function of fugitive emissions and natural gas-driven pneumatics, we have continued to address these areas with aggressive leak detection and repair initiatives combined with replacing natural gas-driven pneumatic devices with compressed air. These activities have resulted in a 13% reduction in absolute Scope 1 methane emissions to 686 thousand MT CO_2e from 790 thousand MT CO_2e in 2021. Our Scope 1 methane intensity improved 20% year-on-year to 1.2 MT CO_2e per MMcfe and contributes to a two-year combined reduction in methane intensity of ~25%. This two-year achievement represents more than 80% of our 2026 target of a 30% reduction from 2020 levels.

SCOPE 1 METHANE INTENSITY
(MT CO_2e per MMcfe)

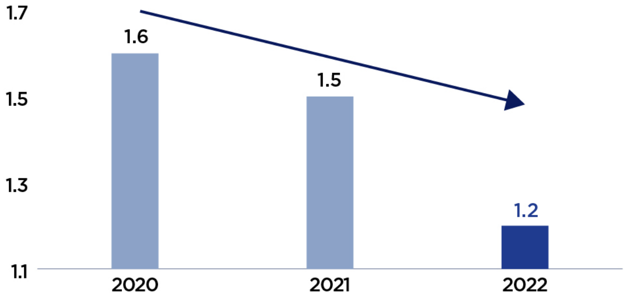


TABLE 3: REPORTED GHG EMISSIONS BY SCOPE AND SOURCE

GHG Emissions[a]	Unit	2022	2021	2020[b]
Scope 1 Emissions	**thousand MT CO_2e**	**1,820**	**1,631**	**958**
Carbon Dioxide	thousand MT CO_2e	1,130	841	538
Methane[c]	thousand MT CO_2e	686	790	420
Nitrous Oxide	thousand MT CO_2e	4	1	1
% Methane[c]	%	38	48	44
Scope 1 Methane Intensity	**MT CO_2e/MMcfe**	**1.2**	**1.5**	**1.6**
Scope 1 Methane Intensity - NGSI[d]	%	0.21	0.28	0.29
Scope 1 Emissions Attributable to:[c][e]				
Flared Hydrocarbons	thousand MT CO_2e	0	0	0
Other Combustion	thousand MT CO_2e	1,173	870	537
Process Emissions	thousand MT CO_2e	67	65	83
Other Vented Emissions	thousand MT CO_2e	182	295	54
Fugitive Emissions	thousand MT CO_2e	399	402	283
Scope 2 Emissions[c]	**thousand MT CO_2e**	**59**	**3**	**1**
Total Scope 1 and Scope 2[c]	**thousand MT CO_2e**	**1,879**	**1,634**	**959**
Scope 1 and Scope 2 GHG Intensity[c]	MT CO_2e/MMcfe	3.4	3.1	3.8

Note: totals may not sum due to rounding

(a) Emissions are reported under a modified IPCC report format for EU investors.

(b) As reported at year end 2021, emissions data for 2020 have been revised to incorporate the impacts of 2021 Project Fresh initiatives and to improve year-over-year comparability going forward. Please refer to the Company's 2021 year-end reports for commentary related to Project Fresh.

(c) Based on a 100-year global warming potential (GWP) of 28 for methane, in line with IPCC's Fifth Assessment Report (AR5).

(d) Using the NGSI protocol, calculates methane intensity using methane emissions from Production assets only (therefore, excluding Gathering & Boosting facilities).

(e) Reflects Sustainability Accounting Standards Board categories for reporting Scope 1 GHG emissions (EM-EP-110a.2) in line with the Oil & Gas – Exploration & Production Sustainability Accounting Standard (October 2018).

Disclaimer: GHG emissions were calculated per IPCC reporting guidance, which permits best engineering estimates for certain emissions categories, and which may vary from the prescriptive measures applied under U.S. EPA reporting standards. The source data used in these calculations were accurate and complete, to the best of our knowledge, at the time they were gathered and compiled. If new data or corrections to existing data are discovered, the Company may update emissions calculations as permitted and in accordance with industry standards and expectations. Such updates will be included in future reporting and posted to our website where such post may take place without notice.

While we are well on course for achieving our targets to reduce the methane intensity of our operations, we did see an increase in our Scope 1 and 2 CO_2 emissions in 2022 compared to the previous year, largely as a result of the growth of our business through new acquisitions in the Central Region and other short-term operational factors, further described below. We expect the CO_2 intensity of our existing portfolio to decline proportionately in 2023 as operational efficiency measures we have taken on our newly acquired assets are fully realised.

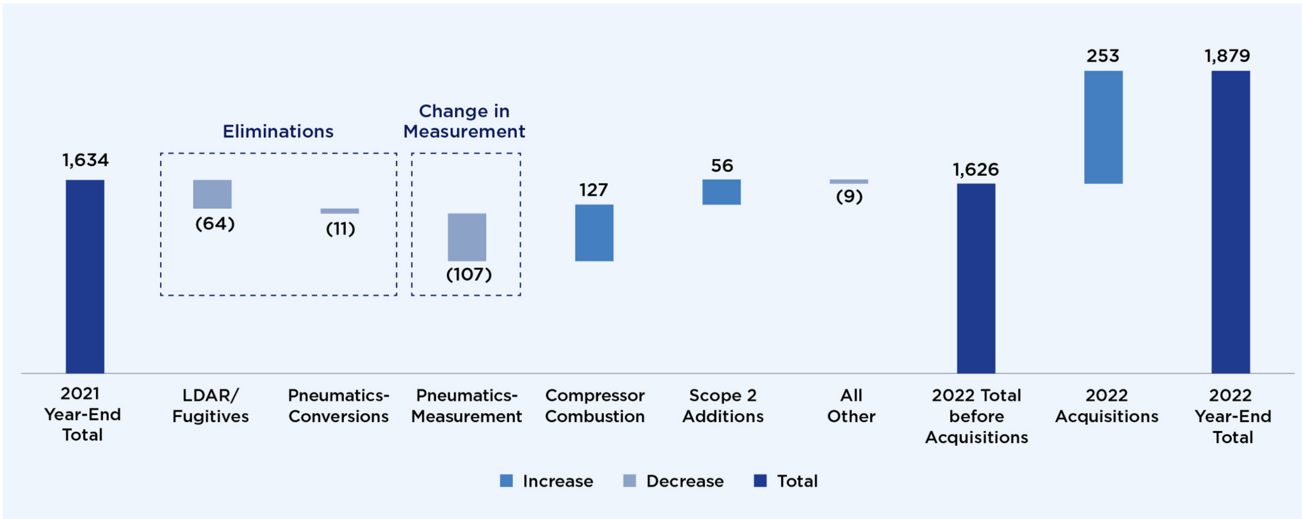
Our Scope 1 CO_2 emissions are largely generated from our compressor inventory and vehicle fuel. As a result of our shifting focus of acquisitions away from Appalachia and towards the Central Region, our total Scope 1 CO_2 emissions increased from 841 thousand MT in 2021 to 1,130 thousand MT in 2022. With Appalachia's CO_2 footprint remaining unchanged year-on-year, this increase in CO_2 emissions was driven by two primary factors related to Central Region activities: (i) the installation of additional gas lift compression to bring back on line previously non-producing (idle) wells in Oklahoma and Texas as part of our SAM operating efforts within our 2021 acquisitions and (ii) the purchase of additional compression and gathering equipment associated with east Texas and north Louisiana midstream acquisitions during the year.

As expected, our Scope 2 GHG emissions increased year over year primarily because of increased electricity use in all regions. We expect this trend to continue as we electrify more operations currently driven by the combustion of natural gas. Scope 2 GHG emissions also increased as a function of our purchased natural gas for our expanding Central Region footprint and as a result of a regulatory update to the emissions factors used in this calculation. At the same time, our percentage of annual renewable energy usage increased from 7% in 2021 to 13% in 2022. In 2023, we are performing assessments to increase energy efficiency across the organisation.

Total absolute Scope 1 and 2 GHG emissions from our expanding operations have increased from 1,634 thousand MT CO_2e in 2021 to 1,879 thousand MT CO_2e in 2022, while overall CO_2e intensity from both Scopes increased from 3.1 MT CO_2e/MMcfe in 2021 to 3.4 MT CO_2e/MMcfe in 2022. The primary driver of this increase was acquisitions during the year in our Central Region where some of our implemented SAM reduction programmes have not yet been fully recognised and as a result cannot yet be taken into account.

Beyond the increases in total absolute GHG emissions driven by our expanding operational footprint, increases in our emissions metrics intensity in 2022 are also the result of two timing-related issues: (i) the emissions reduction projects occurring throughout the year and therefore our reduction benefit in 2022 reflecting only a portion of the expected annualised CO_2e reductions and (ii) our SAM optimisation and emission reduction programmes not yet being fully implemented on our newly acquired assets in the Central Region. As we have seen with prior acquisitions, in the full year periods following our ownership, we expect these temporary increases in total absolute emissions will be reduced by the application of our ongoing mainstay projects and SAM actions and as we reap the benefit of a full year of the applied reduction efforts.

TOTAL SCOPE 1 AND 2 CO_2e
(thousand MT CO_2e)



Water Usage

Due to the geographic locations of our assets and the nature of our business model aimed at acquiring and operating existing wells rather than drilling new wells, we do not consider water availability to be a material climate-related risk for our company. According to the World Resources Institute's Aqueduct Water Risk Atlas, Diversified operates in states and counties that are classified as Low Overall Water Risk areas, using the oil and gas industry-specific weighting scheme which is most relevant for our business. At present we have therefore not set specific targets regarding water usage. Please refer to our 2022 Sustainability Report for more information on our water risk management activities.

Incentivizing Emissions Reduction Performance

Much like our increasing actions on an annual basis to lower the emissions footprint of our operations, we are increasingly incorporating these actions via ESG and climate-related targets into both our short- and long-term incentive compensation plans for executives and senior leadership.

Our annual short-term incentive plan ("STIP") in 2020 marked the first time that we incorporated an ESG-related performance component, representing 10% of the total plan's performance-based incentives and aligned with corporate safety and sustainability metrics including emissions, community engagement, culture and governance. The following year we increased the ESG-related STIP element to 25%, the single largest component of which was based on achieving specific Scope 1 and 2 emissions reductions targets. In 2022, our Board further increased this STIP component to 30%, with 15% specifically aligned to implementing tactical methods to achieve emissions reductions and the remainder aligned with safety, community outreach and governance initiatives. For 2023, our Board maintained the ESG-related STIP component at 30% of the total.

Our long-term incentive plan ("LTIP") plan is a three-year performance-based award. In order to maintain our focus on reducing methane emissions, and specifically methane intensity, by 50% before 2030, beginning in 2022 and continuing into 2023, we tied 20% of Executive Directors' and senior leadership's LTIP specifically to methane intensity reduction targets.

Incentive Plan	2020	2021	2022-23
Short-term	10%	25%	30%
Long-term	—	—	20%

Conclusion

We recognise that climate change is a challenging and complex global issue. At Diversified we are committed to playing our part by minimising the impact of the Company's operations through investments and improvements in our processes, equipment and capabilities. From our company's inception, our zero-tolerance approach to fugitive emissions is a daily emphasis for all employees. Accordingly, in 2022 we continued reducing and mitigating our existing GHG emissions across our portfolio in pursuit of our decarbonisation targets, inclusive of delivering more, regularly measured Scope 1 emissions data and employing our robust mitigation strategies (i.e. SAM and emissions reductions projects).

As we continue to navigate this evolving climate-focused business and operating environment, we do so emboldened by the progress we are already making in reducing the methane intensity of our operations. As we work toward our short- and mid-term emissions reductions targets, we are committed to keeping environmental stewardship at the forefront of our strategic decision-making, allocating appropriate financial and human capital to these objectives, and pursuing proactive and progressive emissions reductions activities while continuing to deliver sustainable shareholder value. In doing so, we assure our shareholders and other stakeholders that the Company is positioned to play a meaningful role in the energy transition and remain an important part of the energy ecosystem helping to balance climate, energy security and affordability for our customers. This shareholder value will be delivered in part through our pledge to frequent and continuous transparent reporting of our climate actions.

ISOS Group Assurance Letter

INDEPENDENT ASSURANCE STATEMENT

Provided by ISOS Group, Inc.
On select environmental metrics included in:
Diversified Energy Company PLC's
2022 Annual and Sustainability Reports.

ISOS Group

To the Management Team of Diversified Energy Company PLC:

ISOS Group, Inc. ("ISOS" or "we") were engaged by Diversified Energy Company PLC ["Client" or "Diversified"] to conduct moderate level II assurance of environmental data to be reported in its 2022 Annual and Sustainability Reports ("Reports"), covering the period beginning January 1, 2022, and ending December 31, 2022 ("FY22").

We have performed our moderate level II assurance engagement in accordance with the AccountAbility 1000 Assurance Standard (AA1000AS). Our review was limited to the data reported in Diversified's 2022 Reports for the following indicators ("Reported Information"):

- Total Scope 1 and Scope 2 Greenhouse Gas Emissions

We have not performed any procedures with respect to other information included in Diversified's 2022 Reports and, therefore, no conclusion on the Report as a whole is expressed.

REPORTING CRITERIA

The Reported Information has been prepared according to the United States Environmental Protection Agency 40 CFR Part 90, Subpart W, and the Intergovernmental Panel on Climate Change Tier 3 Guidelines ("Reporting Criteria") as outlined in Diversified's IPCC Scope 1 and Scope 2 Carbon Emissions Report. The Reported Information should be read together with the Reporting Criteria.

INHERENT UNCERTAINTY

The nature of non-financial information and the methods used to determine non-financial information allow for different, but acceptable measurement techniques which can result in materially different measurements and can impact accuracy and comparability. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time.

The Reported Information has been measured applying the Reporting Criteria which has been adopted solely for the purpose of providing this non-financial information. As such the Reported Information may not be suitable for another purpose. Where significant assumptions or deductions are utilized, they are disclosed. Where direct data was unavailable, the company used industry standards as estimates. The assurance provided therefore does not guarantee or provide certainty over the completeness of reported data.

DIVERSIFIED ENERGY COMPANY'S RESPONSIBILITIES

The Company's management are responsible for:

- The accuracy and completeness of the information contained in the Reported Information.
- The design, implementation, and maintenance of internal controls relevant to the preparation of the report provides reasonable assurance that the report is free from material misstatement, whether due to fraud or error.
- Ensuring the Reported Information is fairly stated in accordance with the applicable criteria ("Reporting Criteria") and for the content and statements contained therein.

OUR RESPONSIBILITIES

Our responsibility is to express a moderate assurance conclusion in accordance with AA1000AS whether the Reported Information has been properly prepared in accordance with the Reporting Criteria and to provide this in a report to Diversified Energy Company.

WORK PERFORMED

The procedures we performed were based on our professional judgment. Our work included, but was not limited to:

- Assessing the appropriateness of the Reporting Criteria for the Reported Information.
- Carrying out interviews with key personnel to understand the systems and controls in place during the reporting period.
- Assessing the systems, processes, and controls to collate, aggregate, validate and report the data.
- Reviewing a selection of factors and formulae used and calculations performed over the Reported Information.
- Considering the appropriateness of the Reported Information provided by Diversified Energy Company and any third-party service providers.
- Testing a sample of records against underlying records which were either individually material or where there was potential for errors to accumulate to material amounts.
- Reperforming a selection of calculations of the Reported Information.

The relative effectiveness and significance of specific control procedures at and their effect on assessment of control risk at a facility level are dependent on their interaction with the controls and other factors present at individual facilities. We have not performed any procedures to evaluate the effectiveness of controls at individual facilities. We have not conducted any work outside the agreed scope and therefore restrict our conclusion to the above-mentioned subject matter.

APPLICATION OF THE AA1000AP

Findings and conclusions concerning adherence to the AA1000 AccountAbility Principles:

Inclusivity	Diversified identifies eight key stakeholder groups with whom they regularly engage via formal and informal methods of communication as listed in its Sustainability Report.
Materiality	Diversified clearly outlines and prioritizes relevant sustainability topics. A formal materiality assessment process was last concluded in 2021. It is recommended to conduct an informal assessment of the sustainability landscape for emerging annually.
Responsiveness	Diversified publishes a detailed annual sustainability report outlining its commitment and approach to managing its material topics. In 2022, Diversified drew further integration of sustainability into the organization through the acquisition of a sustainability-linked loan.
Impact	Diversified outlines its annual performance and short-term objectives in its sustainability report and has set long-term goals such as its net zero carbon by 2040 commitment and its 30% and 50% reduction in methane emissions intensity goal by 2026 and 2030, respectively.

CONCLUSION

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Reported Information has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Parameter	2022
Total Scope 1 GHG Emissions (thousand MT CO_2e)	1,820
Total Scope 2 GHG Emissions (thousand MT CO_2e)	59

RESTRICTION OF USE

This assurance report is made solely to the Client in accordance with the terms of our engagement, which include agreed arrangements for disclosure. Our work has been undertaken so that we might state to the Client those matters we have been engaged to state in this moderate assurance report and for no other purpose. Our moderate assurance report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Client for any purpose or in any context. Any party other than the Client who obtains access to our moderate assurance report or a copy thereof and chooses to rely on our moderate assurance report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Client for our work, for this independent moderate assurance report, or for the conclusions we have reached.

STATEMENT OF COMPETENCY AND INDEPENDENCE

ISOS Group is an independent professional services firm that specializes in sustainability reporting under the Global Resources Initiative (GRI), CDP, and GRESB and is a provider of external assurance services. ISOS Group is a Global Reporting Initiative Certified Training Partner for the United States and a CDP Silver Education and Training Partner in the United States. Our team of experts have the technical expertise and competency to conduct assurance to the AA1000 assurance standard, which meets the criteria for assurance of environmental data.

No member of the assurance team has a business relationship with the Client, its Directors, or Managers beyond that required of this assignment. We conducted this assurance independently and, to our knowledge, there has been no conflict of interest. ISOS Group has a strong code of ethics and maintains high ethical standards among its staff in their day-to-day business activities. The assurance team has extensive experience in conducting assurance engagements over environmental, social, ethical, and health and safety information systems and processes.

Further information, including a statement of competencies, can be found at www.isosgroup.com.

Signed on behalf of ISOS Group: San Diego, California – USA, April 5, 2023.

BRIAN NOVECK
CSAP Practitioner

ISOS Group

AA1000
Licensed Assurance Provider
000-284

Performance Data Table

In addition to our focus on the safe an efficient operations of our upstream and midstream assets, Diversified is committed to providing meaningful and transparent environmental, social and governance disclosures. The data reported below is as of 31 December 2022 for all operations (unless explicitly state otherwise) and may also be found, in part, in our **2022 Annual Report**.

Please refer to the Company's website for a standalone version of this Performance Data Table along with separate content indices for our benchmarking against standards from the TCFD, GRI, SASB and UN SDGs.

		Unit	2022	2021	2020[(a)]
ECONOMIC IMPACT					
Financial	Annual Revenue (unhedged)	$m	$ 1,919	$ 1,008	$ 409
	Adjusted EBITDA (hedged)	$m	$ 503	$ 343	$ 301
	Free Cash Flow	$m	$ 219	$ 228	$ 185
	Dividends Paid (in the period)	$m	$ 143	$ 130	$ 99
	Dividends Paid (in the period)	$/share	$ 0.17	$ 0.16	$ 0.1425
	Royalty Payments	$m	$ 507	$ 136	$ 44
	Employee Wages, Salaries and Benefits	$m	$ 137	$ 103	$ 91
	Employee Payroll Taxes	$m	$ 10	$ 7	$ 5
	Production Taxes (severance, property, other)	$m	$ 74	$ 31	$ 14
	Total Federal, State and Local Taxes Paid	$m	$ 134	$ 49	$ 29
	Federal Taxes	$m	$ 29	$ 11	$ 6
	State and Local Taxes	$m	$ 105	$ 38	$ 23
	Natural Gas & Oil Properties, Net	$m	$ 2,556	$ 2,530	$ 1,755
	Property & Equipment, Net (Midstream & Other)	$m	$ 463	$ 414	$ 382
Operational	Number of States in Which We Operate	#	10	10	7
	Total Daily Production (Net)	MMcfepd	811	711	600
	Total Daily Production (Net)	MBoepd	135	119	100
	Total Production (Net)	MMBoe	49	43	37
	Natural Gas	MMcf	255,597	234,643	199,667
	Natural Gas Liquids (NGLs)	MBbl	5,200	3,558	2,843
	Oil	MBbl	1,554	592	417

		Unit	2022	2021	2020[a]
Operational	Proved Reserves	MMBoe	830	774	607
	Natural Gas	Bcf	4,292	4,026	3,249
	Natural Gas Liquids (NGLs)	MMBbl	101	89	60
	Oil	MMBbl	14	14	5
	Proved Reserves				
	In or near areas of conflict	%	0.0%	0.0%	0.0%
	In countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	%	0.0%	0.0%	0.0%
	In or near indigenous lands	%	0.23%	0.05%	N/A
GOVERNANCE					
Board Composition and Diversity	Number of Board Members	#	8	8	7
	Independent Board Chair		Yes	Yes	Yes
	Board Members - Independent	#	5	5	4
	Board Members - Minority	#	0	0	0
	Board Members - Female	#	3	3	2
Risk Management	Comprehensive Annual Audit Plan Approved by the Board of Directors		Yes	Yes	Yes
	Comprehensive Annual Risk Management Assessment		Yes	Yes	Yes
Corporate Policy Statements	Anti-Bribery and Corruption		Yes	Yes	Yes
	Business Partners		Yes	Yes	No
	Climate Change		Yes	Yes	No
	Corporate Responsibility		Yes	Yes	Yes
	Employee Relations		Yes	Yes	No
	Environmental, Health & Safety		Yes	Yes	Yes
	Human Rights		Yes	Yes	Yes
	Modern Slavery		Yes	Yes	Yes
	Whistleblowing		Yes	Yes	Yes
	# of Calls into Compliance Hotline	#	0	2	0
Industry Association	Industry Membership Association Dues	$k	$ 304	$ 209	$ 169
ENVIRONMENTAL					
Air Quality[b]	Nitrogen Oxide (NOx, excluding N_2O)	tonnes	10,744	4,435	5,809
	Carbon Monoxide (CO)	tonnes	4,762	3,840	3,451
	Sulfur Oxide (SOx)	tonnes	18	0	0
	Volatile Organic Compounds (VOC)	tonnes	482	437	796
	Particulate Matter (PM Total)	tonnes	183	24	15

		Unit	2022	2021	2020[a]
GHG Emissions[b]	Scope 1 Emissions - Production	thousand MT CO_2e	875	865	409
	Carbon Dioxide	thousand MT CO_2e	338	236	88
	Methane[c]	thousand MT CO_2e	536	629	321
	Nitrous Oxide	thousand MT CO_2e	1.5	0.2	0.1
	% Methane	%	61%	73%	78%
	Scope 1 Emissions - Gathering & Boosting	thousand MT CO_2e	945	766	549
	Carbon Dioxide	thousand MT CO_2e	792	605	450
	Methane[c]	thousand MT CO_2e	151	161	99
	Nitrous Oxide	thousand MT CO_2e	2.4	0.3	0.4
	% Methane	%	16%	21%	18%
	Scope 1 Emissions - Total Company	thousand MT CO_2e	1,820	1,631	958
	Carbon Dioxide	thousand MT CO_2e	1,130	841	538
	Methane[c]	thousand MT CO_2e	686	790	420
	Nitrous Oxide	thousand MT CO_2e	3.9	0.5	0.5
	% Methane	%	38%	48%	44%
	% of Total Company Scope 1 Methane Emissions Attributable to				
	Production	%	78%	80%	76%
	Gathering & Boosting	%	22%	20%	24%
	Scope 1 Emissions Attributable to				
	Flared Hydrocarbons	thousand MT CO_2e	0	0	0
	Other Combustion	thousand MT CO_2e	1,173	870	537
	Process Emissions	thousand MT CO_2e	67	65	83
	Other Vented Emissions	thousand MT CO_2e	182	295	54
	Fugitive Emissions	thousand MT CO_2e	399	402	283
	Scope 2 Emissions - Total Company	thousand MT CO_2e	59	3.4	0.7
	Carbon Dioxide	thousand MT CO_2e	59	3.3	0.5
	Methane[c]	thousand MT CO_2e	0.1	0.1	0.1
	Nitrous Oxide	thousand MT CO_2e	0.2	0.1	0.1
	% Methane	%	0.2%	2%	19%
	Total Scope 1 and Scope 2 GHG Emissions	thousand MT CO_2e	1,879	1,634	959
	Scope 1 and Scope 2 GHG Emissions Intensity	MT CO_2e/MMcfe	3.4	3.1	3.8
	Scope 1 Methane Emissions Intensity	MT CO_2e/MMcfe	1.2	1.5	1.6
	Scope 1 Methane Emissions Intensity (NGSI)[d]	%	0.21	0.28	0.29

		Unit	2022	2021	2020[a]
Spills	Total number of reportable spills	#	59	34	24
	Oil	#	22	14	13
	Produced water	#	37	20	11
	Total volume of reportable spills	Bbl	5,938	2,564	103
	Oil	Bbl	350	304	47
	Produced water	Bbl	5,588	2,260	56
	Total volume of recovered spills	Bbl	417	N/A	N/A
	Oil	Bbl	26	N/A	N/A
	Produced water	Bbl	391	N/A	N/A
	Total produced liquids volumes (oil & water)	MBbl	25,923	24,627	2,934
	Spill intensity rate	Bbl spill per MBbl gross liquid	0.229	0.104	0.035
Water Management	Operating regions in high or extremely high overall water risk[e]	%	0%	0%	0%
	Water consumption by type	MBbls	2,798	3,019	1,705
	Municipal water supply	MBbls	72	54	42
	Fresh surface water (lakes, rivers, etc)	MBbls	2,630	2,965	1,663
	Fresh groundwater	MBbls	0	0	0
	Recycled produced water	MBbls	96	0	0
	Water consumption by activity	MBbls	2,798	3,019	1,705
	Domestic use[f]	MBbls	60	54	42
	Hydraulic stimulation	MBbls	2,694	2,944	1,649
	Well / asset retirement	MBbls	44	21	14
	Total water consumed intensity	Bbl per Boe gross production	0.030	0.035	0.040
	Disposition of produced water	MBbls	22,728	21,655	2,385
	Injected into approved disposal wells	MBbls	22,207	21,054	808
	Recycled/Reused	MBbls	521	538	333
	Disposed/Sold	MBbls	0	63	1,244
	Handling of produced water				
	Produced water - trucked	%	47%	32%	N/A
	Produced water - piped	%	53%	68%	N/A
Asset Retirement	Wells retired during the year	#	214	136	92
	Appalachia Basin	#	200	136	92
	Central Region	#	14	—	—
	Annual well retirement commitments in Appalachia	#	80	80	80

		Unit	2022	2021	2020[(a)]
SOCIAL					
Workforce and Employee Diversity	Total employees at year end 31 December	#	1,582	1,426	1,107
	Executive Committee	#	9	8	7
	Male	#	6	5	5
	Female	#	3	3	2
	Direct Reports & Senior Management	#	83	76	71
	Male	#	54	53	50
	Female	#	29	23	21
	All Other Employees	#	1,490	1,342	1,029
	Male	#	1,356	1,218	945
	Female	#	134	124	84
	Total male employees	#	1,416	1,276	1,000
	Total female employees	#	166	150	107
	Total Production employees	#	1,220	1,143	924
	Male	#	1,204	1,103	897
	Female	#	16	40	27
	Total Production Support employees	#	362	283	183
	Male	#	212	173	103
	Female	#	150	110	80
	Minorities in the Workforce	%	3.6%	2.7%	0.6%
	Veterans in the Workforce	%	6.3%	5.3%	5.0%
	Employees under Collective Bargaining Agreements	%	12%	14%	17%
Employee Retention	New Employee Hires	#	156	319	183
	Voluntary Turnover Rate including Retirements	%	14.0%	5.7%	5.5%
	Total Turnover Rate	%	17.6%	9.4%	10.0%
Executive Compensation	Executive Compensation tied to ESG/EHS - Short-term	%	30%	25%	10%
	Executive Compensation tied to ESG/EHS - Long-term	%	20%	N/A	N/A

		Unit	2022	2021	2020[a]
Safety - Employees	Fatalities from work-related Injury	#	0	0	0
	Serious Incidents	#	0	2	3
	Total Workforce Injuries (OSHA Recordable)	#	11	19	13
	Days Away Restricted Time (DART) Incidents	#	10	13	13
	Lost-time Accidents (LTA)	#	9	11	10
	Restricted Duty or Transferred	#	1	2	2
	Total Recordable Incident Rate (TRIR)	per 200,000 work hours	0.73	1.55	1.35
	Near Miss Frequency Rate	per 200,000 work hours	39.58	7.20	N/A
	Preventable Motor Vehicle Accident Rate (Public)	per million miles	0.69	0.72	1.04
	Miles Driven	million	24.5	18.1	15.4
	Total Safety Training & Development Provided	hours	34,657	15,961	11,540
	# Employees Receiving this Training	#	1,110	1,146	N/A
	Number of Cited Process Safety Events - Tier 1 and Tier 2	#	0	0	0
	# of Pipeline Safety Audits	#	14	15	10
Safety - Contractors	Contractor base	#	548	527	390
	Fatalities on DEC Sites/from DEC Work-related Injury	#	0	0	0
	Three-year Average Contractor Performance:				
	Lost Time Case Rate (LTCR)	per 200,000 work hours	0.21	0.20	0.21
	Days Away, Restricted Work, Job Transfer (DART)	per 200,000 work hours	0.39	0.37	0.44
	Total Recordable Incident Rate (TRIR)	per 200,000 work hours	0.64	0.65	0.74
Donations	Charitable & Community Giving	$m	$ 2.5	$ 0.9	$ 0.1
	Political Donations	$m	$ 0.0	$ 0.0	$ 0.0

Note: N/A defined as Not Available or Not Assessed

Table Notes:

[a] As reported at year end 2021, emissions data for 2020 have been revised to incorporate the impacts of 2021 Project Fresh initiatives and to improve year-over-year comparability going forward. For more information, please refer to the Company's 2021 year-end reports.

[b] Emissions are reported under a modified Intergovernmental Panel on Climate Change (IPCC) report format for EU investors.

[c] Based on a 100-year global warming potential (GWP) of 28 for methane, in line with IPCC's Fifth Assessment Report (AR5).

[d] Using the Natural Gas Sustainability Initiative (NGSI) protocol which calculates methane intensity using methane emissions from Production assets only (therefore, excluding Gathering & Boosting facilities).

[e] Uses oil and gas weighting scheme for weighted average overall water risk as per World Resources Institute's Aqueduct Water Risk Atlas.

[f] Domestic use assumes 6.15 gallons of water use per day per employee, as per energy.gov domestic use guidelines, for employees as at year end 31 December for 261 total business days during the period.

Disclaimer: GHG emissions results were calculated per IPCC reporting guidance, which permits best engineering estimates for certain emissions metrics and which may vary from the prescriptive measures applied under U.S. EPA reporting standards. The information and data contained in these calculations were accurate, to the best of our knowledge, at the time they were generated. If new data or corrections to existing data are discovered, the Company may resubmit updated data as permitted and in accordance with industry standards and expectations. Such resubmissions will be posted to our website and may take place without notice.

TCFD Content Index

All page disclosure references below are to PDF page numbers within our **2022 year-end reports** which may be found on our **website** and for which we have utilised the following abbreviated references: Climate Risk and Resilience Report (CRRR), Annual Report (AR), and Sustainability Report (SR).

Topic	Disclosure Focus Area	Disclosure	2022 Report 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.	CRRR p5 - 10 AR p27 - 28, 115 - 117 SR p92 - 94
		b) Describe management's role in assessing and managing climate-related risks and opportunities.	CRRR p5 - 10 AR p28, 115 - 117 SP p96 - 97
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	CRRR p11 - 22 AR p28 - 30 SR p98 - 105
		b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	CRRR p11 - 22 AR p28 - 34 SR p98 - 105
		c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	CRRR p11 - 22 AR p32 - 34 SR p106 - 109
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.	CRRR p23 AR p35 SR p110
		b) Describe the organization's processes for managing climate-related risks.	CRRR p23 AR p28 - 32, 35 SR p110
		c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	CRRR p23 AR p35, 63, 65 SR p110
Metrics and targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	CRRR p24 - 27 AR p35 - 36, 65, 93 - 114 SR p111 - 114
		b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	CRRR p24 - 27 AR p27, 36 - 36 SR p111 - 114
		c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	CRRR p24 - 27 AR p35-36, 65, 93 - 114 SR p111 - 114

GRI Content Index

Our Sustainability Report has been prepared with reference to the Global Reporting Initiatives' Universal and Sector Standards, and the following table maps our Report against these GRI reporting guidelines. All page disclosure references below are to PDF page numbers within our **2022 year-end reports** which may be found on our **website** and for which we have utilised the following abbreviated references: Annual Report (AR), Climate Risk and Resilience Report (CRRR), and Sustainability Report (SR).

GRI Code	Description	Disclosure Reference
GRI 2: GENERAL DISCLOSURES		
The Organization and its Reporting Practices		
2-1	Organizational details	SR: 4
2-2	Entities included in the organization's sustainability reporting	SR: 4
2-3	Reporting period, frequency and contact point	SR: 2
2-4	Restatements of information	Not Applicable
2-5	External assurance	SR: 4, 115 - 116
Activities and Workers		
2-6	Activities, value chain, and other business relationships	SR: 4
2-7	Employees	SR: 54 - 55, 57, 62 - 66, 121 AR: 25, 41
2-8	Workers who are not employees	SR: 121
Governance		
2-9	Governance structure and composition	SR: 78 - 79 AR: 72 - 79, 83, 85
2-10	Nomination and selection of the highest governance body	SR: 79 AR: 74 - 75, 86 - 87
2-11	Chair of the highest governance body	AR: 74 - 77
2-12	Role of the highest governance body in overseeing the management of impacts	SR: 73 AR: 63 - 69, 74, 81, 83 - 85 CRRR: 6-7
2-13	Delegation of responsibility for managing impacts	SR: 81 CRRR: 9 - 10
2-14	Role of the highest governance body in sustainability reporting	SR: 2, 73 - 77, 78 - 79
2-15	Conflicts of interest	SR: 116 AR: 83
2-16	Communication of critical concerns	SR: 82 AR: 81, 83 - 84
2-17	Collective knowledge of the highest governance body	SR: 80 AR: 74, 77 - 79 CRRR: 8
2-18	Evaluation of the performance of the highest governance body	SR: 80 AR: 86 - 87
2-19	Remuneration policies	SR: 93 - 94 AR: 93 - 114

GRI Code	Description	Disclosure Reference
2-20	Process to determine remuneration	SR: 94
2-21	Annual total compensation ratio	AR: 112
Strategy, Policies and Practices		
2-22	Statement on sustainable development strategy	SR: 6, 11, 13
2-23	Policy commitments	AR: 76, 81 -82. See also our **website** where all policy statements, as approved by the Board and signed by our CEO, are posted for stakeholder access, including but not limited to policy statements on Human Rights, Business Partners and Modern Slavery.
2-24	Embedding policy commitments	SR: 50, 52, 81 - 82 Our **Human Rights**, **Modern Slavery**, and **Business Partner** policies help to embed our policy commitments within our operations as well as our approach to supplier relationships. Through our policies we are aligned with the UN Universal Declaration of Human Rights and UN Guiding Principles on Business and Human Rights.
2-25	Processes to remediate negative impacts	SR: 20 - 41, 83
2-26	Mechanisms for seeking advice and raising concerns	SR: 83
2-27	Compliance with laws and regulations	SR: 81 - 83
2-28	Membership associations	SR: 86
Stakeholder Engagement		
2-29	Approach to stakeholder engagement	SR: 14 - 16, 83 AR: 43 - 45, 83 - 84
2-30	Collective bargaining agreements	SR: 121

GRI Code	Description	Disclosure	Oil & Gas Reference no.
GRI 3: MATERIAL TOPICS			
3-1	Process to determine material topics	SR: 2, 14	
3-2	List of material topics	SR: 14 - 16	
3-3	Management of material topics	SR: 14 - 16	
MATERIAL TOPIC STANDARDS			
Economic Performance			
201-1	Direct economic value generated and distributed	SR: 61 - 66, 117 - 118 AR: 130, 133, 145 - 147, 182 - 183	11.21.2
201-2	Financial implications and other risks and opportunities due to climate change	SR: 12 - 13 CRRR: 11 - 17	11.2.2
201-4	Financial assistance received from government	AR: 54, 147 - 150	11.21.3
Market Presence			
202-2	Proportion of senior management hired from the local community	We provide the proportion of total hires from local communities on SR: 57 though we do not currently track senior management specifically.	11.14.3
Indirect Economic Impact			
203-1	Infrastructure investments and services supported	SR: 13, 25, 61 - 66	11.14.4
203-2	Significant indirect economic impacts	SR: 5, 61 - 66	11.14.5

GRI Code	Description	Disclosure	Oil & Gas Reference no.
Procurement Practices			
204-1	Proportion of spending on local suppliers	SR: 61 - 66 We do not currently track and aggregate local supplier spending on a transaction-by-transaction basis. Using state-level financial data, our state-by-state economic analysis models the economic impact of our business across the 10 states where we operate.	11.14.6
Anti Corruption			
205-1	Operations assessed for risks related to corruption	SR: 81 - 82	11.20.2
205-2	Communication and training about anti corruption policies and procedures	SR: 81 - 82	11.20.3
205-3	Confirmed incidents of corruption and actions taken	Not reported	11.20.4
Anti -Competitive Behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	We do not currently report on specific legal actions	11.19.2
Tax			
207-1	Approach to tax	AR: 88, 140, 142, 147 - 150, 182 - 183	11.21.4
207-2	Tax governance, control, and risk management	AR: 88, 127, 140, 142, 147 - 150	11.21.5
207-3	Stakeholder engagement and management of concerns related to tax	AR: 44	11.21.6
207-4	Country-by-country reporting	AR: 2, 4, 14 - 15, 130 - 135, 147 - 150, 182 - 183	11.21.7
Energy			
302-1	Energy consumption within the organization	SR: 38	11.1.2
302-2	Energy consumption outside of the organization	Not reported	11.1.3
302-3	Energy intensity	Not reported	11.1.4
Water and Effluents			
303-1	Interactions with water as a shared resource	SR: 34 - 35	11.6.2
303-2	Management of water discharge-related impacts	SR: 34 - 35	11.6.3
303-3	Water withdrawal	SR: 35	11.6.4
303-4	Water discharge	SR: 35	11.6.5
303-5	Water consumption	SR: 34 - 35	11.6.6
Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	SR: 39	11.4.2
304-2	Significant impacts of activities, products, and services on biodiversity	SR: 39 - 41	11.4.3
304-3	Habitats protected or restored	SR: 39 - 41	11.4.4
Emissions			
305-1	Direct (Scope 1) GHG emissions	SR: 21 - 24, 119	11.1.5
305-2	Energy indirect (Scope 2) GHG emissions	SR: 23 - 24, 38, 119	11.1.6
305-3	Other indirect (Scope 3) GHG emissions	SR: 24	11.1.7
305-4	GHG emissions intensity	SR: 21-24, 119	11.1.8
305-5	Reduction of GHG emissions	SR: 21 - 25, 119	11.2.3
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	SR: 38, 118 - 119	11.3.3

GRI Code	Description	Disclosure	Oil & Gas Reference no.
Waste			
306-1	Waste generation and significant waste-related impacts	SR: 34 - 35 The main waste associated with our operations is produced water, a by-product of natural gas and oil wells. Our waste management efforts and reporting currently focus on the handling and disposal of produced water.	11.5.2
306-2	Management of significant waste related impacts	SR: 34 - 35	11.5.3
306-3	Waste generated	SR: 34 - 35, 120	11.5.4
306-4	Waste diverted from disposal	SR: 34 - 35, 120	11.5.5
306-5	Waste directed to disposal	SR: 34 - 35, 120	11.5.6
Supplier Environmental Assessment			
308-1	New suppliers that were screened using environmental criteria	SR: 50 - 51	
308-2	Negative environmental impacts in the supply chain and actions taken	SR: 50 - 51	
Employment			
401-1	New employee hires and employee turnover	SR: 13, 54 - 57, 121	11.10.2
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR: 59	11.10.3
401-3	Parental leave	SR: 59	11.10.4
Labor Management Relations			
402-1	Minimum notice periods regarding operational changes	Not reported	11.10.5
Occupational Health and Safety			
403-1	Occupational health and safety management system	SR: 44 - 45, 50 The importance of safety across our operations is reflected in our number one daily priority - “Safety - No Compromises” as well as the continued expansion of our EHS team to support our safety focus and efforts in both the Appalachia and Central regions.	11.9.2
403-2	Hazard identification, risk assessment, and incident investigation	SR: 44 - 45	11.9.3
403-3	Occupational health services	SR: 45 - 51	11.9.4
403-4	Worker participation, consultation, and communication on occupational health and safety	SR: 44 - 53	11.9.5
403-5	Worker training on occupational health and safety	SR: 45 - 47	11.9.6
403-6	Promotion of worker health	SR: 44, 59	11.9.7
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR: 45 - 51	11.9.8
403-8	Workers covered by an occupational health and safety management system	SR: 50	11.9.9
403-9	Work-related injuries	SR: 47, 122	11.9.10
403-10	Work-related ill health	SR: 47, 122 We do not currently distinguish reportable incidents from work-related injuries vs. ill-health.	11.9.11
Training and Education			
404-1	Average hours of training per year per employee	SR: 122 (note that this training is for field employees only, thus the fewer # of employees receiving the training vs. employed at year end)	11.10.6
404-2	Programs for upgrading employee skills and transition assistance programs	SR: 57 - 59	11.10.7
404-3	Percentage of employees receiving regular performance and career development reviews	SR: 59 (100%)	

GRI Code	Description	Disclosure	Oil & Gas Reference no.
Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	SR: 54 - 55, 118, 121 AR: 41, 74, 77 - 79	11.11.5
405-2	Ratio of basic salary and remuneration of women to men	Not reported	11.11.6
Non-Discrimination			
406-1	Incidents of discrimination and corrective actions taken	Not reported	11.11.7
Freedom of Association and Collective Bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not reported	11.13.2
Forced of Compulsory Labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	**Human Rights Policy** **Modern Slavery Policy**	11.12.2
Security Practices			
410-1	Security personnel trained in human rights policies or procedures	Not applicable. Diversified does not directly employ or contract with security personnel.	11.18.2
Rights of Indigenous People			
411-1	Incidents of violation involving rights of indigenous peoples	SR: 83	11.17.2
Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	SR: 67 - 70	11.15.2
413-2	Operations with significant actual and potential negative impacts on local communities	SR: 83	11.15.3
Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	SR: 50 - 51	11.10.8
414-2	Negative social impacts in the supply chain and actions taken	SR: 50 - 51	11.10.9
Public Policy			
415-1	Political Contributions	AR: 84 SR: 122	11.22.2
Customer Health and Safety			
416-1	Assessment of the health and safety impacts of products and service categories	SR: 5	11.3.3

SASB Content Index

The topics covered in our 2022 Sustainability Report have also been informed by the Sustainability Accounting Standards Board's reporting guidelines which have been mapped below. Unless explicitly stated otherwise below, all referenced page numbers are to our 2022 **Sustainability Report**.

Topic	Metric	SASB Code	Category	Unit	2022 Response
OIL & GAS - EXPLORATION & PRODUCTION					
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations	EM-EP-110a.1	Quantitative	Metric tons CO_2 -e (t), Percentage (%)	1,820,000 38% We do not differentiate the percentage covered under emissions-limiting regulations.
	Amount of gross global Scope 1 emissions from: (1) flared hydrocarbons, (2) other combustion, (3) process emissions, (4) other vented emissions, and (5) fugitive emissions	EM-EP-110a.2	Quantitative	Metric tons CO_2 -e	(1) 0 (2) 1,173,000 (3) 67,000 (4) 182,000 (5) 399,000
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	EM-EP-110a.3	Discussion & Analysis	-	We understand the importance of achieving lower GHG emissions via an orderly transition of energy sources and have embarked on our own important path to carbon neutrality. For information on our plans, targets and performance, please refer to pages 21 - 33. Further detail is also provided in our **Climate Risk and Resilience Report** on pages 2, 11-14, 16-18.
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) volatile organic compounds (VOCs), and (4) particulate matter (PM10)	EM-EP-120a.1	Qualitative	Metric tons (t)	(1) 10,744 (2) 18 (3) 482 (4) 183
Water Management	(1) Total fresh water withdrawn, (2) total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	EM-EP-140a.1	Quantitative	Thousand cubic meters (m^3), Percentage (%)	Please note, we capture and analyse water management performance in barrels. (1) 2,630 MBbls, 0% (2) 2,630 MBbls, 0% Further information to water management and performance is provided on pages 34-35.
	Volume of produced water and flowback generated; percentage (1) discharged, (2) injected, (3) recycled; hydrocarbon content in discharged water	EM-EP-140a.2	Quantitative	Thousand cubic meters (m^3), Percentage (%), Metric tons (t)	Please note, we capture and analyse water management performance in barrels. Total produced water: 22,728 MBbls (1) 0 MBbls, 0% (hydrocarbon content in discharged water N/A) (2) 22,207 MBbls, 98% (3) 521 MBbls, 2%
	Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	EM-EP-140a.3	Quantitative	Percentage (%)	Given our acquire and operate business model, we do not actively develop new wells. In 2022, we contract drilled and completed four wells in Ohio for a third-party. For our own portfolio, we completed five wells in Oklahoma as part of a development programme that was already underway at the time we acquired those assets in late 2021. For all these wells, we publicly reported 100% of the known stimulation fluid chemicals.

Topic	Metric	SASB Code	Category	Unit	2022 Response
	Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline	EM-EP-140a.4	Quantitative	Percentage (%)	For the states of Ohio and Oklahoma, where we drilled and/or completed nine wells in 2022, we were not required to conduct a baseline water quality analysis.
Biodiversity Impacts	Description of environmental management policies and practices for active sites	EM-EP-160a.1	Discussion & Analysis	-	We are committed to protecting the environment through responsible operations and our EHS management system made up of three levels; policies, programme documents and field operating procedures. Through our long-standing, well-proven SAM programme, we have an active EHS group that daily seeks to increase asset efficiency and integrity. Signed by our CEO, our **EHS Policy** is guided by the principles of corporate accountability and leadership, risk preparedness, collaboration and transparency. As noted in our **Business Partners Policy**, we expect a similar commitments from our suppliers and business partners with whom we conduct business.
	Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume impacting shorelines with ESI rankings 8-10, and volume recovered	EM-EP-160a.2	Quantitative	Number, Barrels (bbls)	Please see page 37 for spill performance data. In 2022, we incurred 22 hydrocarbon incidents, spilling 350 barrels of oil of which we recovered 26 barrels. We do not operate in the Arctic, and we had no spills impacting shorelines with ESI rankings 8-10.
	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	EM-EP-160a.3	Quantitative	Percentage (%)	We do not capture this information.
Security, Human Rights & Rights of Indigenous Peoples	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	EM-EP-210a.1	Quantitative	Percentage (%)	We do not operate near any areas of conflict. Refer to the About DEC section on page 4 for more information on the location of our U.S. operations.
	Percentage of (1) proved and (2) probable reserves in or near indigenous land	EM-EP-210a.2	Quantitative	Percentage (%)	We operate certain wells located on or near Native American lands in Oklahoma. As of 31 December 2022, these wells make up less than 3% of our total net reserves for Oklahoma and some 0.2% of total net reserves for the Company. Please refer to page 83 for additional detail.
	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	EM-EP-210a.3	Discussion & Analysis	-	As noted above, we do not operate near any areas of conflict. As a responsible employer, we seek to uphold and protect the human rights of all our employees and contractors, as outlined in our **Human Rights Policy** and **Business Partners Policy**. Our supply chain risk management provider, Veriforce, monitors our contractors' compliance with OSHA regulation, modern slavery and human rights and other relevant and applicable labour laws in the U.S.
Community Relations	Discussion of process to manage risks and opportunities associated with community rights and interests	EM-EP-210b.1	Discussion & Analysis	-	Our EHS team is responsible for overseeing all environmental considerations as well as community-related health and safety matters. On our senior management team, our head of EHS reports directly to the COO and is a regularly invited guest and active participant at meetings of the Board's Sustainability & Safety Committee. Please see page 83 for more information on our stakeholder feedback channels.
	Number and duration of non-technical delays	EM-EP-210b.2	Quantitative	Number, Days	We have not incurred any non-technical delays.

Topic	Metric	SASB Code	Category	Unit	2022 Response
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR), and (4) average hours of health, safety, and emergency response training for (a) full-time employees, (b) contract employees, and (c) short-service employees	EM-EP-320a.1	Quantitative	Rate, Hours (h)	For all full-time employees, irrespective of when placed in the assigned job:: (1) 0.73 (per 200,000 work hours) (2) 0 (3) 40 (per 200,000 work hours) (4) 34,657 training hours for 1,110 full-time field employees only (training hours for non-field employees not recorded) For contract employees: (1) 0.64 (reported only as 3-year average, per 200,000 work hours) (2) 0 (3) not recorded (4) not recorded We do not record this information for short-service employees.
	Discussion of management systems used to integrate a culture of safety throughout the exploration and production lifecycle	EM-EP-320a.2	Discussion & Analysis	-	Our operating principles reflect our foremost commitment to safety and sustainability. The Sustainability & Safety Committee reviews EHS performance and operating data at every regularly scheduled committee meeting. To enable more robust management of our supplier network, we utilise a leading supply chain risk management firm, Veriforce, to prescreen for contractors with preferred safety performance records. For more information on our safety culture, please refer to pages 45-48.
Reserves Valuation & Capital Expenditures	Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions	EM-EP-420a.1	Quantitative	Million barrels (MMbbls), Million standard cubic feet (MMscf)	Please refer to the Portfolio Resilience discussion included within our TCFD climate reporting on pages 106-109.
	Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves	EM-EP-420a.2	Quantitative	Metric tons (t) CO -e	We have not calculated this information.
	Amount invested in renewable energy, revenue generated by renewable energy sales	EM-EP-420a.3	Quantitative	Reporting currency	We have not calculated this information.
	Discussion of how price and demand for hydrocarbons and/or climate regulation influence the capital expenditure strategy for exploration, acquisition, and development of assets	EM-EP-420a.4	Discussion & Analysis	-	Please refer to our Strategy section within our TCFD climate reporting beginning on page 98.
Business Ethics & Transparency	Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	EM-EP-510a.1	Quantitative	Percentage (%)	As a company that acquires and operates wells in the Appalachian Basin and Central Region of the U.S., 0% of our reserves are in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index.
	Description of the management system for prevention of corruption and bribery throughout the value chain	EM-EP-510a.2	Discussion & Analysis	-	Our **Anti-Bribery and Corruption Policy** adheres to all relevant laws and regulations, including compliance with the UK Bribery Act 2010, and falls under the direct oversight of our General Counsel. Our approach applies across all parts of our business, including our supply chain, and regular training is provided, as necessary, to all employees who engage with our external stakeholders.
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	EM-EP-530a.1	Discussion & Analysis	-	We believe in the value of engaging with and participating in natural gas and oil industry associations. See more on our participation in and with industry associations on page 86.

Topic	Metric	SASB Code	Category	Unit	2022 Response
Critical Incident Risk Management	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)	EM-EP-540a.1	Quantitative	Rate	In 2022, we did not incur any Tier 1 process safety events. We report process safety events for our processing facilities under the safety standards regulated by the U.S. Department of Labor and the Occupational Safety and Health Administration.
	Description of management systems used to identify and mitigate catastrophic and tail-end risks	EM-EP-540a.2	Discussion & Analysis	-	Refer to discussions above on safety training and our how company promotes a safety-focused culture that emphasises our top daily priority: "Safety-No Compromises" (pages 43-44). We also have Crisis Management and Business Continuity plans in place that are reviewed for efficacy, clarity and relevance at least twice annually by senior leadership (page 51). Thus, we actively train and prepare for potential incidents to ensure that our teams are ready to respond effectively and confidently if and when a catastrophic incident may occur. Our internal Enterprise Risk Management process also helps align corporate preparedness and action in these instances (page 81).
Activity Metric	Production of: (1) oil, (2) natural gas, (3) synthetic oil, and (4) synthetic gas	EM-EP-000.A	Quantitative	Thousand barrels per day (Mbbl/day); Million standard cubic feet per day (MMscf/day)	We report annual quantities of net production: (1) 1,554 MBbls (2) 255,597 MMcf (3) None (4) None We also produced 5,200 MBbls of natural gas liquids during the year.
	Number of offshore sites	EM-EP-000.B	Quantitative	Number	We do not operate any wells offshore.
	Number of terrestrial sites	EM-EP-000.C	Quantitative	Number	In 2022, we operated ~65,700 gross wells, including 58,200 wells in the Appalachian Basin and 7,500 wells in the Central Region.
OIL AND GAS MIDSTREAM					
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations	EM-MD-110a.1	Quantitative	Metric tons CO_2 -e (t), Percentage (%)	1,820,000 38% We do not differentiate the percentage covered under emissions-limiting regulations.
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	EM-MD-110a.2	Discussion & Analysis	-	Please refer to SASB metric EM-EP-110a.3. For further information on our plans, targets and performance, refer to pages 21- 33. Additional detail is also provided in our **Climate Risk and Resilience Report** on pages 2, 11-14 and 16-18.
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) volatile organic compounds (VOCs), and (4) particulate matter (PM10)	EM-MD-120a.1	Quantitative	Metric tons (t)	(1) 10,744 (2) 18 (3) 482 (4) 183
Ecological Impacts	Description of environmental management policies and practices for active operations	EM-MD-160a.1	Discussion & Analysis	-	We are committed to protecting the environment through responsible operations. Our EHS management system is made up of three levels: policies, programme documents and field operating procedures. We focus on reducing risks, maintaining compliance and seeking best practices and continuous improvement in all our EHS and operational processes.
	Percentage of land owned, leased, and/ or operated within areas of protected conservation status or endangered species habitat	EM-MD-160a.2	Quantitative	-	We do not capture this information.

Topic	Metric	SASB Code	Category	Unit	2022 Response
	Terrestrial acreage disturbed, percentage of impacted area restored	EM-MD-160a.3	Quantitative	-	In 2022, we extended an existing, owned natural gas pipeline known as the Maverick Express in West Virginia by eight miles, and replaced less than one mile of our existing X1M1 pipeline in Kanawha County, West Virginia. During both projects, we took steps beyond regulatory and permit requirements to protect and restore the natural environment surrounding these sites. Please refer to pages 40-41 for further details.
	Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume in Unusually Sensitive Areas (USAs), and volume recovered	EM-MD-160a.4	Quantitative	-	We do not operate pipelines in the Arctic. In 2022, there were no hydrocarbon spills from pipelines in the Arctic or USAs.
Competitive Behaviour	Total amount of monetary losses as a result of legal proceedings associated with federal pipeline and storage regulations	EM-MD-520a.1	Quantitative	-	There were no losses due to legal proceedings associated with federal pipeline and storage regulations.
Operational Safety, Emergency Preparedness & Response	Number of reportable pipeline incidents, percentage significant	EM-MD-540a.1	Quantitative	-	We had one reportable pipeline event in 2022. We report pipeline safety events for our facilities under the safety standards regulated by PHMSA.
	Percentage of (1) natural gas and (2) hazardous liquid pipelines inspected	EM-MD-540a.2	Quantitative	-	(1) DEC routinely completes a variety of industry best practice and regulatory required inspections of our pipelines and related facilities. In 2022, we aerially inspected ~60% of our Appalachia midstream system as part of a 3-year commitment to inspect 100% of that system for fugitive emissions. (2) Not applicable; we do not operate any hazardous liquid pipelines.
	Number of (1) accident releases and (2) nonaccident releases (NARs) from rail transportation	EM-MD-540a.3	Quantitative	-	We do not use rail transportation within our operations.
	Discussion of management systems used to integrate a culture of safety and emergency preparedness throughout the value chain and throughout project lifecycles	EM-MD-540a.4	Discussion & Analysis	-	Our operating principles reflect our foremost commitment to safety and sustainability, as reflected in our primary guideline: Safety-No Compromises. The Sustainability & Safety Committee also reviews EHS performance and operating updates at each of its regularly scheduled committee meetings. During 2022, we engaged in a focused campaign aimed specifically at personal safety culture, and the result of this focused effort was, in part, a significant improvement in our year-over-year TRIR. For more information on our safety culture focus and impact during 2022, please refer to pages 44-51. We have a standing Crisis Management Plan and separate Business Continuity Plan in the potential event of a crisis. Please refer to page 51. To enable more robust management of our supplier network, we utilise a leading supply chain risk management firm, Veriforce, to prescreen for contractors with high safety performance records. Refer to pages 50-51.
Activity Metric	Total metric ton-kilometers of: (1) natural gas, (2) crude oil, and (3) refined petroleum products transported, by mode of transport	EM-MD-000.A	Quantitative	-	(1) Our natural gas is transported via pipelines. (2) Our crude oil production is trucked by third-parties. (3) We do not refine petroleum products and therefore none is transported. We do not report transported volumes in metric ton-kilometers. Refer to EM-EP-000.A above for net production information.

UN SDG Content Index

We support the United Nations' 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals. In refining our approach, we considered these goals and identified a series of objectives that are relevant to our business and to which we can contribute. We identify below the SDGs to which we believe that the Company has made a material to mitigating impact along with a glimpse of how our 2022 activities have progressed those goals.

Goal	Target	Material	Moderate	Mitigating	Supporting Detail Sections of 2022 Sustainability Report
1 NO POVERTY	1.2		■		Talent Acquisition and Management; State-by-State Economic Impact
3 GOOD HEALTH AND WELL-BEING	3.8			■	Health and Safety; Talent Acquisition and Management
4 QUALITY EDUCATION	4.4		■		Talent Acquisition and Management
5 GENDER EQUALITY	5.5		■		Diversity, Equity and Inclusion; Governance Framework
6 CLEAN WATER AND SANITATION	6.4			■	Water Management
7 AFFORDABLE AND CLEAN ENERGY	7.1	■			Benefits of Natural Gas; Our Strategy Supports Sustainability
8 DECENT WORK AND ECONOMIC GROWTH	8.3	■			Talent Acquisition and Management; State-by-State Economic Impact Analysis
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.4	■			Benefits of Natural Gas; Our Differentiated Stewardship Model
10 REDUCED INEQUALITIES	10.3		■		Diversity, Equity and Inclusion
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.6		■		Health and Safety
13 CLIMATE ACTION	13.3		■		Benefits of Natural Gas; Emissions
15 LIFE ON LAND	15.5			■	Emissions; Water Management; Spill Prevention and Management; Biodiversity

Impact	UN SDG	SDG Target	Target Commentary	Progress in 2022
Material Impact	7 AFFORDABLE AND CLEAN ENERGY	Target 7.1: By 2030, ensure universal access to affordable, reliable, and modern energy services.	We strive to ensure that energy is accessible and affordable by providing the U.S. with a steady energy supply. Natural gas is highly reliable compared to other sources of energy which helps to address the dual challenge we face: providing clean energy while supporting sustainable global development through access to affordable and reliable energy.	— Produced over 811 MMcfepd, net, in 2022 to meet the energy demands of our communities and customers — Maintained low operating cost production through our Smart Asset Management programme — Engaged in expansive leak detection and repair programme to deliver more volumes to the sales meter for use in our communities
	8 DECENT WORK AND ECONOMIC GROWTH	Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.	We continue to provide secure, well-paid jobs to the communities in which we operate, and simultaneously use our internship, scholarship and outreach programmes to develop a strong employment pipeline. Our focus is on cross-training and upskilling the next generation of field employees and developing their leadership skills.	— Further expanded our summer internship programme and onboarded one intern into a full-time employment role — Expanded financial scholarship programme across schools in the areas we operate and initiated scholarship programme for dependents of DEC — Initialised Leadership Impact Training for employees — Supported the development of employee competencies through our Educational Assistance Programme and Professional Development Programme
	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.	As we acquire new assets, expand our well retirement capabilities and employ new technologies, we maintain and upgrade our network of existing infrastructure. Our Smarter Asset Management programme calls for regular well site and compression facility visits, allowing us to improve, steward and upgrade existing assets as part of our core activities and capabilities.	— Adopted and acquired new technologies in accurate detection and measurement such as the FLIR Si124 and the Opgal EyeCSite® QOGI — Conducted ~131,00 well sites and compression facilities visits per month through our Smarter Asset Management programme
Moderate Impact	1 NO POVERTY	Target 1.2: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.	We contribute to the economies of the states we operate in, for example, by offering competitive salaries and benefits to employees, royalty payments to landowners, and tax revenues and other investments to communities and states.	— Conducted a State-by-State Economic Impact Analysis to understand our direct and indirect impact in the communities where we operate — Supported over 1,500 direct employees as well as 8,600 ancillary jobs or roughly $735M in ancillary labour income
	4 QUALITY EDUCATION	Target 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	We offer educational opportunities through our internship programme, which allows young professionals to explore their interest while learning from our expertise. Additionally, many of our interns are recruited from surrounding universities and we seek to offer full-time positions, where applicable, upon their graduation from university.	— Further expanded our summer internship programme and hired an intern from our 2022 summer intern class — Pursued educational partnership with WVSU around technical education for students interested in careers in the oil and gas industry
	5 GENDER EQUALITY	Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.	We look to increase diversity in leadership and ensure that equal opportunities are offered regardless of gender. As an equal opportunity employer, we ensure all benefits are accessible to all employees as they grow in their careers and we work to train employees to become the future leaders of Diversified.	— Expanded female Board representation with appointment of Sylvia Kerrigan in October of 2021, who was also named chair of the Remuneration Committee as of 1 January 2023 — Increased to 36% the female members of the Executive committee (excluding Executive Directors), direct reports & senior management

Impact	UN SDG	SDG Target	Target Commentary	Progress in 2022
Moderate Impact	10 REDUCED INEQUALITIES	Target 10.3: Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.	We are an equal opportunity employer that is committed to ensuring there is no discrimination across our business or employee base. To support this position, we maintain active and relevant policies, employ an applicant tracking system, and engage in employee tracking and professional training and development efforts.	— Focused human resources hiring efforts on diverse hiring, which increased the ethnic and gender diversity in our applicant pools — Continued adherence to our Employee Relations Policy, Human Rights Policy, and Corporate Responsibility Policy to protect our employees and eliminate workplace discrimination
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle access to financial services.	Our efforts to monitor our suppliers through Veriforce allow us to review and ensure compliance. We work to align our procurement and contractor/supplier selection process with our business standards as well as to ensure that our partners are remaining compliant with our policies.	— Managed over 550 suppliers and business partners using Veriforce's risk management platform to monitor key indicators for supplier safety — Continued to refine our contractor database through Veriforce to ensure we partner with like-minded contractors who meet or exceed our stringent safety and ethical standards
	13 CLIMATE ACTION	Target 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	Bolstered by our formal Climate Policy (approved by the Board in 2021) and our zero-tolerance for fugitive emissions, our field employees are empowered to reduce emissions through their daily activities based on the training and equipment provided through our Smarter Asset Management approach and company-wide emission goals. Through programs, key employees, and company-wide conversations, we have facilitated an increased awareness on climate change and sustainability across our business operations.	— Reduced methane intensity by 20% for the year ended 2022 and cumulatively by 25% for the two-year period ended 2022 — Continued formalising internal tools and planning to achieve accelerated 2040 net-zero Scope 1 and 2 GHG emission target
Mitigating Impact	3 GOOD HEALTH AND WELL-BEING	Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.	Due to the nature of our business, health & safety is at the forefront of our operations and actions, as reflected in our top daily operating priority of "Safety-No Compromises." We require significant safety trainings and seek to lower key safety metrics, including TRIR and MVA, as well as to increase training compliance amongst our employees. In addition to on-the-job training and prevention efforts, we provide our employees and their families with comprehensive health and wellness benefits.	— Developed more robust safety trainings including monthly touchpoints, targeted computer-based learning, and tailgate meeting support materials — Enhanced our ability to identify seasonal and calendar-linked hazards — Continued our journey to building a unified safety culture by encouraging Good Catch/Near Miss reporting through our amnesty provision
	6 CLEAN WATER AND SANITATION	Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.	We recognise that water is a finite resource and its availability does have implications to our business. Therefore, we have taken several measures to combat unnecessary water use wherever possible while enhancing the efficacy of our recycle and reuse efforts.	— Expanded our water reuse and water sharing agreements, supplying produced water to nearby development companies rather than disposing of it — Developing systems to monitor water storage, transport and disposal in real time, to improve evaluation and optimise recycled water purchasing requirements
	15 LIFE ON LAND	Target 15.5: Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.	Healthy and biodiverse ecosystems provide vital natural resources and services such a flood mitigation and serve as natural sinks for atmospheric carbon. Our EHS system aims to reduce the environmental impact of our operations, and as such, protecting biodiversity and land is central to our efforts.	— Replanted a variety of trees and/or plant species with native seed mixes at reclaimed upstream and midstream sites following asset retirement for over 200 wells in 2022 — Leveraged federal species listings, on-site visual checks and regulatory engagements to identify areas of operations for potential impact to enact steps to protect sensitive habitats

Forward-Looking Statements

Certain information set forth in this Report contains “forward-looking information”. Except for statements of historical fact, the information contained herein constitutes forward-looking statements which are provided to allow potential investors the opportunity to understand management’s beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment.

These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such forward-looking statements.

Although forward-looking statements contained in this Report are based upon what management of Diversified believes are reasonable assumptions, there can be no assurance that these will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Diversified undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change except as required by applicable securities laws.

As noted in our **Climate Risk and Resilience Report**, separately published and also contained in full herein, our climate risk analysis and net zero strategy are under development and the data underlying our analysis remains subject to evolution over time. As a result, we expect certain disclosures made in this Report are likely to be amended, updated or restated in the future as the quality and completeness of our data and methodologies continue to improve.

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