DIVERSIFIED energy

Priorities & Performance

2023 Sustainability Report

About this Report

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Diversified Energy Company PLC (“Diversified” or the “Company”) is proud to present our 2023 Sustainability Report (the “Report”) which provides our stakeholders with detailed insights into our ‘Priorities and Performance’ on sustainability issues relevant to our business. This Report complements our 2023 Annual Report (“Annual Report”) by further showcasing our teams’ initiatives and the programs that are helping us achieve our sustainability goals. Information on our sustainability journey can also be found on our website at div.energy.

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 December 31, 2023.

This Report is built on the basis of our updated materiality assessment and in alignment with internationally recognized sustainability frameworks. The material topics identified from our stakeholder engagement process informed the key issues outlined in this Report, reflecting those issues that have the greatest potential to significantly affect our business performance and the communities we serve and support. Our Report was developed in reference to several well-established reporting standards and frameworks:

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

Our key findings in response to the recommendations of the TCFD are also included in our 2023 Annual Report and reflected in full in the Appendix to this Report.

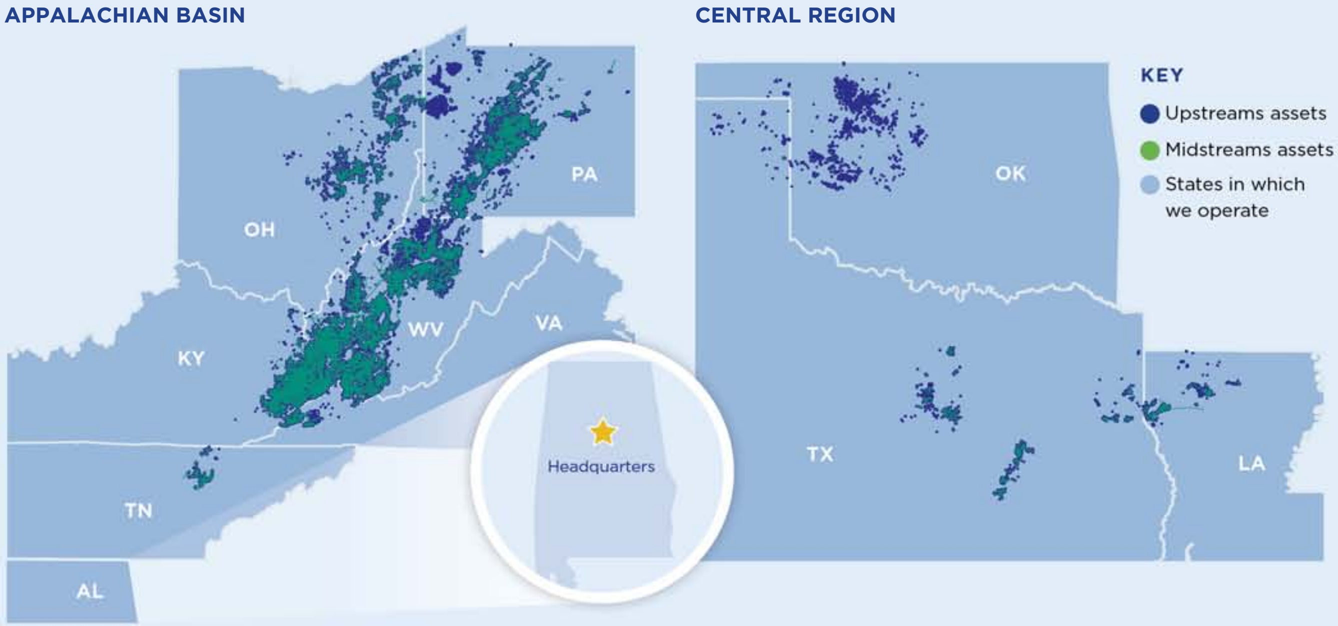
Independent third-party, ISOS Group, Inc. (“ISOS”), has provided assurance of our 2023 Scope 1 and 2 greenhouse gas emissions (“GHG”), as reflected in ISOS’ assurance statement also included in the Appendix of this Report.

We appreciate your review of our 2023 Sustainability Report. Questions and feedback are welcome and can be directed to IR@dgoc.com.

Overview

About Diversified

Our solutions-driven business strategy and life-cycle stewardship sustainability model are centered around the "Acquire, Optimize, Transport, Retire" cycle in which we acquire existing, long-life producing wells and efficiently manage them to improve environmental and operational performance until retiring in a safe and environmentally secure manner. We play a crucial, balanced role in our industry and our nation's energy future by supporting the needs of our communities through the supply of abundant, reliable and lower carbon natural gas - making us the *Right Company at the Right Time.*



Diversified is a leading U.S. energy company focused on both conventional and unconventional natural gas and liquids production, marketing, transport and well retirement. Our company is the largest independent conventional producer in the Appalachian Basin and continues to grow through acquisitions in the Central Region. We also operate a full-scale well retirement business, Next LVL Energy, supporting our own retirement goals as well as the needs of other Appalachia operators and states' orphan well closure programs. Diversified is an important part of the energy transition solution, serving as a proven consolidator and committed life-cycle owner of existing U.S. assets and infrastructure.

Headquartered in Alabama, our natural gas and liquids assets span nine U.S. states in the Appalachian Basin and Central Region, and produced over 821 million cubic feet equivalent per day ("MMcfepd"), net, in 2023. We serve a wide variety of markets and customers including energy marketers, other producers, gathering and processing facilities, local municipalities and utilities, commercial and industrial end users, and direct retail customers.

FOR THE YEAR ENDED DECEMBER 31, 2023

METHANE INTENSITY	PRODUCTION MIX	UNCONVENTIONAL PRODUCTION	PROVED RESERVES	PV10 OF PROVED RESERVES	TOTAL REVENUE
0.8	97%	42%	3,850	$3.2	$1.05
MT CO_2e/MMcfe	Natural Gas and NGLs	of 2023 Production	Bcfe	Billion (NYMEX Pricing)	Billion (Hedged)

Natural Gas is Essential

Energy is the driving force of modern life, and Diversified sits at the critical intersection between sustainability and energy security. Recognizing this position, we remain committed to our role as a responsible environmental steward while simultaneously providing energy supplies to meet growing domestic and global demand. By acquiring existing wells, improving associated infrastructure and systematically monitoring assets for methane leaks, we are able to provide clean, reliable and low-cost energy to surrounding communities and those beyond our own footprint.

Natural gas is undeniably a key driver in the coming decades for a successful global energy transition. As the world seeks to scale renewable energies and other energy pathways, natural gas has the ability to provide an uninterrupted, flexible energy supply. With cleaner natural gas as a fuel source, it can play an instrumental role in hard to decarbonize sectors, such as heavy industry, aviation and shipping. It is a key ingredient of the hydrogen revolution, which is increasingly predicted to become a major source of energy in the coming decades. Lastly, it is a key tool in the fight against energy poverty, particularly in rural areas across the globe where many people still have no electric power or clean cooking technologies and access to cleaner burning natural gas can provide for these essential daily needs.

At home in the U.S., domestic energy feedstocks such as natural gas help ensure Americans are protected from global price fluctuations and political uncertainty. Even within our own Appalachian footprint, where natural gas is abundant, Diversified plays a key role in providing affordable energy supply to rural or remote areas of Appalachia, for which there would be no other supply available if not for our operations. These secure feedstocks are largely driven by the many inherent benefits of natural gas, as reflected herein.

Diversified is keenly aware of its ability to contribute to domestic energy security while serving as a responsible steward of the environment. We have a vested interest in facing head on the emissions from our operations, as we do daily, in order to reach our goal of net zero Scope 1 and 2 absolute GHG emissions by 2040. We are proud of the significant progress our company has made and continues to do to reduce the emissions footprint of our natural gas supplies.

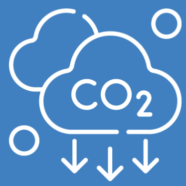
NATURAL GAS 101

Natural Gas Is...

ABUNDANT	Of the natural gas consumed in the U.S., over **90%** is **produced domestically**. U.S. natural gas inventories total **3,452 billion cubic feet**, or enough technically recoverable resources of dry natural gas to **meet U.S. energy needs for ~86 years**.[1,2]
CLEAN	The **cleanest burning** hydrocarbon, natural gas, produces approximately half the carbon dioxide (“CO_2”) and releases less air pollutants compared to coal when burned to generate an equivalent amount of electricity. U.S. natural gas has the ability to replace international reliance on coal, which would **eliminate CO_2 emissions by ~42% every year**.[3]
RELIABLE	Natural gas is **readily deployable, easily stored** and, unlike wind and solar, is **not dependent on weather** conditions. Its underground **pipeline infrastructure** is **shielded** from many major disruptive events.[4]
AFFORDABLE	Abundant domestic supplies of natural gas help ensure Americans have access to affordable energy that is **not subject to geopolitical or international price influences**. American families have **saved $147 billion** over the past decade owing to low domestic natural gas prices.[5]
EFFICIENT	The natural gas delivery system is **92% efficient** from production to customer.[6]

NATURAL GAS IS NET ZERO ATTAINABLE

The natural gas industry recognizes climate neutrality is a necessity and is actively working toward accomplishing this goal. Between 2005 and 2019, natural gas was responsible for 61% of cumulative power-sector CO_2 emissions reductions through changes in fuel mix.[7] Operational and structural changes have allowed for the industry to continue increasing production while decreasing its emission intensity by 35% between 2019 and 2021.[8] Our industry continues to proactively and aggressively expand efforts to increase efficiencies and reduce emissions throughout operations, monitor for and eliminate methane slip, scale-up carbon capture capabilities, invest in new technologies through pilot programs and/or financial capital, and so much more.



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

Chief Executive’s Statement

“Our foundational vision for Diversified continues to focus on environmental performance and social responsibility while providing critical and affordable energy solutions. Amid the growing push for a lower-carbon economy, our confidence in our asset stewardship model continues to grow.”

The global conversation around climate and energy continued to accelerate in 2023. Over the past year, U.S. regulators and global collaborators acknowledged the need to reduce the amount of fossil fuels consumed while simultaneously recognizing that the path to a lower-carbon world is complex. Without doubt, the energy transition will continue to rely on hydrocarbons such as natural gas to balance the need for emissions reduction, energy security, and affordability. Diversified continues to address this ongoing energy trilemma through our differentiated approach focused on optimizing long-life assets over the need to drill and frack new wells. Our strategy has enabled the Company to responsibly improve production and environmental performance across upstream and midstream assets while growing into a top 25 gas marketer and a critical provider of domestic energy.

We understand the coming energy transition will require a balanced mix of cleaner fossil fuels as well as other energy sources to ensure our economy can continue to thrive and compete on the global stage. By providing solutions to reduce emissions and increase the longevity of our natural gas wells, before responsibly retiring them, Diversified is well-positioned to help provide the energy necessary to supplement renewable sources. At the same time, our proven approach significantly reduces our own emissions profile. We continue to receive recognition as collaborators and leaders in our industry—with regulators, industry groups, and peers looking to our example.

Our longstanding commitment to a strategy centered on responsible, sustainable operations has produced steady growth along with key progress against our commitments. In 2023, we reduced our methane intensity to 0.8 MT CO_2e per MMcfe[9], a 50% reduction as compared to our 2020 baseline. This achievement surpasses our 2026 goal for a 30% reduction in methane intensity and further accomplishes our 2030 target reduction seven years ahead of schedule.

This progress embodies our belief that a balanced focus on reducing emissions while promoting natural gas production is both achievable and good for all. We are extremely pleased to recognize this hard-won progress and remain committed to further improving our methane intensity, while also acknowledging the road ahead will include the application of new regulations which could lead to increased reported emissions through new reporting categories or changes in reporting methodologies.

We are actively testing new, low-emission solutions for our business that will further support our environmental performance and commitments, and find ourselves well-positioned to comply with these increasing regulatory requirements and evolving social expectations given our extensive, skilled, and well-equipped workforce.

All the while, we also acknowledge our role in socio-economic development, particularly within the communities where we operate. In addition to contributing hundreds of millions of dollars to the economy and supporting nearly eight thousand direct and ancillary jobs, we continued to give back to our communities through our grant program and volunteerism. These accomplishments would not have been possible without the efforts and integrity of our team members, who are committed to identifying local needs while working to provide critical energy in our communities and beyond.

The U.S., along with the rest of the global market, must find creative opportunities to reduce emissions while promoting accessible and reliable energy which is affordable enough for communities and businesses to utilize in a sustained, long-term manner. Within these challenges, we see opportunities which galvanize our ambition and inspire our business model. Our foundational vision for Diversified continues to focus on environmental performance and social responsibility while providing critical and affordable energy solutions. Amid the growing push for a lower-carbon economy, our confidence in our asset stewardship model continues to grow. Our approach is the right strategy, and we are the ***Right Company at the Right Time***.

Robert R. “Rusty” Hutson, Jr.
Chief Executive Officer

2023 Sustainability Highlights at a Glance

Environmental

- Reduced methane intensity by ~33% year-over-year to 0.8 MT CO_2e/MMcfe
  - Conducted ~246,000 voluntary emission detection surveys
  - Maintained ~98% no-leak rate company-wide on surveyed sites
  - Exceeded 75% of 5-year goal for pneumatics conversions
- Actively developed in-house or piloted third-party emission detection, quantification or reduction solutions and deployed accordingly
- Aerially surveyed ~10,000 miles of midstream and ~9,000 facilities
- Retired 404 wells in 2023 with majority managed and completed by Next LVL Energy
- Achieved second year of Gold Standard with the Oil and gas Methane Partnership 2.0 ("OGMP")
- Advanced several biodiversity initiatives within footprint

Social

- Improved annual preventable Motor Vehicle Accident ("MVA") rate 20%
- Increased Good Catch/Near Miss reporting by ~85%
- Contributed >$1 billion to U.S. GDP through employment and other activities
- Expanded Community outreach efforts
  - Awarded 32 university scholarships and hired 18 summer interns
  - Distributed ~$2.1 million through community outreach grants and programs
- Expanded employee programs
  - Facilitated recurring financial and mental health webinars
  - Added new family adoption policy
  - Provided unconscious bias training program for all managers

Governance

- Updated corporate policy statements and added new policies for Tax and Biodiversity
- Published Code of Business Conduct & Ethics for employees
- Completed governance best practice evaluation in preparation for U.S. dual listing and updated accordingly
- Conducted comprehensive Board self-evaluation
- Updated three of four Board Committee charters after thorough evaluation
- Conducted Board training on Task Force for Nature-Related Financial Disclosures ("TNFD")
- Expanded Board's gender diversity to >40% female, with 75% of Board Committee chairs as female
- Appointed female Board member to role of Senior Independent Director
- Achieved ≥98% employee participation in each quarterly cyber training sessions

Please refer to the complete summary recap of the Company's 2023 sustainability objectives and related performance in the **Issues that Matter Most** section below.

Sustainability Approach

A Letter from Our Senior Vice President of Sustainability

Thank you for your interest in Diversified's sustainability journey, which we believe aligns with not only our stewardship business model but also value creation for our stakeholders. I am pleased to share this annual review of the successes and challenges on our 2023 journey, inclusive of updates on key environmental, social and governance objectives.

As our CEO shared in his previous statement herein, of primary importance and consideration to our sustainability efforts is our environmental impact, and specifically our GHG emissions footprint. During 2023, our well tenders and midstream personnel remained focused on progressing voluntary leak detection and repairs and other emission reduction initiatives, while our environmental teams were equally focused on identifying, researching, and field testing a multitude of emission abatement or reduction technology alternatives for consideration in our near- and mid-term emissions reduction roadmap in order to achieve our stated 2040 net zero goal.

These diligent efforts benefited the Company alongside both our longstanding, proven Smarter Asset Management optimization and efficiency improvement actions and the increasingly demonstrable environmental and risk mitigation wins from our multiple remote monitoring Gas Control and Integrated Operating centers.

As we have said before, we are committed to reporting transparently on our performance, even when it falls short of our expectations. For example, our 2023 personal safety performance did not meet our high standards as it relates specifically to Total Recordable Incident Rate ("TRIR") which increased year-over-year as a result an increase in reported incidents. While our OneDEC corporate culture and number one daily priority of 'Safety-No Compromises' remain steadfast, what is changing is our approach of how improvement is best achieved.

Much like we did previously when liquids spill rates were not meeting our expectations, we have already begun dedicating focused time, attention and manpower to this matter to ascertain how best to move forward with making improvement. Having identified accountability as a key contributor to this shortfall, we have begun addressing accountability with both field leadership and staff.

We look forward to sharing more about these actions herein and in future reporting as we work toward delivering on the high expectations we set for ourselves.

During 2023, we also updated our periodic materiality assessment with both internal and external stakeholders, the results of which reflected that employee safety remains a top priority across the stakeholder groups. These results reinforce our desire and drive to promptly and appropriately address all matters related to employee safety, beginning with our work thus far on TRIR.

We remain committed to setting appropriate objectives related to our sustainability journey and reporting transparently on the same. This priority is being recognized in the marketplace as evidenced by our 2022 Sustainability Report receiving the ESG Report of the Year award from ESG Awards 2023 and that same report driving an improved MSCI ESG rating score to Leadership status. Furthermore, the OGMP has awarded our emissions reduction roadmap a Gold Standard Pathway designation for the second consecutive year, signaling the validity of our environmental stewardship model and transparency thereof.

2023 was another successful year in many respects, but we will not stop there as we have much more we want and need to do to bolster our long-term sustainability. We remain focused on environmental stewardship (**PLANET**) as well as meaningful and effective employee and community engagement (**PEOPLE**), delivered with an intentional adherence to a strong foundation of good governance (**PRINCIPLES**).

The best is yet to come!

Teresa B. Odom

Teresa B. Odom
Senior Vice President-Sustainability

"We remain focused on environmental stewardship as well as meaningful and effective employee and community engagement, delivered with an intentional adherence to a strong foundation of good governance."

Our Strategy Supports Sustainability

Our sustainability strategy is centered around prudent risk management, asset integrity, employee safety, environmental protection and emissions reduction. From the wellhead to the boardroom, we are committed to 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 employees and positive engagement with our local communities.

We are committed to addressing key climate and environmental issues for our **PLANET** and likewise relevant social issues for the **PEOPLE** we engage across our operations, and doing so with a constant focus on the values and **PRINCIPLES** under which we were founded and continue to operate.

We believe our efforts to connect the meaningful and differentiated attributes associated with our natural gas will increasingly be recognized by the market as value is progressively placed on highly responsible operators of natural gas assets. We are committed to addressing key climate and environmental issues for our **PLANET** and likewise relevant social issues for the **PEOPLE** we engage across our operations, and doing so with a constant focus on the values and **PRINCIPLES** under which we were founded and continue to operate.

Responsible stewardship and sustainability go hand-in-hand and are at the core of our operations. Instead of expanding through capital-intensive new drilling and development, we are focused on acquiring and operating existing onshore wells and at times associated midstream assets. 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, our local communities and regulators. Our Next LVL Energy subsidiary also provides asset retirement services to fellow operators in Appalachia as well as to the states in the basin who are seeking to permanently retire their orphan wells, which in turn provides third-party revenues that may be used to offset our own internal costs of retirement.

We look forward to sharing further details on our progress and plans to move our company and the industry forward through our pursuit of both responsible production and asset retirement as well as transparent reporting in the following sections of this Report.

Commitment to Leadership and Transparency

Through sustainability leadership and our unique business model, we systematically strengthen our performance and execute on our sustainability plans and commitments. As a company, we work diligently to foster a culture of stewardship and transparency, and a key aspect of our approach is to keep our stakeholders apprised of our progress against our sustainability ambitions.

Our sustainability strategy is embedded in our business strategy, and each of our business functions has a key role to play in advancing the sustainability of our organization. In 2023, Diversified attained several sustainability reporting achievements and awards, tangible evidence of our ongoing commitment to responsible business and transparent reporting practices.

ESG REPORTING AWARDS

Our 2022 Sustainability Report was awarded "**ESG Report of the Year**" from ESG Awards 2023, an international collaboration that recognizes and celebrates outstanding ESG performance through its awards. We were selected as Gold Winner, and our report was chosen by the judges for its ability to clearly demonstrate progress on targets, and more broadly, for the well-developed sustainability content.

The judges said: *"This is an exemplary ESG Report, well written and clearly laid out explaining exactly what progress the business has made to decarbonize its essential operations. The report appeals to both head and heart."*

The detailed, multi-year reporting we reflect in our annual sustainability report allows us to demonstrate progress against stated company targets and goals while simultaneously fostering external accountability. For Diversified, our sustainability reports allow us to showcase how sustainability is woven into the Company's DNA. For many of these same attributes, our 2022 Report was also selected as a top finalist for Best ESG Reporting (small to mid-cap companies) from IR Magazine.

OIL & GAS METHANE PARTNERSHIP RECOGNITION

Diversified has achieved the OGMP 2.0 Gold Standard Pathway for the second consecutive year. The OGMP 2.0 is the only comprehensive measurement-based reporting framework created to report methane emissions accurately and transparently for the oil and gas industry. This award recognizes our commitment to developing aggressive and attainable multi-year plans to measure and reduce methane emissions. Our team worked diligently to close necessary gaps throughout the year and continues to do so. For our operated assets, Diversified has now achieved Level 4 on all but two of OGMP's 10 categories, with only methane slip and leak quantification remaining to be addressed. As we look to close out these remaining two categories for Level 4, we also continue to advance our efforts to achieve Level 5 as per OGMP 2.0 Gold Standard expectations.

MSCI ESG LEADERSHIP STATUS

In 2023, Diversified achieved MSCI leadership status after improving our score to "AA" (on a scale of AAA-CCC) in the MSCI ESG rating assessment.[10] This rating is the fifth consecutive year that our MSCI ESG score has improved, and is largely attributed to continued enhancements to qualitative and quantitative disclosures and the best-in-class policies that drive our daily actions. We are exceptionally proud of the year-over-year progress we have made not only with MSCI but also with other widely recognized and referenced rating agencies whose improving ratings of Diversified are a direct reflection of the continuing robustness and transparency of our sustainability journey disclosures.

Issues that Matter Most: Priorities and Progress

The Assessment Process

1 **IDENTIFY STAKEHOLDERS**

2 **SELECT MATERIAL TOPICS UTILIZING:**

- prior assessments
- stakeholder outreach
- peer benchmarking exercises

3 **DESIGN MATERIALITY ASSESSMENT**

4 **LAUNCH & COMPILE ASSESSMENT SURVEY**

5 **ANALYZE MATERIAL ISSUES AND CREATE STRATEGIES/METRICS**

Stakeholder input highlights prevailing internal and external trends and perceptions which help to direct the focus of our sustainability program on the issues most material to our business. As such, we regularly and proactively engage our stakeholders through various channels and processes to capture their prevailing views on sustainability as it relates to Diversified. This approach has allowed the Company to identify the topics that need the immediate attention of our management and employee teams or the Board's Sustainability & Safety Committee.

Every two to three years, we also complete a broader, more formal assessment to ensure we continue to (i) prioritize issues with the greatest impact, whether through risks or opportunities, on our business, communities and the environment and (ii) allocate our resources where we can provide the most value to our stakeholders. To that end, during 2023 we conducted a new, multi-stakeholder materiality assessment to refresh the environmental, social and governance topics we identified in our previous assessment conducted in 2020.

Through this assessment, we engaged a larger group of both internal and external stakeholders. In addition to our Board members and executives, employees across all of our operations and locations were given the opportunity to provide input. Whereas the prior assessment invited participation for only a subsection of the employee base, the 2023 assessment received a nearly 25% response rate from our approximately 1,600 employees.

Likewise, our external stakeholders included entities across our entire value chain such as equity and debt investors, financial service providers, trade associations, customers, contractors and suppliers. As expected, given the size of our employee base, a larger number of responses came from internal versus external respondents. The assessment was conducted by a third-party, via an anonymous online survey and the results were then compiled for distribution and review by management and the Sustainability & Safety Committee of the Board.

The assessment included a list of 29 relevant topics, which are depicted in the matrix to the right. From that list of all topics, the survey reflected that eight topics of the top ten shared highest materiality among both internal and external stakeholders, including the following:

- Employee Safety
- Accident Prevention
- Driver Safety
- Ethical Behavior
- Cybersecurity
- Access to Funding
- Legal Compliance
- Incident Management

Employee Safety continues to be a top priority for all stakeholders, and together with Driver Safety and Accident Prevention, these topics represent key material issues which are an ongoing and growing focus of the Company's 'Safety-No Compromises' operational initiatives. Simultaneously, reflective of changes in the sustainability landscape and in line with the progress we have achieved in the past couple of years, we note the following material changes in priority in certain of these 29 topics.

First, among all stakeholders, Cybersecurity and related data protection protocols was one of the single largest upward movers and is now a top five priority for our employees and a top ten priority for external stakeholders. Also, safe and efficient Asset Retirement fell out of top five relevance for both internal and external stakeholders, though remains a top ten priority for external stakeholders.

For external stakeholders, Emissions Reductions also fell in relevance, settling among their top 20 material topics. Notably, as our company now has well-established asset retirement capabilities and continues to make strides in emission reductions, our external stakeholders are perhaps turning their focus to other environmental topics such as Environmental Protection and Incident Management, and to governance topics such as Access to Funding and Ethical Behavior.

Likewise, our internal stakeholder responses identify both Environmental Protection and Incident Management as key environmental areas of focus for the Company. Additionally, local Community Engagement gained position as a relevant social issue among employees, and one that the Company is dedicated to addressing through its Community Giving and Engagement Program and volunteer efforts.

Importantly, all of these issues should not be viewed in isolation as they are increasingly interconnected and can often impact each other, which is why we identify these 29 issues within eight key clusters across the environmental, social and governance spectrum. It is also why we aim to incorporate these material issues in our Enterprise Risk Management ("ERM") process and consider them in our objectives and targets as we seek to advance the health of our planet and drive societal progress through our sustainability initiatives.

Cluster	Commitment / Areas of Focus	2023 Objectives & Performance	2024 Objectives[a]
HEALTH AND SAFETY	We seek to create a zero-harm working environment for employees and other stakeholders that encounter our operations. — Accident Prevention — Employee Safety — Driver Safety — Process Safety	— Seek further improvement in 3-year average TRIR and MVA ▶ Improved year-over-year and 3-year average MVA of 0.55 and 0.65, respectively (2022: 0.69 and 3-year average: 0.82) ▶ Improved 3-year average TRIR (1.19 vs. 2022: 1.21) though falling short of objective to improve year-over-year (1.28 vs. 2022: 0.73) — Implement safety culture baseline survey with 85% or better participation ▶ Completed safety culture survey with 88% participation rate — Seek 10% improvement in 12-month average Good Catch/Near Miss reporting rate with active participation across all districts ▶ Increased reporting ~85% year-over-year with active participation across all districts — Complete risk review of acquisition-expanded contractor base ▶ Reviewed ~65% of product and service provider database, ensuring current master service agreement and 2023-expanded compliance requirements met **OTHER 2023 ACCOMPLISHMENTS:** — Incurred 16 process safety audits, with zero non-compliance issues documented — Provided 36,586 hours of field and personal safety training to operations personnel (2022: 34,657 hours)	— Improve 3-year average safety performance for personal safety (TRIR and Lost Time Incident Rate ("LTIR")) and driver safety (MVA) — Create and empower new Safety Strategy Committee to address safety culture survey findings, including to identify and advance specific areas for improvement and accountability — Establish foreman- and manager-level performance objectives to foster a broader culture of Good Catch/Near Miss reporting and related safety improvement — Review job hazard analyses, affirm high potential work tasks, and evolve personal accountability standards — Evolve safety training delivery to a smaller group engagement model — Advance contractor risk review and conduct employee training on contractor scoring and selection within Veriforce system
CLIMATE CHANGE	We recognize 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 Reductions — Energy Consumption — Position on Climate	— Target 8% decrease in Scope 1 methane intensity ▶ Reduced Scope 1 methane intensity ~33% to 0.8 MT CO_2e/MMcfe year-over-year — Install air compression on 50 well pads by year end to replace natural gas-driven pneumatic devices ▶ Replaced natural-gas driven pneumatics at 58 well pads — Conduct handheld emission survey on 100% of Central Region's wells by December 31, 2023 ▶ Completed emissions surveys on 100% of Central Region wells by year end — Convert large West Virginia combustion engine compression facility to electric compressors to achieve operational status by year end ▶ Completed Diversified portion of West Virginia compressor conversion by year end and operationalized in 1Q2024 after awaiting vendor-delayed purchase power access — Continue OGMP 2.0 measurement efforts, working toward Gold Standard Compliance by July 2024 ▶ Awarded OGMP 2.0 Gold Standard Pathway for second consecutive year; advanced to Level 4 on 8 out of 10 categories after appropriately addressing reciprocating compressor rod packing — Apply shadow carbon price in acquisition and other capital allocation decisions and present findings to the Board for informed decision-making ▶ Utilized carbon pricing in strategic decisions to pursue or pass on potential acquisitions — Conduct heat recovery pilot project ▶ Deferred waste heat recovery pilot project due to capital allocation alternatives **OTHER 2023 ACCOMPLISHMENTS:** — Completed ~246,000 total LDAR surveys of company sites, confirming ~98% no-leak rate	— Target methane intensity target of 0.76 MT CO_2e/MMcfe — Ascertain impact of new emissions regulations on methane intensity reduction initiatives and targets and use to determine changes, if any, to methane intensity targets and/or net zero goal — Establish Pneumatics Task Force to provide strategy and effectuate plan to abate emissions from company-wide natural gas powered pneumatic controllers and pumps — Evolve frequency of leak surveys on upstream assets to align with production contributions and revised EPA regulations to maintain >95% no-leak rate — Redeploy continuous monitoring devices to higher production volume well pads to obtain OGMP Level 5 data — Advance OGMP efforts to attain Gold Standard Compliance in selected operated production areas — Perform LDAR for midstream facilities not currently covered — Explore opportunities for alternative wellbore uses

Cluster	Commitment / Areas of Focus	2023 Objectives & Performance	2024 Objectives[a]
ENVIRONMENTAL MANAGEMENT **RESOURCE MANAGEMENT**	Strict environmental and resource stewardship is central to Diversified's operating practices and corporate objectives. — Incident Response — Environmental Protection — Asset Retirement — Water Management	— Build and maintain emissions intelligence through the Iconic Air platform ▶ Collaborated with Iconic Air to enhance platform functionality and specifically leak tracking capabilities to further improve compliance reporting — Create and empower Spill Prevention focus group to develop and effectuate plan to reduce spill incidences ▶ Spill Prevention focus group identified and driving reduction in reportable spill volumes by 54% during the year — Conduct lookback on year 1 of Bridger Photonics' ("Bridger") aerial surveillance program, amend forward processes accordingly and execute year 2 of program to continue surveys of Appalachia midstream assets ▶ Utilized year 1 lookback analysis to convert aerial program to fly unique pipelines vs. contiguous routes and surveyed ~10,000 miles and ~9,000 facilities during the year **OTHER 2023 ACCOMPLISHMENTS:** — Retired 222 Diversified wells in Appalachia and Central (2022: 214 wells) and further retired 182 third-party wells, including 148 for state and federal orphan well programs — Continued to develop our water management systems to better standardize and optimize logistics and reduce our impact on the water table and local roadways	— Continue to advance Iconic Air platform to track regulated LDAR, emissions intelligence and MACC — Continue to evolve Spill Prevention focus group to further spill reductions in volume and frequency — Execute third year of Bridger aerial emission detection program in Appalachia with potential expansion to Central Region — Retire at least 200 Diversified wells — Continue to pursue third-party asset retirement work to assist other operators and state & federal orphan well programs — Implement digital ticket water management solution to gain operational insights
SOCIO-ECONOMIC VALUE CREATION **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. — Access to Funding — Tax Payments to Governments — Community Engagement — Landowner Engagement — Grievance Mechanisms — Ethical Behavior — Whistle-blower Program — Diversity & Equal Opportunity — Employee Development — Human Rights — Working Interest Partners — Industry Advocacy — Procurement Management — ESG Management — Risk Management — Legal Compliance — Cybersecurity	— Contribute $2 million to community and stakeholder giving and engagement through Community Giving and Engagement Program, with at least 25% targeting programs in diverse and/or socio-economically disadvantaged populations ▶ Distributed ~$2.1 million in funds through formal giving program, biodiversity initiatives and other outreach efforts — Expand summer internship and scholarship programs for university students ▶ Expanded summer internship program to 18 interns (2022: 9 interns) ▶ Expanded scholarship program, funding 32 scholarships for university students — Launch new, diverse PDP and Leadership Development program classes ▶ Completed new Leadership Development program for 40 employees across multiple company disciplines and geographies ▶ Deferred new PDP program in deference to other development initiatives — Expand Training staff to oversee development of trackable computer-based training curriculum for all employees ▶ Delayed training staff expansion in lieu of other initiatives — Develop structured program to track corporate-wide training hours ▶ Currently utilizing existing programs until preferred suitable alternative is decided — Expand company-wide online compliance training to include ethics and diversity topics ▶ Initiated unconscious bias training for 350+ managers & supervisors; additional online compliance training to follow in 2024 — Seek 100% contractor participation in ESG survey via Veriforce contractor platform ▶ Expanded ESG survey participation though not to 100%; will continue in 2024 **OTHER 2023 ACCOMPLISHMENTS:** — Updated corporate Materiality Assessment with internal and external stakeholders — Tied corporate financing opportunities to ESG strategy with sustainability-linked funding — Expanded company social programs to include new adoption benefit — Conducted Board-level education on nature-related financial disclosures and governance trends and best-practices — Utilized Integrated Operation Centers ("IOC") and Gas Control Centers to improve data consistency, communications and response initiatives	— Identify participants and launch new classes of leadership development programs, including new LinkedIn Learning program — Utilize LinkedIn Learning program to facilitate diversity and belonging compliance training — Launch Employee Recognition and Reward Program to encourage performance, create a culture of appreciation and celebrate contribution — Continue summer internship program, including expanded Bridge Valley Earn and Learn program — Contribute ~$2 million on community, education, and stakeholder giving and engagement through Community Giving and Engagement Program, with at least 25% targeting programs located in diverse and/or socio-economically disadvantaged geographic regions

(a) Refer to 2023 Annual Report for more information on Executive Management's short- and long-term incentive compensation plans for 2024.

Protecting our Environment

Our Differentiated Stewardship Model

To align our environmental efforts with our acquisition-centered strategy, we have established an employee-driven, data-focused sustainability program which integrates sustainability considerations and actions throughout our assets' life cycles. Diversified's sustainability initiatives are core to operational strategy and effective operations across our upstream, midstream and retirement operations. The progress we make is tied to the targets we have set to improve the emissions and environmental profile of our entire business and largely facilitated through our Smarter Asset Management ("SAM") program.

Smarter Asset Management

Diversified's SAM program is the heart of our operational priorities and the very essence of the global consideration to meet expanding energy demands with lower carbon energies. For Diversified, that means improved production, reduction in fugitive emissions, and lower per-unit operating costs. The program facilitates our work to improve assets from purchase to retirement, with the goal of optimizing performance across our footprint.

As part of the SAM program, our team conducts frequent well site and compression facility visits to monitor assets and equipment, including engaging in fugitive emissions detection and subsequent repairs as needed. In 2023, these visits included leak inspections on greater than 99.9% of producing well sites. Through efforts to digitalize an increased percentage of our operations, we have improved monitoring across our operations, and specifically in the Central Region.

In keeping with our commitment to transparency, we regularly provide periodic updates on our emission reduction efforts. We achieve this through quarterly updates to the marketplace via press releases, industry and financial conference presentations, website updates and direct stakeholder interactions. Additional information about our SAM emissions detection program and associated efforts can be found throughout this Report and at div.energy.

Stewardship through the Asset Life Cycle

With a unique business model that reflects growth through acquisitions and an operating strategy that embodies stewardship of our natural resources and the environment, we understand the importance of a full, life-cycle focus on the assets we manage. This focus begins prior to acquisition with informed due diligence of an asset's environmental and carbon footprint and includes an understanding of how our SAM initiatives will deliver both operational and environmental improvements. We believe that Diversified plays a key role as a consolidator of existing energy infrastructure, and our methane intensity improvements this year clearly demonstrate that it is possible to simultaneously support both energy security and climate security for our nation. Further, we welcome the opportunity to be the last operator of the assets we manage and seek to permanently retire the assets at end of productive life.

ACQUISITION SCREENING

As our growth strategy is centered around the acquisition of upstream and midstream assets, our multi-departmental team conducts a thorough investment due diligence process that screens various qualitative and quantitative factors to ensure that the acquisition target complements our existing portfolio of assets. In addition to a standard M&A screening process for any and all acquisition targets, Diversified conducts climate and environmental diligence that reviews an asset's environmental and cost impact and includes the application of a methane emissions intensity screening analysis, an inventory of natural gas-driven devices, and the application of SAM opportunities where and when feasible.

LEVERAGING EXISTING ASSETS

It remains a priority for our teams to understand the opportunities that exist to reduce each asset's environmental footprint after purchase. We set targets to improve the emissions of our existing assets and use these targets and established strategies to continually improve the emissions profile and environmental impact of the assets we operate. These efforts include leak detection and monitoring with a wide range of deployed - and often times leading edge - technologies, emissions repairs and reductions, and the application of an environmental, health and safety ("EHS") management system.

SAFE AND SYSTEMATIC ASSET RETIREMENT

Diversified recognizes the importance of responsibly managing the assets we purchase then ultimately retiring these assets safely and permanently at the end of their useful lives. Our wholly-owned subsidiary, Next LVL Energy, has 17 service rigs, and this in-house effort allows us to be strategic and innovative in our application of retirement capabilities, for retiring both our own assets as well as the states' orphaned and abandoned wells or our fellow operators' end of life assets.

Managing Our Footprint

Diversified's commitment to good environmental stewardship is focused on our responsible management of the natural resources located within the communities we serve, the efficient use of water, the reduction of waste, and the protection of biodiversity. We partner these efforts with our sustainability programs which focus on serving today's needs of those communities and neighbors while protecting and enhancing our ability to continue serving future generations and all those who rely upon responsibly-produced natural gas for their energy needs.

Our efforts to manage our environmental footprint start with Diversified employees, who leverage their expertise alongside innovative and proven solutions to help reduce potential negative impacts that may result from our operations. We are committed to responsibly operating our assets while remaining focused on meeting or exceeding regulatory requirements.

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**
- **Protecting biodiversity**

Emissions

Company-Wide Emissions Goals

Diversified continues to incorporate tested and proven emissions reduction efforts across our business, which has allowed for continued progress toward our primary environmental targets and our multi-year, net-zero ambition. We previously set two company-wide emissions targets, assuming a 2020 baseline, and a net-zero goal that are aligned with the 11-action principles denoted in our Climate Policy and evidenced largely by our year-over-year emissions reductions across the portfolio as discussed below.

TARGET Reduce Scope 1 methane emissions intensity by **30%** by 2026

TARGET Reduce Scope 1 methane emissions intensity by **50%** by 2030

GOAL **Achieve Scope 1 and 2 net zero absolute GHG emissions by 2040**

Since our inaugural 2019 Sustainability Report, we have acknowledged the ongoing challenge facing the energy industry to meet the world's growing energy demands with affordable and reliable energy while addressing the need to reduce carbon emissions. We are proud to say that we are meeting that challenge, in part, as evidenced by the significant reductions in our Scope 1 absolute methane emissions and associated methane intensity. Cumulatively, and inclusive of significant growth through acquisitions in the Central Region since establishing our 2020 baseline, our methane intensity has declined to 0.8 MT CO_2e/MMcfe as compared to our baseline of 1.6 MT CO_2e/MMcfe, achieving seven years early our target of a 50% reduction by 2030.

CUMULATIVE IMPACT OF METHANE REDUCTIONS*

~55 thousand
homes' annual energy use (CO_2e emissions)

~120
wind turbines running for one year (avoided GHG emissions)

>517 thousand
acres of U.S. forests in a year (carbon sequestered)

***Cumulative Impact assumes emission reductions for Appalachia since 2020 baseline and for the Central Region since respective dates of acquisition.**

Methane Emissions

When we set our emission reduction targets in 2021, we did so with the intent to focus first on reducing methane emissions given their dominant near-term role in trapping heat in the atmosphere as compared to carbon dioxide. Principally, we laid out near-term plans to eliminate fugitive methane emissions via increased voluntary leak detection and repair ("LDAR") in tandem with early-stage work to replace natural gas-driven pneumatic devices across our assets, and the results of these focused efforts are reflected in the significant year-over-year improvements in both our absolute methane emissions and methane intensity.

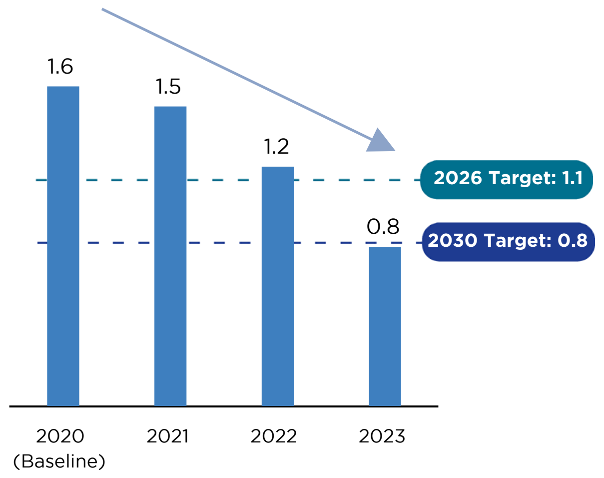
Absolute Scope 1 methane emissions declined 39% to 420 thousand MT CO_2e as compared to 686 thousand MT CO_2e in 2022. These reductions were driven by the ongoing completion of voluntary handheld emission surveys in Appalachia and even more so attributable to the achievement of our 2023 goal to conduct leak surveys across 100% of our Central Region assets, both of which drove our leak repair efforts, afforded the documentation of actual leaks when present, and eliminated the use of default factors based on generic equipment counts in computing reportable emissions. As a result, absolute methane emissions attributable to fugitives declined more than 170 thousand MT CO_2e across the portfolio, or some 55%, over the prior year.

We also focused our efforts on converting natural gas-driven pneumatics to electric or compressed air coupled with ongoing work to refine our pneumatics inventory in equipment count, types and function. The result of these actions was a 70% reduction in absolute methane emissions for pneumatic devices and pumps, attributable to both actual reductions from conversions and refinements in engineering-based calculation methodology, where these methodological improvements (verified by field observations) represent changes to the variables in the Intergovernmental Panel on Climate Changes ("IPCC")-permitted engineering calculations based on the volumes, pressures and usage rates of the pneumatic devices.

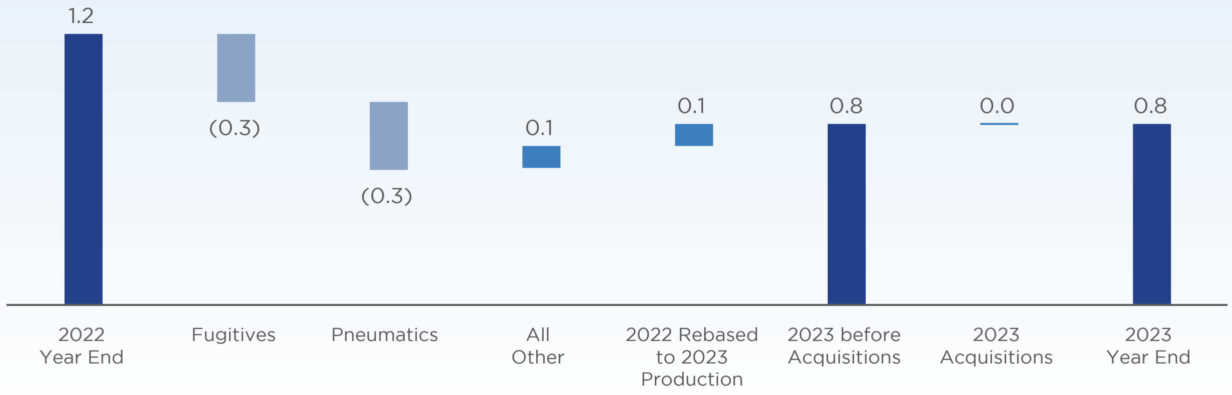
In just two years, we have now achieved approximately 75% of our five-year goal for pneumatic conversions. As we look to 2024, we plan to stand up a Pneumatics Task Force to develop a near-term strategy and solutions roadmap for the elimination or conversion of our natural gas-driven pneumatics inventory across the portfolio.

Together, these methane-focused activities contributed to a 2023 year-end Scope 1 methane intensity of 0.8 MT CO_2e /MMcfe, a year-over-year decline of approximately 33% and a cumulative decline to our 2020 baseline of 50%. At year-end 2023, methane emissions now represent approximately 27% of our total Scope 1 emissions, reduced from 38% at year-end 2022. These results are a direct reflection of the tremendous commitment and focus of our teams to execute our stewardship strategy and drive tangible improvements in this area.

SCOPE 1 METHANE INTENSITY
(MT CO_2e per MMcfe)



SCOPE 1 METHANE INTENSITY
(MT CO_2e per MMcfe)



Carbon Emissions

Carbon emissions now account for 73% of our year-end 2023 total Scope 1 emissions portfolio, an increase from the prior year's 62% of Scope 1 emissions in 2022, not surprising given our near-term focus on and success in reducing methane emissions. Year-over-year, absolute Scope 1 CO_2 emissions increased approximately 12 thousand MT CO_2 to 1,142 thousand MT CO_2. A majority of Diversified's CO_2 emissions are generally attributable to compressor engines and vehicle fuel. For 2023, this marginal increase in carbon emissions was most attributable to an increase in liquid fuel emissions as a function of increased produced water hauling associated with a Central Region acquisition during the year in addition to refined calculation methodologies.

While carbon is not a primary focus of Diversified's stated near-term emission reduction efforts, we do make every effort through our ongoing operational SAM initiatives to eliminate or right-size compression and reduce company-wide horsepower where feasible which can contribute to a reduction in our carbon emissions footprint. For 2023, these compression optimization efforts on existing assets offset the increase in compression and related carbon emissions attributable to the acquisition during the period.

Total GHG Emissions

Nitrous oxide ("N_2O") remains an immaterial component of our overall GHG emissions, totaling a little more than one thousand MT CO_2e in 2023. Further, our Scope 2 GHG emissions remained largely unchanged year-over-year at 58 thousand MT CO_2e. As such, the primary drivers of the net reduction in total absolute Scope 1 and Scope 2 GHG emissions were the aforementioned significant methane emission reductions in fugitives and pneumatics, as reflected in the 14% decline from 1,879 thousand MT CO_2e in 2022 to 1,622 thousand MT CO_2e in 2023. With this reduction, our overall Scope 1 and Scope 2 GHG emissions intensity declined 9% from 3.4 MT CO_2e/MMcfe in 2022 to 3.1 MT CO_2e/MMcfe at year-end 2023.

IMPACT OF ACQUISITIONS

Excluding the impact of acquisitions, our total Scope 1 and Scope 2 GHG emissions would have declined 279 thousand MT CO_2e, or 15% on a year-over-year basis. However, with a business model driven by acquisitive growth, we recognize that any acquisition will contribute to increased absolute emissions. Such was the case this year when in March 2023 we completed the acquisition of certain Central Region assets, adding 22 thousand MT CO_2e Scope 1 and Scope 2 GHG emissions to our inventory. As with any acquisition, our operating plans for these acquired assets include direct actions and solutions aimed at reducing both absolute emissions and related intensities.

Importantly, and consistent with past reporting and the requirements set by U.S. Environmental Protection Agency ("EPA") emissions reporting regulations, we report emission from acquisitions for the entire calendar year. The emissions are reported 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.

PURSUING RESPONSIBLE GROWTH WHILE DECARBONIZING

Since 2020, we have achieved a

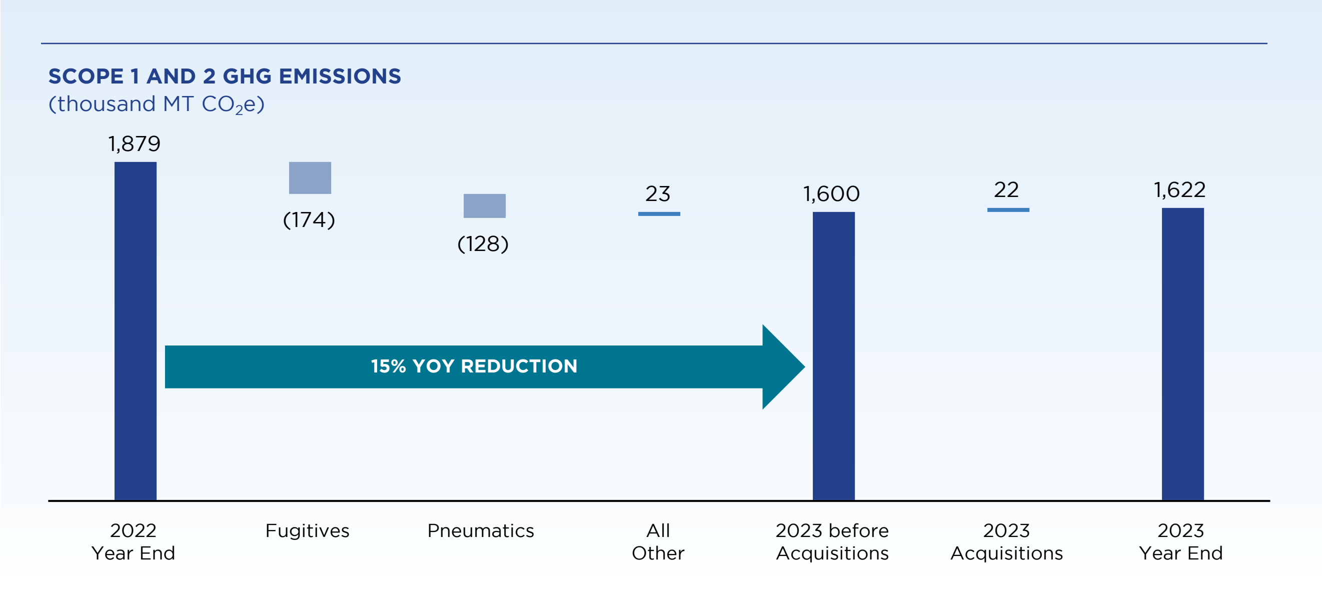
37% increase

in net daily production

while recognizing a

50% reduction

in Scope 1 methane intensity.



SCOPE 3

Given the broad uses and consumption of natural gas and oil across our industry's vast value chain, we recognize that indirect value chain emissions (largely Scope 3) are inherently higher than Scope 1 direct emissions. We are continuing to monitor U.S. and other global regulations currently requiring or planning to require Scope 3 emissions disclosures. Without a consensus or standardization of Scope 3 emissions measurement and a widely identified lack of comparability among companies for such disclosures, Diversified's priority in the near-term remains on emissions reduction efforts around Scope 1 and 2 emissions and reporting of the same.

Emissions Reporting: IPCC vs EPA

As we have done consistently in our annual sustainability reporting process, and in alignment with our initial public equity listing on the London Stock Exchange, we have utilized the IPCC reporting format for our reported emissions. As we explained in our inaugural 2019 Sustainability Report and supported by more recent research across the industry, EPA reported emissions utilize outdated or inaccurate default factors and calculation methodologies for certain emissions components regardless of the availability of direct measurement or best engineering estimates.

While we know that our approach under the IPCC reporting structure provides a more accurate representation of our emissions, our EPA reported data on emissions is also publicly available through the EPA's Facility Level Information on Greenhouse Gases Tool (FLIGHT). This data does not differ significantly from our IPCC-based estimates, except in the case of pneumatic controllers and pumps, where the EPA uses different factors of standard cubic foot per hour per component as compared to our use of an engineering calculation that is based on the physical dimensions, operating pressures, and seepage rates for each pneumatic device combined with process knowledge that includes best estimates of actuation frequency. The difference between these two GHG accounting methods may be resolved when EPA finalizes the updated 40 CFR part 98, Subpart W ("Subpart W") Greenhouse Gas Reporting Rules, which is expected to occur (as of the date of this Report) by August 2024.

GHG Emissions[a]	Unit	2023	2022	2021
Scope 1 Emissions[b]	**thousand MT CO_2e**	**1,563**	**1,820**	**1,631**
Carbon Dioxide	thousand MT CO_2	1,142	1,130	841
Methane[c]	thousand MT CO_2e	420	686	790
Nitrous Oxide	thousand MT CO_2e	1	4	1
% Methane[c]	%	27	38	48
Scope 1 Methane Intensity	**thousand MT CO_2e**	**0.8**	**1.2**	**1.5**
Scope 1 Methane Intensity – NGSI[d]	**%**	**0.11**	**0.21**	**0.28**
Scope 1 Emissions Attributable to:[b][e]	**thousand MT CO_2e**	**1,563**	**1,820**	**1,631**
Flared Hydrocarbons	thousand MT CO_2e	0	0	0
Other Combustion	thousand MT CO_2e	1,181	1,173	870
Process Emissions	thousand MT CO_2e	92	67	65
Other Vented Emissions	thousand MT CO_2e	63	182	295
Fugitive Emissions	thousand MT CO_2e	228	399	402
Scope 2 Emissions[b][c]	**thousand MT CO_2e**	**58**	**59**	**3**
Total Scope 1 and Scope 2[c]	**thousand MT CO_2e**	**1,622**	**1,879**	**1,634**
Scope 1 and Scope 2 GHG Intensity	**thousand MT CO_2e**	**3.1**	**3.4**	**3.1**

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) 2023 emissions are reflective of third-party assurance as of March 28, 2024 (see assurance letter in the Appendix herein). Due to the timing of the finalized assurance, Scope 1 and 2 emissions reported herein may vary slightly by category as compared to that presented in our 2023 Annual Report, though combined Scope 1 and 2 emissions remain unchanged.

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

(d) Using the Natural Gas Sustainability Initiative (NGSI) protocol, and to support direct comparability among the industry's producers, represents methane intensity using methane emissions from production assets only (therefore, excluding gathering & boosting facilities) divided by gross natural gas production.

(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.

Below is a brief explanation of differences in our IPCC-reported emissions, in line with IPCC's Fifth Assessment Report (AR5) and OGMP 2.0 versus EPA reporting requirements for our 2023 emissions as of the publication date of this Sustainability Report:

CATEGORY OF EMISSIONS	IPCC AR5 / OGMP 2.0	EPA
Pneumatic Controllers	Detailed engineering calculation based on measurement	Standard EPA factors
Low Throughput Dehydrators	Process simulation software based on actual throughput and oil and gas composition	Standard EPA factors
Global Warming Potential (for conversion of MT methane to MT CO_2e)	28	25

Emissions Review & Assurance

We engage in a three-step process aimed at verifying the accuracy and completeness of our annual emissions prior to reporting under the EPA's GHG Protocol. First, under the leadership of our Senior Vice President of EHS, our internal emissions and air quality teams engage in significant quality control and assurance over each contributing component to our emissions. When this internal review is complete, the data is handed off to independent third-party, Montrose Environmental Group Inc. ("Montrose") to review our GHG input data and calculations and attest to its compliance with industry practice and standards. Following Montrose's review, we engage ISOS Group, Inc., an independent third-party assurance group, to assess our Scope 1 and 2 GHG emissions data, calculations and related metrics. For its review, ISOS provides a moderate Level 2 assurance in accordance with the AccountAbility 1000 Assurance Standard (v3) on the accuracy and completeness of our reported emissions.

Regulatory Considerations

While we are well-pleased with this significant reduction in methane intensity, we recognize that future real reduction efforts may be offset by potential increases stemming from both recent and forthcoming changes in regulatory reporting requirements. However, we remain committed to tackling those challenges with continued financial investment and focused execution to drive further tangible results.

ENACTED REGULATION

The EPA recently promulgated two air regulations - New Source Performance Standard OOOOb and Emission Guidelines OOOOc - that are expected to have a significant impact on our methane emission targets and net zero GHG goal. Of the multiple emission source categories covered under OOOOb and OOOOc, fugitive leaks, natural gas-driven process controllers, and natural gas-driven pumps are expected to be the most impactful to Diversified's asset base.

The reported intent of the rules is to decrease the fugitive leak methane emissions significantly by requiring more frequent OGI camera surveys, which we are well-positioned to accommodate through our existing OGI survey programs. Further, the rules will nearly eliminate methane emissions from pneumatic devices, where we expect to use a combination of device decommissioning, technology upgrades (e.g. smart controllers, process changes) and conversions to compressed air or electrical to achieve this requirement, as informed by our Pneumatics Task Force. We also intend to continue exploring emerging technologies as public and private investment flows into this space. The other covered emission source categories will necessitate further methane emission reductions.

In March 2024, the U.S. Securities and Exchange Commission ("SEC") passed its final Climate Disclosure Rule. The newly adopted SEC rule's required disclosures draw heavily on the TCFD's recommendations with additional nuances related to disclosing specific impacts on the Company's strategy and financial results. Diversified has produced detailed TCFD-style climate reporting as well as Scope 1 and 2 emissions disclosures as part of our Sustainability Report, Annual Report, and/or standalone Climate Risk and Resilience Report for several years. Given the work Diversified has already undertaken to evaluate and disclose the Company's climate-related risks, opportunities, transition plan, and scoped emissions, we are well-positioned to comply with the new SEC rule. We will continue working internally to prepare appropriate information, remaining focused on our most material risks and opportunities.

FORTHCOMING REGULATIONS

In August 2023, the EPA proposed updates to the existing Subpart W rule in response to a directive from the Inflation Reduction Act of 2022 to finalize revisions to the GHG reporting requirements for petroleum and natural gas systems in order to obtain empirical emissions data for use in determining a new methane Waste Emissions Charge (also referred to as the "methane fee"), as directed under a separate provision of the same legislation. The proposed changes to Subpart W incorporate several new emission sources types and significantly change the calculation and measurement methodologies for several existing emission source types already reported under the rule. The quantum of impact from this proposed regulation is not yet known until the final ruling, expected no later than August 2024 and for which Diversified and the energy industry remain actively engaged in the rule development. Similar to our approach to the new SEC rule, as we evaluate updates to Subpart W, we will review internal systems and resources to ensure any new disclosures are accurate, complete and useful to interested stakeholders.

Our work to identify, measure and manage our emissions is characterized by Diversified's:

- Consistent, prioritized financial investments in emissions reduction initiatives supporting environmental stewardship and sustainability objectives;
- Information systems and data driving planning, progress and response, including integrated and automated monitoring systems providing 24/7 support;
- Committed employees and programs utilizing state-of-the-art technologies, including accurate detection and measurement capabilities;
- Full service, responsible well retirement capabilities serving Diversified and third parties in our Appalachia operating areas; and
- Industry collaboration and regulatory partnerships advancing both company and industry goals.

Please find more about these initiatives in the following sections of this Report and on our website at div.energy.

2023 Emission Reduction Initiatives

Our emissions reduction efforts align with our stated operational focus on Safety, Production, Efficiency, and Enjoyment. We know that safe and efficient operations can translate to emissions reduction through increased capture and sales of natural gas. Thus, we continue to make prudent investments in emissions reduction initiatives and programs that reduce our current emissions footprint and help prioritize future reduction actions.

Building on the investments and capital commitments we made in 2022 to drive down emissions, we invested approximately $7 million in 2023 primarily in additional upstream and midstream fugitive emission leak detection and repair, natural gas-driven pneumatic replacements, and compression conversion and elimination.

Our 2023 emission reduction program also included piloting new, third-party emission identification and quantification opportunities and developing in-house alternatives for certain natural gas-driven equipment. During the year, we were an active participant in a National Petroleum Council (an oil and gas advisory committee to the U.S. Secretary of Energy) team conducting emission reduction workshops for smaller operators. In these four U.S. workshops, we shared our successful approach to methane emission reduction. Beyond these workshops, we have actively assisted other operators over the last two years in achieving success in emission detection and reduction by presenting at several technical conferences for operators, industry, and state environmental regulators. This outreach to help others is another example of our leadership and commitment to emission detection and reduction.

INDUSTRY INNOVATION AWARD

In 2023, Diversified received the 2022 Virginia Energy Industry Innovation Award given by the Virginia Department of Energy as part of the Virginia Energy Gas and Oil Industry Awards program. The award showcases our outstanding efforts in the utilization of multiple handheld and other advanced technologies for emission detection and recognizes our commitment to leadership in emissions reduction.

CASE STUDY

Leak Quantification

In 2023, we piloted Xplorobot, a technology that renders a 3-D digital model (digital twin) of an inspected asset and provides a direct measurement quantification, if present, of the asset's methane emissions. With its direct measurement capabilities, this technology is preferred to sniffer or laser-based technology that simply detects the presence of methane emissions without actual quantification and is also preferred to satellite technology which does not currently have the ability, with any certainty, to quantify leaks.

Extensive field testing of this technology at several field sites has yielded promising results, including preferable results even as compared to the use of OGI cameras due to higher sensitivity and lower detection limits and a demonstrated 90% confidence detection rate. With that in mind, Diversified plans to advance further use of the technology. We have also separately hosted the West Virginia Department of Environmental Protection and the Pennsylvania Department of Environmental Protection for a demonstration of this equipment on a Diversified compressor station for their consideration in allowing Xplorobot to be used in place of camera-based OGI. We are continuing to test this technology in 2024 before deciding on how best to apply it in our operations.

Beyond the lower cost and preferential capabilities of this technology as compared to OGI cameras and satellites, an added benefit of Xplorobot is that, when adopted, any detected emissions can then be aggregated at a plant, field or regional level and daily alerts can be set up based on operations management preferences and/or regulatory requirements, thus helping to prioritize human and financial capital for repairs. Further, the technology can streamline and automate regulatory reporting of emissions at year end.

INVESTING IN ADVANCED AND ALTERNATIVE TECHNOLOGIES

Whether continuing or expanding prior year initiatives, or testing new or alternative technologies, our teams are focused on engaging in activities and projects that best position Diversified to meet its near- and long-term emissions targets while continuing to provide safe, reliable and affordable lower-carbon energy to our customers.

Methane Detection, Measurement and Repair

LEAK DETECTION AND REPAIR - UPSTREAM

Largely voluntary and proactive, our LDAR initiatives are the largest contributor to realized emissions reductions. Diversified's growing suite of handheld technologies supports our zero-tolerance approach to emissions and enables our field employees to make informed decisions regarding asset optimization and repair.

Using multiple handheld technology alternatives, including Remote Monitoring and Leak Detection ("RMLD") devices, OGI cameras and the Teledyne FLIR GT-44, our Central Region well tenders surveyed ~7,400 wells across their three-state operating area during the year. Importantly, the portfolio of the Central assets includes a higher volume of potential leaking components as compared to Appalachia, partially attributable to a larger proportion of Central Region assets located on multi-well pads versus single well pads more common in Appalachia.

Unsurprisingly, when using actual leak detections as compared to the prior use of generic equipment-based EPA factors, we recorded a 79% decrease in year-over-year emissions in the Central Region. Even while increasing our portfolio of assets by more than 7,400 wells since 2021 through Central Region acquisitions, our upstream LDAR initiatives have reduced fugitive emissions some 55% since 2021 collectively across our nine-state operating footprint.

LEAK DETECTION AND REPAIR - MIDSTREAM

We completed the second year of our three-year collaboration with Bridger to aerially survey our midstream systems in Appalachia using advanced light detection and ranging ("LiDAR") technology. These surveys continue to provide industry-leading fugitive emissions detections, allowing Diversified to maintain a high confidence in location accuracy for well tender verification. That confidence, coupled with reliable data, allow the Company to continue to prioritize investments and implementation of effective and economic remediation strategies. Since inception of this program, Bridger has now surveyed over ~20,000 facilities and ~20,000 miles of our gathering system, including surveying certain portions of the system more than once due in part to the flooding that occurred across a portion of our Appalachia footprint in August 2022.

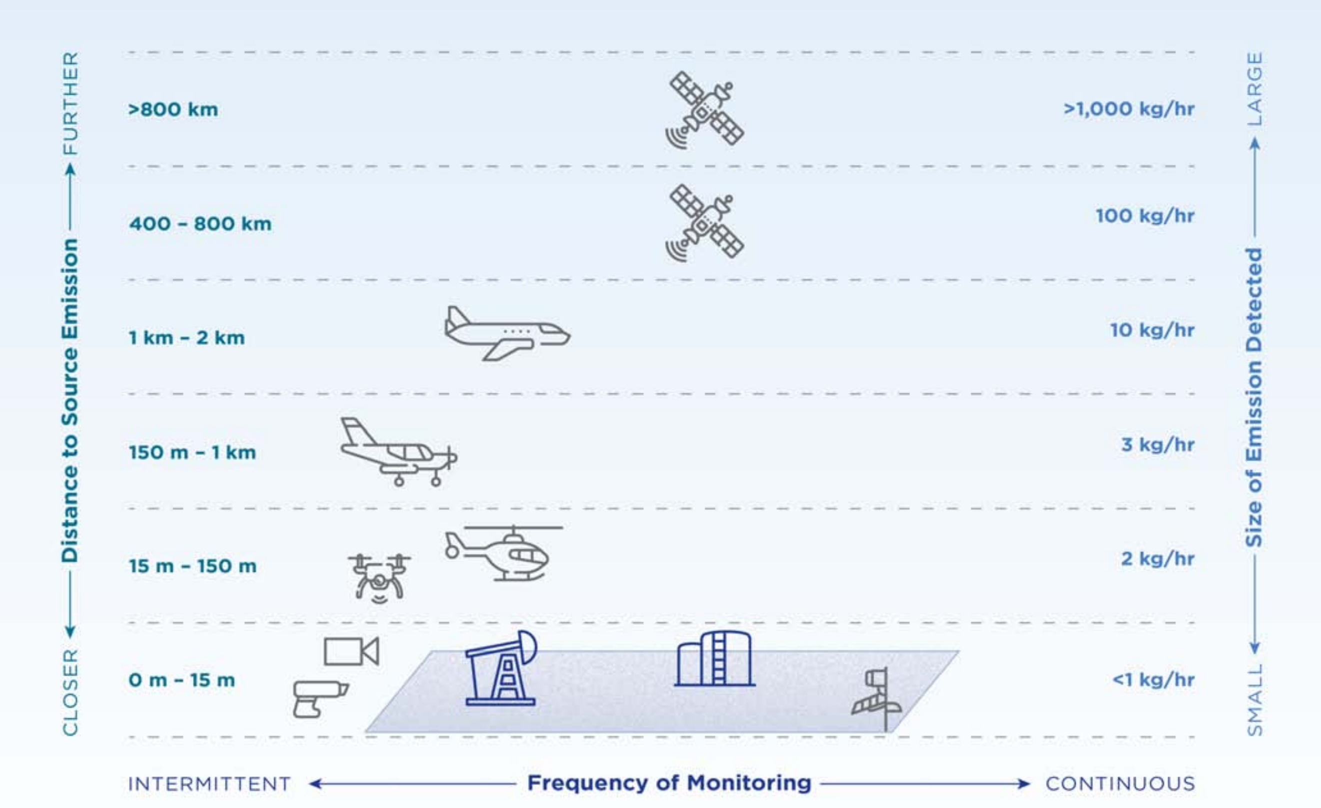
Certain duplicative survey mileage also occurred as a function of a change in flight patterns from defined routes in 2022 to identifiable transportation systems in response to our 2023 objective to identify opportunities for improvements in our aerial surveillance program. Changing the flight patterns to identifiable systems has allowed us to better assess the financial impact of our leak repair efforts, including in clear reductions to industry-typical lost and unaccounted for volumes in the transportation of produced volumes from the wellhead to delivery point.

Further, partnering our Bridger aerial efforts with our growing continuous monitoring capabilities (as discussed more fully below) increasingly affords us with opportunities to identify, investigate and repair potential leaks on sometimes remote locations that, prior to these advanced technologies, were identified only by physical foot patrol, landowner reports, or offset operators. Specifically, when we note a drop in pressure on a particular remote system, which are sometimes miles off paved roads and on the mountainside given the terrain of our Appalachian footprint, we can deploy the highly agile and accurate LiDAR technologies of Bridger to surveil the remote area first, enabling Diversified teams to plan and implement an effective repair strategy. This collaborative process can therefore turn a several day locate and repair foot patrol effort into a prompt and more efficient repair.

As an additional benefit to our partnership with Bridger, in 2023 we also implemented strategic regulatory aerial survey plans to support compliance with updated gathering and transmission pipeline integrity management requirements.

PORTABLE MEASUREMENT TECHNOLOGIES

As the first company in the world to deploy the SEMTECH® HI-Flow 2 sampler technology, we utilized this advanced system in 2023 to take actual measurements of small compressor rod packings at several wells pads and compressor stations as well as to quantify leaks that were identified using RMLD and OGI cameras. The use of these actual measurements are mutually beneficial to (i) our EPA reported emissions in place of dated, default emissions factors and (ii) our ability to achieve Level 4 on this equipment category as part of our OGMP 2.0 Gold Standard certification journey.



Please note that the distance to the emission source and the size of emission detected are approximate values for illustration purposes and not to scale. Other variables that may impact actual measurements include the Probability of Detection (PoD), meteorological conditions, terrain, and nearby emission sources.

New technologies and expanding capabilities of existing technologies in leak detection offer a variety of opportunities for identifying methane leaks, but the application of those technologies must be fit for purpose and take into account a number of other factors, including but not limited to proximity to emission source and thus range of detection, accuracy, ability to quantify emissions, cost to apply, frequency of monitoring, natural terrain, and atmospheric conditions. Diversified often employs a combination of handheld, remote, and aerial technologies to validate measurements. Cross-referencing and validating readings using different technologies, from different distances, at various points in time helps us confidently measure emissions sources, appropriately deploy the best available technologies across a broad range of operational applications, and prioritize action based on accurate data.

FIXED DETECTORS/CONTINUOUS MONITORING

In March 2023, Diversified completed the acquisition of East Texas assets for which 16 well pads, which constitute greater than 90% of this asset's production, utilize metal oxide continuous emissions monitors, provided by either Project Canary or Qube Technologies. Further, these monitors are connected to our IOC, allowing for a quick response to any methane alert that may be detected. In that regard, the IOC operator is able to both review other Supervisory Control and Data Acquisition ("SCADA") data and consult with the Lease Operator to determine if the detected alarm is signaling an atypical event or if there is another operational explanation.

Reflective of the environmental performance and sustainable development of these East Texas assets, this technology directly contributed to these wells attaining a certified Low Methane Verified Attribute from Project Canary along with a Gold environmental risk assessment certification from TrustWell. Currently five of the 16 well pads also have emissions quantification capabilities. The nascent differentiated gas market has shown interest for continuous measured monitoring of gas production along with other environmental attributes (e.g. water intensity, biodiversity).

Pneumatic Retrofit, Replacement or Elimination

COMPRESSED/SYSTEM AIR RETROFIT

We continue to focus on the replacement of natural gas-driven pneumatics with lower-emission alternatives such as compressed air. We prioritize these replacements based on their contribution to our emissions profile, in part, using the cost of carbon to understand the impact on capital and emissions from the replacements, and their location relative to an existing power source such as available grid electricity versus the need for on-site electrical generation. For the second year in a row, we surpassed our goal to eliminate natural gas-driven pneumatics at 50 well pads by replacing these devices on a total of 58 well pads primarily in the Barnett area of our Central Region.

In two years' time, we have now converted more than 75% of our five-year goal of 150 well pad conversions, or nearly 3,250 pneumatic device conversions. As with the prior year replacements and given the timing of the installations throughout 2023, we have realized only a portion of the associated emissions reductions in 2023 with a full year of reductions from these 2023 efforts to be recognized next year.

Our acquisitions have an impact on our pneumatic device replacements, and we continue to leverage cost-benefit analysis to prioritize the highest impact replacements. We will continue to see reductions in total emissions across scopes as our ongoing projects and SAM efforts are implemented at well sites.

VALVE REPLACEMENT

We continue to evaluate technology to address natural gas-driven valve and level controllers. These devices are necessary for managing produced fluids at the surface and controlling process variables to allow marketable gas to be sold. Our prototype aids in reducing freezing events in the surface equipment during inclement weather. The electronic dump controllers also offer both emissions reduction and operational benefits of functionality and visibility by providing quicker response to or elimination of atypical air quality events such as dump valves hung open for longer than expected periods.

During 2023, we conducted an internally developed pilot of an electric-powered dump valve installed on a vertical separator at a Central Region well pad. The pilot highlighted the learning curve associated with adapting the controller to the variation of physical conditions in which the equipment operates throughout the year. Additionally, the economic hurdle for electric dump valves is currently prohibitive to installing them on a wide scale. That said, we will continue to monitor this technology and its applications and hope to see the technology fall on the cost curve as the benefits to Diversified could be significant.

RETROFIT PILOT PROJECT

In Appalachia, Diversified is piloting Qnergy technology which has the ability to meet the dual objectives of eliminating methane emissions via waste heat recovery through use of a Stirling engine and providing operational improvements by eliminating potential downtime. A Qnergy pneumatic replacement goes beyond retrofitting by providing heat and electricity to a location through waste heat capture and conversion. Additionally, the pneumatic device can reduce or even replace the use of methanol which is frequently injected into the natural gas stream during the winter to prevent the freezing of naturally occurring water molecules in the gas stream.

PNEUMATIC ELIMINATION

Some pneumatic devices can be eliminated through process changes or with device removal as well production rates and pressures drop such that pneumatic devices are no longer needed on the well. Examples of process change include total fluids well flow to a shared separation and storage facility, switching to a manual dump on an as-needed basis, use of mechanical controllers, or installation of recycle kits on pneumatic pumps. In 2023, we eliminated approximately 1,750 pneumatic devices from our inventory.

LIQUID NITROGEN

An inert gas, liquid nitrogen can replace natural gas as the motive energy that is typically used in actuating pneumatic devices, thus eliminating the need for the methane venting that occurs with the use of natural gas-driven pneumatics. We have screened the use of liquid nitrogen as a replacement candidate for natural gas-driven pneumatics, but the economics for its application, particularly in the many remote or widely-dispersed areas of our operations, make its current use challenging. We will continue to monitor this alternative, including the potential to share in the cost with offset operators who may also seek to utilize this technology.

Compression Maintenance, Optimization or Conversion

SMALL COMPRESSORS

Our EHS and Operations teams conducted a pilot on a limited subset of our small compressor engines to capture manufacturer-designed blow-by gas that is vented to the atmosphere. The captured emissions were then re-routed through a newly installed recycle line back into the suction inlet of the engine for reuse or intentionally re-routed to the fuel line to be combusted as fuel. These mechanical equipment changes, therefore, reduce methane emissions associated with venting and help the Company progress its OGMP goals. We intend to expand these efforts to a broader set of our small engines in 2024.

MEDIUM/LARGE COMPRESSORS

These reciprocating compressors utilize rod packing systems for maintaining tight seals around the piston rod to prevent compressed gases within compressor cylinders from leaking while still permitting the rod to move freely. Even under normal operating conditions every rod packing system leaks, so our EHS team has been working to quantify these emissions as part of our OGMP work to develop our own emissions factors which will be used to calculate our emissions more accurately than standard emission factors. We are also actively replacing certain rod packing seals to minimize methane emissions to the atmosphere.

COMPRESSION OPTIMIZATION

As part of our daily SAM efforts and broader emission reduction strategy, our field teams consistently engage in ongoing mainstay projects across our operations which can include compression rationalization such as right-sizing or elimination, thereby also eliminating the emissions associated with those engines.

COMPRESSION CONVERSION

In 2023, we committed to convert our mature, natural gas-driven Danville compressor station in West Virginia to electric compression. In addition to increasing the overall reliability and efficiency of the compressor station, the conversion offers several environmental benefits, including (i) meaningful CO_2e emission reductions, (ii) elimination of natural gas-driven intermittent and high bleed pneumatic devices and pumps, instead replaced with system air motive energy, and (iii) upgraded dehydrator emission control devices which positively impact reported air quality statistics. Diversified completed its portion of the project in 2023 as planned and operationalized the new equipment in the first quarter of 2024. We expect to provide more information on this conversion project in subsequent reporting materials.

Analytics and Automation in our Monitoring Systems

In 2022, the design and implementation of company-wide electronic dashboards for our upstream and midstream LDAR efforts enabled us to further recognize the power of data and the benefits of incorporating and advancing analytics and automation in our daily efforts. This year, we have advanced our processes to streamline the collection, standardization and dissemination of timely, decision-useful data in our operations that enhance the safety and efficiency of our operations.

In this regard, our IOCs and expanding Gas Control operations are providing invaluable support to our upstream and midstream teams, respectively. Further, our Field Operations Business Intelligence & Analytics department supplements the valuable information provided by these remote monitoring capabilities by providing bespoke monitoring interfaces as may be requested by 400+ field personnel seeking expanded or improved tools to increase data accessibility and operational efficiencies with the aim to promote environmental and operational safety.

INTEGRATED OPERATIONS CENTERS

We operate two IOCs in our Central Region, which provide 24/7 surveillance of ~80% of our upstream operations and ~20% of our midstream operations in that region. These operations allow us to continuously monitor tanks, liquids production and air emissions to reduce potential, unexpected negative impacts to the environment. In total, ~60% of Diversified's Central Region wells are now remotely monitored, and looking ahead we plan to further expand these remote monitoring capabilities to cover 100% of Central Region assets.

The main objectives of the IOCs, or the areas where we look for opportunities to generate operational "Wins," are to:

- Improve the safety of our assets
- Identify opportunities for production optimization or minimized disruption
- Improve emergency response times
- Reduce potential environmental impacts
- Boost our team's efficiencies

Though public and employee safety is our number one priority, environmental protection is also clearly important to our operations, and these remote monitoring centers allow our IOC operators to address both of these priorities simultaneously. Using remote technology, the IOC operators can identify potential production anomalies or other operational issues ahead of on-the-ground routine inspection, thus allowing the Company to prioritize response to prevent or mitigate potential concerns related to any event that could negatively impact the safety of the public, employees or environment.

As part of our 2023 objective to continue early-stage work in fail safes and alarm management, the IOC now employs a full-time resource dedicated to advancing this important aspect of our operations and safety program. This work includes the integration of various alarm management protocols and permissions across numerous Central Region acquisitions into a single, consistent and cohesive program that defines access permissions, fail safe and alarm equipment needs for the type of assets in service, and alarm protocols and response expectations for given occurrences. While this large-scale integration is still underway, the effectiveness of this program is already being recognized through the corrections and mitigations that have been identified to date.

GAS CONTROL

In late 2022, Diversified expanded its 24/7 Gas Control center in West Virginia to monitor and maintain the integrity and safety of the Company's pipelines and associated compression facilities. The Gas Control center enhances the visibility of pipeline pressures and flows within our expansive midstream system within a centralized monitoring platform. Providing oversight for multiple systems, the Gas Control center's primary focus is to monitor, control and respond to abnormal or emergency operating conditions. If these conditions are present, remote control allows for flow redirection to preserve the safety and fiscal impact of our operations and pipeline assets - definitive operational "Wins".

The Gas Control center uses our SCADA system to monitor activity across our midstream portfolio. Working collaboratively with company personnel from Marketing, Compliance, Pipeline, Compression, Production, Automation and Measurement, Gas Controllers at the center:

- Monitor pipelines within High Consequence Areas as designated by the Department of Transportation's Pipeline and Hazardous Materials Safety Administration ("PHMSA")
- Ensure natural gas sales nominations and gas quality tariffs are met as per established contracts
- Monitor fail safe alarms for potential leaks, inoperable compression facilities, and automation or measurement anomalies
- Remotely adjust valves and start/stop compression to manage on-system demands or marketing requirements

In 2023, we hired more employees to manage and monitor the SCADA system and updated the interface to align with regulatory requirements and the needs of our team. The continuously staffed Gas Control room ensures that the pipeline's safety and efficiency remain a primary focus of the Company. Because our control center teams can access the SCADA system at any time, from any location, we can effectively operate without any interruptions in monitoring and control.

WIN! - GAS CONTROL

Without the benefit of an alarm and 30 minutes before otherwise directly receiving a third-party call to indicate an incident, our well-trained and alert Gas Controller recognized a sudden drop in line pressure on the discharge side of one of our compressor stations. While the pressure had not reached a threshold low enough to trigger an alarm, the pressure drop was also confirmed at two other locations along the pipeline in a 13-mile segment.

Within minutes of recognizing the change in pressure on our monitoring systems, Diversified management was notified of a potential issue and a field operations team was dispatched to investigate firsthand. Confirming the issue to be damage to our facilities from an unrelated, undocumented third-party excavation near our pipeline, our team was able to promptly shut off gas flow on either side of the damage, purge the line, safely make the repair, and restore gas flow to the customers on that line within just a few hours.

Air Quality

Our commitment to environmental responsibility includes adhering to state and federal air quality regulations. Our primary goal is to maintain regulated emissions below stipulated levels including through the use of emissions control devices where necessary. Many of Diversified's efforts to reduce its methane emissions have the co-benefit of also reducing emissions of other criteria pollutants. For example, our conversion of natural gas-driven pneumatic devices to compressed air results in concurrent reductions of volatile organic compounds ("VOC") emissions.

In 2023, we revised certain of our calculation assumptions in determining our criteria pollutants, and therefore generally applied the same methodology to the previous years, as reflected in the table, to improve year-over-year comparability. The year-over-year reduction in VOCs was primarily driven by the reduction in the aforementioned pneumatic and fugitive emissions, while the sulfur oxide ("SOx") reduction was the result of reductions in diesel combustion related to drilling and completion activities where 2022 included certain contract drilling activities not likewise incurred in 2023. Other emissions categories remained fairly constant year over year.

Air Quality[a][b]	Unit	2023	2022	2021
Nitrogen Oxide (NOx)	metric tons	**21,520**	21,546	16,126
Carbon Monoxide (CO)	metric tons	**18,448**	18,530	13,842
Sulfur Oxide (SOx)	metric tons	**61**	108	81
Volatile Organic Compounds (VOC)	metric tons	**3,108**	4,421	6,632
Particulate Matter (PM Total)	metric tons	**137**	140	105

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

(b) 2022 and 2021 were recast from previous disclosures to mirror like computations in 2023, inclusive of updated calculation assumptions and new approved reporting protocols, thus improving year-over-year comparability.

Our dedicated, cross-functional workgroup known as the 'Air Force', led by our Air Manager and supported by our air emissions experts, is advancing our working knowledge of emission reduction, measurement and compliance practices across our operations. Since its inception, this team has participated in multiple field visits for the purpose of better understanding emission sources, evaluating emerging technologies, performing emissions measurement, detection of leaks, and implementing emission reduction strategies.

During 2023, the Air Force utilized the SEMTECH® HI-Flow device in multiple scenarios to build a database of measured emissions and to support OGMP 2.0 implementation. The Air Force actively participated in field trials of Xplorobot's methane detection and measurement technology. When not in the field, the group collectively strategizes on how best to meet and exceed current and future regulatory requirements and collaborates on developing efficiencies in our internal data reporting processes.

Participation on the Air Force provides an opportunity for knowledge sharing and education across functions. By educating others on what the Air Force is doing and why it's important, we create more advocates to help further the efforts to meet our goals. Progressing into 2024, we are looking to expand the Air Force beyond EHS personnel to include other departments, furthering our ability to tap into the unique expertise we have across the Company.

Energy Efficiency and Renewables

In our journey toward net zero, we have realized the opportunity in renewables to drive energy efficiency throughout our operations. Over the past several years, Diversified has identified priority projects where natural gas-fueled equipment can be replaced with solar installations or small wind turbines. This approach has reduced our vented emissions from our pneumatics and sourced auxiliary power for necessary measuring equipment. Renewable energy has supported our operations both in reaching remote areas where electric power sources do not readily or cost-effectively exist and supplying energy to our equipment in cases of grid outages. Even further, in some cases, these renewable sources can meet the daily power needs of a smaller well site. In addition, we also continued installing compressed air-driven pneumatic devices this year, replacing natural gas-driven pneumatics on 58 well pads, which also increased our renewably-sourced energy and decreased our methane footprint.

In addition to the self-generated electricity we source from the on-site solar panels and small wind turbines located on certain well pads, during 2023 we sourced 134 million kilowatts of grid electricity deployed across our expanded portfolio. Renewable energy and low carbon-sourced energy (i.e., renewable and nuclear) supplied 14% and 38%, respectively, of Diversified's total electricity use in 2023.

RENEWABLE ENERGY OPPORTUNITIES

Diversified leases or owns more than eight million acres of land across its footprint. While not all of this acreage is equally suitable for solar project development, certain acreage has become an avenue for Diversified to opportunistically participate in renewable energy solutions with third parties via waiving our surface rights on this acreage while reserving access to road and pipeline rights of way that are necessary for our operations. Additionally, we reserve the right to future well site development locations on the acreage in the event we wish to monetize the acreage at a later date. While the solar companies separately negotiate certain provisions directly with the landowners from whom we lease the surface rights, these partnerships have proven beneficial to all parties and deliver a positive environmental impact. We continue to explore these opportunities across our operating footprint.

Diversified supports the global desire to reduce methane emissions while also believing that future energy demands must be met from multiple, well-balanced energy sources beyond abundant low-carbon natural gas, such as energy generated from wind and solar. To that end, the focus for us is to identify energy options and their potential uses that will support not only our operational net zero GHG goal but also offer broader opportunities for lower-carbon solutions. Such is the case in our Kentucky, West Virginia and Texas operations where we have successfully executed or are currently negotiating agreements with third parties seeking to develop solar energy field projects on portions of the vast acreage that Diversified manages within its asset portfolio.

DIVERSIFIED'S LOW CARBON ELECTRICITY MIX

33% natural gas

24% nuclear

14% renewable sources

71% TOTAL LOW CARBON SOURCES

Marginal Abatement Cost Curve ("MACC") Analysis

Since 2021, we have diligently adhered to our Emissions Reduction Roadmap ("Roadmap"), and every year we continue to advance our commitment to achieve net zero emissions by 2040. By partnering our stated goals for net zero - via methane intensity reductions, absolute GHG emissions reductions and OGMP commitments - with technology life-cycle management which includes technology screening, potential pilots and final implementation or deferral, we are able to create a fulsome and transparent scenario analysis tool set that affords us the opportunity to most effectively and wisely mature and advance our emissions reduction plan.

The MACC has become a pivotal tool in supporting the refinement and advancement of our Roadmap to better inform our emissions reduction priorities across our footprint. Use of the MACC has fostered a culture that not only screens potential technologies and opportunities but also focuses on measuring the effectiveness of the implemented projects, further validating and informing our Roadmap. Findings from our MACC analysis have enhanced our decision-making through better data and facilitation of efficient deployment of capital.

With a full understanding of our emissions profile (Step 1 of the Roadmap), we entered 2022 with the commitment to utilize the MACC process to establish the most efficient path to net zero through a fulsome review of potential projects and estimated costs per incremental unit of emissions reductions. In 2022, we identified 45 types of projects and began screening them through the MACC analysis to develop a data-based evaluation of the costs and impacts of each emissions reduction project. During 2023, we expanded our MACC project portfolio with 15 new technologies identified through extensive collaboration within the industry and at various stages of evaluation and applicability.

As previously stated, one area we focused our efforts in 2023 was on natural gas-driven pneumatics. Our MACC now includes multiple technologies and solutions that are effective and promising for elimination of methane emissions from pneumatic controllers and pumps. When we began our pneumatic controller emission reduction efforts two years ago, targeting the highest emitting pads first, our main approach was a compressed air solution powered by a variety of energy sources including the electrical grid, on-site solar generation, and a combination of these technologies like the Qnergy solution. With the MACC's capability to provide a conversion cost break point of dollars per MT CO_2e for a growing database of alternative technologies, we can now make more informed decisions as to optimal locations and technologies for our future conversion plans. Thus, going forward we currently plan to employ customized solutions on a site-by-site basis as informed by our MACC.

Our MACC process has evolved from a manually updated, burdensome spreadsheet database and analysis in early 2022 to a graphic visualization in Tableau by year end 2022 and now to an automated, streamlined single system of carbon accounting, management and reporting via the emissions intelligence CarbonOne™ software solution developed by Iconic Air. CarbonOne™ is an enterprise carbon data management and automated reporting software capable of providing single source carbon accounting, forecasting and scenario planning capabilities; mobile leak detection survey record support; emissions inventory management; and streamlined regulatory reporting and carbon auditing support.

In 2023, as part of our stated objective to build and maintain an emissions intelligence solution, we finalized the integration of our Iconic Air platform across our operations, including uploading 100% of our 2022 reported emissions data and our complete emissions inventory into CarbonOne™. We utilized the software to support our 2023 year-end carbon accounting processes, and expect the tool to continue evolving over the next decade as we feed additional real-time data and new technologies into the platform, further enhancing the accuracy and power of our predictive analytics with regard to our net-zero path. Further, we made this dynamic tool available for employees to easily access online to aid in relevant decision-making and reporting needs.

"We are proud to have Diversified Energy as an innovation partner for solving the world's complex challenge of carbon data management. This collaboration has enhanced the individual user experience while also helping to drive innovative solutions that benefit the entire oil and gas sector. Together, we are setting new standards in our industry, demonstrating that it's possible to decarbonize while being responsible stewards of capital."

- JAMES CARNES, CO-FOUNDER, ICONIC AIR

Iconic Air

On a broader scale, we are currently using the MACC to evaluate which technologies have the potential to achieve the greatest reduction in emissions per unit of cost input, while remaining focused on our priority in the near- and mid-term (2024-2030) to reduce methane and CO_2 emissions through our mainstay projects that have already been evaluated. As we continue to identify and implement new projects and technologies, we will use the MACC to evaluate their success first, before we inform our future emission reduction plans. This has proven successful for Diversified, and we will continue to leverage the power of our data and analytics to navigate our path to net zero.

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**

Responsible Well Retirement

WELL RETIREMENT CAPABILITIES

Responsibly retiring our end of life assets is an integral part of our environmental strategy and just one more way that Diversified is providing solutions for the states in our footprint and the energy industry at large. Under the direction of wholly-owned Next LVL Energy, our asset retirement teams offer full-service operations to complete any portion of the well retirement process, from plugging to fully restoring a pad to its natural condition. Broadly expanded in 2022 and headquartered in West Virginia, Next LVL Energy is centrally located to serve our operations across Appalachia and supported by multiple field offices throughout the region.

Though we did not drill any of the wells that we are retiring, we are now one of the most active well retirement companies in Appalachia, answering the call across the industry to actively retire end of life or orphaned wells. Our retirement operations also allow us to both exceed our own annual regulatory plugging requirements and serve other industry participants and states to responsibly retire and plug wells on their behalf. This undertaking demonstrates Diversified's commitment to creating value through sustainable activities and to identifying more opportunities where we can continue to do so. We are proud to be part of the solution to the broader challenge of aging energy infrastructure and to do our part in supporting our country's energy, climate, and economic security.

OUR RETIREMENT PRACTICES

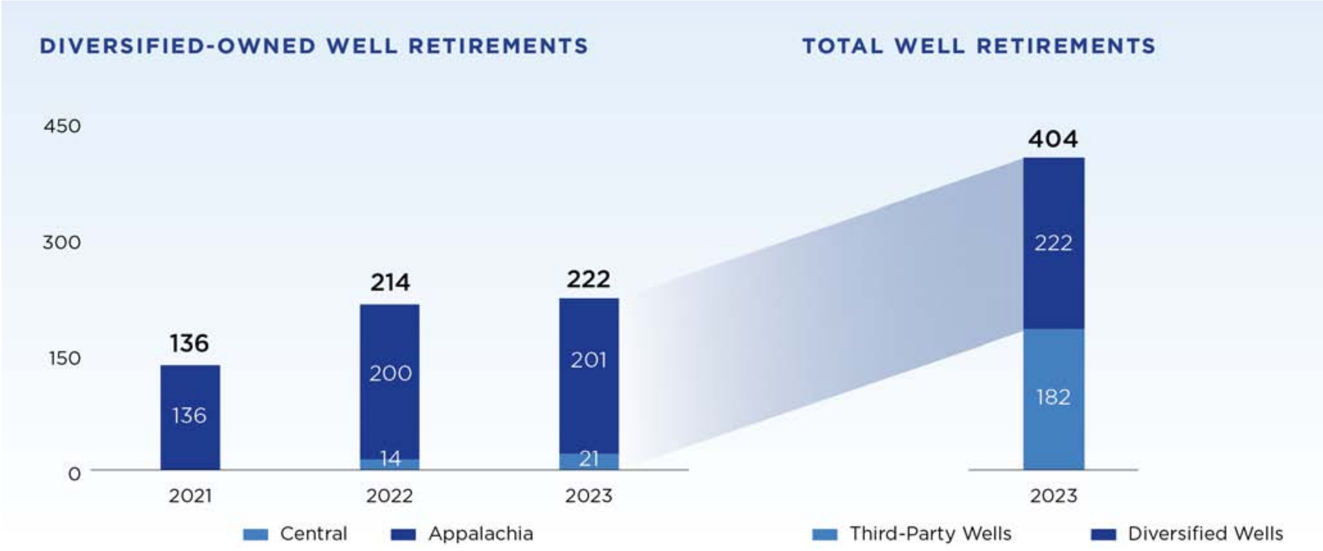
2023 marked the first full year of Diversified's ownership of our expanded Next LVL Energy operation, and our focus during the year was on the unification of the multiple, prior year plugging company acquisitions into a single integrated culture, an essential element to ensuring an efficient and safe process. We have scaled up our capabilities – including operating 17 total pole and derrick rigs, or two more than last year, and employing nearly 120 professionals – realizing our strategic vision for our responsible asset retirement capabilities but keeping open the possibility of further expansion for this vital resource.

To drive efficiency through improved logistics, we established a program that develops workflows whereby the movement of our teams and equipment is strategically streamlined. Minimizing the movement of vehicles and equipment in turn directly reduces the plausibility of safety incidents while simultaneously reducing our vehicle emissions and optimizing rig utilization. Our retirement work is performed in accordance with applicable state regulations and the associated permits within the respective states and includes monitoring for leaks both immediately before and after plugging the well. While retiring the well and thereafter restoring the site and associated adjacent land, we meet or exceed regulatory measures by protecting areas surrounding well sites in order to preserve the natural environment and to protect and bolster existing ecosystems and biodiversity.

2023 RETIREMENT ACCOMPLISHMENTS

The Company retired 201 Diversified wells in Appalachia in 2023, exceeding its stated objective for the year and significantly exceeding annual requirements as per our state agreements in Kentucky, Ohio, West Virginia and Pennsylvania. The Company also retired 21 Diversified-owned wells in our Central Region states, bringing total retired company wells to 222 in 2023.

During the year, the Next LVL Energy team directly retired or managed the retirement of 182 third-party wells, including 148 state and federal orphan wells and 34 wells for other operators. Importantly, the third-party retirements Next LVL Energy completed in 2023 largely offset the cost of the Company's internal well retirement program. For the year, Diversified was responsible for the retirement of 404 total wells.



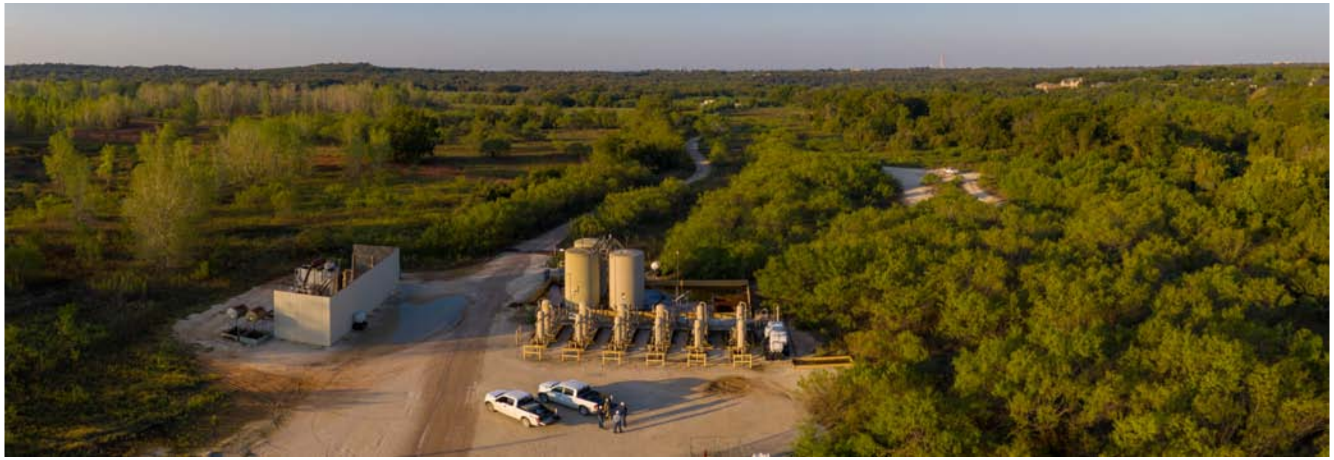
Looking Ahead

At year-end 2023, emissions from fugitive leaks and pneumatic devices constituted approximately 47% of Diversified's total Scope 1 methane emissions. Based on these emission contributions, recognizing the new EPA regulations regarding the elimination or combustion of natural gas emissions from pneumatics, and informed by our MACC, we will remain keenly focused on fugitive leaks and pneumatic devices as we look to attain further methane emission reductions over the forthcoming years. Though having successfully accomplished in 2023 our previous 2030 methane intensity target, we will continue to focus primarily on methane emission reduction projects in the near-term as we seek to unpack the impact on our reported emissions from new EPA regulations while also remaining focused on our 2040 net zero GHG goal.

Our work with the reduction of fugitives will continue and is only limited by improvement in successful "no-leak" surveys. Our strategy to maintain and improve this category of emissions is a redoubled effort on focused area and component frequency increases coupled with maintenance and prompt repairs of leaks. We intend to introduce new leak detection methods and advanced analytics to identify and address more frequent sources of leaks in a programmatic manner, targeting components that are more likely to leak, or that may have larger leaks.

Our plan to address emissions from pneumatics is to employ fit-for-purpose approaches on a site-by-site basis as informed by both our Pneumatics Task Force and our MACC. As noted previously, solutions to natural gas-driven pneumatics may include alternative energy sources, retrofits, or elimination altogether. For example, some pneumatic controllers can be retrofitted with electric controllers, a change which often includes other operational benefits. Alternatively, routing emissions from natural gas-powered pneumatics to a process or use for heating reduces methane emissions to near zero. These and other alternatives, as currently included in our MACC, are viable options we will continue to explore and deploy accordingly.

We continue to monitor the accuracy of top-down, continuous monitoring and expect to increase the use of such technologies as accuracy improves. In the near-term, we expect periodic measurement with handheld



measurement will continue to be an important part of validating our top-down measurements. Additionally, we expect to expand our use of Xplorobot's Laser Optical Gas Imaging technology in 2024 and beyond. Data gathered through these technologies will complement continuous monitoring in building an accurate top-down approach, improve quantification and measurement efforts aligned with OGMP 2.0 compliance, and meet the requirements of EPA's recently finalized OOOOb regulations.

We recognize that new technologies continue to come to market which may offer the Company added opportunities for deployment toward emissions reductions and more accurate emissions measurement. As these technologies continue to evolve, we will continue to closely monitor new developments, screen them through our MACC scenario analysis tools, engage in pilot programs as applicable, and explore full implementation possibilities in line with cost evaluations.

Lastly, we have made strong commitments and investments in retiring our assets responsibly. Through Next LVL Energy, we are determined to continue meeting our annual internal asset retirement goals for company-owned wells, which have consistently exceeded state regulatory requirements. Further, we are well-positioned to continue supporting the retirement of third-party and state and federal orphaned wells, as evidenced by our achievements this year.

In 2024, we are committed to retiring at least 400 wells in Appalachia, including both Diversified-owned and third-party wells, and doing so with the existing resources of our Next LVL Energy team. At the same time, we will continue to consider next best steps to our longer-term goals of expanding the depth and breadth of our Next LVL Energy solutions-driven program.

We also plan to continue our efforts to identify alternative uses for our wellbores, including conversion to hydrogen production and storage, carbon storage, mechanical battery storage, or electric generation, which therefore do not necessarily require the traditional well retirement actions or related financial obligations. It is technological advances like these and the many others that will follow that are focused on improving the efficiency and techniques for asset retirement which will aid in the broader, industry-collaborative approach to addressing the end-of-life challenge for wellbores across our footprint and throughout the U.S.

Please also refer to our prior year's 2022 Sustainability Report for additional discussion of previously disclosed mid- and long-term plans and projects which remain under consideration as potential avenues for further emissions reductions on our path toward our net zero goal.

Water and Waste Management

Water Use

Water is a finite and essential resource and thus, responsible water withdrawal, use, and disposal is important for our environmental performance. Our operations are primarily located within areas that qualify as Low Overall Water Risk, with only 1% located in areas that have Low to Medium Overall Water Risk, as assigned by the World Resources Institute's ("WRI") Aqueduct Water Risk Atlas. As such, we consumed no fresh water in High or Extremely High Risk Water Scarcity areas as designated by WRI. Even so, we apply to our water management practices the same principles and mindset of operational efficiency and best practice that we apply across our business, with the goal to:

1) limit freshwater use,

2) manage our produced water, and

3) expand recycling and reuse of produced water.

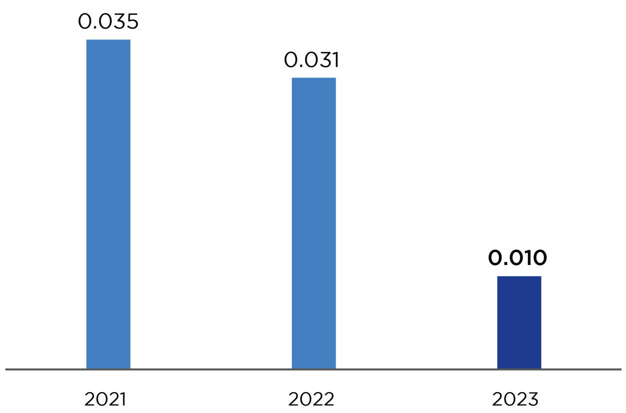
Different from other energy sector participants, Diversified is focused primarily on the acquisition and operation of existing wells rather than the direct development of new wells, drastically limiting our water use in comparison to peers engaged in significant drilling and hydraulic stimulation activities. Nonetheless, we are continuously exploring water management methods or improvements that best fit our growing company. As we increase the number of assets under our management and associated employees on staff, our operational and domestic water use naturally and proportionately increases.

99%

of operations located in low water risk areas

In 2023, we decreased our annual total water use to less than 900 thousand barrels, or nearly 70% less than the prior year, primarily as a result of decreased water consumption from contracted drilling and hydraulic stimulation activities for third parties during the year. Our own water consumption is largely related to domestic use and various well operations, such as certain well treatments to improve production or asset retirement activities where water is used to create the cement used to permanently plug the well. This decline in water consumption as compared to our total gross production resulted in a significant improvement in our year-over-year water consumption intensity, as reflected below.

WATER CONSUMPTION INTENSITY*
(Bbl of Water per BOE Gross Production)



*To improve year-over-year comparability, 2021 and 2022 metrics have been revised to to reflect updated reporting assumptions for domestic water use.

Our limited freshwater use is supported by two important 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, when applicable. Instead, our predominant focus is acquiring and optimizing 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 We operate in 168 counties, of which 166 qualify as Low Overall Water Risk areas according to the WRI Aqueduct Water Risk Atlas and assuming the oil and gas industry-specific weighting scheme which is most relevant for our business. The remaining two counties, located in Texas, are deemed Low-Medium risk. Importantly, no water consumption for any limited, contracted hydraulic stimulation activities, our highest potential use of fresh water, occurs in counties with High or Extremely High Baseline Water Stress according to the 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.

Effluents

Our water and waste management efforts are primarily directed toward the handling and disposal of wastewater – the primary waste generated by our operations, as a natural by-product of our gas and oil production, and specifically a function of the geologic reservoirs from which we produce. Due largely to our operations in the Central Region, inclusive of an additional acquisition in this region in 2023, the amount of water we produced increased from nearly 23 million barrels in 2022 to 30 million barrels in 2023. Recognizing the responsibility related to potential environmental implications of water mismanagement, we take seriously our role in water handling across all of our operations, and our efforts are supported by strategic decision-making, dedicated water management staff and executive level oversight.

Our framework for managing our effluents aims to first limit any environmental impacts and increase the safety of employees, contractors and surrounding communities. Then, we focus on operational efficiencies to reduce wastewater, such as recycling and reuse and leveraging innovative approaches to extract heavy elements to clean the water. The produced water that cannot be recycled or reused is injected in one of our 37 saltwater disposal facilities.

We have one active saltwater disposal well in our Central Region operations that sits within an area of interest ("AOI") for seismicity. 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 a responsive action to our operations.

Diversified continuously seeks new approaches to complement its current methods for handling wastewater. Our goal is to reuse as much of our wastewater as possible, before opting out to dispose it. Below are actions we are undertaking with regard to wastewater management:

WATER REUSE

We reuse our wastewater internally for our own asset retirement activities, as well as trade a certain amount of water with other local operators and state entities for their operational needs. We have also established partnerships with multiple facilities in Pennsylvania and Ohio that source heavy water for freeze protection.

WATER SHARING AGREEMENTS

We now have more than a dozen water sharing agreements in place in Appalachia and are monitoring other state regulations for opportunities to expand these kinds of agreements in new areas. As an example, Louisiana recently passed favorable legislation, and we are now working to establish partnerships for water sharing in that state.

EVAPORATORS

In Ohio, we are currently working with a vendor to evaluate evaporation of our produced water to reduce the volume of waste before disposal. These evaporators can reduce the volume of wastewater by 50%.

CRYSTALLIZING PROCESS

We are working toward a pilot project of a promising crystallizer process that converts wastewater to distilled water which can then be disposed of in existing streams of water. The crystallizer removes all hazardous materials from the water while producing lithium as a by-product, which is now in high demand for a growing battery market that has become an integral factor in climate transition efforts.

CASE STUDY

Stormwater Discharge

During 2023, Diversified's Oklahoma field operations teams engaged in an important water management project that resulted in more than 2.1 million gallons of collected rainwater being returned to the hydrological cycle rather than being permanently disposed into underground water injection wells. Over the course of the year, as the stormwater collected in the secondary containment systems on the well pads, the field teams tested the water to determine if its chemical qualities for chloride and pH and/or the presence of residual produced oil met the state's strict requirements for water discharge on location rather than being trucked and injected into a disposal well.

In addition to meeting state requirements for discharge, we also accompany such discharge actions with sediment control measures to protect any potential nearby freshwater sources. Our environmental team created an online dashboard to collect the information and inform future decision-making regarding stormwater programs and efforts, particularly as we look to expand this program into our other Central Region states in 2024.

By allowing the water to naturally settle back into the underground water tables rather than trucking it for disposal, the Company avoided more than 425 truckloads of water for disposal. The tremendous benefits of this stormwater discharge program (i) reduce expenses of trucked disposal to offsite injection facilities, (ii) promote vehicle and personal safety by limiting large truck traffic and associated driver time, (iii) reduce vehicle emissions from less truck traffic, and (iv) promote biodiversity by improving vegetation at the site of discharge to support the nearby flora, fauna and farmers.

Transportation of Effluents

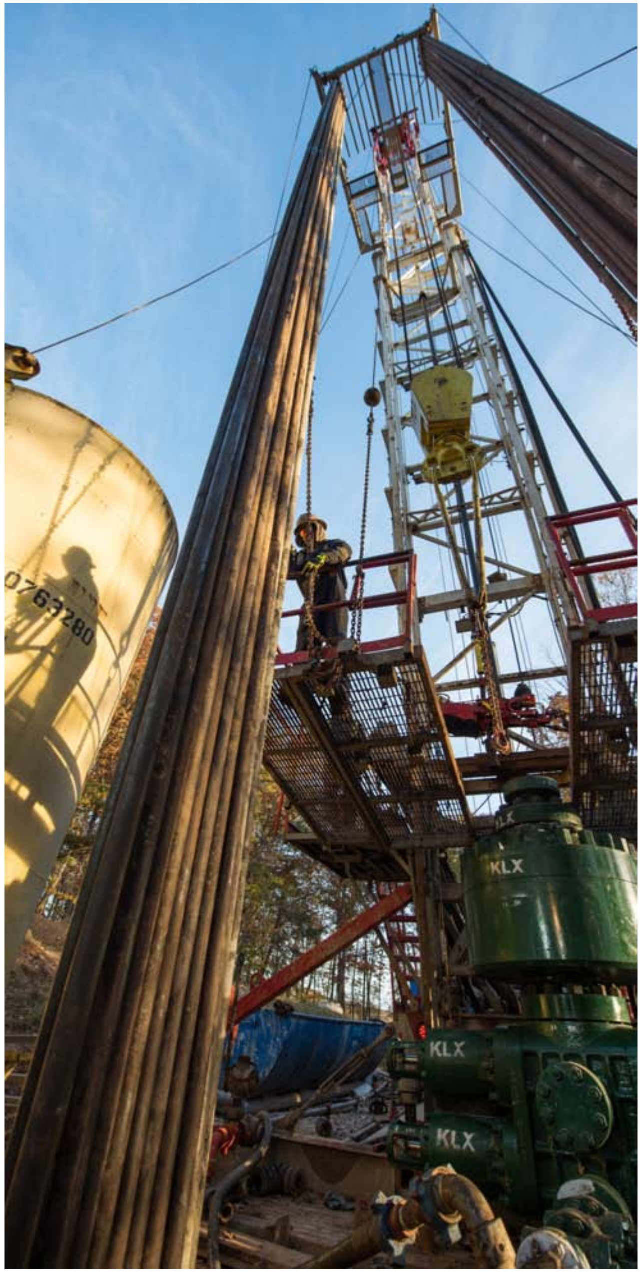
We thoroughly evaluate, monitor and amend, as prudent, our liquid hauling and trucking practices to mitigate the risk of spills and reduce potential environmental and safety impacts during transportation. This year, to limit the number and length of trips, we began using trucks with a higher capacity and locating drop-off facilities closer to our sites. Such an approach lowers the amount of truck miles, allowing us to better track and manage our environmental impact while also addressing a key concern from the surrounding communities regarding the number and frequency of trucks on the roadways.

Having well-connected water infrastructure can often eliminate the need for trucks all together. However, our trucked volumes increased from 47% in 2022 to 60% in 2023, largely as a function of our Central Region operations where, in addition to produced water volumes increasing as production declines, our 2023 acquisition did not include a produced water disposal infrastructure and thus must be trucked for disposal.

WASTE MANAGEMENT AND STEWARDSHIP

This project was initiated by our Appalachia EHS team seeking a preferred disposal alternative for the emptied gas cylinders that supply gas for the calibration stations used by our handheld GT-44 leak detection devices. The metal calibration cylinders are deemed hazardous unless the cylinders are completely empty. To address disposal of these cylinders, the team collaborated with The Arc of Butler County ("The Arc") program in Pennsylvania, which supports individuals with intellectual and developmental disabilities through education and advocacy and seeks to provide its clients with maximum personal independence, employment, belonging and a real quality of life.

Diversified collected and delivered to The Arc more than 70 empty gas cylinders for processing and recycling, safely drilling a hole in each cylinder to ensure the bottles are completely depressurized. The prepared cylinders are then taken to a nearby scrapyard, and all funds generated from the recycling are used to support programs and expenses at The Arc. The Company is pleased to support such non-profit programs while simultaneously supporting environmental stewardship through non-hazardous waste reduction.



Non-Hazardous Waste

Beyond produced water, our waste management practices have expanded to account for the non-hazardous waste we produce largely as a result of our asset retirement operations. The volume of waste produced by our plugging operations is significantly lower than our wastewater, but we are increasing our recycling and reuse efforts for steel and other equipment that are no longer useful to Diversified at the end of an asset's life cycle.

Diversified is partnering with scrap yards to recycle metal materials removed from wells. For example, in Appalachia we recycled, where applicable, the casing and tubing of the company's wells that we retired in 2023. Furthermore, employees in the field have been encouraged to identify unused or excess equipment so that we can find partner companies with a use for these items. During 2023, rather than simply dispose of these items as waste, we sold or donated more than 40 vapor recovery towers along with a number of service heaters.

We are also working to develop waste management and reuse/recycling programs around other non-hazardous wastes at Diversified, such as empty gas cylinders (as noted on the prior page) and electronic equipment (as reflected below). We are committed to being good stewards of the environment and our local communities, and these reuse/recycling programs are a perfect example of that commitment.

ELECTRONIC EQUIPMENT REUSE

With a data-driven workforce that includes more than 1,600 employees, we have a tremendous amount of electronic equipment that we endeavor to reuse or recycle where applicable. For example, in 2023 we donated 65 refurbished iPads to Cornerstone Christian School in Birmingham, Alabama for use by students for science, technology, engineering and math ("STEM") activities, project-based learning, and digital research. A donation such as this demonstrates one of the key tenets of our Community Giving program which seeks to support STEM proficiency in our youth. During the year, the Company also partnered with a vendor who seeks to repurpose electronic equipment via sales or donation prior to using an R2 Certified Facility for electronics recycling. These efforts resulted in the reuse or recycle of 27 pallets of used electronics, including computers, printers, routers, telephones, switches and other electronic equipment.

Spill Prevention and Management

As an integral aspect of our environmental management program, Diversified is committed to effectively preventing spills across our operations. We leverage the SAM program and an integrated approach to monitor, inspect and rigorously manage all of our assets, with the intention to avoid and prevent spills.

While we conduct regular mandatory inspections at all of our oil sites in compliance with regulatory requirements, we have increased the frequency of our voluntary inspections and have developed and deployed various initiatives to identify and address issues that could lead to spills. This strategy aims to (i) reduce, to the extent possible, the handling of liquids by using well-maintained pipelines to transport our production and (ii) automate and collect data to inform our decision-making and actions. Our approach starts with removing any out of service or aged equipment which could inadvertently contribute to spills, and then we capitalize on the continuous monitoring that we now receive from our IOCs. Additionally, through training and education, we have created a strong employee culture that emphasizes the importance of catching and reporting spills.

Spill Prevention Focus Group

Driven largely by the previously increasing year-over-year volumetric spill intensity from our operations, we set for ourselves a 2023 objective to create a spill prevention focus group and empower them to develop and effectuate a plan that would better mitigate and manage spill incidents. During 2023, we brought together this focus group with team members from across our operations and have already realized successful results from their actions.

Even with expanded operations that included an acquisition in 2023, we reduced our reportable spill volume by 54% across our Appalachia and Central regions due in large part to this strategic focus and holistic approach, underpinned by our team's commitment to sustainable practices and environmental stewardship.

This focus group consists of many representatives from both the Appalachia and Central Region, including personnel from all facets of our production group. The group meets at least monthly with the purpose of discussing trends and sharing experiences so that we systematically address spills and facilitate continuous learning. Cross-regionally, teams work together and support each other as incidents, concerns or new ideas come about.

The group has established a root cause analysis and action process designed to mitigate future incidents and improve response that aims to:

1. Review spill data and trends for the given month
2. Identify reoccurring incidents and the root causes
3. Discuss strategies to address identified causes
4. Establish best-practice for the team to deploy across all operations

Our personnel also receive regular spill preparedness and response focused training, including the annual sessions on Spill Prevention, Control, and Countermeasure ("SPCC") which occurs in the first quarter of our fiscal year. These trainings are strategically integrated into our review of current operations as we seek to identify areas of program improvement. Furthermore, members of Diversified's EHS team served as speakers for the 2023 Pennsylvania Independent Oil & Gas Association's Spill Prevention, Planning & Response PIOGATech training seminar as an avenue to educate fellow operators and first responders on best practices in this area.

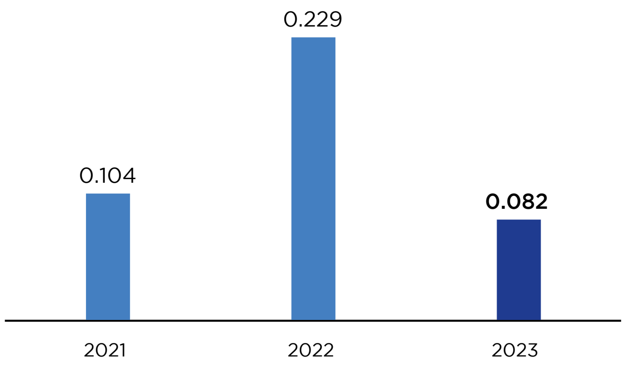
Reducing Spills in 2023

Numerous factors contributed to our achievement this year, as our spill program went through important changes and updates, spearheaded by the spill prevention focus group. As a result, our reportable spills decline to approximately 2,700 barrels.

Our data-driven approach is constantly refined as we add new data points into our system and track more KPIs. Coupled with our employees' readiness and consistent monitoring through inspections and IOC technologies, we are working every day to ensure our product reaches our end customers, while safeguarding the surrounding environment and communities where we operate.

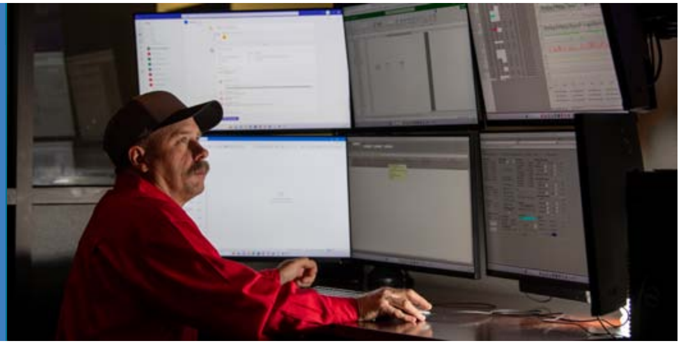
Our Good Catch/Near Miss process, supported by trainings and the focus group, led to important prevention efforts in 2023, reflecting the increased emphasis and attention our teams are giving to this important environmental topic. Nearly 20% of Good Catch/Near Miss reports in 2023 were avoided leaks, where a condition that could have developed into a spill was identified early and addressed before a leak could occur.

SPILL INTENSITY
(Spills in Bbls per MBbl Gross Liquids Production)



WIN! - INTEGRATED OPERATIONS CENTER

Our well tenders cannot be on every well site 24/7, so the IOCs play a significant role in remotely supporting our focus on spill management. On any given occasion, when the IOCs identify an issue, a well tender is notified immediately to respond. For instance, when the IOC operator noted an anomaly in the volume of fluid in a tank facility, the operator immediately notified the well tender who was able to promptly repair a faulty pump which had allowed the fluid level in the tank to rise. The timely remote notification and field repair prevented the tank from spilling over.



2023 SPILL PREVENTION INITIATIVES

SACRIFICIAL ANODES

We are placing aluminum sacrificial anodes in certain tanks on our larger producing well sites in the Central Region. This approach lowers the rate of corrosion on the tank, where the sacrificial anode bears the burden of the decay, and therefore lengthens the life of the tanks.

CORROSION EVALUATION AND TREATMENT

Tank corrosion due to naturally occurring bacterial degradation is typically the source of larger spills on our sites. We are collaborating with local chemical companies to conduct an evaluation of identified corrosion on our tanks to provide us with a succinct way to address and manage corrosion at large.

INSPECTIONS

Through our SAM operational approach, we have significantly increased the frequency of inspections across our sites and pipelines.

Simultaneously, we continue with our 2022 initiatives aimed at chemical treatments and upgrades on our pipelines, tank removals, and proper alarm and fail-safe management. Find more detail on these initiatives as previously disclosed in our 2022 Sustainability Report.

Biodiversity

At Diversified, we are committed to safeguarding nature and conserving biodiversity and ecosystems. We prioritize responsible stewardship of our leaseholds and assets, and focus on minimizing environmental disruption, protecting sensitive species, habitats, and waterways, and enhancing biodiversity and ecosystems within our operational footprint. We achieve this through strong oversight, risk management and standardized procedures, recognizing that biodiversity protection is central to our sustainable operations.

As we have often discussed in this Report, our core business model primarily involves the acquisition of pre-developed assets which, among other environmental benefits, significantly reduces our impact on biodiversity. As such, we do not select sites for well development and therefore avoid disrupting previously undisturbed habitat for this purpose. While prior biodiversity effects related to land and well development are primarily attributed to previous operators, we remain steadfast in our efforts to protect habitats and ecosystems as we expand our presence through acquisition across Appalachian and the Central Region. Our goal is to have a zero net deforestation impact.

Governance

Our environmental specialists manage Diversified's biodiversity- and nature-related risks and opportunities under the supervision of our Senior Vice President of EHS and the broader oversight of our Executive Vice President of Operations. Additionally, our biodiversity efforts are regularly communicated to the Sustainability & Safety Committee of the Board, and this year included a bespoke third party-provided nature-related training session for this committee.

The environmental team maintains close and often proactive engagement with local regulators and government agencies during operational and permitting processes, consistently ensuring compliance with all relevant laws and regulations. Our experts consider various biodiversity factors and evaluate potential environmental disruptions and their impact across our operational footprint. Further, our environmental specialists take charge of site reviews and environmental assessments as part of our asset acquisition diligence. 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.

All employees are encouraged to closely adhere to Diversified's biodiversity values. For more detail on the Company's approach to safeguarding nature and biodiversity, our commitments and goals, please read our Board-approved corporate Biodiversity Policy.

Strategy

Our approach to protecting nature and its biodiversity is rooted in our Avoid, Mitigate, Restore and Offset strategy, which guides our priorities in minimizing our impact on habitats, waterways and sensitive species.

Our first and foremost objective is to *avoid* any activity across our operations that could disrupt protected areas, and we leverage various industry tools and desktop research to comprehensively understand the biodiversity implications of any project we undertake. For example, we use insight from the U.S. Fish and Wildlife Service's species listings, field reviews and the guidance of local and state agencies to help ensure that we avoid or minimize negative impacts before engaging in new work on well sites or pipelines. Even so, given our business model and type of operations, we recognize the importance of being ready to *mitigate*, *restore* and *offset* any potential negative impact that may occur. In this process, we consider various strategies to conduct our midstream and upstream operations without causing disruptions, whether related to assessing a new acquisition, accidental spills or the plugging and restoration of a well site.

Although we have assigned clear operational responsibilities to our EHS team, many other teams contribute toward advancing biodiversity across our operations. For example, while our EHS team works to assess and control the environmental impacts of our ongoing operations, they also partner closely with employees in the field who are our firsthand and constant boots on the ground to monitor and report any noted issues or concerns. Additionally, our asset retirement and reclamation teams aim to restore end-of-life sites in a manner that supports ecosystem growth and expansion. Collectively, these teams enhance biodiversity and land protection across our operational footprint.

Among many initiatives, we:

- maintain a fleet of mobile bridges to safeguard waterways during equipment transportation;
- employ strategic equipment placement for optimal efficiency without causing ecosystem disruption;
- utilize erosion control systems to prevent potential run-off into streams or waterways; and
- have SPCC plans in place for the safe storage of liquids across all of our sites.

Where and when applicable, downsizing well pads and returning an expanded number of retired well pads to their natural condition is an ongoing biodiversity effort at Diversified. Well pad sizes are originally designed to handle the multitude of mobile equipment needed to initially drill and stimulate the well(s) on the pad. Once the wells are established and consistently producing - that is, the majority of mobile equipment is no longer needed - the excess cleared space is also no longer needed to effectively operate the well. Thus, we are able return the land to its original condition or use in order to promote land and biodiversity restoration while still maintaining a proper size well pad to ensure safe operations.

During 2023, we retired 201 Diversified wells and 182 non-Diversified wells within the Appalachia Basin. To support our strategy in restoring all well sites to their original and natural condition, we work with regulators, conservation agencies and local universities in our restoration process to better understand local native species, and then plant these native species, hydro-seed and restore natural contours in order to support vital ecosystem services. Each well site requires a tailored approach, based on its location, in order to enable a successful, long-term natural restoration of the land and to promote natural reforestation.

The maintenance of our midstream assets and pipeline infrastructure has biodiversity impacts that we keep in close consideration as well. In accordance to state and federal regulations and on par with our biodiversity values, our maintenance procedures within our pipeline rights-of-way ensure minimal impact on the flora and fauna. We also refrain from conducting activities during nesting seasons to protect migratory birds and ground nesters, and we plant native seed mixes to encourage the creation of new habitats and ecosystems.

Following are just a few of the many initiatives undertaken throughout the year to maintain our commitment to protecting and enhancing the biodiversity and ecosystems on and around our operating locations.

Biodiversity Stewardship In Action

PIPELINE EXTENSION & RECLAMATION PROJECT

During 2023, we extended a southern West Virginia pipeline less than one mile, and to minimize land disturbance we leveraged an existing access road and right of way, thus avoiding all streams and wetlands located in the area. As part of our reclamation efforts upon project completion and to encourage healthy ecosystems along the pipeline corridor, the few trees that were felled were intentionally placed in staggered windows to support small game management such as rabbits, while also acting as a secondary sediment control until vegetation was reestablished. In addition to the standard practice of contouring, backfilling soil and mulching as appropriate, employees also planted native seed and pollinator mixes containing wildflower species native to West Virginia which will bloom all season long and serve as attractants for bees, butterflies and other natural pollinators. In this same area, our team also installed new bat boxes to further promote biodiversity preservation.

PENNSYLVANIA WELL RETIREMENT

With over 15,000 wells and related pipelines situated on lands managed by the Pennsylvania Game Commission ("PGC"), Diversified recognizes the significance of its environmental footprint and consistently seeks ways to align its well retirement and plugging initiatives with the PGC's conservation goals. We are in close communication with the PGC through quarterly meetings, which serve as a platform for our collaboration. During 2023, we permanently retired 18 wells on lands managed by the PGC and restored well sites to their natural condition, by planting trees native to the region, which simultaneously cut down noise pollution and help restore bird habitats. Our work with PGC is planned to continue through 2024.

WVSU TREE PLANTING UPDATE

We are pleased to provide an update on our 2023 net zero deforestation initiative with West Virginia State University ("WVSU") to replace saplings and other trees removed by the Company as part of our 2021 extension of a natural gas pipeline in the state. Upon completion of the pipeline, we immediately restored the pipeline acreage with native seed mixes, but we also committed to replant a total of 10,000 trees, more than double the total number felled during the pipeline expansion. Throughout the course of 2023 and in multiple replanting sessions, we partnered local Diversified employees with volunteers that included WVSU Extension Service members; student chapters of West Virginia's Future Farmers of America ("FFA"); university students and professors; municipal Parks & Recreation staff; and representatives from AmeriCorps, Teens for Change, the Office of Surface Mining Reclamation and Enforcement, watershed groups, and more.

Through these efforts, we planted nearly 8,875 bare root seedlings and live stakes in the spring of 2023 in support of biodiversity efforts to, in part:

- replace tornado-damaged trails and woodlands,
- advance a silvicultural prescription for regeneration of a degraded forest,
- aid an ongoing acid mine drainage reclamation project,
- repair or extend riparian buffers,
- increase canopy on a public picnicking area, and
- mitigate stormwater or erosion impacts.

We also donated another 1,900 bare root trees to municipalities, Tree City USA communities, green collar workforce development organizations, the local Audubon Society, and neighboring West Virginia University for additional homegrown projects such as in-field student education and service learning, contiguous forest habitats, stream bank stabilization, and sedimentation reduction.

The replanting project also encompassed a containerized tree program which included plantings on the campus of WVSU, a public land grant university, completed by various campus student organizations, Diversified employees and WVSU Extension Service members. Through WVSU, we also provided containerized trees to communities in underserved or low socio-economic areas throughout West Virginia where the trees would be used for beautification, shade or food production (i.e. fruits and nuts). Alongside providing and planting the containerized trees, Extension Service members also provided these communities free workshops and written educational materials promoting basic tree biology, proper planting and long-term care.

In total, this program enabled the planting of over **10,700 bare-root seedlings** and **250 containerized trees**. Twelve groups or organizations and 36 FFA chapters were involved, with over **500 individual volunteers** participating in the plantings.

INTERN-LED BIODIVERSITY INITIATIVES

We were delighted to have had Kent State University student, Ariana Manos, join our EHS team for a summer internship. Her intern project focused on biodiversity and community-related opportunities. Ariana dove right into her summer role, firstly creating biodiversity education posters that were displayed in field offices around our operations. She also spearheaded an early fall clean-up project at Goddard State Park, which included assisting the Pennsylvania Department of Conservation and Natural Resources with park and lakeside landscaping and beautification efforts in preparation for a subsequently held community event.

Ariana also independently researched, identified and proposed projects that would benefit various native flying species and pollinators as well as sound attenuation from our operations. Her research and cost-benefit analyses led to proposals to management that included:

- building and installing bat boxes and woodpecker houses,
- planting trees and establishing pollinator gardens at company facilities in Ohio and Pennsylvania, and
- creating sound attenuation barriers at certain producing wells pads and compressor stations.

Members of our EHS and Operations teams enjoyed bringing Ariana's hard work to fruition, starting with the construction and installation of woodpecker houses. For this project, Diversified employees prepared 11 birdhouse kits from scratch by cutting and pre-drilling screw holes. Employees then created and delivered a red-headed woodpecker education presentation to a local Scouts BSA troop who assembled the kits with our team. Thereafter, teams from both the Scouts and Diversified employees hung the birdhouses in various locations around West Virginia, including near company well site pads. The Scouts were able to earn community service and conservation hours alongside achieving requirements toward merit badges and rank advancement.

In many ways this project complements the opportunities our teams look for throughout the year to contribute to local ecosystems and biodiversity, such as the bat boxes we hung on Earth Day in April 2023 in the Kanawha State Forest to provide habitats for the newly designated "endangered" Northern Long-eared Bats found within the forest. Ariana's recommended bat box project, along with her proposals for sound attenuation and pollinator gardens are currently advancing for execution in 2024.

Our Employees Make the Difference

How We Manage our Business

Our guiding daily principles underline our commitment to value creation without compromising the safety of employees. These principles - Safety, Production, Efficiency and Enjoyment - drive the success of our 'acquire and operate' life-cycle stewardship business model. Diversified's workforce gives precedence to these principles in their daily work.

We reflect these daily principles on a challenge coin that every employee carries as a tangible reminder of not only of our priorities which support our corporate culture and values but also what is at stake for themselves and their co-workers with each decision and action they take.

Safety
No compromises

Ensuring the care and well-being of our employees, our families and our communities is our top priority

Production
Every unit counts

Ensuring every unit we safely produce provides affordable, reliable energy to our communities and generates value for our shareholders

Efficiency
Every dollar counts

Ensuring every dollar we spend protects our employees, our communities and the investment of our shareholders

Enjoyment
Have fun delivering great results

Ensuring our company is a great place to work, encouraging innovation and celebrating our employees' accomplishments

Health and Safety

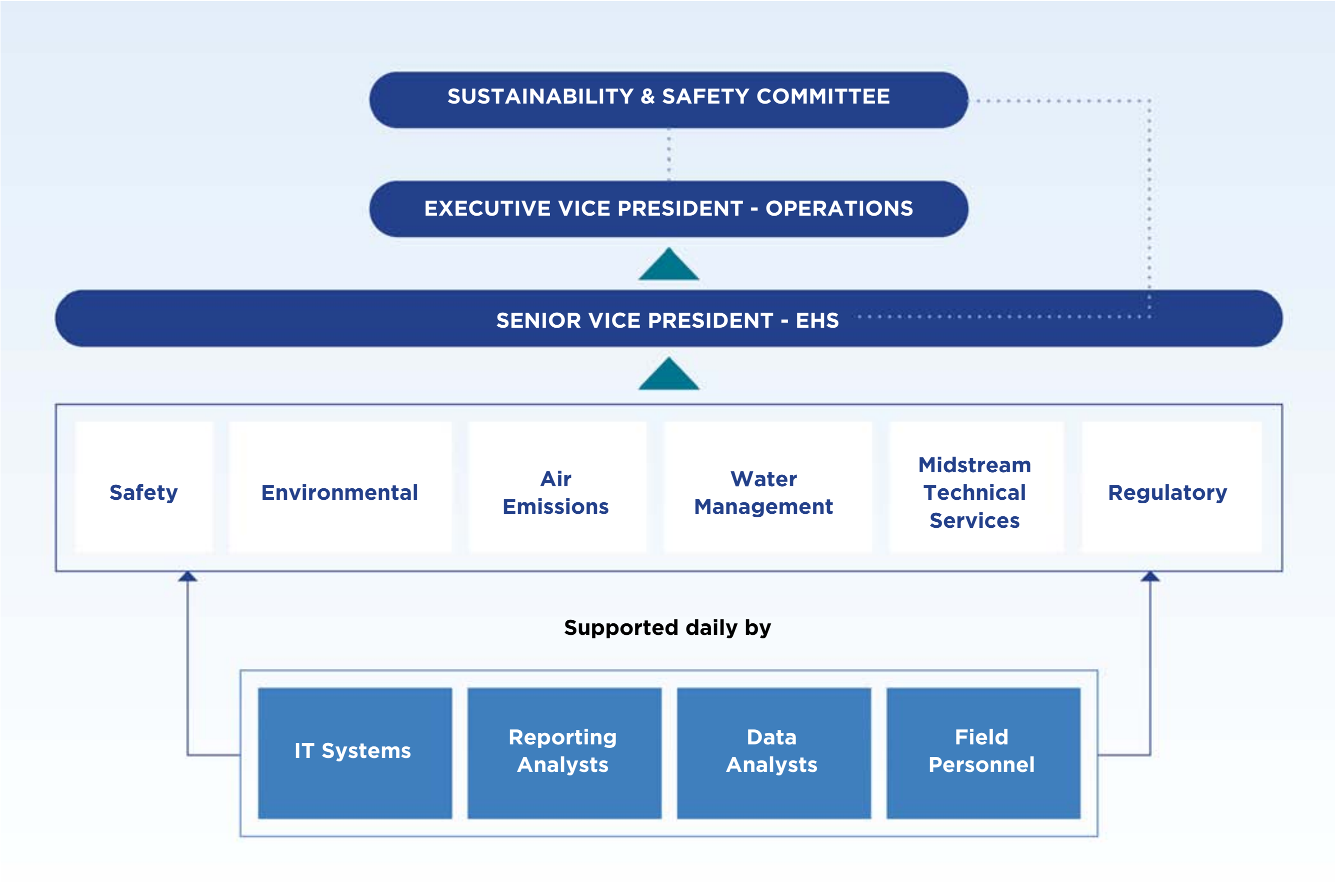
Comprehensive and effective management practices uphold the health and safety of our employees. We work to ensure that our employees prioritize safety above all else, which improves the integrity of our assets and facilitates environmental stewardship across our footprint. The EHS team is responsible for:

- 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 metrics and target tracking and reporting.

The aforementioned efforts, in tandem with the Environmental, Health and Safety Policy and Business Partners Policy, reinforce the safety and operational expectations of our employees, suppliers and business partners.

We take a data driven approach to safety with all stakeholders in mind. Key EHS metrics are monitored on a daily basis to provide a dashboard that is accessible by all employees. We provide the Board, the Sustainability & Safety Committee, and senior leaders weekly, monthly or quarterly safety-oriented summary reports, as appropriate. Further, our Executive Vice President of Operations and head of EHS are standing invited members to the Board's Sustainability & Safety Committee, providing current topical updates or deep dives on relevant EHS matters.

As of the end of 2023, our cross-functional EHS team was made up of 43 employees, serving as a valuable resource for our more than 1,600 employees. While safety is inherently the primary functional responsibility of the EHS team, we recognize that safety is every employee's responsibility and priority - no matter the employee's location, position or job function. Through one-on-one conversations, training, our safety culture survey, and other safety-related efforts, we strive to make responsibility and accountability central to our employees' daily jobs. When events that impact the health and safety of our employees do occur, correctional action is taken to understand why the event occurred and where Diversified can apply efforts to prevent potential events from occurring again.

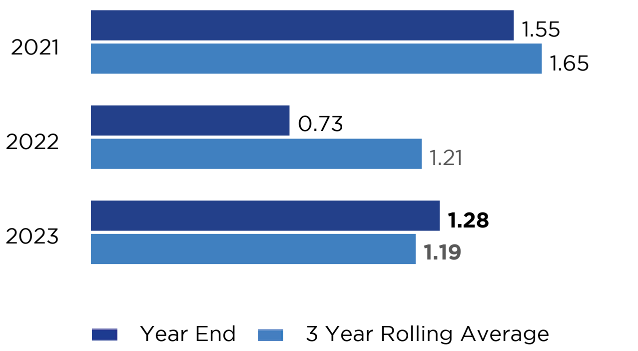


Personal Safety

At Diversified, our goal is to uphold a net-zero harm working environment. We employ a number of personal, hands-on and data-driven approaches and mechanisms for monitoring and managing safety, including safety trainings, safety analytics, leading safety indicators, predictive analytics and safety transparency.

While we take this approach to keep safety top of mind for employees while on the job, there are times that our safety performance unfortunately does not reflect this emphasis, as it was in 2023 when we recorded a Total Recordable Incident Rate ("TRIR") of 1.28, or a 75% increase over our prior year rate of 0.73. With this 2023 result, our three-year rolling average TRIR changed immaterially to 1.19 as compared to last year's three-year rolling average of 1.21.

TOTAL RECORDABLE INCIDENT RATE



The 2023 TRIR was driven primarily by an increased number of incidents, which were attributable in part to short service employees with less than one year of service under Diversified's safety culture which we are seeking to address through our expanding safety programs.

As with any incident and no matter the severity, our desire for a zero-harm working environment and our data-driven approach to change management encourage us to (i) take appropriate time to review the circumstances, causes and corrective actions of these incidents. and (ii) use these results as a catalyst for improving forward safety performance.

Our lessons learned to date in our review of 2023 incidents reinforce what we already know - the task of promoting safety is never finished - and highlight where our safety program needs improvement, specifically in our accountability and corrective action following an incident. We have already created a more robust work-flow for accountability for safety incidents and formed a task force to evaluate causal factors. So far we have identified opportunities for increased instruction for front line and mid-level managers.

While we continue to strive to reduce incident rates, we are also proud to recognize those areas performing highest in safety at our company. For example, five of our nine operating states incurred zero incidents in 2023, including two states who have not recorded any incident in more than four years and one of which has exceeded six years incident-free. These areas serve as excellent examples for our remaining teams as we collectively strive for individual and corporate improvement in this important area of our company.

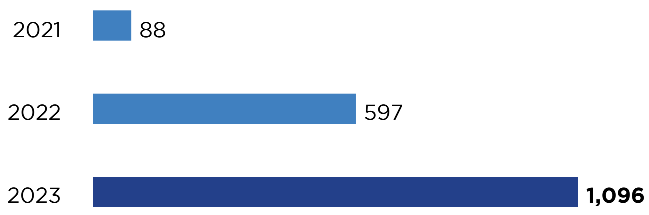
The TRIR metric is one that Diversified has used in its safety program for years and is a trailing metric that has been utilized by industry for over 50 years. However, we note current safety consensus now questions the use of TRIR as a valid safety indicator and instead supports the use of both severity indicators such as Days Away Restricted or Transferred (DART), Lost Time Incident Rate (LTIR), or Severe Incident Frequency (SIF) as relevant trailing indicators, and Near Miss/Close Call Frequency as a strong leading indicator. While prior year corporate KPIs included only TRIR metrics, we track all of the above data and use it collectively to evaluate performance. Beginning in 2024, we plan to utilize both TRIR and LTIR as safety performance metrics for our incentive compensation plans and will continue to focus on improving our safety performance and accountability thereof.

Safety Preparedness and Culture

We make every effort to keep safety awareness and importance at the forefront of our daily actions. We recognize that building a high-performance safety culture takes a constant investment, and that is why we consistently utilize numerous safety mechanisms to make safety data and information available to all employees, including but not limited to employee-led podcasts, newsletters, safety briefs, tailgate meeting support materials, leadership safety moments, and fit-for-purpose videos.

Another increasingly important part of our safety culture is our employee-driven, amnesty-protected Good Catch/Near Miss reporting program, where a Good Catch is a proactive, action-oriented approach to a potential incident while a Near Miss is s reactive outcome that avoided an injury as an incident occurred. We included an objective in 2023 to seek a 10% improvement in our 12-month average reporting rate with active participation across the organization, and are pleased to have exceeded that goal with a nearly 85% year-over-year increase. We consistently look for opportunities to incorporate these identified actions in our training program to increase awareness and convert the knowledge of such actions into tangible results.

GOOD CATCH/NEAR MISS
(Number of Reports)



Just as we provide our field employees with the personal protective equipment they need to remain safe while on our job sites, we also dedicate much time to providing consistent, relevant training to keep safety front of mind. We provide continuing education both online and in person throughout the year on safety topics. Our field employees are required to complete safety and risk mitigation training, and we have training expectations in place for our contractors. Additionally, First Aid and CPR trainings are provided at no cost to all field employees. As part of the safety updates distributed to the Board, Diversified's leadership receives an update on safety trainings throughout the year. Beyond the standard trainings, employees have access to online programs and media that cover safety at Diversified.

COMMITMENT

- Seek opportunities for continuous learning and improvement
- Serve and support our teams and communities with passion and enthusiasm

ACCOUNTABILITY

- Act with personal and business integrity

RESPECT

- Value the dignity and worth of all individuals
- Respect environmental stewardship as we make business decisions

EXCELLENCE

- Commit to excellence in our performance
- Exhibit courage of convictions, challenge the status quo and strive to create value

SAFETY CULTURE SURVEY

We set for ourselves a goal in 2023 to conduct our first ever, anonymous safety culture survey, inclusive of at least an 85% participation rate among field employees and supervisors. Achieving an 88% participation rate, the purpose of the survey was to create a baseline for understanding perspectives on current safety tools and actions at the Company and to allow the participants an active role in influencing safety decisions going forward and fostering a culture of continuous improvement.

For this survey, all questions scored better than 8 out of 10 on a scale of 1 (lowest) to 10 (highest). A key takeaway from this baseline survey reinforces that employees genuinely care for one another, the Company and their communities. Additionally, the survey reflected the need (i) to improve goal structure consistency across both EHS and Operations teams to better balance and support shared actions toward common corporate goals, (ii) to develop a direct leadership-based and small group safety training model, and (iii) to expand current safety data analytics to include increased emphasis on predictive analytics and leading indicators to reduce company exposure and create a more comprehensive incident management tool.

The survey results have thus far helped our safety focus group develop improved accountability expectations and corrective actions for future incidents. We have intentionally partnered the survey findings and resulting safety expectations and corrective actions in tandem with our new CARE logo as an avenue to reinforce our number one daily priority: Safety - No Compromises!

To reinforce actions taken in response to our TRIR results as well as the lessons learned from our safety culture survey, we developed this new logo for company-wide distribution reflective of our seven Company Values that incorporates the concept of CARE - Commitment, Accountability, Respect and Excellence. Since many of our Company Values point to our work ethnic and responsibilities to each other and the Company, the display of this logo on our hard hats, laptops, and any other frequently seen or used element serves as yet another reminder of our need for safety and accountability thereof.

SAMPLING OF 2023 SAFETY TRAINING TOPICS

- **Driving Safety - Distracted Driving**
- **Line of Fire / Struck By**
- **Lockout / Tagout**
- **Hand Safety / Pinch Points**
- **Critical Lifts and Rigging**
- **Slips, Trips and Falls**
- **Confined Space Awareness**
- **Flammable and Combustible Liquids Handling**
- **Static Electricity**
- **Ladder Safety and Fall Protection**

Driver Safety

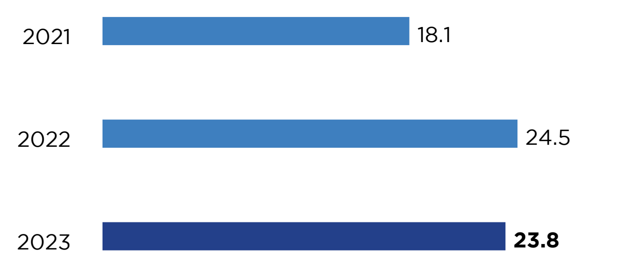
Our field operations span across nine states, and each area of operation covers an expansive stretch of land. This geographic dispersion means employees may spend significant time traveling on the roads, as evidenced by the nearly 24 million miles driven during the year. For this reason, improving driver safety means reducing both miles driven, which we accomplish in part through our remote monitoring programs and efficient well tender routing, and the accidents that occur during those miles. We seek zero preventable motor vehicle accidents ("MVA") during the calendar year. All employees that drive company vehicles are required to take driver safety training, and additional training is required for any employee that is involved in a preventable motor vehicle-related safety incident.

Given the significance of this program relative to the number of miles we record annually coupled with our focus on safety, Diversified leverages our MVA metric to determine a portion of executive and certain senior leadership's short-term compensation incentive. The company further incentivizes our field teams through our Safe Passages recognition program which awards accident-free drivers with custom-designed, wildlife-themed, locally-created pocket knives. For year-end 2023, we recognized 1,149 employees with this award, or 88% of otherwise eligible drivers with recorded mileage during the year.

We are very pleased to report that our 2023 MVA declined to 0.55 incidents per million miles driven, which is a 20% improvement over 2022 and the lowest in the history of our company. Likewise, the three-year rolling average MVA that is used for the short-term incentive compensation improved 21% to 0.65 as compared to the prior three-year rolling average of 0.82.

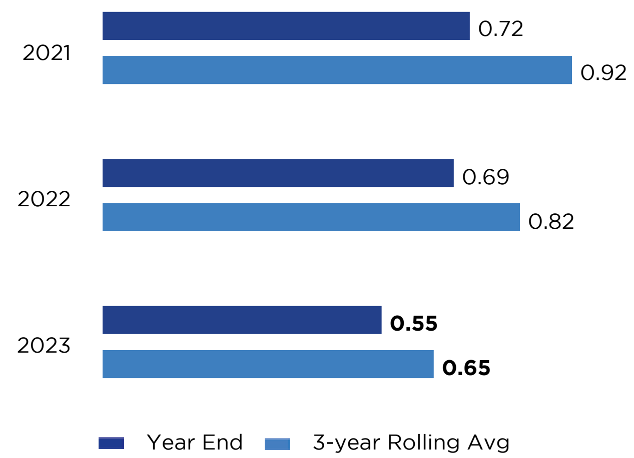
EMPLOYEE MILES DRIVEN

(Million Miles)



PREVENTABLE MVA

(Incidents per Million Miles)



Process Safety

Process safety is a disciplined framework for managing the integrity of operating systems and processes that handle hazardous substances, and specifically focuses on the prevention and control of hazardous release events that could impact safety or cause environmental damage. For our company, process safety depends on the collaboration and commitment of our operators to identify and understand potential hazards and risks and to manage those risks through appropriate actions and protections in order to reduce the frequency and severity of incidents that could occur.

Our integrated asset integrity management program focuses on operator qualification training, well-maintained operational and safety records, and pipeline regulatory compliance. Diversified's compliance program has expanded to include natural gas transmission, highly volatile liquids transmission and natural gas storage assets. Additionally, Diversified manages a robust portfolio of pipeline safety programs such as operator qualifications & training, Public Awareness, Damage Prevention & 811 (Call Before You Dig) participation, Control Room Management, and Drug and Alcohol Abuse prevention and awareness.

Reflective of our commitment to asset integrity management, during 2023 we were audited by 16 various state and federal regulatory agencies and received zero non-compliance citations with civil penalties for our operational assets and compliance programs. These audits results are included in the annual process safety updates and training we provide to the Board's Sustainability & Safety Committee.

The following four key aspects are necessary for the success of process safety at Diversified.

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 organized compliance model.

PERFORMANCE

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

ASSETS

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

Pipeline Safety

Our operational footprint spans thousands of miles of production, gathering and transmission lines. To keep employees, our communities, and the environment safe and protected, we deploy rigorous monitoring and safety measures, engage in regular pipeline maintenance, and utilize state of the art technologies to aerially surveil our systems. The greatest risks to our pipeline systems are often third-party excavation mishaps and long-term corrosion, so we actively engage in processes that seek to lessen or prevent these risks.

These risk management activities include employing a strategic continuing surveillance program inclusive of an extensive asset damage prevention program, public awareness activities, and state-level 811 Call Before You Dig participation. In 2023, Diversified responded to over 50,000 Call Before You Dig locate tickets. This effort significantly reduced our chances for third-party damage by accurately and effectively marking the physical location of our underground natural gas pipeline assets.

To abate corrosion issues in our steel pipelines, we ensure they are fit for purpose with protective coatings and cathodic protective systems. Our cathodic protection system, designed in accordance with regulatory requirements and pipeline industry codes and best practices, gives consideration to the length of pipe, thickness of its protective coating, and soil characteristics. This cathodic technique uses a low electrical current and sacrificial anodes to prevent corrosion of the steel pipelines.

Outside of our operators, there are a variety of stakeholders who may encounter or interact with our pipeline systems, including excavators as well as first responders, public officials and the general public. We actively engage these stakeholder groups to facilitate public awareness of our systems, for example providing emergency response training for public officials, and distribute written or electronic guidelines and information regarding our facilities and systems. We also partner with state auditors and PHMSA to annually evaluate our pipeline safety program.

Our Gas Control operations and IOCs provide enhanced safety for employees and the communities surrounding our midstream assets. By remote monitoring our systems 24/7, we are better able to identify and resolve potential operational or safety risks. Through the collaboration and coordination that our remote monitoring centers provide, communication, and therefore response, is more effective than ever. With remote monitoring, we efficiently provide notification to our operations supervisory personnel to dispatch crews based on priority issues identified, thereby reducing the need for our field employees to drive between sites to physically monitor our systems and thus keeping these employees off the road and in lower risk environments.

PIPELINE INTEGRITY

Effectively managing and maintaining our underground pipelines across nine operating states is crucial to ensure the safety, efficiency and reliability of such assets. To aid in this respect, we utilize cutting-edge technologies and solutions that support identification, classification and consequence analysis of pipelines, from the wellhead to the processing center. In addition to supporting and bolstering the integrity of our operations, these advanced systems (i) eliminate manual management methods which can be imprecise and therefore lead to inaccuracies and delays in maintenance and repair, (ii) improve real-time decision-making alongside our Gas Control operations during abnormal conditions, and (iii) increase response time and supporting data during state audits while also supporting all requirements of PHMSA.

Emergency Preparedness

Just as we believe that individual safety training and awareness can help prevent personal injury or accidents, so, too, do we believe that active training on a broader scale for natural disasters or operational incidents as well as established processes allow for effective response to any event that risks the safety of employees or the communities we operate in. Though our employees are trained and prepared for the worst-case scenarios, enabling them to respond confidently, effectively and expeditiously if needed, we recognize that any incident presents a learning and preparedness opportunity to prevent or minimize potential future occurrences.

Our formal Crisis Management Plan ("CMP") and Business Continuity Plan ("BCP") ensure the resilience of our operations through any such emergencies. The CMP covers a broad range of risk categories, including environmental, personal safety, legal and regulatory, communications, data security, and operational disruptions, among others.

The CMP includes a 12-member primary response team charged with:

- Mobilization 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
- Local response teams

Likewise, the BCP involves a similar yet separate team 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
- Providing input from the perspective of various core business functions including: Risk Management, Information Technology, Gas Control, Legal, Land, Finance & Accounting, and Investor Relations

Working with Responsible Suppliers

Our commitment to safety extends beyond our internal processes to our external business partners, which has grown to include more than 675 contractors and suppliers. This partnership begins with a required Master Service Agreement which delineates our health, safety and environmental requirements including proper training and use of proper safety equipment, compliance with company policies and adherence to applicable laws, respect for the site, proper reporting, waste management, and more.

Suppliers are expected to adhere to the high standards set we set internally within our EHS management system. Diversified requires all contract companies to acknowledge and sign our contractor handbook which spells out an expected code of conduct and attention to safety when working with Diversified personnel or on company property. In addition, contractors are required to certify that personnel performing work, services, or equipment at or on any Diversified location or facility are trained to meet the OSHA standards for job-specific training based on the work/service(s) they are providing to the Company.

To successfully integrate our business partners into our culture of safety, we leverage Veriforce to screen for a variety of critical state and federal operating standards. We have expanded Veriforce's review to include more questions related to sustainability, safety and human rights, and are working toward establishing mandatory response participation for these focus areas.

The expectations that we set through Veriforce and other supplier screening efforts are based in our policies and internal risk management processes. We hold these business partners to the same standards we hold our internal teams, encouraging safety in everything we do.

CASE STUDY

Winter Storm IOC Response

At the beginning of 2023, our first Integrated Operating Center (IOC) became operational 24 hours a day, and soon thereafter a winter storm affected several areas within our operations with severe cold weather conditions. Through our preventive preparedness and the support of our IOC, Diversified was able to keep all employees safe and our gas flowing to the market despite certain offline stations. Our full-service monitoring systems require less employees to be on site, and fail-safes through our cloud-based IT systems ensure that even if the IOC becomes non-operational, employees are able to remotely manage and monitor our systems.

Human Resource Governance and Employee Engagement

Making Employees a Priority

At Diversified, we aim to foster a unified company culture through our OneDEC approach that has standardized processes and procedures across our business and integrate our people and teams seamlessly. Our company undergoes continued growth through acquisitions, therefore it is essential for us to harmonize the assimilation of differing approaches into our OneDEC culture. We thoroughly review pre-existing Human Resource policies from completed acquisitions to integrate our standardized policies and guidelines for all Diversified employees.

This year, we refreshed our Employee Relations Policy and Employee Handbook, and recently developed an employee-specific Code of Business Conduct & Ethics. Next year, during our annual corporate policy review process, we intend to add an annual requirement for all employees to acknowledge receipt and understanding of the Code of Business Conduct & Ethics, much like our existing requirement for the Employee Handbook.

Integrating our acquired businesses' personnel into our OneDEC culture is of the utmost importance to the long-term success of our business. As such, all employees, regardless of tenure, are expected to adhere to our non-negotiable 'CARE' standards and Company Values, which promote Commitment, Accountability, Responsibility, and Excellence. At the same time, we are eager to receive insight from employees so that we can better identify opportunities for improvement in our practices and procedures. To solicit feedback from employees we have a twofold approach - proactively communicating with employees through targeted events and scheduled site visits and conducting annual employee engagement surveys.

#WeAreOneDEC

Proactive Engagements

Our Chief Executive Officer, Mr. Rusty Hutson Jr., and other senior management officials conduct town hall meetings during the year with various district or division offices. These sessions serve as a direct communication channel for employees to receive updates on corporate developments, and they provide a platform for employees to ask questions directly of executive and senior management. Our field visits this year were largely led by our former Chief Operating Officer, Mr. Bradley Gray, who regularly traveled across our operational sites together with field leadership to meet with field and district employees and work alongside them in many cases.

Providing an opportunity for direct interaction with members of our Board, in the fall of 2023 our Board Chairman, Mr. David Johnson, and Non-Executive Employee Representative. Ms. Sandra Stash, also traveled to our assets in Texas to conduct an asset and employee field visit. Ms. Stash's role as Non-Executive Employee Representative was established in compliance with the UK Corporate Governance Code to provide an employee voice in the boardroom.

Our aim is that these interactions allow employees to confidently and freely express their ideas and concerns, providing our leadership with an opportunity to learn more about the views of Diversified's workforce and ultimately enabling leadership to incorporate their considerations into broader corporate decision-making.

Employee Surveys

Our annual employee experience survey engages every Diversified employee, and solicits employee satisfaction related to company engagement, personal job specificities, direct managers, interactions with colleagues, and the overall organizational environment. The survey is traditionally conducted in late fall each year. However, due to a number of competing priorities during the year, we did not conduct the survey in the fall of 2023 but plan to do so in the second quarter of 2024 and will provide the results of that survey in due course.

We used the lessons learned from the results of our late 2022 survey and our follow-on actions in 2023, in part, to develop ongoing human capital objectives and initiatives for 2024. For instance, results of the survey indicated that Diversified ranked below the benchmark for learning/development and growth opportunities. After researching solutions during 2023, we are pleased to add LinkedIn Learning to our suite of professional development resources where, beginning in 2024, employees will have access to bespoke development tools to enhance existing skills, learn new ones and stay up to date with the latest industry trends. This program, designed with flexibility to meet each employee's work schedule and accessibility, will include participants from each level of management, from the CEO to individual contributors.

We regularly conduct new hire surveys utilizing an internally-designed survey developed to help us better understand the strengths and weaknesses of our onboarding processes and to provide insight to any potential ongoing employment needs or challenges for these employees. These surveys are completed by new employees after one week of employment as well as at 45, 90 and 180 days post-hiring.

We also conduct exit interviews with outgoing employees who are willing to share their reason for leaving the Company, and we seek to use this information, as applicable, to improve employee experiences going forward. During 2023, we experienced a total turnover rate of 17.1% as compared to 17.6% in 2022.

All survey results and exit interviews are closely analyzed by management to identify and meaningfully address the needs of employees as reported in their responses. It is our priority to assess all available levers to further strengthen our processes and procedures to provide a safe and welcoming workplace where employees are empowered to communicate openly while remaining accountable for their responsibility.

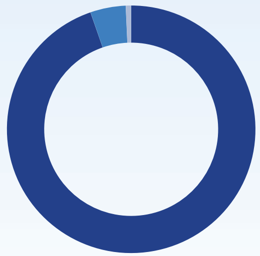
Diversity and Belonging

At Diversified, we are dedicated to actively fostering an environment of welcoming and belonging throughout all facets of our business. We welcome and promote diversity through an inclusive culture, equal opportunities for growth, and increasingly meaningful benefits for all employees throughout their time at the Company.

As an equal opportunity employer, we treat every individual with equal respect and avoid discrimination on the basis of actual or perceived race, color, religion, alienage or national origin, ancestry, citizenship status, age, physical ability or disability, language, gender, marital status, pregnancy, present military or veteran status, sexual orientation, gender identity, medical condition 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, evaluation, transfer, training, termination of employment, compensation, benefits and employee activities. It is our goal to ensure all prospective and current employees feel valued for who they are and the work they do, irrespective of the aforementioned attributes.

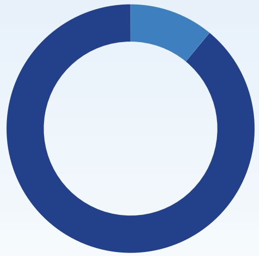
2023 WORKFORCE DIVERSITY METRICS

RACIAL DIVERSITY



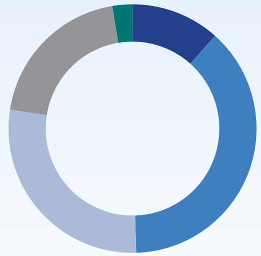
Non-Minority	**95%**
Minority	**5%**
Declined to Identify	**<1%**

GENDER DIVERSITY



Male	**89%**
Female	**11%**

AGE DIVERSITY



18-30	**12%**
31-45	**38%**
46-55	**28%**
56-65	**20%**
66+	**3%**

This year, we launched three unconscious bias trainings to 350+ managers and leaders to help them recognize potential bias present during the promotion, recruiting and interview processes.

Data-Driven Tracking and Recruiting Initiatives

Part of advancing diversity initiatives within our business is ensuring we have proper systems in place to do so. Our ability to analyze diversity data and then improve recruitment, retention and promotion is a major driver of our successful management of human capital. Through the following initiatives, we 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 characteristic.

We recently launched a new applicant tracking system, iCIMS, which has several features that allow hiring managers to consider applicants without bias. The system creates a more equitable hiring process through features such as resume redaction (removing information such as name, address, education and dates) and an improved analytics dashboard. The dashboard offers a variety of metrics to help us better measure demographic data against job opportunities and uncover gaps and disparities among different groups. Using these metrics, we monitor our hiring strategy, track candidate pool versus hiring decisions, and ensure we are adhering to being an equal opportunity employer.

At year-end 2023, 11% of our total workforce was made up of females, slightly higher than the prior year-end and, in part, a function of our hiring practices in 2023 where we hired female candidates at a higher rate than female applicants received (17% versus 14%, respectively). Ethnically diverse hiring continues to be a focus. Our applicant data reflects that we often have the least minority applicants per available job opening in areas where we have some of the most available openings. Likewise, we see a large number of minority applications in a few areas where we have the least number of annual openings. As always, we seek to enhance the diversity of our employee base, ensuring our local workforce mirrors the local population diversity, while also striving to hiring the best candidate for the position, regardless of diversity characteristic.

Talent Acquisition and Management

At Diversified, attracting and retaining talented staff is key to our success as a business, and we remain focused on providing attractive jobs with competitive salaries. engaging employees and hiring locally to build our long-term pipeline of talent.

Local Hiring

Our company is committed to promoting economic growth in our operating regions by prioritizing local hiring. We source talent from the local markets by utilizing online job boards like Indeed and LinkedIn. Advanced filtering capabilities from these job boards allow us to efficiently connect with qualified candidates in the local community, thereby contributing to economic development at the local level. By leveraging these resources, we hope to make a significant impact in supporting local hiring efforts. In 2023, most all new hires were from the local communities in which we operate.

Building An Employee Pipeline

We understand the importance of proactive and meaningful recruitment initiatives to maintain a diverse and skilled talent pool for years to come. Through these initiatives, and mindful of the age distribution of our employee base, we aim to actively recruit as needed and then cross-train and upskill employees to ensure a robust and healthy workforce inclusive of a variety of generations. We have scholarship programs, a growing internship program, and professional development systems to facilitate this important part of our operations.

SCHOLARSHIPS

In 2023, we provided financial scholarships to 25 university students attending several different universities in our operating areas as part of our five-year commitment to fund $10,000 in scholarships per year to each university. We also awarded seven $5,000 scholarships to children of Diversified employees as part of our Employee Dependent Scholarship program. These scholarships support, in part, university vocational programs in natural gas related fields which we anticipate will serve as a pipeline for new hires to our company and our industry.

INTERNSHIP PROGRAMS

We continue to expand our internship program each year. In 2022, we hired nine university students of different educational and demographic backgrounds resulting in two permanent hires to Diversified. In 2023, we hired 18 interns, surpassing our 2023 goal of hiring 15 interns. Fifteen of the interns were traditional summer interns who worked in various divisions throughout the Company, including in Human Resources, Information Technology, EHS, Finance & Accounting, Land, Legal, Petroleum Engineering, Marketing, and Reservoir Engineering.

The remaining three interns were part of West Virginia's Bridge Valley Community & Technical College's Earn and Learn program. The Earn and Learn Program is a workforce development initiative that allows students to take technical courses toward a degree while gaining paid work experience in their field of study. These Earn and Learn interns gained valuable work experience in our midstream and gas measurement areas during 2023.

iCIMS SYSTEM

Our utilization of the iCIMS applicant tracking system allows for scalability, innovation and improved recruiting metrics while fostering a diverse workforce throughout our recruitment process. Because the recruiting landscape is constantly shifting, utilizing iCIMS is an investment in the future of talent acquisition, including automation and integration with other systems and pre-screening features. The iCIMS is also built for high-growth organizations and will therefore accommodate Diversified's growing needs. With this platform, Diversified will have the ability to build metrics and benchmark recruiting metrics at a more granular level.

"

I had an amazing summer with Diversified. This program was extremely informative and overall well-rounded. As a young professional, I learned many different skills and was able to connect with many kind, intelligent, and professional individuals."

- SUMMER INTERN

"

"Working with this team has been such a valuable and positive experience for me. I truly appreciated being able to work with such a talented and hardworking group of professionals. I have learned so much throughout this internship, and truly appreciate all the support and guidance you all have provided, which will undoubtedly shape my future career and endeavors."

- SUMMER INTERN

Partnering our 4th daily priority - Enjoyment - with opportunities for learning and development, our very own "top guns", Goose and Maverick, continue to deliver great results for our company and fellow team members around our operating areas.

Employee Training and Development

In full support of our Company Value to "seek opportunities for continuous learning and improvement," we are committed to building a workplace that fosters equitable and continuous growth opportunities and encourages human capital and career development for all employees. We currently offer several development programs and trainings to promote the professional growth of employees, and are actively expanding these programs.

EDUCATIONAL ASSISTANCE PROGRAM

Diversified reimburses any employee 75% of the cost, up to a maximum of $5,250 per year, for continuing education through an accredited program that offers growth in an area related to the employee's current position or that may lead to promotional opportunities within our company.

TRAINING

In addition to the mandatory workplace safety trainings, we offered the following professional development trainings in 2023:

LEADERSHIP IMPACT TRAINING

To support the development of leadership skills among employees, this year, we piloted the year-long FranklinCovey leadership development course for 40 managers from across the Company. The training platform includes direct interaction with a FranklinCovey leadership coach as well as a 360° feedback assessment that results in a personalized development program for each participant.

UNCONSCIOUS BIAS TRAINING

As noted above, this year we launched three Unconscious Bias Trainings for all managers and leaders company-wide to help them recognize and address potential bias which can sometimes unknowingly influence decision-making during the recruiting and interview processes. As of December 31, 2023, we have achieved 96% completion rate for this training. Unconscious bias training has been incorporated into the onboarding process for all newly hired exempt employees in a hiring role.

To kick start our 2024 employee training and development initiatives, we have fully adopted the FranklinCovey program and currently have 30 additional employees participating in this leadership development approach. Providing further support to this initiative, we have 10 executive leaders and individuals from the 2023 program to serve as mentors to the current program participants.

Additionally, over 500 employees are now engaged in quarterly LinkedIn Learning modules with personalized professional development curriculums designed for executive leaders, strategic leaders, managers and individual contributors.

EMPLOYEE DEVELOPMENT OPPORTUNITIES

Our online performance management platform allows employees and their supervisors to establish and track progress against annual workplace goals. This program provides employees with visibility of improvement and growth areas and acts as a clear means of assessing and establishing merit-based compensation.

In 2023, we further developed our well monitoring IOCs and began upskilling field employees by offering them the opportunity to work in the IOCs. This program includes training that provides employees with the skills needed to leverage the various technologies in use at these centers.

CASE STUDY

Marketing Workshops

Every weekday morning at 8 a.m., members of the Diversified Energy Marketing team start their day with a 15-minute session to discuss a myriad of topics related to the energy industry. Ron Ridgway, EVP Energy Marketing, hosts the session with a dozen teammates eagerly joining to discover the topic of the day.

The group call originated in 2023 as a forum for employees new to the Company or the industry to ask questions and share ideas in an encouraging environment, free from pressure they might feel around those more experienced or senior employees. For the first several weeks, Mr. Ridgway prepared the agenda and presentation materials. The materials spawned discussions of new topics that other members wanted to research and present, and within a couple months the presentation deck grew to be hundreds of slides. While Ron still leads the meetings, they are interactive and lively with every person contributing.

As our business continues to grow, we recognize the importance of establishing a framework that prepares future leaders to speak knowledgeably and confidently at meetings and external events about Diversified and the energy industry. These meetings support this important opportunity to exchange perspectives in an open-minded, collaborative and educational way.

"The morning educational sessions are invaluable. As someone new to the industry, it's given me the opportunity to pick up on the intricacies of the business, ask questions, and learn from those who have a wealth of experience."

- JORDAN McCUTCHEON, GAS SCHEDULER, NEW HIRE IN 2023

Employee Benefits and Well-being

We recognize how important comprehensive benefits and resources are to the health and well-being of employees and their dependents. Our human resources policies, benefits program and competitive salaries are central to our strategy of managing and retaining talent while fostering a supportive and inclusive culture. Our benefits specialists review our benefits annually to ensure Diversified remains competitive in our offerings.

HEALTH & WELLNESS BENEFITS

- Comprehensive health and wellness insurance plans
- Educational and Employee Assistance programs
- Paid time off & rollover plans
- Hybrid Work Policy
- 401(k) savings plan match
- Volunteer time off
- Emergency Assistance Fund
- Employee Stock Purchase Plan

MENTAL HEALTH

Diversified understands that mental health is just as important as physical health, and we seek to encourage and support one another in recognizing and prioritizing mental health and well-being. Our Employee Assistance Program provides all employees and their families with free, confidential access to mental health counseling to help navigate personal or work-related challenges. This program is designed to provide short-term counseling services, work-life assistance, and other guidance to help employees and their families handle concerns constructively before they become major issues.

Our Human Resources department actively encourages and supports our teams throughout the year in prioritizing mental health and well-being, starting with destigmatizing mental health issues and recognizing when to ask for help. Through our wellness provider, the Company ensures that employees have access to several well-being tools to support a positive mental health journey.

FINANCIAL HEALTH

We are pleased that 96% of employees take advantage of our 401(k) savings program, for which we provide a generous match to employee dollars contributed. We have also partnered this company savings plan with a series of independently led financial planning seminars for employees this year, as we seek to address both the current and future financial health of Diversified's employees and their families.

In 2023, we were pleased to announce the launch of an Employee Stock Purchase Plan designed to make it easier for employees to financially participate in ownership of Diversified through direct investment in shares of company stock. As a qualified 423(b) plan that allows quarterly purchases of shares at a discounted rate through a payroll deduction process, this plan offers employees an easy, cost-efficient way to pursue a disciplined financial savings plan.

Our Communities

State-by-State Economic Impact

Diversified assumes a vital role in supporting communities across our 10-state corporate footprint. By providing our communities with employment opportunities underpinned by competitive salaries and excellent benefits, state and local tax revenues, royalty payments, and other direct and indirect investments, we contribute significantly to the economies of these states and, in doing so, positively impact the communities where we operate.

Since 2021, we have commissioned an independent third-party to conduct an analysis on the collective direct and indirect economic impact we have across our 10-state footprint. The analysis leverages financial and other data from across our operations to assess the net impact we have at the local, state and national levels, and allows us to illustrate the value of our contributions to stakeholders and other interested parties. In the last year alone, for example, we have contributed more than one billion dollars to the U.S. GDP when considering both the direct and ancillary impacts of our operations.

Naturally, our capacity to contribute and generate value is intricately linked to prevailing market dynamics and the broader macroeconomic environment. Thus, our modeled ancillary benefits declined year-over-year when 2023 energy prices retreated from the prior year levels that were largely driven by significant geopolitical uncertainties. Nonetheless, in calendar year 2023, we provided more than $500 million in ancillary labor income and generated more than 6,300 ancillary jobs, where ancillary includes both indirect and induced impacts as a result of Diversified's direct payments and actions.

These ancillary jobs, when coupled with the ~1,600 employees we had at year-end 2023, highlight Diversified's total employment impact of nearly 8,000 jobs during the year. Year-over-year operational expenditures across our footprint also increased, but more substantially in states like Texas where we grew through acquisition in 2023, therefore leading to significant increases in economic benefit through job creation within that state.

The following table illustrates both the direct and ancillary benefits we provide to the states in which we operate, and is reflective of activities and operations during calendar year 2023.

All dollars in millions

	U.S.*	Alabama	Kentucky	Louisiana	Ohio	Oklahoma	Pennsylvania	Tennessee	Texas	Virginia	West Virginia
GDP Contribution	**$1,103.4**	**$ 31.0**	**$ 92.0**	**$ 56.7**	**$ 111.5**	**$125.4**	**$ 71.5**	**$ 14.3**	**$250.8**	**$ 17.4**	**$135.3**
Diversified (direct)	$ 344.4	$ 10.0	$ 31.9	$ 23.6	$ 37.0	$ 59.5	$ 24.1	$ 2.1	$ 70.5	$ 4.0	$ 73.0
Ancillary	$ 759.0	$ 21.0	$ 60.1	$ 33.1	$ 74.5	$ 65.9	$ 47.4	$ 12.2	$180.3	$ 13.4	$ 62.3
Jobs & Employment	**7,948**	**286**	**803**	**395**	**819**	**781**	**563**	**124**	**1,485**	**148**	**1,095**
Diversified (direct)	1,603	75	212	65	166	142	201	14	171	39	507
Ancillary	6,345	211	591	330	653	639	362	110	1,314	109	588
Gross Wages & Income	**$ 675.6**	**$ 21.3**	**$ 58.7**	**$ 27.9**	**$ 74.2**	**$ 67.0**	**$ 45.1**	**$ 9.9**	**$148.0**	**$ 11.5**	**$ 87.8**
Diversified (direct)	$ 171.0	$ 9.3	$ 20.9	$ 7.2	$ 22.0	$ 17.5	$ 11.5	$ 1.4	$ 15.0	$ 3.3	$ 54.3
Ancillary	$ 504.6	$ 12.0	$ 37.8	$ 20.7	$ 52.2	$ 49.5	$ 33.6	$ 8.5	$133.0	$ 8.2	$ 33.5
State & Local Tax Revenue	**$ 85.4**	**$ 2.0**	**$ 7.1**	**$ 10.1**	**$ 7.0**	**$ 10.7**	**$ 4.8**	**$ 1.0**	**$ 18.1**	**$ 1.2**	**$ 7.0**
Diversified (direct)	$ 17.9	$ 0.1	$ 1.2	$ 6.8	$ 0.6	$ 4.7	$ 0.5	$ 0.1	$ 2.9	$ 0.1	$ 1.0
Ancillary	$ 67.5	$ 1.9	$ 5.9	$ 3.3	$ 6.4	$ 6.0	$ 4.3	$ 0.9	$ 15.2	$ 1.1	$ 6.0
Federal Tax Revenue	**$ 168.1**	**$ 3.6**	**$ 15.0**	**$ 17.8**	**$ 13.1**	**$ 24.8**	**$ 8.0**	**$ 2.1**	**$ 38.1**	**$ 2.9**	**$ 13.0**
Diversified (direct)	$ 66.5	$ 0.8	$ 6.9	$ 13.8	$ 3.4	$ 16.7	$ 1.6	$ 0.3	$ 15.2	$ 0.9	$ 6.2
Ancillary	$ 101.6	$ 2.8	$ 8.1	$ 4.0	$ 9.7	$ 8.1	$ 6.4	$ 1.8	$ 22.9	$ 2.0	$ 6.8
Other Payments											
Capital Expenditures	**$ 122.8**	$ 6.3	$ 8.2	$ 1.4	$ 10.0	$ 5.5	$ 11.7	$ 1.0	$ 51.2	$ 1.8	$ 21.4
Royalty Payments	**$ 236.6**	$ 0.0	$ 10.1	$ 30.7	$ 22.0	$ 65.1	$ 18.2	$ 1.0	$ 66.8	$ 2.3	$ 20.4

Totals may not sum due to rounding.

* U.S. includes Diversified's operating footprint (shown above) and all other states, as may be applicable

Beyond the economic benefits reflected below, employees across our states continue to contribute to their communities through volunteerism and donations, and Diversified is committed to supporting these efforts as highlighted in the subsequent community outreach and engagement sections of this Report.

Our Communities, Our Responsibility

We are privileged to live and work in 10 states across our corporate footprint. We believe with that privilege and social license to operate comes a responsibility to support those very communities in which we work, live and play. While we have a responsibility to support those communities, even more so our company and its more than 1,600 employees have a desire and willingness to improve lives and livelihoods, build healthy communities, foster awareness, promote opportunity, and create positive change.

We recognize the long-lasting positive impact we can have on both our communities and our business by giving back. We give not only because we can and we should, but more importantly because it matters. We know the difference it makes when we see the faces of the children receiving warm winter coats or teachers receiving much needed school supplies for their classrooms or families benefiting from stocked food pantries. Our community giving supports programs such as:

- Childhood education, with emphasis on STEM;
- Secondary and higher education;
- Children and adult physical and mental health and wellness;
- Environmental stewardship and biodiversity;
- Fine arts for children;
- Food banks and meal programs;
- Veterans and military support;
- Community and volunteer first responders; and
- Local infrastructure.

We also provide employees with avenues to engage directly with the organizations they want to support. In addition to supporting employee volunteerism, which totaled more than 2,860 hours in 2023, we also officially launched the dollar-for-dollar matching gift program, providing a company match on employee contributions up to $1,500 per employee per year. These gifts go to qualifying 501(c)(3) organizations, including the Company's single largest, employee-driven matching gift award that resulted in more than $110,00 in employee and corporate donations to 95 different organizations on nationally recognized Giving Tuesday.

To facilitate our contributions efforts, we have assigned a Community Affairs associate to lead our Community Giving and Engagement Program at Diversified, with active support from our Community Relations Committee. This committee is made of employees across the Company who are well embedded in their communities and thus afford us the ability to directly identify and address local needs.

> "One of my favorite charities is a locally run baby ministry that supports underprivileged families with young children in the Edmond, Oklahoma area. The organization, All Things Baby, is small and operates strictly by volunteers and donations only. Our family has been actively involved in volunteering time, donations of items, and financial support over the years. Thank you, Diversified, for actively giving back to the community. To see the direct impact of such a program is a priceless gift."
>
> **- RACHEL RUSHING, DIVERSIFIED LANDMAN**

Community Giving and Engagement Program

Through Diversified's grant program, launched in 2022, we support organizations that have a positive, direct, and long-last impact on the communities where we operate. During 2023, through the grant program and other corporate initiatives, our company contributed approximately $2.1 million to more than 120 different charitable, higher-education, and student-athlete related organizations, including significant contributions in geographic regions with large percentages of diverse and/or socio-economically disadvantaged populations. Our program is established around three main focus areas and with the ultimate goal to support community initiatives that fall under one or more of these areas:

COMMUNITY ENRICHMENT

Supporting family, health and youth engagement activities, to encourage the development of diverse, safe, healthy, and sustainable communities.

EDUCATION & WORKFORCE DEVELOPMENT

Supporting advance programs that provide youth training, including proficiency in STEM topics, and other workforce development.

ENVIRONMENT

Supporting biodiversity and conservation projects that focus on sustainability and the preservation of natural resources.

For more information on this effort, the application process and grant criteria are available at div.energy.

Making a Difference in Our Communities

Our workforce is a driving factor for our community engagement across our operating footprint, including philanthropic activities and on-the-ground support. Through both financial donations and active engagement, we eagerly and proudly supported our local communities in 2023. The following initiatives highlight several of the many initiatives Diversified supported during the year.

Operation Warm Coat Drive

In our third year partnering with Operation Warm, we donated $125,000 to provide free winter coats to elementary students located primarily in our Central Region states of Louisiana, Texas and Oklahoma. This organization is focused on providing warmth, confidence, and hope through basic need programs that connect underserved kids to community resources needed to thrive. In four different company-sponsored Operation Warm events during the year, nearly 80 employee volunteers handed out more than 1,200 new coats. Including our prior two years with Operation Warm, Diversified has now donated over 6,200 coats to deserving children.

“Being a part of Operation Warm at my child’s school was one of the most rewarding things I have ever had the privilege of being involved with. I also help coach the PeeWee wrestling team in Clinton, and I have experienced kids week after week showing up to practice wearing their coats. It has been a high light and makes me very thankful to work for such a caring and generous company.”

– BLAINE ALLEN, DIVERSIFIED LEASE OPERATOR

Disability Action Center

Supporting numerous counties in north central West Virginia, the Disability Action Center (“DAC”) provides programs and services to more than 450 children and adults with disabilities, ages 10 to 60+, and their families. The DAC seeks to provide comprehensive training for individuals of all abilities to learn, work, recreate, advocate and be supported in setting and reaching life goals. We were proud to support the educational and life-enriching work of the DAC with a financial contribution during the year.

“The Disability Action Center is extremely proud and grateful for the $20,000 donation from Diversified Energy for the construction of the DAC-Wilfong Wellness Center. This funding brings us a step closer to fulfilling the dream of creating an all-inclusive health and recreation center for people with disabilities and our entire community. Diversified's belief in the project demonstrates their commitment to making a positive impact where they work and live."

– JULIE SOLE, EXECUTIVE DIRECTOR OF DAC

Back-to-School Supplies

With education as a primary tenet of our Community Giving and Engagement Program, we recognize the impact a strong education can have for future generations that will one day become our workforce. We also recognize that it is not unusual for teachers to spend their personal monies to buy adequate supplies for their classrooms that limited state allowances simply do not cover in full. Through our employee-nominated Back-to-School event, we supported nearly 40 elementary teachers across our states of operation with some $20,000 to purchase much needed supplies.

“Thank you, Diversified, for your generous donation towards supplies for my classroom! Through your donation we have been able to accomplish interactive learning. When students are asked to collaborate and think creatively, they develop the skills necessary for success in the real world. These skills and the donated supplies can be reused for many years to come. Thank you again for your thoughtfulness and generosity!”

– TAMMY RUSS, ROBBINS ELEMENTARY TEACHER

Book Drive

Our continued focus on community enrichment and education allowed for a friendly competition amongst the states in our operating footprint in recognition of International Children's Book Day. We challenged employees to donate new or gently used books to be delivered to schools and libraries throughout our communities. In addition to the nearly 4,240 books collected and donated, some employees also spent time reading to the children attending or visiting these schools and libraries.

> "Students' access to literature has been limited since the pandemic. We witnessed students excited and motivated to read thanks to the time Diversified members took to read to our children, as well as donating the books they could take home and enjoy at no cost. This was a blessing for our students, and we are very grateful."

– JODY STILNER AND MELODY SINCELL, PHELPS ELEMENTARY SCHOOL, KENTUCKY, 2ND GRADE

Ronald McDonald House

In addition to company-funded monetary contributions, employees in Ohio, Alabama, Virginia and West Virginia spent time at local Ronald McDonald House Charities ("RMHC") to help decorate for the Christmas holidays, prepare and deliver breakfast bags to guests or provide maintenance support. RMHC is a non-profit organization whose purpose is caring for families with children who are ill or injured. They provide essential services that remove barriers, strengthen families, and promote healing when children need healthcare at nearby hospitals.

> "An organization like RMHC of Alabama wouldn't be possible with the incredible support we receive from corporations like Diversified. You have enabled us to provide comfort, care and community to children and their families going through unimaginable medical journeys. We couldn't do this important work without you. THANK YOU."

– KATHY MOORE, DIRECTOR OF MAJOR GIFTS & PLANNED GIVING

In **2023**, Diversified contributed **~$2.1** million to more than **120** different organizations.

SERVANT'S HEART AWARD

The annually bestowed Servant's Heart Award was first created in 2022 to recognize one or more employees who exemplify the Company Values and provide outstanding service to the community. We were extremely pleased to present this year's award to Central Region employee, Heather Hawkins. In addition to her role at Diversified as a Production Assistant with Upstream Operations in Weatherford, Oklahoma, Heather has volunteered with non-profit CASA of Western Oklahoma Inc. for more than four years. In her role as a CASA, or Court Appointed Special Advocate, Heather advocates for the best interests of abused and neglected children undeservedly cast into the juvenile court system, staying with and representing each child until the case is closed and the child is in a safe, permanent home. As part of these efforts, Heather also helps coordinate an annual golf fundraising event for CASA, which Diversified is proud to help sponsor.

Nominated by her co-workers, Heather also has been instrumental in ensuring that Diversified plays a key role in the Caring and Sharing outreach ministry in Weatherford. Caring and Sharing seeks to help families in need through its annual Christmas food and toy drive which served more than 445 children representing 129 families in 2023. The program allows parents to select toys for their children that they may not otherwise have received and provides a food basket to each family with a complete holiday meal.

One of Caring and Sharing's largest fundraisers is its Angel Project, for which Heather organizes and mobilizes a multitude of Diversified volunteers to erect large, sponsor-funded wooden angels along the primary driving thoroughfare in Weatherford, providing roadway Christmas decor as well as reminders of community support.

Thank you, Heather, for all you do for Diversified and the community you call home!

Supporting Our Military and Veterans

Love of country and respect for our military is very important to our company and to our employees. At Diversified, we are proud supporters of the U.S. military and its veterans as seen most prominently in our adopted use of the military challenge coin concept. As part of our community outreach efforts, we are honored to sponsor and support events that recognize not only the important role our military and veterans have played and continue to play in both protecting and serving our communities but also our role in helping address their physical and mental healing from their time of service. Throughout the year and across our organization, we engage in a number of events that reflect this support and a spirit of giving back.

Run, Ride and Rumble for PTSD Awareness

For the second consecutive year, and as part of our company's emphasis on mental health awareness, we were proud to sponsor Sojourn Counseling's annual fundraising event to support professional, medical and counseling services for veterans and others that suffer from debilitating trauma and post-traumatic stress disorder (PTSD).

Vietnam Veterans Memorial

In honor of the 50th anniversary of the Vietnam War, Diversified team members helped assemble a mobile Vietnam Veterans Memorial replica and education center in Fayette County, Pennsylvania. The mobile "Wall That Heals", a 3/4 size replica of the original Vietnam Wall in Washington, D.C., provides a wonderful opportunity for employees in our footprint and citizens across the U.S. to honor and remember those who served in this long, costly and divisive conflict.

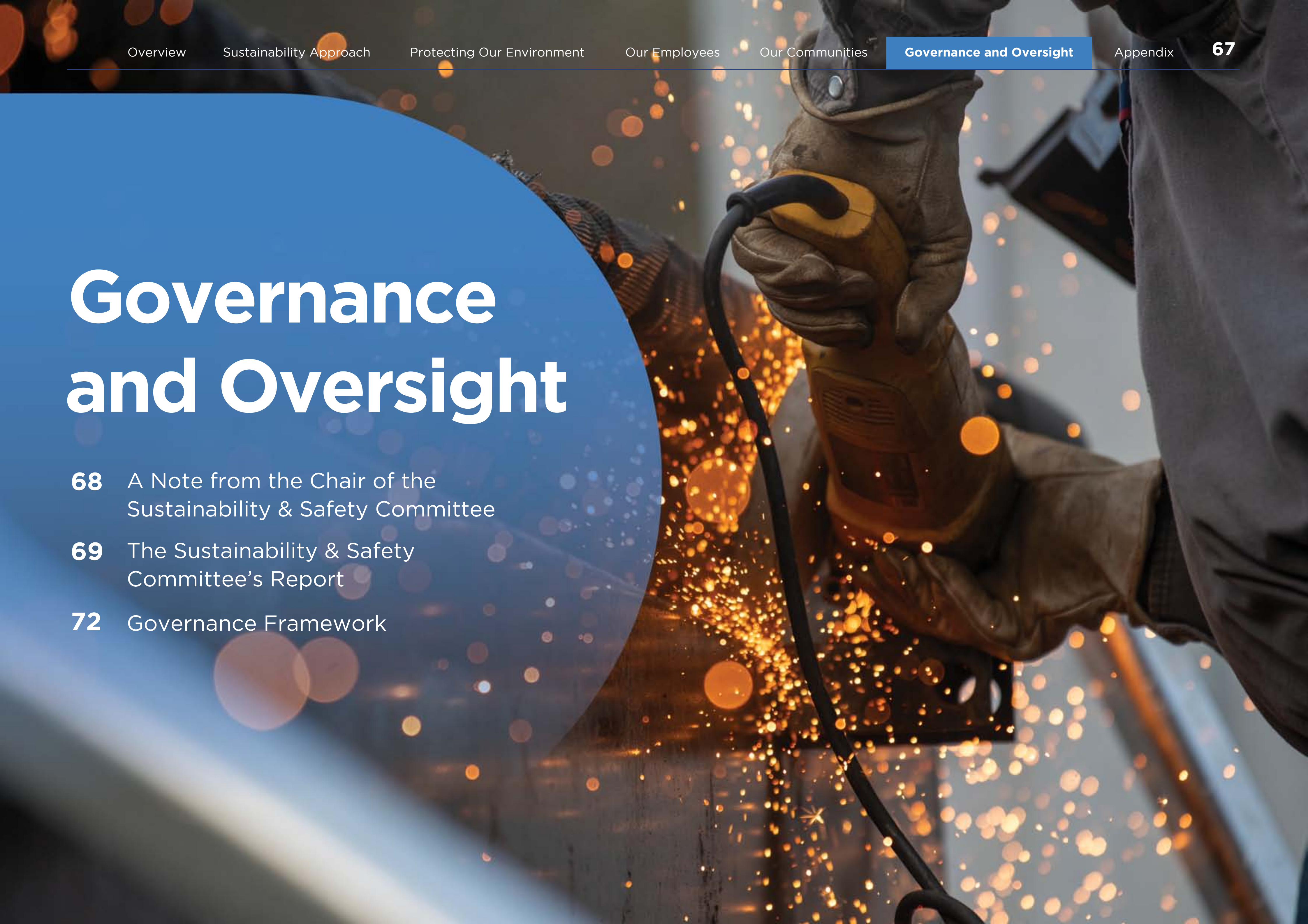
Wounded Warriors in Action Foundation

For the second year in 2023, our team in western Pennsylvania was excited to support the therapeutic efforts of this Foundation to 'Honor, Connect, Heal'. The Foundation seeks to promote healing and wellness for combat-wounded Purple Heart recipients through shared connection and camaraderie and a common passion for the outdoors through game hunting. Our team provides both physical and financial support, volunteering time to clear and prepare designated lands and to serve as hunting guides and a compassionate ear as well as funding certain meals and providing hunting supplies for the recipients during the events.

Toys for Tots

Employees across the Company look forward to the end of the year to participate in the U.S. Marine Corps Reserves' Toys for Tots Program. This is our third year participating in this program, to which Diversified's employees donated more than 1,860 new toys alongside the Company's direct financial contribution of $50,000. This initiative spans every state we operate in and is a highlight of employees across the business.

We sincerely appreciate the service of those who have served or are still serving in the military, especially our employee veterans. During 2023, we recognized 102 employee veterans with celebratory receptions and special Diversified-logo, fire-retardant shirts that uniquely identify them as a U.S. veteran.



Governance and Oversight

A Note from the Chair of the Sustainability & Safety Committee

"I saw our performance strengthen in 2023, as each year we make progress in further aligning and integrating our sustainability practices into our business strategy and our OneDEC culture."

In my dual capacity as Chair of the Sustainability & Safety Committee and the Board's Non-Executive Director Employee Representative, my objective is to ensure Diversified's management executes workforce policies and practices that are both consistent with the Company's values and supportive of the group's long-term, sustainable success. I saw our performance strengthen in 2023, as each year we make progress in further aligning and integrating our sustainability practices into our business strategy and our OneDEC culture. By closely monitoring progress against environmental and safety goals and tying compensation to safety and sustainability performance, we worked together across the Company to further strengthen our commitment to our net zero climate goal.

From our field employees to executive and board leadership, everyone at Diversified played an essential role in fulfilling our responsibility and working to meet our commitments.

SANDRA (SANDY) STASH,
Chair, Sustainability & Safety Committee

The Sustainability & Safety Committee's Report

Note that the Committee's Report as presented herein is replicated in its entirety from the Company's 2023 Annual Report.

COMMITTEE COMPOSITION

Sandra M. Stash (64)

Independent Non-Executive Director (Chair)

Strength:
Industry

Independence from:
Management & Other interests

David E. Johnson (63)

Non-Executive Chairman, Independent upon Appointment

Strength:
Finance

Independence from:
Management & Other interests

Kathryn Z. Klaber (58)

Independent Non-Executive Director (as of 1/1/23)

Strength:
Regulatory, Sustainability

Independence from:
Management & Other Interests

Bradley G. Gray (55)

President & Chief Financial Officer (Executive Director and committee member until 9/15/23)
Strength:
Industry, Finance

Independence from:
Other Interests

Key Objective

The Sustainability & 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, conduct and responsibility, social affairs, the environment (including climate) and broader sustainability issues. As part of the Group's overall sustainability 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 and Form 20-F, 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 and inclusion, community engagement and other social goals, as well as health and safety that apply to executive remuneration.

The committee reviews the Group's Sustainability 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 stakeholder concern that could affect its reputation and license to operate.

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

Key Matters Discussed by the Committee

MAIN ACCOMPLISHMENTS OVER THE COURSE OF 2023

- 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 absolute Scope 1 and 2 GHG emissions by 2040;
- Continued the review program to align executive management remuneration with key safety and sustainability performance indicators and metrics, including factoring GHG reductions into long-term incentives, that has been communicated to the Remuneration Committee;

- Engaged with the leadership of the Group to understand the diversity profile of the Group's workforce;
- 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 with the exception of reporting on Scope 3; and
- Reviewed the Group's sustainability related communications, including the composition and approval of the Group's 2022 Sustainability Report and preparation for issuance of the 2023 Sustainability Report.

Committee Activities by Focus Area

During 2023, the committee met regularly to review and discuss a range of prioritized 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 and inclusion; (iv) the Group's approach to managing climate risk, (v) the Group's emissions reduction capital programs; and (vi) the Group's plugging business. The committee also focused on the following:

PROCESS SAFETY

- The Executive Vice President of Operations 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.

SUSTAINABILITY RATING AGENCY SCORECARD

- The committee reviewed the Group's various third-party sustainability 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 recognized consultants and advisers 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 and Form 20-F. Further information can be found in the TCFD and Climate-Related Risks sections within this Annual Report and Form 20-F.

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 program 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.

AREAS OF FOCUS FOR 2024 AND BEYOND

- Support the Group in meeting increasing sustainability 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 formalizing a roadmap to be net zero absolute Scope 1 and 2 GHG emissions by 2040);
- Support the Group in its diversity and inclusion aspirations;
- 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 planning and strategies; and
- Provide advice and guidance on potential further EHS enhancements and reporting metrics, including an increased focus on safety, well abandonment, water management and biodiversity; and

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 & 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.

The committee is currently comprised of the Non-Executive Chairman and two Independent Non-Executive Directors: Sandra M. Stash, the Sustainability and Safety Committee Chair, David E. Johnson and Kathryn Z. Klaber. Ms. Klaber was appointed to the committee as an Independent Non-Executive Director as of January 1, 2023. Additionally, Bradley G. Gray stepped down from the committee on September 15, 2023 concurrent with his departure from the Board and appointment as the Group's President and Chief Financial Officer. Benjamin Sullivan, Senior Executive Vice President, Chief Legal & Risk Officer 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 & Safety Committee met five times during 2023 and one time thus far in 2024. 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 Chief Legal & Risk Officer, the Senior Vice President of Sustainability, the Senior Vice President of EHS and the EHS team and external consultants between meetings of the committee. For committee meeting attendance for each Director see the Directors' Report within this Annual Report and Form 20-F.

The list below details the members of the Senior Leadership Team who were invited to attend meetings as appropriate during the calendar year.

- Bradley G. Gray (President and Chief Financial Officer)
- Benjamin Sullivan (Senior Executive Vice President, Chief Legal & Risk Officer, and Corporate Secretary)
- Maverick Bentley (Executive Vice President of Operations)
- Paul Espenan (Senior Vice President of Environmental, Health and Safety)
- Teresa Odom (Senior Vice President of 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 and, EHS goals and evaluating the Group's progress against those goals;
- 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;
- Considering and advising management of emerging environmental and social sustainability issues that may affect the business, performance or reputation of the Group and makes recommendations, as appropriate, on how management can address such issues;
- Monitoring the Group's risk management processes related to environmental and social sustainability and EHS with particular attention to managing and reducing environmental risks and impacts; and
- 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.

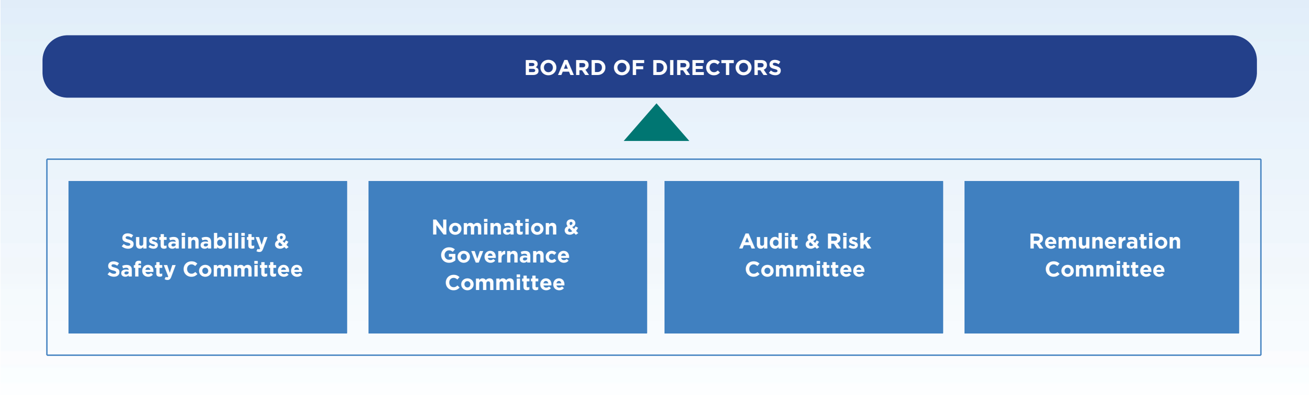
The committee has formal terms of reference which can be viewed on the Group's website.

Sandra M. Stash
Chair of the Sustainability & Safety Committee
March 19, 2024

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

Governance Framework

Diversified has a robust governance system that incorporates a top-down oversight approach while encouraging bottom-up employee ownership that collectively creates a company-wide culture of commitment to stewardship and sustainability. Our governance framework helps ensure we remain accountable to our stakeholders across our various sustainability objectives. Our Board sets the strategic direction for our company, assesses and manages risks, monitors our performance, and oversees all aspects of our strategy, including our governance, to ensure that we are well-positioned for growth and success. Ongoing evaluation of our governance approach by our Board and executive leadership teams, aided at times by third-party experts and advisors, ensures our processes remain transparent and accountable.



A high level summary of our four Board committees and their responsibilities as it relates to our sustainability strategy is reflected below. Refer to our year end Annual Report for a more thorough description and composition of each committee.

SUSTAINABILITY & SAFETY COMMITTEE	Responsible for the oversight of practices and responsibilities surrounding the environment, health and safety, and climate (including climate scenario analysis) performed in adherence with the recommendations of the TCFD.
NOMINATION & GOVERNANCE COMMITTEE	Oversees succession planning and Board candidate replacement. This includes monitoring and managing the diversity of gender, race and expertise of potential and current Board members.
AUDIT & RISK COMMITTEE	Responsible for ensuring the integrity of financial reporting and financial and risk management controls. This includes managing the assurance for sustainability data and reporting, as well as reviewing all reported ethics issues and oversight procedures.
REMUNERATION COMMITTEE	Oversees the remuneration program of the Executive Directors and the senior leadership team. This includes the portion of the short-term and long-term incentive compensation plans that rely on sustainability/EHS metrics.

Board of Directors

Our Directors' unique backgrounds and diverse experiences and skill sets add significant value to the strategic decision-making and oversight that lie within their respective ranges of Board committee responsibilities and help us to understand and better meet the needs of Diversified's many stakeholders.

Please refer to the skills matrix for details on areas of expertise across our Board. Additional information about our Board can be found in our Annual Report and at div.energy.

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.	✔	✔	✔	✔					✔	
Kathryn Z. Klaber	✔	✔			✔	✔	✔	✔		
Sylvia Kerrigan	✔	✔			✔	✔		✔	✔	✔
Sandra (Sandy) Stash	✔	✔	✔			✔	✔	✔		
David J. Turner, Jr.	✔			✔	✔					

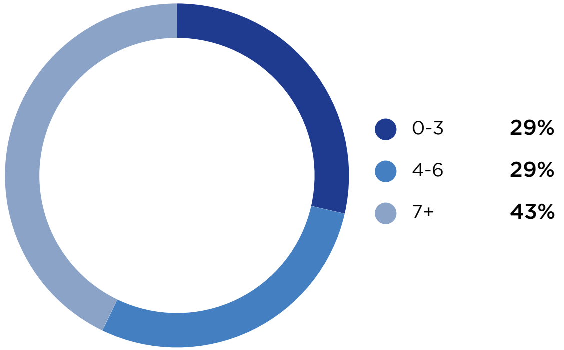
At December 31, 2023, our Board consisted of 88% member independence, with our Chief Executive Officer the only non-independent Board member. During the third quarter of 2023, Sylvia Kerrigan assumed the role previously held by David Turner, Jr. as the Board's Senior Independent Director, achieving the UK Listing Rule diversity target for this Board position.

The Company's Board improved in gender balance in 2023. Evidencing this improvement, the FTSE Women Leaders Review 2023 indicated Diversified ranks in 76th place among the FTSE 250. It also recognized 43% female representation at Board level and 34% in the executive committee and direct reports category (which is comprised of 35 females and 68 males). Within the energy sector, Diversified is in 4th place. The FTSE Women Leaders Review is an independent framework supported by Government that builds on the excellent work of both the Hampton-Alexander and Davies Reviews which ensures that talented women at the top of business are recognized, promoted and rewarded.

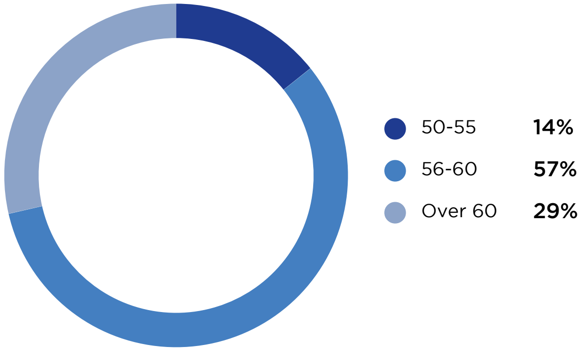
Our goal is to have at least one member of the Board that is from a minority ethnic background. While we have not yet achieved this target, we continually aspire to increase diverse representation on our Board. In this regard, the Board acknowledges the UK Listing Rules' diversity targets, which the Company intends to continue to closely examine and evaluate in 2024 in terms of Board membership, additions, recruitment and retention.

BOARD COMPOSITION & DIVERSITY AT YEAR END 2023

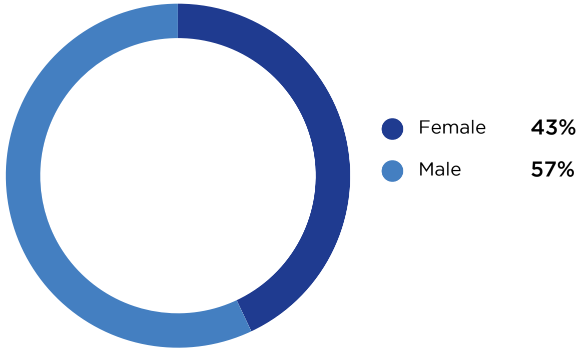
TENURE (IN YEARS)



AGE (IN YEARS)



GENDER



Continual Governance Improvement in 2023

In 2023, the Nomination & Governance Committee completed an evaluation of governance best practices and a refreshment of Diversified's governance framework, including, in part, to specifically incorporate, as appropriate, New York Stock Exchange ("NYSE") and U.S. Securities and Exchange Commission ("SEC") rules in connection with our December 2023 NYSE-listing. Additionally, the following efforts contributed to continued improvements through evaluations, review and planning during 2023:

BOARD REVIEWS & EVALUATIONS

An independent third-party conducted a Board-level evaluation to identify emerging themes and potential opportunities for improvement.

Each Board member also completed a committee-level self-evaluation to assess the effectiveness of their respective committees and to identify areas for enhancement or added focus.

Each Board Committee re-evaluated its respective charter to align with NYSE/SEC best practices, and three of four charters were updated accordingly.

BOARD TRAINING & EDUCATION

The Sustainability & Safety Committee completed third-party led training on biodiversity and Task Force on Nature-Related Financial Disclosures reporting.

The Board of Directors completed training on UK corporate governance and regulatory updates.

SUCCESSION PLANNING

Diversified conducted annual succession planning at the Board and the senior executive levels.

This year's efforts to expand coverage to a greater number of key resources and positions broadened the Company's existing succession planning. The program's strength was tested and reflected in the Company's successful shifts in executive leadership in the second half of 2023.

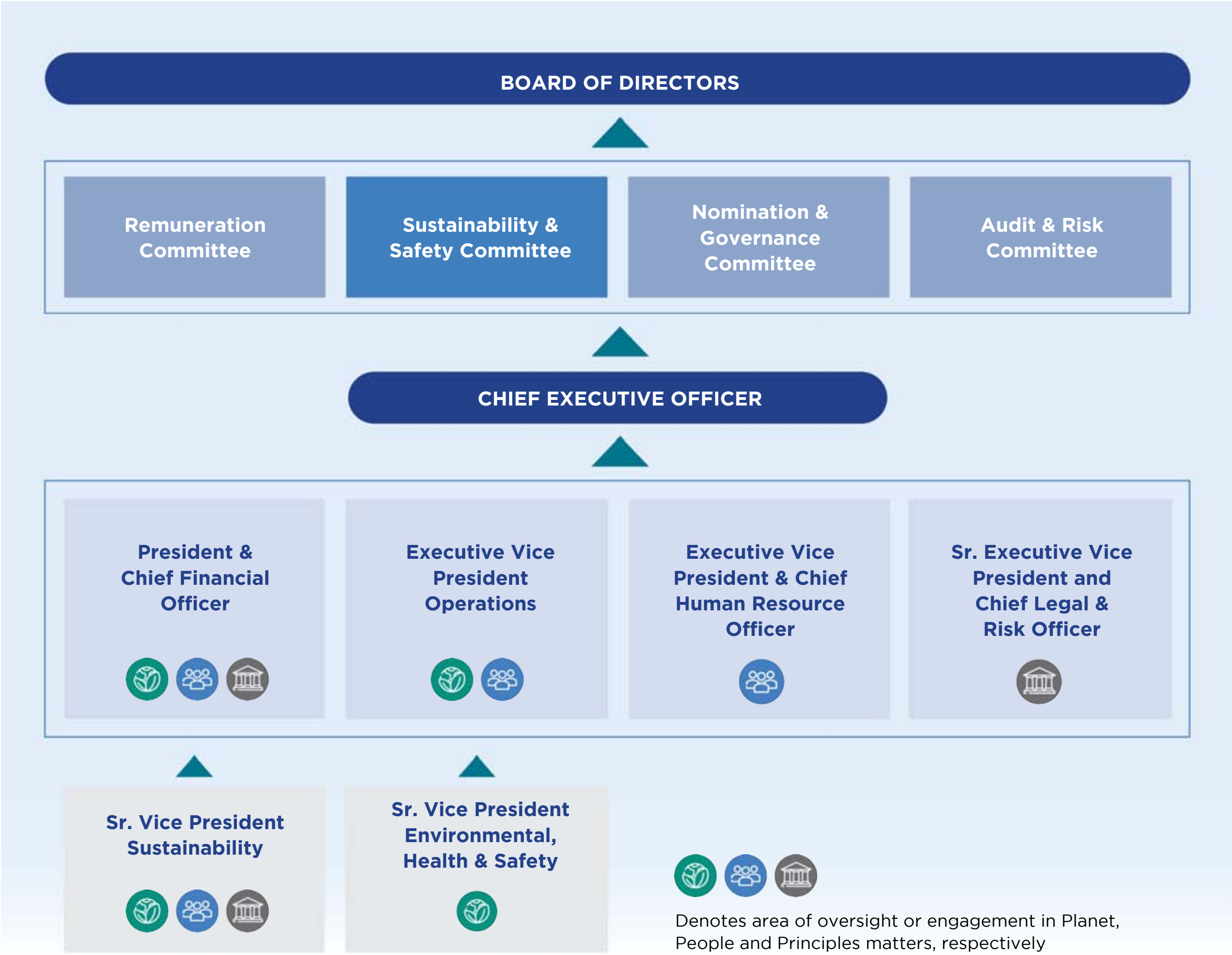
Broad Sustainability Oversight

Though aspects of sustainability are embedded in every level of the organization and within every committee of the Board, the Sustainability & Safety Committee of the Board and our senior leadership teams are central to the identification and management of Diversified's sustainability initiatives and actions. Sustainability and EHS leaders and team members across the organization underpin Diversified's leadership role in the industry by driving action and progress on the robust sustainability objectives we set for ourselves and our stakeholders expect.

Our senior leadership teams provide regular sustainability, EHS and human resources updates as well as participate in deep dive knowledge sharing at every Sustainability & Safety Committee meeting. In turn, the Chair of the Committee as well as the President and senior Operations leaders also provide updates on the same, as applicable, on a regular basis to the entire Board. These efforts are all driven by our Climate Policy—which recognizes climate changes are complex and global issues and outlines our approach to a responsible transition to a lower carbon economy while fulfilling the energy needs of our customers.

Key sustainability and safety performance metrics are included in our executive and senior leadership's annual compensation plans as well as in our corporate long-term financial debt instruments. Accordingly, we have stringent requirements around these metrics when it comes to data relevance, transparency and measurement. Diversified sets and reports on our annual objectives, allowing us to communicate specific plans and progress toward our longer-term goals. Of particular relevance, in 2023 we continued to engage independent third-party assurance group, ISOS, to assure our GHG emissions calculations.

Training employees and executives on climate and sustainability is integral to advancing our business strategy and progressing toward our established goals. In 2023, third-party experts conducted a biodiversity and TNFD-specific training for our Board, which complemented the climate specific training held in 2022. For our larger



employee population, we include discussions of how sustainability fits into Diversified's daily operating priorities through employee interactions with management and town hall meetings with executives, and regularly use these opportunities to create an open forum to gather feedback.

To further advance discussions on sustainability beyond our internal stakeholders, we have incorporated environmental and safety factors in our supplier evaluations using Veriforce. Please see more about these efforts in the Working with Responsible Suppliers section of this Report.

Corporate Policies

In 2023, as part of our annual policy statement review process and in preparation for our NYSE-listing, we internally reviewed our existing policies and further compared the policies to market trends and expectations. Under the oversight of the Sustainability & Safety Committee and our executive leadership, we updated all existing policies to align with our internal strategic goals as well as the expectations of our stakeholders, and further created additional policies to expand certain other corporate commitments toward sustainability. All policies were reviewed and approved by the full Board and thereafter duly executed by our CEO.

Through the review of our policies, we were able to set a more formal standard for the entire company by updating each policy to meet, and in many cases, exceed industry expectations. Applicable across all operations, and in addition to a new Code of Business Conduct & Ethics discussed below, in 2023 we added the following policies to our existing policy library:

BIODIVERSITY POLICY

This policy emphasizes our stewardship commitment to the natural environment and encourages a net positive impact through 14 corporate action items aimed at protecting and conserving the biodiversity and ecosystems within nature.

TAX POLICY

Supporting increased transparency around Diversified's approach to tax, this policy contains our tax objectives which include compliance, tax governance and controls, tax planning, relationship with tax authorities and transparency.

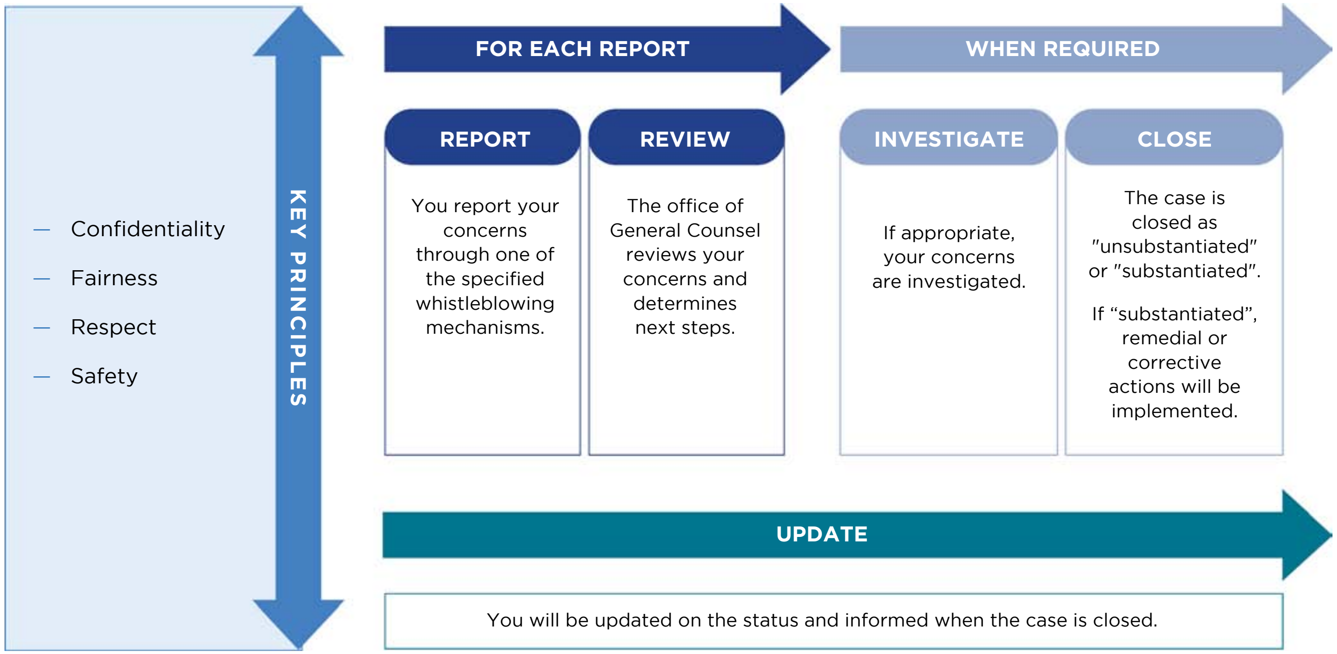
- Anti-Bribery and Corruption Policy
- Biodiversity Policy
- Business Partners Policy
- Climate Policy
- Compliance Hotline & Whistleblowing Policy
- Employee Relations Policy
- Environment, Health And Safety Policy
- Human Rights Policy
- Modern Slavery Policy
- Securities Dealing Policy
- Socio-Economic Policy
- Tax Policy

Ethics and Compliance

We remain committed to conducting our operations with the utmost ethics and integrity, and therefore we seek to comply with or exceed all applicable laws and regulations. We continue to progress these efforts by staying abreast of regional and national laws and regulations, and in 2023 we refreshed and added to our library of corporate policies, which address certain laws and regulations accordingly. In alignment with the updates to our policies, we also published a new Code of Business Conduct & Ethics for employees which is now included on our website and will be subject to employee confirmation of receipt and review as is the Employee Handbook. In line with the expectations as outlined in our Code of Business Conduct & Ethics and our Company Values, we encourage any employee to report perceived or observed unethical, illegal or improper conduct.

In addition to our new policies and recent updates to the Employee Handbook, we now require employees to annually acknowledge our Anti-Bribery and Corruption Policy. We expect employees to abide by the policy and avoid all manner of corrupt activities, including but not limited to bribery, conflicts of interest, anti-competitive behavior and price fixing, embezzlement, collusion and other fraudulent behaviors.

As part of the review of the Whistleblower Policy, we evaluated the use of the Whistleblower hotline and have updated our process for handling whistleblower reports. To raise awareness among employees, we have placed signage on the hotline throughout our office spaces, and we provide education to familiarize employees with our internal practices and procedures around whistleblower protections.



Our Whistleblower Policy provides guidance on how employees can raise concerns along with protections and principles to avoid retaliation against workers who report concerns. Hosted by an independent third-party vendor, our compliance hotline is available 24 hours per day, 7 days per week and can be accessed at +1 (800) 261-9132 or online at compliance.dgoc.com. The hotline received four total calls in 2023, of which one call was determined to be purely a Human Resources matter and was handled apart from the hotline investigation process while the remaining three reports were fully investigated and resolved by the end of the year.

Risk Management

Our enterprise risk management ("ERM") program emphasizes the importance of risk awareness and encourages a healthy culture around risk discussion throughout the organization. With a framework that aims to identify, assess, prioritize, monitor and mitigate principal risks, we are continuously assessing each of our business units and proactively seeking to strengthen our risk management process.

The Audit & Risk Committee is responsible for the oversight of our ERM program and necessary updates, ensuring our internal risk controls remain in step with company developments, industry changes, and broader stakeholder expectations. Our senior leadership team drives the risk assessments process and engages key internal stakeholders. Based on this review and input, we refresh our process and update our risk universe, as needed. Lastly, identified risks are reported to the Board, where each principal risk is assigned to a relevant Board Committee. Appropriate members of executive and senior management teams are then designated as "Executive Risk Owners" and "Risk Owners," respectively, and are responsible for the continuous monitoring and prevention of the assigned principal risk.

Our ERM review process mandates that Executive Risk Owners report updates to the respective Board Committee annually, at a minimum, but proactive communication is encouraged. The effectiveness of our risk mitigation efforts is continually monitored by our Internal Audit team.

Notably, four of these principal risks have a direct association with non-financial and sustainability risks, underscoring our dedication to fully integrate the importance of responsible operations into our overarching risk management framework. A more detailed discussion of our identified risks is available in our 2023 Annual Report, and our climate-related risks are discussed in detail in our Climate Risk and Resilience Report located in the Appendix of this Report.

Stakeholder Engagement

It is important for us to ensure that all of Diversified's stakeholders can easily provide the Company with feedback, As formerly discussed herein, such feedback includes a periodic Materiality Assessment with both internal and external stakeholders, which was last completed in 2023. We also maintain a wide range of feedback channels which uniquely consider our broad range of stakeholders. All enquiries are promptly routed to the relevant internal teams best equipped to address the feedback. Given the nature of the feedback, members of our Land or Community Affairs teams, as appropriate, typically play a key role in engaging with feedback and taking any necessary remedial actions.

Diversified maintains several formal communication channels that enable stakeholders to reach out to our company, either to seek information or to express any concerns. Simultaneously, we are also highly active on our social media platforms and monitor messages from the community or any other stakeholder to ensure we capture their input.

"I wanted to share that you guys did an awesome job and were very respectful of the property. Please make sure you pass my note to the crew."

- LANDOWNER

"I appreciate all that each of you have contributed to get this matter resolved. I am especially thankful to have a direct contact number now to use if needed again."

- ROYALTY OWNER

COMMUNITY ENGAGEMENT

As we continue to grow and acquire more assets, we seek to proactively build and maintain strong relationships with the communities where we operate, and this engagement process begins as early as when we first visit an acquired site. As our employees generally live and work in the same communities, they are regularly available to engage with our neighbors should any concerns or grievances exist. Our goal is to maintain an open and transparent feedback process that does not tolerate any form of retaliation or intimidation against any stakeholder who may raise an issue or concern in good faith.

LAND AND MINERAL OWNER ENGAGEMENT

Due to the extensive scope of our acquisition-based business model, our interactions with our land and mineral owners are substantial, and we prioritize clear, effective, and transparent communication to facilitate our business processes and strengthen these critical relationships.

We continue to make improvements to our central call center to streamline our team's systems and processes, from the moment we receive an inquiry until it is resolved. During 2023, our call center responded to more than 33,800 inbound enquiries from our land and mineral owners and recorded some 800 personal visits landowners.

Among our land and mineral owners in the Central Region, we actively seek to maintain open and direct lines of communication with Native American tribes or their tribal offices with respect to their allotted trusts on lands and leases. Diversified's operations on or near indigenous lands do not include new development or drilling and therefore have not required relocation or reimbursement initiatives with these indigenous peoples. Further, less than 0.2% of the Company's total net reserves at December 31, 2023 were from wells located in close proximity to or on designated Native American Lands.

Stakeholder Feedback Channels

ALL STAKEHOLDERS	– Diversified Central Call Center
	– Company website (div.energy):
	  – Get In Touch With Us feature
	  – Emergency Call phone number
	  – Corporate & district office postal addresses
	– Digital and multimedia advertising campaigns
	– Active social media presence (Facebook, LinkedIn, X)

LAND AND MINERAL OWNERS	– Dedicated Owner Relations email and phone line – Call Before You Dig access
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

For additional detail on our approach to stakeholder engagement, please see the Section 172 Companies Act Statement within the Company's 2023 Annual Report for a summary of stakeholder engagements in 2023.

Information Systems and Cybersecurity

Diversified has implemented a best-in-class, 100% cloud platform to run our information systems and cybersecurity defenses, allowing us to operate with heightened efficiency. This agile cloud-based approach is tailored to our growth and acquisition model, enabling company-wide data aggregation in one platform and facilitating the integration and standardization of newly acquired assets. This centralized data management approach also enhances our capacity to accurately measure and report emissions and sustainability KPIs, facilitating informed decision-making at Diversified.

To further streamline the collection, standardization and dissemination of timely and decision-useful data, we continue to improve our IOCs, which are now surveilling our upstream and midstream assets 24/7. Centralized data management through our IOCs enhances our SCADA system for improved remote monitoring, reduced data entry workload, and data consistency. As part of our ongoing efforts, we continue to add remote monitoring on as many of our wells as we can, while exploring other remote monitoring technologies for the wells that do not have SCADA installations.

CYBERSECURITY

Recognizing the significance of this subject in fortifying our company's durability and accomplishments, the responsibility for cybersecurity oversight is entrusted to the Audit & Risk Committee of the Board. Our Chief Information Officer ("CIO") ensures periodic interactions with this committee, furnishing updates on prevailing security issues and technological developments, as needed. Spearheading an internal Information Security Management Team ("ISMT"), the CIO chairs meetings at least quarterly with executive management, conveying insights into security incidents, projects, risks, and enhancements. Furthermore, the CIO presents a comprehensive recapitulation of ISMT proceedings and other security affairs to the entire Board on an annual basis.

We diligently persevere in our efforts to equip all personnel with thorough and rigorous training to fend off cyber assaults like phishing and targeted hazards. To this end, every staff member is mandated to participate in quarterly, online cyber training sessions. We achieved ≥98% employee response in each quarterly cyber training session during 2023, less than 100% largely attributable to employee turnover during the respective quarter.

The cloud-first technology approach signifies that our entire infrastructure, information systems, and applications are virtually operated, thereby diminishing the avenues for cyber threats as the presence of vulnerable hardware on our premises is limited. The merits and value derived from an AllCloud IT ecosystem environment encompass:

- Safeguarding day-to-day operations where the utilization of a Zero-Trust Architecture coupled with software-defined segmentation which augments security through added layers collectively mitigates and isolates potential impacts of cyberattacks.
- Operational resilience, underpinned by uninterrupted data backup capabilities where. in the face of potential security breaches, it enables swift threat isolation to minimize downtime while also exercising control over and fortification of sensitive information.
- Real-time, region-to-region business continuity strategy, ready for deployment in the event of a catastrophic incident.

A leader in enterprise-class cybersecurity, global U.S.-based Fortinet recently recognized Diversified's digital transformation focused on enhancing scale, security and standards for operational excellence, as evidenced in its published case study.

FORTINET

Third-Party Groups & Affiliations

We actively engage with and contribute to various natural gas and oil industry associations at the local, regional, and national levels. Participation not only allow us to help shape industry best practices and sector advancement, but also keeps us well-informed about industry developments.

Active involvement in these organizations ensures that we stay updated on public policy, legislative changes, and technical advancements, while providing valuable leadership and professional development opportunities for our team.

We are currently affiliated with the following industry associations, where employee involvement may include general membership, committee participation, and/or leadership service such as filling an officer or Board of Director role :

- 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)

Endnotes

[1] “How the U.S. Oil Industry Works”, *Council for Foreign Affairs*, 2022, https://www.cfr.org/backgrounder/how-us-oil-and-gas-industry-works#:~:text=Researchers%20estimate%20that%20the%20United,feet%20of%20gas%20per%20day.

[2] “Natural Gas Explained,” *U.S. Energy Information Administration*, https://www.eia.gov/energyexplained/natural-gas/natural-gas-and-the- environment.php#:~:text=Burning%20natural%20gas%20for%20energy,an%20equal%20amount%20of%20energy

[3] “Natural Gas Explained,” *U.S. Energy Information Administration*, https://www.eia.gov/energyexplained/natural-gas/natural-gas-and-the- environment.php#:~:text=Burning%20natural%20gas%20for%20energy,an%20equal%20amount%20of%20energy.

[4] “Building a Resilient Future: How the Gas System Contributes to US Energy System Resilience,” *American Gas Foundation*, https://gasfoundation.org/wp-content/uploads/2021/01/Building-a-Resilient-Energy-Future-Full-Report_FINAL_1.13.21.pdf.

[5] Statement of the American Gas Association,” American Gas Association, https://oversight.house.gov/wp-content/uploads/2023/05/230522-Statement-of-M-Agen-House-Oversight-Hearing-Final.pdf.

[6] Id

[7] “Electric power sector CO2 emissions drop as generation mix shifts from coal to natural gas”, U.S. Energy Information Administration, https://www.eia.gov/todayinenergy/detail.php?id=48296

[8] “Benchmarking Methane and Other GHG Emissions Of Oil & Natural Gas Production in the United States”, Clean Air Task Force and Ceres, https://www.catf.us/resource/benchmarking-methane-and-other-ghg-emissions-oil-natural-gas-production-united-states/

[9] Metric tons of carbon dioxide equivalent per million cubic feet equivalent of natural gas

[10] The use by Diversified Energy Company plc 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 plc 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.

Appendix

2023 Climate Risk and Resilience Report

The global geopolitical turmoil and increasing focus on security of energy supply have continued to dominate the energy market sentiment in 2023. With the global collective focus on climate, security of energy supply, and affordability, demand for decarbonized fossil fuels will continue to play a significant role in the global energy mix. This acknowledgment is particularly relevant for natural gas, which is considered by many as a vital fuel in facilitating an orderly energy transition.

At Diversified, we remain focused on achieving our ambitious targets to reduce the carbon intensity of our operations. We are committed to integrating climate considerations into our company's culture and decision-making. From the wellhead to the boardroom, sustainability is embedded into our everyday actions to tangibly and transparently address environmental and climate concerns.

I am proud to mark the third consecutive year Diversified has released a Climate Risk and Resilience Report, showing leadership in climate-related disclosures among our peers. The transparency of these climate disclosures contributed, in part, to the recognitions in 2023 of our robust sustainability reporting. During the year, our 2022 Sustainability Report won ESG Report of the Year from ESG Awards 2023, we were awarded OGMP 2.0 Gold rating for the second year, and we increased our MSCI sustainability rating to AA. We were pleased that our compliance with OGMP Gold Standard Pathway will ensure we remain differentiated as a responsible gas producer, helping us to sustain our competitive advantage through decarbonization of our Scope 1 and 2 emissions.

In this report, we track the progress we have made during the calendar year 2023 and highlight the actions we have taken to assess, manage and mitigate climate-related risks while tapping into climate-related opportunities.

We prepared this report in accordance with the guidance provided by the TCFD, recognizing the fast-evolving climate-related regulatory environment which has seen the TCFD disbanded and subsumed under the International Sustainability Standards Board's IFRS S2 climate standard in late 2023. Since TCFD provides the basis for the IFRS S2 climate regulation, and to a certain extent the recently adopted U.S. SEC Climate Disclosures, we are well-positioned for future changes in climate-related regulation in both the UK and U.S.

I am grateful to our Board and management teams for their hands-on approach and leadership on climate-related matters, as described in the Governance section herein. Our teams are actively developing, testing and deploying, as applicable, a range of initiatives to decarbonize our operations. I am especially pleased to report that in 2023 we reduced our Scope 1 methane intensity to 0.8 metric tons of carbon dioxide equivalent per million cubic feet equivalent of natural gas. This reduction represents a cumulative 50% reduction as compared to our 2020 baseline and, importantly, surpasses our 2026 target of a 30% reduction and achieves our 2030 target of a 50% reduction seven full years ahead of schedule. Our progress against these ambitious goals, including achieving net zero absolute Scope 1 and 2 greenhouse gas emissions by 2040, is presented in the Metrics and Targets section herein.

As we continued in 2023 to focus our emission reduction efforts on eliminating fugitive methane sources, our achievements included the voluntary LDAR survey of over 246,000 sites with an attained no-leak rate of approximately 98% on a site basis. We will continue advancing these and other relevant initiatives as we look to attain further near-term methane emissions reductions while continuing to drive measurable environmental gains.

As described in the Strategy and Risk Management sections of this report, we have tested our portfolio against the transition and physical risks of climate change. As the results of this year's scenario analysis demonstrate, our business model remains resilient even under the 1.5°C scenario, which sees the global economy achieving net zero greenhouse gas emissions before 2050.

Sincerely,

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

"I am pleased to report that, throughout 2023, we further solidified our leadership in environmental stewardship and responsible energy production by delivering climate-integrated, essential, and affordable energy solutions."

About this Climate Report

Disclosures

This Climate Risk and Resilience Report ("Climate Report") should be read in conjunction with our 2023 Annual Report along with our 2023 Sustainability Report as presented herein. Our Annual Report provides a summary of Diversified Energy Company's ("Diversified's") operations and activities during 2023 and its financial position as of December 31, 2023. Our Sustainability Report presents our approach to and performance on material environmental, social and governance ("ESG") and wider sustainability issues which are important to our company and our stakeholders. Together, these year-end reports provide a transparent, complementary review of Diversified's strategy, business model and results. These reports will be available on our website at div.energy.

Report Feedback

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

External Assurance

Scope 1 and 2 greenhouse gas ("GHG") emissions data for 2023 were assured by ISOS Group Inc. ("ISOS"). Please refer to ISOS' independent assurance letter as presented in the Appendix of our 2023 Sustainability Report for more information on the scope of assurance.

Reporting in Line with TCFD, Ready for ISSB and TPT Climate Disclosures

This Climate Report is our third successive annual set of climate-related financial disclosures. The report is consistent with the recommendations of the Task Force on Climate-related Financial Disclosures, with the exception of Scope 3 emissions as noted below, and in line with the Financial Conduct Authority's Listing Rule 9.8.6 requirement. The report also reflects the guidance provided in Section C of the TCFD Annex, entitled "Guidance for All Sectors" and Section E of the TCFD Annex, entitled "Supplemental Guidance for Non-Financial Groups", related to the Energy sector.

In this year's Climate Report, we track the progress we have made during calendar year 2023 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. Inclusive in this reporting is additional detail on the development of our net zero pathway as we prepare to embrace forthcoming climate regulations, including the International Sustainability Standards Board's ("ISSB's") IFRS S1 and IFRS S2 standards as well as the HM Treasury's Transition Plan Taskforce ("TPT") disclosures.

The fundamental principles that underpin our approach to the challenge of an evolving climate and the management of the associated risks and opportunities are laid out in our separately published corporate Climate Policy.

Our Climate Report includes a detailed assessment of the impact of transition risks of climate on our portfolio using scenario analysis, and we are working to assess the potential impact of the physical risks of climate on our assets. We are currently developing our approach to reporting of Scope 3 GHG emissions in line with exiting protocols and evolving market expectations and aim to report Scope 3 emissions for the 2024 year end.

While we remain focused on emissions reductions where we have the most control, and thus are making good progress in decarbonizing our own operations, we recognize that the GHG 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. Therefore, we seek to identify GHG reduction opportunities from our upstream and downstream supply chains. We also evaluate initiatives, including renewable natural gas and carbon capture and storage projects which, in the longer-term, would allow us to mitigate or offset some or all of our Scope 1 and 2 GHG emissions.

FIGURE 1: CLIMATE-RELATED REGULATORY ENVIRONMENT IS TIGHTENING

2022 **2023** **2024**

TCFD
Mandatory TCFD reporting for UK premium listed companies from 2022.

GRI
Revised in Oct 2021 and brought into effect in Jan 2023.

TPT Transition Plan Taskforce
Published in Oct 2023. First accounting for fiscal years beginning Jan 2025 with first reporting in 2026.

ISSB
UK adoption expected end of year 2024. First accounting for fiscal years beginning Jan 2025 with first reporting in 2026.

TNFD
Final framework published in Sep 2023; remains voluntary at present.

Adopted in Mar 2024. First accounting for fiscal years beginning Jan 2025 with first reporting in 2026.

TCFD is subsumed into the ISSB standard

TCFD-like elements included in SEC standard

Governance – Embedding Sustainability Across the Organization

TCFD Recommendation:

Disclose the organization's governance around climate-related issues and opportunities.

Our Board of Directors continues to take a hands-on approach to identifying, assessing and managing climate-related risks and seeking new commercial opportunities from an energy transition, such as alternative uses for our wellbores. The processes by which the Board does this are fully integrated into our Board calendar and our governance procedures. Climate-related topics were included in discussions at each of the six regular Board meetings held throughout 2023.

Recommended Disclosure:

a. Describe the Board's oversight of climate-related risks and opportunities.

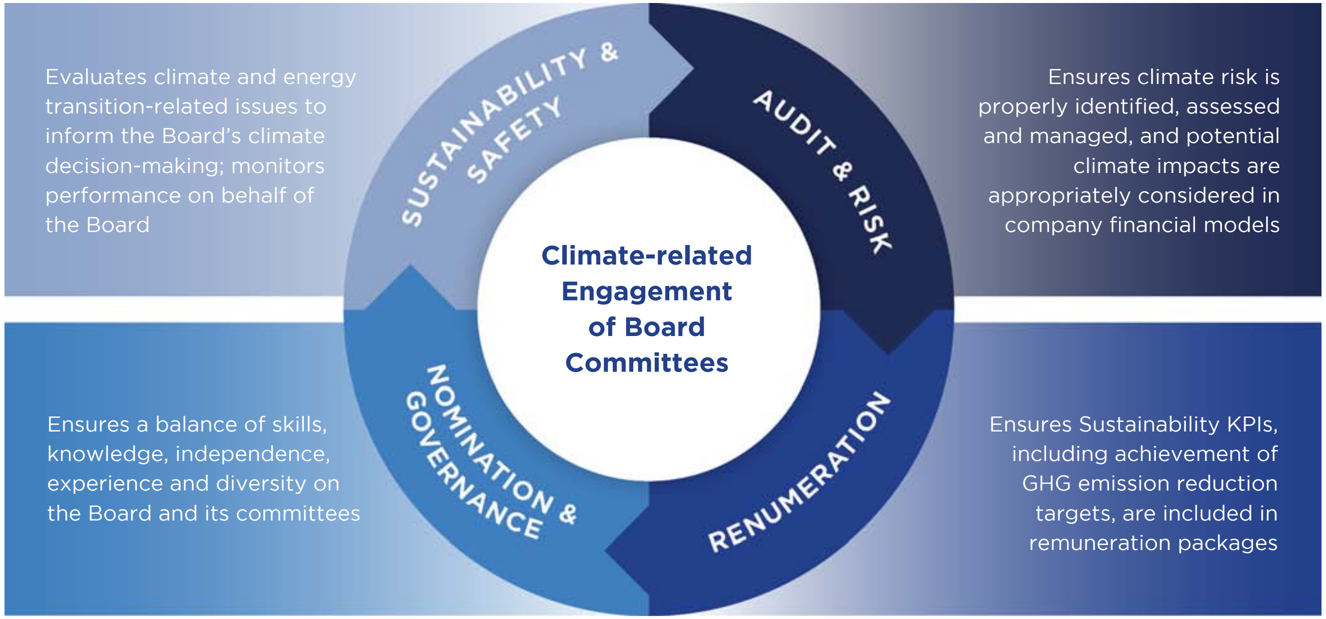
The Directors receive regular briefings at Board meetings on applicable climate matters from the Executive team as well as the Chair of the Sustainability & Safety Committee. From time to time the Board also receives training or briefings from external third-party experts on specific topics. In 2023, Deloitte LLP delivered a board education session on biodiversity and the upcoming Taskforce on Nature-related Financial Disclosures.

Key climate-related topics discussed by the Board throughout 2023, included:

- assessing progress on emission detection and mitigation, including handheld fugitive surveys and repair, pneumatic device conversions, aerial LiDAR, and compressor conversions;
- reviewing output from the marginal abatement cost curve ("MACC") and approving the Emissions Program Budget for 2023; and
- ensuring proposed acquisitions are consistent with emissions reduction targets and plans[1].

Our Board Committees provide oversight of our climate-related risks and opportunities although these considerations are a primary focus of our Sustainability & Safety Committee. The roles of the four Board Committees are reflected in the climate-related governance framework depicted in Figure 2 below.

FIGURE 2: CLIMATE-RELATED GOVERNANCE FRAMEWORK – BOARD



[1] 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.

The **Sustainability & Safety Committee** comprises three Independent Non-Executive Directors (as of September 15, 2023[2]). The Committee meets throughout the year 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 mitigation and adaptation plans. The Committee's charter requires a minimum of meetings per year. During 2023, the Committee met five times.

Throughout the year, and specifically during these meetings, the Chief Operating Officer ("COO") and/or Executive Vice President- Operations, the Senior Vice President-Environmental, Health & Safety ("EHS") and the Senior Vice President-Sustainability provide updates to the Committee on climate-related matters. Climate topics monitored and discussed during 2023 at the Committee meetings included:

- progress on Scope 1 methane intensity reduction targets, underpinned by our methane leak detection and repair projects for both our upstream handheld and midstream aerial surveillance programs and pneumatic conversions;
- progress on our well retirement program with regard to retiring both Diversified's operated wells and third party-owned wells;
- progress on implementation of budgeted annual and longer-term capital expenditure programs for emissions reductions;
- annual re-certification efforts under the Oil & Gas Methane Partnership 2.0 ("OGMP") Gold Standard Pathway process, including achievement of Level 4 on eight out of 10 required Pathway categories and next steps to Gold Standard Compliance with attainment of Level 5 on all categories;
- progress on emissions intelligence digitalization and automation plans, supporting the connection of reported emissions data in the Iconic Air software to our MACC tool, to enhance the process of evaluating a broad scope of emissions reduction projects;
- plans and progress on decarbonization and energy transition-related feasibility studies, pilot projects, and field trials;
- opportunities to lease surface rights held by the Company to various third parties seeking to develop renewable energy solar power fields; and
- forthcoming U.S. and UK regulatory and policy changes that could impact the Company's climate reporting.

The Chief Financial Officer ("CFO") generally 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 refer to our 2023 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 sustainability and climate performance metrics, including methane intensity reduction targets, and monitoring progress against those metrics. For more information on remuneration tied to sustainability 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.

2 On September 15, 2023, following Mr. Gray's resignation from the Board, several other Board committee changes were effectuated: Kathryn Klaber became the Chair of the Nomination & Governance Committee and a member of the Audit & Risk Committee. Martin Thomas left the Audit & Risk Committee and remains a member of the Nomination & Governance Committee. David Johnson left the Nomination & Governance Committee. Sylvia Kerrigan became the Senior Independent Non-Executive Director following David Turner's departure from the same role.

Significant Climate Expertise of Our Board of Directors

We are fortunate to have significant climate 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 climate training sessions on selected topics as undertaken by the Board.

SANDRA M. STASH, P.E.

Ms. Stash currently serves as the Chair of Diversified's 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), BP (2006-2008) 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 and Indigenous Relations Committee for Trans Mountain Company, Chair of the ESG Committee at Medallion Midstream and Chair of the ESG Committee for Chaarat Gold, giving her a particularly broad understanding of the impacts of climate on business. Ms. Stash serves as an Executive Director for Regeneration, a public benefit corporation focused on critical minerals and legacy mine restoration.She regularly participates in climate-related training and discussions through her membership in the U.S. National Association of Corporate Directors ("NACD").

DAVID E. JOHNSON

As Diversified's Board Chairman, Mr. Johnson's membership in the Sustainability & Safety Committee reflects the important role that sustainability issues such as climate play in helping to shape our corporate strategy. Based in the UK, his understanding of climate-related issues and their strategic and financial 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 issues.

KATHRYN KLABER

Ms. Klaber 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. During 2023, she also worked for several organizations and corporations collaborating on their sustainability strategies and, in particular, developing a "Greener Factory" implementation process for manufacturers coupled with associated training. 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 organization's climate guiding principles. Ms. Klaber utilizes her NACD membership to remain abreast of the organization's publications on climate and the energy transition.

ROBERT R. ("RUSTY") HUTSON, JR

As Diversified's Chief Executive Officer ("CEO"), Mr. Hutson provides the leadership, and takes ultimate responsibility, for delivering our climate 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, industry associations, and regulators and policy makers at the national and state levels to discuss climate policy and the energy transition, and the potential impact of each on Diversified and the broader industry.

SYLVIA J. KERRIGAN

Ms. Kerrigan brings considerable board- and executive-level experience on sustainability 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, ESG activism and related disclosure. Ms. Kerrigan utilizes her membership in the NACD to engage in climate-related training and development.

MARTIN K. THOMAS

As a corporate lawyer based in London, Mr. Thomas has specialized for over 20 years in advising on IPOs and secondary financing of companies across a variety of sectors, including oil & gas, renewable energy, natural resources and mining, climate, and early-stage technology. He receives regular professional updates on listing and other regulatory requirements, as well as on policy developments in non-financial reporting such as 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 sustainability-related disclosures, including climate disclosures using the TCFD framework.

BRADLEY G. GRAY
(RESIGNED FROM THE BOARD EFFECTIVE SEPTEMBER 15, 2023)

In his previous role as Diversified's Chief Operating Officer, Mr. Gray provided 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. Following his resignation as Executive Director on the Board and member of the Sustainability & Safety Committee upon his promotion to President & CFO of the Company in September 2023, Mr. Gray continues to closely engage on climate-related issues, ensuring climate-related budgets, projects and discussions are advanced accordingly among a multitude of both internal and external stakeholder groups.

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

Management remains abreast of climate-related 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.

Collectively, our executive team, including in part the CEO, CFO, COO (formerly) and Executive Vice President-Operations (presently), provide frequent climate-related operational and financial updates to the Board at each Board meeting and throughout the year via interim communications. However, the CEO assumes ultimate responsibility for delivery of the Company's climate and energy transition strategy, including management of climate-related risks and opportunities.See Table 1 below for a summary of our executive leadership's climate-related areas of responsibility.

See Table 1 below for a summary of our executive leadership's climate-related areas of responsibility.

Recommended Disclosure:

b. Describe the Management's role in assessing and managing climate-related risks and opportunities.

TABLE 1: CLIMATE-RELATED GOVERNANCE FRAMEWORK – MANAGEMENT

BOARD OF DIRECTORS

Determines climate-related strategy, assesses risks and monitors performance

CEO

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

PRESIDENT & CHIEF FINANCIAL OFFICER

- Ensures corporate approach to climate is integrated into respective business functions
- Ensures annual budgets include operating and capital expenses for climate-related initiatives
- Considers potential financially-material impacts of climate
- Oversees stakeholder communications with respect to climate strategy and climate-related risks & opportunities

SENIOR EXECUTIVE VP, CHIEF LEGAL & RISK OFFICER

- 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

EXECUTIVE VP - OPERATIONS

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

EXECUTIVE VP & CHIEF HUMAN RESOURCES OFFICER

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

EXECUTIVE VP – ENERGY MARKETING SERVICES

- Oversees marketing and sales of our responsibly produced natural gas to capitalize on its climate and overall environmental attributes

EXECUTIVE VP & INVESTMENT OFFICER

- Considers impact of potential acquisitions on Company's existing decarbonization strategy
- Ensures capital and operational expenses required to address acquisition target's existing emission profile are included in the purchase price and/or future expense projections of the acquisition

The **President and Chief Financial Officer** is first and foremost responsible for ensuring that our company's approach to climate is integrated into our financial and operational strategies through the actions of each business segment and department within the Company. Specifically, this responsibility includes broadly communicating our corporate strategy and positioning each business segment to successfully achieve its respective climate goals by (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 sustainability strategy and performance to investors and other stakeholders. The President and CFO holds bi-weekly meetings with his senior leaders to, among other things, review and update the financial implications of our climate strategy, and further maintains a direct line of communication to the Audit & Risk Committee and our ERM team to ensure any new developments in climate-related risk are being captured accordingly.

The President and CFO's senior management team with climate-related responsibilities includes:

- Chief Information Officer: oversees teams who develop and support field data collection processes, instrument and electrical field equipment, and communication and management systems, including SCADA systems that allow for over-the-air monitoring and control that reduce windshield time (and therefore, vehicle emissions), promote spill prevention, and support quicker incident response.
- Senior Vice President-Finance & Strategic Planning: contributes to strategic planning discussions with executive management and is responsible for conducting scenario analysis and modelling the financial impacts of climate expenditures 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 ERM process which includes climate risk awareness and monitoring and ensures appropriate asset retirement obligations are recorded for future retirement activities.
- Senior Vice President-Treasury: manages the Company's daily fiscal responsibilities and compliance obligations alongside overseeing all areas of financial risk management, including maintaining appropriate levels and types of risk insurance and 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.
- Senior Vice President-Sustainability: advises the Board and management on various climate-related matters such as climate regulation and reporting, supports corporate GHG emissions reduction initiatives, and liaises with both internal and external stakeholder groups about climate-related commitments and actions including largely through the development and publication of the Company's annual Sustainability Report. The Senior Vice President-Sustainability is also the Risk Owner for Climate Risk (see Risk Management section below for more details).

Our **Chief Legal and Risk Officer** actively monitors 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.

The **Executive Vice President-Operations** plays a key role in identifying, assessing and managing our climate-related risks and opportunities and in implementing our climate and energy transition strategy throughout our operations. This role has direct responsibility for operationally delivering on our stated emission and emissions intensity reduction targets and goal, including ensuring appropriate financial and human resources are allocated to reduction-related activities such as our methane leak detection and repair program 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 or other alternative uses of operational assets within our portfolio, (iii) developing commercial opportunities such as monetizing existing leased/owned acreage to aid in renewable development projects, and (iv) ensuring that climate-related factors and metrics are considered for company growth plans, including acquisitions.

In practice, the Executive Vice President-Operations is involved in daily interactions with senior leaders and field personnel whose responsibility it is to implement our broad portfolio of GHG emissions reduction programs and other climate-related initiatives. The Executive Vice President's senior leadership team with climate-related responsibilities includes:

- 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 prioritizing 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.
- Senior Vice President-Upstream Operations: manages our Smarter Asset Management ("SAM") program which includes well maintenance and optimization, equipment and efficiency upgrades, and leak inspection and repairs.
- 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 program currently underway by Bridger Photonics ("Bridger").
- 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.

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.

As head of our commodity marketing and sales department, our **Executive Vice President-Energy Marketing Services**, oversees the marketing and sale of our responsibly produced, environmentally differentiated natural gas. This oversight includes understanding the market's appetite for differentiated products and ensuring the most advantageous purchaser and sales point for our production. Additionally, the marketing group works closely with our operations teams to ensure product deliverability and revenue if physical or climate-related events or risks ever necessitate a change in delivery points within our vast pipeline transmission system.

As a growth-oriented company focused on acquisitions, our **Executive Vice President & Investment Officer** plays an important role in ensuring the initial screening of potential acquisition targets for their GHG emissions and water risk profiles. We recognize the importance of understanding the acquisition target's standalone climate profile as well as the consolidated corporate profile if the acquisition is successful. Our Business Development group works closely with the respective EHS and Sustainability team members to ensure that these climate perspectives are part of any acquisition due diligence process for the Board's consideration.

The Cultural Shift Underpins Our Transition to Net Zero

Environmental management and the energy transition are deeply embedded into our company's culture and actions, as climate impact is recognized as a key strategic consideration across multiple business functions. For example, we have trained and equipped 100% of our well tenders to become leak detection and repair ("LDAR") technicians. Finding and repairing leaks has always been a priority for Diversified and is truly just a daily routine for our employees as we seek to positively impact our climate while delivering a lower-carbon energy solution to market. Furthermore, at an operational level, we have optimized well tender routes to increase efficiency and reduce driving time, therefore reducing emissions. We also use lightweight, fuel-efficient, well-maintained vehicles to drive down fuel consumption.

In addition to the aforementioned responsibilities of various teams with regard to climate oversight and action, Figure 3 provides a broader view of certain individual company departments whose actions incorporate climate considerations.

FIGURE 3: CLIMATE CULTURE DRIVES DAILY ACTIONS

ACCOUNTING & FINANCE
- Climate budget and impact modelling
- Climate considerations in corporate ERM processes
- Asset retirement obligation accounting and reporting

SUSTAINABILITY
- Transparent reporting of corporate climate risk and resilience

EHS
- Emissions detection, repair and reduction
- Emerging technology field testing and trials
- Regulatory climate compliance
- ESG- and climate-minded contractor selection and management

INVESTOR RELATIONS
- Stakeholder transparency on climate targets and progress

LAND & LEGAL
- Climate public policy debate and engagement
- Land management opportunities for energy transition development
- Strong climate governance

HUMAN RESOURCES
- Sustainability-linked compensation

Focus on Climate

MARKETING
- Sale of responsibly produced natural gas

INFORMATION TECHNOLOGY
- Accessible dashboards to monitor upstream and midstream LDAR efforts
- Real-time monitoring of potential environmental (climate) impacts

ASSET RETIREMENT
- End of life (Diversified) and orphan/abandoned (third-party) well plugging

MIDSTREAM
- Emission detection, repair and reduction
- Compression conversion or elimination
- Pipeline regulatory compliance
- Measurement and LAUF monitoring

BUSINESS DEVELOPMENT
- Climate due diligence at time of acquisition consideration

FACILITIES MANAGEMENT
- Fleet management and efficiencies
- Waste management recycling

As our President and Chief Financial Officer, Bradley Gray, explains:

"Having served previously in the role as Chief Operating Officer at Diversified and now as President and Chief Financial Officer, I am in the unique position of seeing the human and financial capital we dedicate to sustainability come alive in our daily operations and the resulting significant impact it has on our climate journey. As our company drives forward to address both responsible energy production to meet growing energy demands and emissions abatement, our climate journey is bolstered by our far-reaching corporate attention to this endeavor and our successes to date, but we will not allow these successes to lead to complacency as we remain focused on our individual yet collective stewardship actions to affect positive change."

Strategy – Underpinned by De-Methanization of Our Gas Production

The reduction of methane emissions is at the heart of our corporate strategy and underpins our pragmatic approach to the ongoing decarbonization of our operations. While our de-methanization activities are focused on the decarbonization of our existing assets, we are also keen to explore opportunities that will help us utilize our asset portfolio, as well as our skills and competencies, beyond our current business model.

TCFD Recommendation:

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

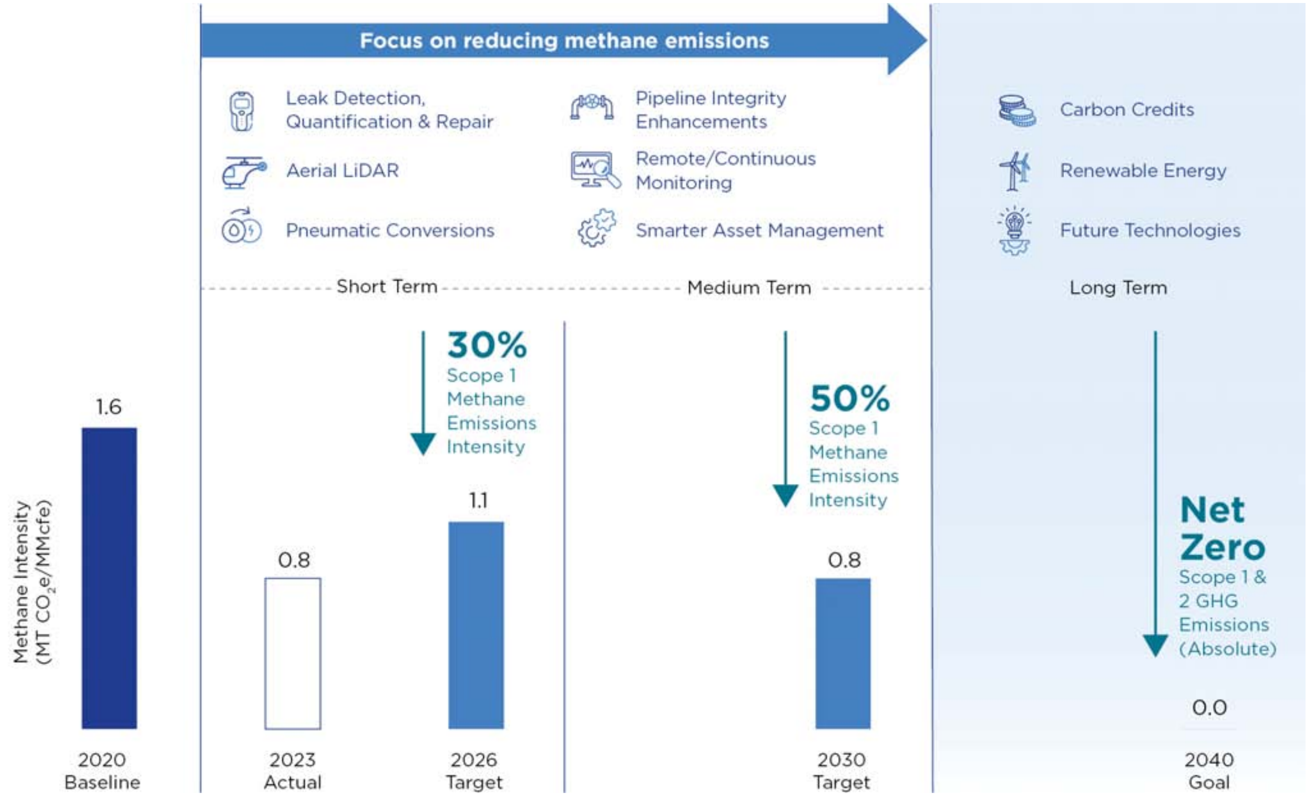
Our Net Zero Pathway: Outperforming Our Targets

In line with our pragmatic approach, we set out our emissions reduction targets aiming to reduce Scope 1 methane intensity by 30% by 2026 and 50% by 2030, reaching net zero from Scope 1 and 2 absolute GHG emissions by 2040. We also set out our net zero pathway showing how we plan to achieve our targets, beginning with a near-term focus on methane emissions, as depicted in Figure 4.

We have been resolute in our focus on reducing emissions from our operations. We are delighted that our significant efforts to date, largely through the deployment of state-of-the-art technologies for methane detection and reduction and the conversion of natural gas-driven pneumatic devices, have yielded outstanding results, with our 2030 methane intensity reduction target being achieved in 2023, seven years ahead of schedule and directly aiding our overall goal toward net zero in 2040.

Even so, we will continue to progress our decarbonization strategy, focusing primarily on additional methane emission reductions in the near-term as we seek to unpack the impact on our reported emissions from new EPA regulations where future real emission reductions could be offset by potential increases stemming from both recent and forthcoming changes in regulatory reporting requirements. We are committed to tackling those changes and delivering tangible results with continued financial investment and diligent execution to achieve our 2040 net zero GHG goal.

FIGURE 4: NET ZERO PATHWAY



Climate-related Risks and Opportunities

In line 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 this analysis, our considered timeframes are as follows: short-term 2024 to 2026, medium-term 2027 to 2030, and long-term 2031 and beyond. The timeframes align with our methane intensity reduction targets set for 2026 and 2030 while contributing to our net zero GHG emissions goal in 2040.

The climate-related risks and opportunities presented below were identified through workshops with executive management, senior leaders, and third-party advisors as well as through peer comparisons.

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 categorized 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.

Recommended Disclosure:

a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

Recommended Disclosure:

b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

Climate-related Risks

	Risk	Potential Impact	Timeframe[3] S	M	L	Risk Mitigation Actions
TRANSITION RISKS	**Market**					
	Changing global market sentiment as consumers transition away from fossil fuels will result in reduced natural gas & oil demand and impact the 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 to assess portfolio resiliency. – Our portfolio is heavily weighted towards gas, which is expected to remain more resilient than oil through the energy transition, particularly in North America. – 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-, medium- and long-term. – Our compliance with OGMP Gold Standard Pathway will ensure we remain differentiated as a responsible gas producer, helping us sustain our competitive advantage through the decarbonization of our Scope 1 and 2 emissions. – We are pursuing other differentiated gas initiatives like TrustWell and other quantification-based efforts to market our lower gas intensity.
	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	●	●	●	– We have committed to achieving Net Zero by 2040 from our Scope 1 and 2 emissions, aligning with mainstream lenders and investors in Western capital markets. – Our existing levels of fixed-rate debt and amortizing payments provide significant protection in the short/medium term. – We continue to pursue ESG-aligned asset-backed securitization (“ABS”) financing structures, where our achievement or out-performance of commitments to ambitious ESG KPIs attached to these ABS financings can improve borrowing rates and financing capacity. – Our hedging strategy provides short- to medium-term certainty and protection for cash flows available for reinvestment. – Our strategy of incremental M&A enables adaptation to changing market or financing conditions.
	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 or improve energy efficiency, increasing our decarbonization costs		●	●	– Ongoing engagement in proactive, voluntary measurement of our Scope 1 emissions to ensure we fully understand potential portfolio liability. – We continue to engage in efforts to reduce emissions across our portfolio, such as leak detection and repair, pneumatics replacements, and compressor optimization. – We engage in cost-efficient operations and deploy SAM initiatives across our upstream and midstream portfolio. – 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 aided by field testing and/or small-scale pilot projects allows us to optimize the prioritization of identified emissions reduction projects.

[3] Diversified’s timeframes are defined as S – short (2024 to 2026), M – medium (2027 to 2030), L – long (2031 and beyond)

TRANSITION RISKS

Risk	Potential Impact	Timeframe[3] S	M	L	Risk Mitigation Actions
Policy & Legal					
Well retirement	— Acceleration of existing state well retirement commitments could significantly increase annual capital and operating costs — Underestimation of well retirement costs could significantly increase asset retirement obligation and future cash outlay for well retirement activities		●	●	— We actively engage with regulators regarding well retirement policies and activities. — We are committed to retiring wells ahead of state requirements (2023: 80 wells), including 201 Diversified-operated wells retired in 2023. — Our low-cost retirement capacity enables us to increase our own well-retirement targets, participate in state orphan well programs and carry out asset retirement for third parties. — Our extensive experience of well retirement, particularly in Appalachia, and our expanded retirement capabilities puts us in the best position to accurately forecast the future capital requirements for these activities. — Revenue streams from third-party asset retirements help to offset the cost of retiring our own wells. In addition, Diversified is exploring potential opportunities in alternative energy uses for wellbores (e.g. hydrogen production, carbon storage, mechanical battery storage).
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 focused, near-term efforts to achieve Scope 1 methane intensity, with 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 the achievement of emissions targets. — We continue to transparently report and communicate climate and emission reduction initiatives, keeping stakeholders abreast of such actions. — 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. — We are transitioning to an emissions intelligence software, Iconic Air, to track, report, and manage emissions, which will enable us to increase transparency, improve the integrity of our emissions measurements and therefore minimize potential litigation risk around leaks. — We work with independent consultants to verify our GHG accounting. — We engage an independent, third-party consultant to provide moderate Level II assurance for Scope 1 & 2 GHG emissions.
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 — Mandates on and regulation of existing products and services	●	●	●	— We actively monitor U.S. and international climate-related regulations and frameworks and engage as applicable, including: IFRS S1 & S2, TPT, SEC Climate Disclosures and TNFD. — We have multiple emissions reduction activities in place aimed at reducing methane emissions and achieving our 2040 net zero goal. — We actively engage with industry associations to ensure we are using best practices in operating procedures and emissions reductions. — Our experience from the many voluntary efforts made to date to reduce our methane emissions positions us to manage any impact arising from U.S. EPA OOOOb and OOOOc regulations and U.S. Inflation Reduction Act's Methane Emissions Reduction Program.

TRANSITION RISKS

Risk	Potential Impact	Timeframe[3] S	Timeframe[3] M	Timeframe[3] L	Risk Mitigation Actions
Technology					
Cost of GHG emissions detection and reduction technology	— Increased costs of required technology; possible cost upside 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 the successful use of aerial and handheld leak detection equipment and from continuous investment in our low-cost SAM program to repair and eliminate fugitive emissions. — We continue to invest in leading-edge emissions reduction technologies and to monitor new technology developments, including aerial LiDAR, compressor conversions, handheld emissions detection, and pneumatic conversions. — We piloted two emerging emission detection and quantification technologies in 2023. Both technologies are expected to substantially reduce the cost of emissions detection while providing emissions quantification and a digital twin. — To date, we've experienced lower-than-expected costs of compressed air applications for pneumatic controllers. Our internally developed solutions for pneumatics and level controllers are well below market prices. — We continue to demonstrate innovative actions to reduce emissions, including retrofitting/elimination of existing emitting equipment (e.g. pneumatic devices and compressors). — Throughout 2023, we have continued to build and maintain our emissions intelligence using Iconic Air carbon accounting software to track, report and manage emissions. Using Iconic Air will allow us to streamline emissions accounting and reporting and manage our emissions sources at the asset-level.
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		●	●	— The scenario analysis shows that gas plays an important role throughout the Energy Transition even in the Net Zero scenario (accounting for 22% of global energy demand in 2040) — 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 herein).
Reputational					
Overall perception of fossil fuels/energy sector	— Increased stakeholder pressure to accelerate emissions reduction projects could increase short-term costs and challenge profit margins — Changes in stakeholder/society expectations of Diversified's role in the energy transition could impact company valuation or brand — Increasing challenge to attract and/or retain talent	●	●	●	— We are committed to transparency in emissions and climate risk reporting, and to our plan of achieving our climate-related targets. — We engage regularly with shareholders, regulators and other key stakeholders to ensure understanding of our climate strategy. — We include climate metrics in short- and long-term remuneration policies to incentivize ongoing improvement in climate actions. — We are continuing to explore longer-term opportunities in new revenue-generating low-carbon energy projects, for example through waste heat recovery. — Broad leadership engagement through multiple communication channels keeps our current employees abreast of business strategy and emissions reduction actions and results. — Our community engagement initiatives and talent acquisition programs, including scholarship and internship programs, facilitate broader awareness of the Company and its climate-related actions among potential employee candidates. — Our community tree planting programs, such as Diversified's 10,000 tree replanting effort with West Virginia State University in 2023, support communities, provide carbon sequestration, and increase the company's visibility and engagement with our future talent.

	Risk	Potential Impact	Timeframe[3] S	Timeframe[3] M	Timeframe[3] L	Risk Mitigation Actions
PHYSICAL RISKS	**Acute and Chronic Risks**					
PHYSICAL RISKS	**Acute – Changing weather patterns, including increased frequency and severity of extreme weather events such as extreme rainfall and hurricanes**	– 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. – We use 24-hour monitoring centers, enabling a more rapid response to weather-related disruptions.
PHYSICAL RISKS	**Chronic – Persistent or constantly recurring weather patterns, including water stress and heat stress**	– Increasingly challenging and potentially dangerous environmental and climate conditions could increase operating costs and risks		●	●	– Our business model inherently requires minimal water consumption in our operations. – We maintain appropriate levels of insurance to mitigate losses. – The geographic spread of our asset portfolio mitigates any large-scale disruption to production from individual weather events e.g., flooding. – Further details on our exposure to physical risks and our qualitative assessment of our portfolio's vulnerability to identified hazards are described in a separate section below.

Climate-related Opportunities

Opportunity	Potential Impact	Timeframe[4] S	Timeframe[4] M	Timeframe[4] L	Diversified's Response
Resource Efficiency					
Emissions monitoring and replacement of inefficient equipment	– Early detection of methane leaks reduces the loss of sales gas and associated revenues across the portfolio	●	●	●	– To reduce our GHG footprint, we continue to invest in remote leak detection, aerial surveillance, replacement of pneumatic devices, and inefficient compressors. – We actively track advances in emissions monitoring technologies and plan to take advantage of any suitable applications and technology cost reductions that evolve. – We continue to work on emissions intelligence digitalization and automation plans, supporting the connection of reported emissions data in the Iconic Air software to our MACC tool, to enhance the process of evaluating a broad scope of emissions reduction projects.
Lowering vehicle-derived carbon emissions through optimization and more efficient vehicles; waste management recycling	– Fuel and operating cost savings by using vehicles that are more efficient and have lower carbon emissions	●	●	●	– We utilize lighter weight, more fuel-efficient vehicles in our fleet replacement program, which could further expand in the future to include the use of longer-range electric vehicles. – We are exploring new technologies to allow remote operations at well sites thus reducing vehicle use and associated emissions. – We utilize optimized route mapping to create the most efficient well tender routes thereby reducing vehicle run time, maintenance, fuel consumption and vehicle emissions. – We work internally to identify opportunities to reduce our carbon footprint within our office environment, for example paper consumption and waste recycling.

[4] Diversified's timeframes are defined as S – short (2024 to 2026), M – medium (2027 to 2030), L – long (2031 and beyond)

Opportunity	Potential Impact	Timeframe[4] S	M	L	Diversified's Response
Energy Source					
Increase the use of renewable energy sources	— Replace natural gas with renewable energy sources to support operational power needs	●	●	●	— Diversified uses solar equipment and small wind turbines to provide auxiliary power at certain smaller or remote well sites and has been increasing the use of solar equipment in its pneumatic conversion projects. — 38% of our sources for Scope 2 electrical usage in 2023 were zero carbon (including nuclear and renewables). An additional 33% results from lower-carbon energy sources (including natural gas) versus coal or petroleum products. — We are exploring new technologies to expand the use of renewable and alternative energy in operations, including waste heat recovery and solid oxide fuel cells. Additionally, we are exploring the use of wellbores for mechanical battery energy storage to aid in the energy transition by providing off-peak energy storage.
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 — Continue to 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. — Potential for expanded services including the generation of voluntary and regulated carbon credits related to well retirement of orphan wells held by state governments. — Expanded plugging commitments increase return of well pads to original, natural conditions thus supporting natural reforestation and biodiversity initiatives in those areas.
Fuel cells and hydrogen applications	— Explore potential long-term revenue opportunities in blue hydrogen and/or emissions reductions using fuel cells		●	●	— We continue to explore new opportunities in low-carbon technologies — We are currently in the early stages of pursuing partnerships to evaluate potential of using existing midstream infrastructure for future hydrogen applications.
Carbon capture utilization and storage (CCUS)	— Explore the potential to provide carbon storage services to neighboring emitters — Potential to offset our Scope 1 & 2 emissions		●	●	— We are working with external partners to explore the potential of using our gas storage capacity for CCUS.
Solar	— Opportunities to lease land surface rights to third parties	●	●	●	— We are evaluating opportunities to expand surface rights leases to third parties for their development of solar power farms.
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 versus competitors'	●	●	●	— Achieving Gold Standard Pathway in both 2022 and 2023 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 disclosing 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.

Embracing Energy Transition Technologies Mitigates Risks and Opens Opportunities

MARGINAL ABATEMENT COST CURVE (MACC) ANALYSIS

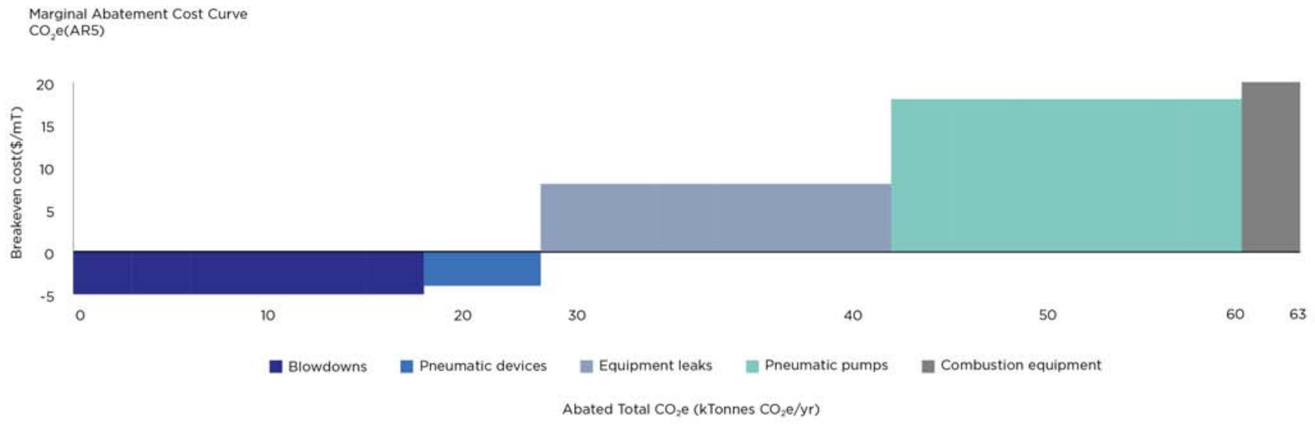
MACC is a tool that allows for the visualization of a portfolio of projects that, when taken as a whole, provide complementary choices for the most efficient reduction of GHG emissions. Both the GHG emission reduction potential and the associated abatement cost for each project are identified within 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 realized.

We are utilizing our MACC analysis as a warehouse of potential technologies identified through extensive research and collaboration within the industry, where each technology is at various stages of evaluation and applicability. Of the first emphasis for us in the MACC was natural gas-driven pneumatics, where we have now identified multiple technologies and solutions that are effective and promising for the elimination of methane emissions from pneumatic controllers and pumps.

Before our use of the MACC, we began our pneumatic controller emission reduction efforts two years ago, targeting the highest emitting pads first. Now, with the MACC's capability to provide a conversion cost break point of dollars per MT CO_2e for a growing database of alternative technologies, we can make more informed decisions as to optimal locations and technologies for our future conversion plans. Thus, going forward we currently plan to employ customized solutions on a site-by-site basis as informed by our MACC.

FIGURE 5: MACC CONSIDERATIONS IN EMISSIONS ABATEMENT (ILLUSTRATIVE)



Diversified has achieved the OGMP 2.0 Gold Standard Pathway for the second consecutive year. The OGMP 2.0 is the only comprehensive measurement-based reporting framework created to report methane emissions accurately and transparently for the oil and gas industry. This award recognizes our commitment to developing aggressive and attainable multi-year plans to measure and reduce methane emissions. Our team worked diligently to fulfil the requirement throughout the year and continues to do so. For our operated assets, Diversified has now achieved Level 4 on all but two of OGMP's 10 categories, with only *methane slip* and *leak quantification* data remaining to address. As we look to close out these remaining two categories for Level 4, we also continue to advance our efforts to achieve Level 5 on all categories as per OGMP 2.0 Gold Standard expectations.

Methane Slip

Methane slip is defined as emissions from unburned methane that are not completely combusted in lean-burn natural gas-powered engines. Diversified has a fleet of such engines used predominantly as prime movers for natural gas compression. These engines were originally selected based on efficient performance and low emissions for criteria pollutants such as NOx and CO. The natural gas industry and engine manufacturers, along with the U.S. Department of Energy's ("DOE") National Energy Technology Laboratory, have been working through recent studies and DOE grants to better understand and address their methane slip emissions. Diversified has been working collaboratively with some of the grant recipients to share knowledge and develop effective solutions.

Current GHG accounting methods do not specify methods for accounting for methane slip, however as a part of our efforts to gain OGMP 2.0 Gold Compliance status, in 2023 Diversified began including methane measurement in the suite of regulatory-required testing conducted for our fleet of lean-burn natural gas-powered engines. We are also partnering with Testo, Inc. to conduct field trials in 2024 on the viability of using portable emission analyzers to quantify methane slips.

At the same time, as part of our MACC efforts, we identified emerging technology that could be utilized to reduce methane slip. As an existing ceramic technology from the coal mining industry, ventilation air methane thermal oxidizers can accomplish the goal of methane slip reduction. However, we have also identified and screened a more efficient and more environmentally sound alternative emerging technology from Prabhu Energy Labs, which is being developed to oxidize methane slip from lean-burn engines without creating NOx while removing both CO and VOCs. We will continue to monitor Prabhu Energy Labs' progress and hope to host field trials in the future.

Methane Leak Quantification: Top-Down Measurement of Methane Emissions

As we reduce emissions, we strive to improve the accuracy and completeness of detection technologies. Traditional methods of emission quantification include a bottom-up approach whereby emissions factors are utilized to estimate actual emissions. An important goal in industry efforts to understand and reduce methane is the issue of reconciling top-down measurements with bottom-up calculations. This reconciliation is a lofty goal that conceptually sounds easy but is practically difficult to accomplish with current technology. Nonetheless, as part of our efforts to fully attain the highest level (Level 5) of OGMP 2.0 recognition, we are working with various technologies to attain this goal.

Continuous monitoring with quantification is an important step in reconciling a bottom-up approach with a top-down approach. Continuous monitoring systems are undergoing rapid technological advances, particularly in the use of laser-based technology to both identify and measure methane emissions.

FIGURE 7: XPLOROBOT'S LASER-BASED OPTICAL GAS IMAGING SUPPORTS LEAK QUANTIFICATION

Source: Xplorobot

While we are committed to continued investments in detection and measurement technologies, to date, no fixed, on-site continuous monitoring system has been able to address the large error margins present within current technology.

The latest comparison of the performance of industry-utilized continuous monitoring systems was reviewed by Colorado State University's Methane Emissions Technology Evaluation Center (METEC), which found that "for a release rate of 0.1–1 kg/h, the solutions' mean relative errors ranged from −44% to +586% with single estimates between −97% and +2077%, and four solutions' upper uncertainty exceeding +900%"[5].

Our utilization of continuous monitors and particularly quantifying, will continue and expand. At the same time, an important part of the top-down approach will be periodic measurement with handheld measurement. In 2023, we conducted extensive field trials with Xplorobot's Laser Optical Gas Imaging and quantification technology. This technology will meet the requirements of EPA's newly finalized OOOOb regulations and provide a digital twin of equipment and emissions, along with quantification. This data will complement continuous monitoring in building an accurate top-down approach. Following extensive field trials conducted in 2023, our plans for 2024 include the broader use of Xplorobot, and other complementary technologies, for completing highly efficient leak surveys and quantification of emissions.

Physical Risk

We recognize that the physical risks of climate events can impact our business. These risks have been incorporated into our corporate risk assessment through our separate Going Concern and Viability assessment where we consider the impacts that certain climate events may have on our production (see our 2023 Annual Report for more information). Physical climate risks are functions of hazard, exposure and vulnerability and are therefore complex and frequently multidimensional. They are related to tangible, physical impacts of changes in climate and are considered either acute or chronic. Acute physical risks are event-driven, including weather events such as extreme rainfall, flooding, droughts, or wildfires, whereas chronic risks refer to longer-term shifts in climate patterns, such as rising temperatures or rising sea levels.

HAZARD IDENTIFICATION

To identify key physical risks to our portfolio, we leveraged, in part, data published by the American Communities Project[6] ("ACP") which included physical risk projections through 2040. The 2040 data refers to IPCC's RCP 8.5 scenario, which assumes GHG emissions continue to grow unmitigated, leading to a 'hothouse world' with an estimated global average temperature rise of 4.3°C by 2100. This scenario implies no concerted effort is taken by society to cut GHG emissions. In contrast, the International Energy Administration's ("IEA's") most conservative scenario, STEPS, assumes the implementation of existing policies, leading to a 2.5°C rise in temperatures by 2100.

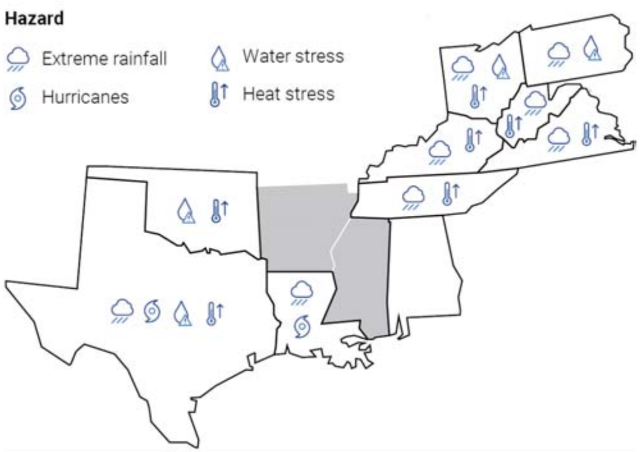
5 Clay Bell, et al., Performance of Continuous Emission Monitoring Solutions under a Single-Blind Controlled Testing Protocol, Environ. Sci. Technol. 2023, 57, 5794-5805, accessible at https://pubs.acs.org/doi/epdf/10.1021/acs.est.2c09235.

6 The ACP climate risk analysis was underpinned by data from Four Twenty Seven, an affiliate of Moody's specializing in physical climate risk. Pinkus, A. (2021) "Mapping Climate Risks by County and Community", American Communities Project, Available at URL, Accessed January 30, 2024.

Therefore, the scenario used in our assessment of the impact of physical climate risks on our portfolio is more extreme than any of the three scenarios used to test the resilience of our portfolio against the climate-related transition risks.

We focused on four key hazards that could impact Diversified's portfolio: acute risks of extreme rainfall, hurricanes, chronic risks of water stress, and heat stress. We carried out a qualitative assessment of our portfolio exposure to these hazards. The impact of rising sea levels as addressed in the ACP report has not been analyzed, since we currently have no coastal or offshore exposure.

FIGURE 8: IDENTIFIED HAZARDS IN THE STATES IN WHICH WE OPERATE*



* Includes high and extreme (red flag) risks only as per ACP data

Source: ACP, Diversified Energy

EXPOSURE ANALYSIS

Our upstream and midstream assets are considered exposed if they are located in an area where a climate hazard may occur. The degree of exposure is defined by the intensity of that particular hazard, with the range of exposure including no risk, low, medium, high, and extreme risk (which corresponds to ACP's 'red flag').,

While our portfolio is located entirely U.S. onshore, our exposure to suffering a significant financial loss from a single extreme weather event is minimized due to the dispersion of our production footprint over a large geographical area covering nine operating states – Ohio, West Virginia, Pennsylvania, Virginia, Kentucky, Tennessee, Louisiana, Texas, and Oklahoma – and our headquarters in Alabama.

We compared the locations of our current assets at the county level to the same counties within the ACP analysis. This enabled us to quickly assess the exposure of our assets, and therefore production, to the projected 2040 risk profile of those counties, as reflected in Figure 9 below. We also identified potential physical impacts associated with each of the identified risks.

Using the ACP's county-based hothouse world scenario, and when considering each of these four risks, we believe that our current portfolio is most exposed to extreme rainfall. That is, we estimate that approximately 84% of our projected production could be exposed to extreme rainfall in 2040, as shown in Table 2 below. It is important to note that ACP's analysis is at the county level, whereas our assets may be located in a specific portion of the county which may bear a different risk level than that of the overall county. Thus, we believe our exposure will be mitigated by the specific location of our wells within the counties that are exposed to extreme rainfall risk, for example. Further, we estimate that less than 3% of our existing production is located in a designated flood plain.

TABLE 2: DIVERSIFIED'S PRODUCTION EXPOSURE TO KEY PHYSICAL RISKS

Physical Risk		% of Diversified's Projected 2040 Production in High or Extreme Risk Areas
Acute Risk	Extreme Rainfall	84%
	Hurricanes	4%
Chronic Risk	Water Stress	22%
	Heat Stress	41%

VULNERABILITY ASSESSMENT

Our qualitative assessment of vulnerability addresses the sensitivity of our operations to the respective hazard, including actions taken to reduce or adapt to the hazard.

Acute Physical Risks

Extreme rainfall and associated risk of flooding represent the highest risk to our assets in the Appalachian Basin in 2040, especially in Kentucky, Ohio, and West Virginia, where our exposure to this risk is characterized as extreme. Indeed, 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 within the states. While the flooding also temporarily impacted our operations, including compressor facilities, communications, and pipelines, we were able to efficiently restore the affected facilities to operations within approximately 10 days. This flooding event did not require the full implementation of our formal Crisis Management and Business Continuity plans, yet our teams were able to professionally respond as a result of our preparation for such events.

Hurricanes represent a moderate risk to our portfolio, with only limited increased exposure in Texas and Louisiana, where this risk is characterized as medium-to-high and is largely a function of the states' location on the U.S. Gulf Coast where Atlantic Basin hurricanes have historically, in part, impacted the coastline. In the last three years, since we acquired our first Central Region assets in 2021, the Texas and Louisiana coastlines have directly experienced two out of a total of 22 recorded hurricanes in the Atlantic Basin with no impact on our inland operations.

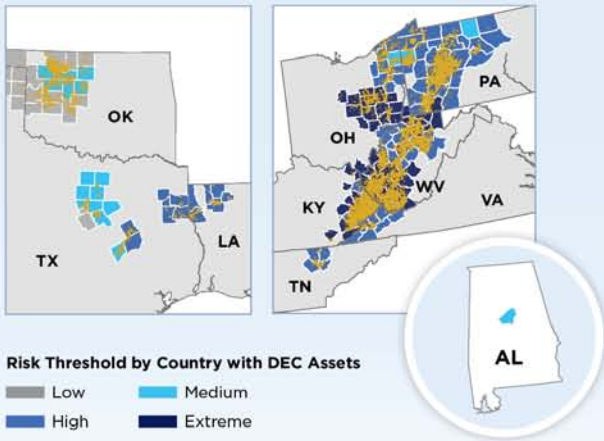
From a mitigation perspective, we aim for prevention rather than response when it comes to physical impacts to our business from any emergency, including those which may be climate-related. This prevention starts with training our employees to respond to potential emergencies such as natural disasters, where all emergency response-related processes exceed the needs of situations that may arise.

FIGURE 9: DIVERSIFIED'S PROJECTED GEOGRAPHICAL EXPOSURE TO KEY PHYSICAL RISKS OF CLIMATE CHANGE IN 2040

ACUTE

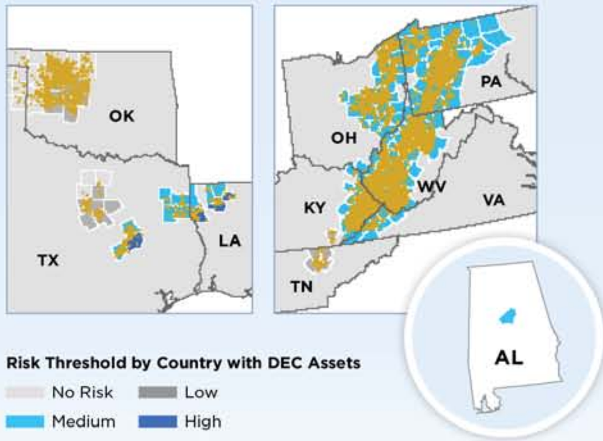
EXTREME RAINFALL

- Disruptions of operations due to flooding
- Infrastructure damage
- Supply chain disruption
- Increased operating costs
- Impact on revenue



HURRICANES

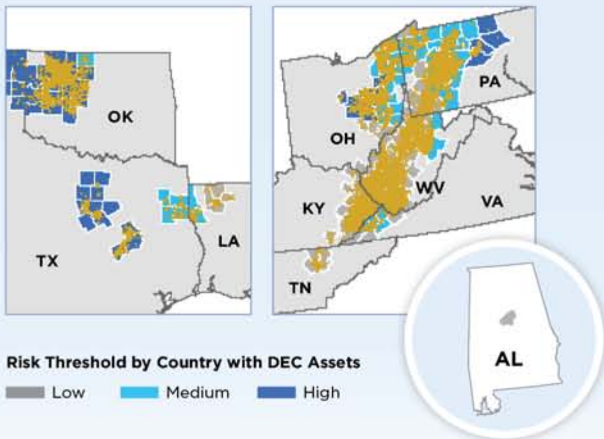
- Infrastructure damage due to extreme winds
- Operational disruption from hurricane
- Inland flooding
- Increased operating costs
- Impact on revenue



CHRONIC

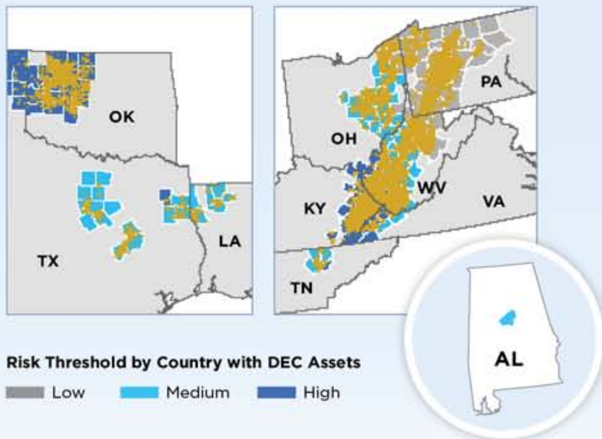
WATER STRESS

- Reduced community access to water
- Increased cost of fresh water supply
- Impact on supply chain
- Increased operating costs
- Impact on revenue



HEAT STRESS

- Increased heat exposure is a health and safety risk for people
- Decrease in work productivity
- Infrastructure failure due to excess heat exceeding the design criteria (gas leaks)
- Additional energy needed for cooling
- Increased operating costs
- Impact on revenue



We are also prepared to be effective and expeditious in our response to any emergency as a function of our separate, formal Crisis Management and Business Continuity plans which are reviewed at least twice annually by senior leadership and which help to ensure the resilience of our critical business functions and the safety of our employees and other stakeholders in the case of significant business disruption. The resilience of our systems is supported in large part by our intentional, 100% cloud-based information systems strategy which eliminates the physical risk exposure of this aspect of our business.

Our Central Region acquisitions in 2021 and 2022 also brought three district Integrated Operations Centers ("IOCs") into our portfolio, two in our upstream operations and one in our midstream operations. These IOCs complement our existing gas control center in West Virginia which monitors the majority of our midstream Appalachia assets. These 24-hour monitoring centers facilitate streamlining the collection, standardization and dissemination of timely, decision-useful data for both normal operations and atypical events such as those created by physical climate risks. The central management of data through these remote monitoring centers leverages our supervisory control and data acquisition (SCADA) system and therefore affords a more rapid response to weather-related disruptions.

Further, we consistently maintain appropriate levels of hazard risk insurance coverage that mitigate potential material financial losses from extreme weather events, such as extreme rainfall, tornadoes, hurricanes, etc.

Chronic Physical Risks

Water stress is the most significant chronic physical risk associated with our portfolio in 2040, particularly for our assets in Texas and Oklahoma, where this risk is categorized as high. Nevertheless, our business model is focused on operating existing assets, rather than the extensive drilling of new wells which requires significant amounts of water for completion of the wells. To date, we have not experienced an instance of water use limitations or restrictions when fresh water has been needed for our typical field and well operations or asset retirement activities. Therefore, we do not anticipate any significant disruptions to our operations from this risk categorization.

We do recognize, however, that the increased risk of drought-like conditions can impact local communities and ecosystems, lead to increased cost of freshwater supply where we do intake water, and potentially affect our supply chain. We expect to adapt to these conditions, especially since we already operate in these areas which are subject to strict environmental regulations. Our approach to water management is to minimize freshwater use where possible, particularly in potential water-scarce areas within our operating footprint, as described in our Climate Policy and Environmental, Health & Safety Policy.

In our Sustainability Report, we assess our current exposure to water stress, as defined by the World Resources Institute's Aqueduct Water Risk Atlas. Even though our current exposure to water stress risk primarily qualifies as Low Overall Water Risk, we continue to apply a responsible approach to water use, aimed at limiting freshwater use, managing our produced water, and recycling and reusing produced water as and where applicable.

Heat stress is likely to have a moderate-to-high impact on our portfolio, with the highest exposure in Oklahoma, Kentucky, West Virginia and Virginia. We consider heat stress from two perspectives: (1) personnel and (2) infrastructure. While we recognize that heat stress is a health and safety risk for personnel and could lead to a decrease in work productivity, we have programs and processes currently in place to address this concern daily, given the number of field personnel working outdoors and the nature and volume of work that must occur outside as a result of our asset portfolio. We also hold adequate levels of insurance coverage for heat stress-related incidents that may require medical attention. As the risk of heat stress increases, we are confident that our current health and safety procedures can be successfully adapted, as applicable, to mitigate the impact of this chronic risk on our operations.

Our Smarter Asset Management operations program helps mitigate the potential impacts of heat stress on our infrastructure. The program consists of ongoing, consistent asset inspection and maintenance and remote monitoring. This information allows for a rapid response to any infrastructure or equipment failures that may occur due to excessive heat.

Portfolio Resilience

Recommended Disclosure:

c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Following 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, providing a range of outlooks against which our portfolio is tested to evaluate and determine resilience.

Scenario Analysis

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

1) IEA's Stated Policies Scenario ("**STEPS**")[7]
2) IEA's Announced Pledges Scenario ("**APS**")[8]
3) Wood Mackenzie's Accelerated Energy Transition 1.5-degree pathway ("**AET-1.5**"), a global net zero by 2050 scenario

It should be noted that there are some differences in the categorization of specific fuels in the Wood Mackenzie versus the 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.

IEA STEPS This scenario is the least ambitious energy transition scenario used for our portfolio analysis and is designed to provide a sense of the prevailing direction of energy system progression, based on a detailed review of the current policy landscape.

In this scenario, oil demand will grow in the near-term to 2030 to reach 102 million barrels per day ("MMBbl/d"). Demand then declines out to 2050, reaching 97 MMBbl/d. Global natural gas supply mirrors the growth pattern of oil, rising steadily to a gentle peak level in 2030 that plateaus through 2050. U.S. natural gas prices decline from $4.96/million Btu ("MMBtu") in 2023 to $4.00/MMBtu in 2030. From 2030, price begins to gradually increase over the next two decade reaching $4.30/MMBtu by 2050[9].

IEA APS This scenario assumes that governments will meet, in full and on time, the climate commitments they have made, including their Nationally Determined Contributions and longer-term net zero emissions targets. This scenario is not designed to achieve a particular outcome and does not result in a net-zero world by 2050.

Under APS, there is a pronounced decline in oil demand driven by the implementation of policies aimed at reducing oil consumption. Demand gradually declines from ~102 MMBbl/d in 2023 to ~93 MMBbl/d in 2030, before an accelerated decline to 55 MMBbl/d by 2050. In conjunction, oil prices see a similar decline, stabilizing at around $74 per barrel ("bbl") in 2030 before declining to $60/bbl by 2050. Global natural gas demand declines steadily, dropping about 40% from its 2021 peak by 2050. U.S. natural gas prices increase from $2.61/MMBtu in 2023, reaching their plateau around $3.00/MMBtu over the 2030s before declining to below $2.70/MMBtu from 2040 onwards.

The **Wood Mackenzie AET-1.5** 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 2024 due to more aggressive policy action and accelerated global decarbonization 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 ~100 MMBbl/d to ~30 MMBbl/d in 2050. As a result, near-term oil prices fall rapidly, from current levels to ~$52/bbl in 2030 and then continue to decline more gradually reaching ~$30/bbl by 2050. Under this scenario the global economy achieves net zero carbon emissions by 2050, aligned with the IEA's own net zero scenario.

The forecasts for natural gas demand and prices under this scenario are more nuanced due to the assumed role of natural gas as a global transition fuel and the relatively rapid decline of oil prices in the future. This position is particularly apparent in the U.S. market where the resilience of gas demand is supported through the development of carbon capture and storage, which supports low carbon power generation and heating for industrial process as well as blue hydrogen and ammonia.

AET-1.5 sees global natural gas demand peaking in 2027 and then falling below 2023 levels by 2030, with a continued decline forecast thereafter. U.S. natural gas demand remains particularly robust out to 2040 with near-term policy (i.e. Inflation Reduction Act) support for the development of carbon capture and storage along with sustained LNG exports. While overall global natural gas demand declines from 2027, the rapid decline in global oil prices has a dramatic impact on the availability of relatively low-cost associated U.S. gas. Significant levels of production from the liquids-rich plays in the U.S. (such as the Permian) become sub-commercial thus cutting off some of the country's lowest-cost supplies. In order to balance the market, higher cost non-associated gas is required thus driving up the marginal cost of supply. While U.S. natural gas demand does decline, this decline is more than offset by the decline in supply from the liquids-rich basins and thus the U.S. Henry Hub natural gas price is, perhaps counter intuitively, forecast to increase significantly in the period to 2032, from $2.61/MMBtu in 2023 to $4.05/MMBtu by 2032. Thereafter, prices continue to increase through the 2030s and 2040s, albeit at a slower pace, reaching $4.80/MMBtu by 2050.

[7] Based on IEA data from the Stated Policies Scenario of the IEA (2023) World Energy Outlook, www.iea.org/weo

[8] Based on IEA data from the Announced Pledges Scenario of the IEA (2023) World Energy Outlook, www.iea.org/weo

[9] Further detail on the IEA's pricing methodology for the APS and STEPS scenarios can be found in the 2023 World Energy Outlook.

FIGURE 10: TOTAL PRIMARY ENERGY SUPPLY AND CO_2 EMISSIONS FOR EACH SCENARIO

IEA STEPS | **IEA APS** | **WOOD MACKENZIE AET-1.5**

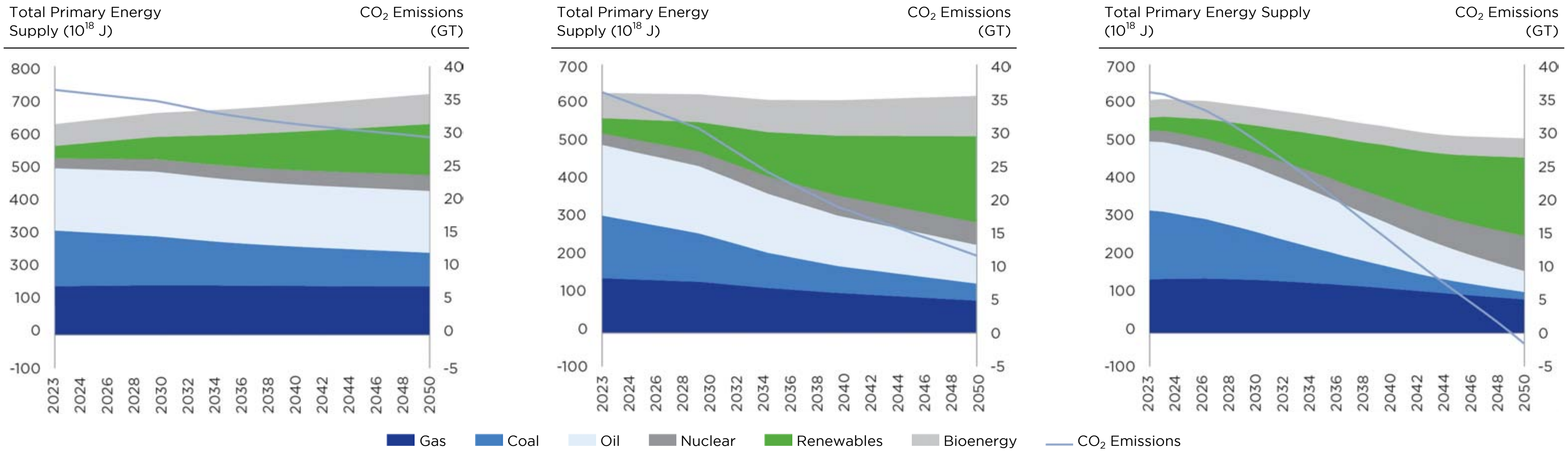
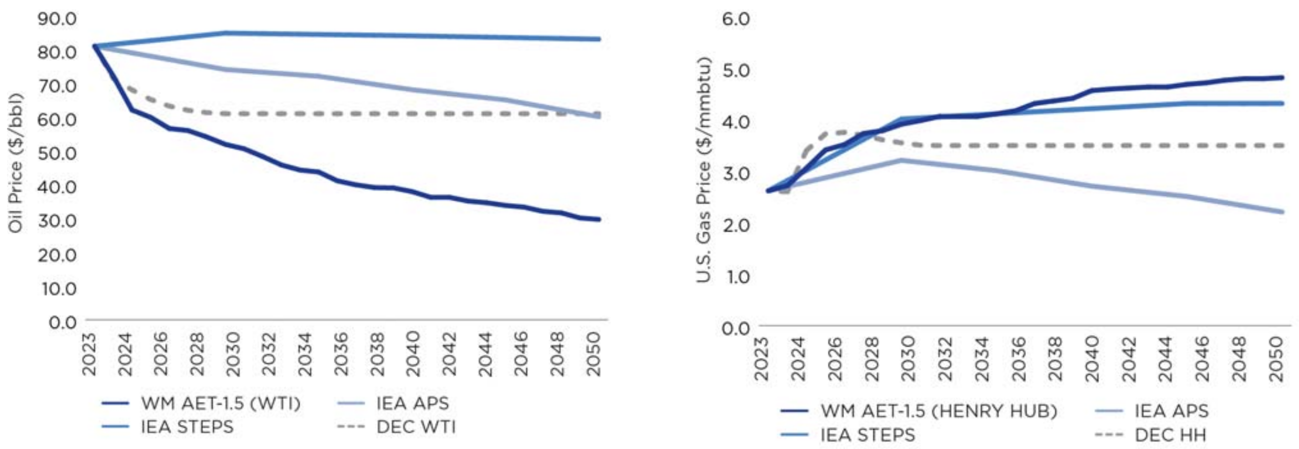


FIGURE 11: OIL AND U.S. NATURAL GAS PRICE FORECASTS FOR EACH SCENARIO (IN REAL TERMS)

OIL PRICE COMPARISON 2023 - WTI | **US GAS PRICE COMPARISON 2023**



Diversified's base case price forecasts[10] (included in Figure 11 above), which are used for the calculations of net asset value and free cashflow, are based on the NYMEX forward curves from 2024-2032 for Henry Hub ("HH") and 2024-2029 for West Texas Intermediate ("WTI") as of December 31, 2023. The prices are kept flat in real terms thereafter.

[10] Diversified Energy's Henry Hub price is calculated based on 1030 BTU/standard cubic foot

Portfolio Impact

We use 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 considers only our current assets. No account is taken of the impact that future acquisitions or divestitures may have on our future business value and cashflows.

Table 3 shows the impact of the three climate scenarios relative to the base case for our current portfolio, in terms of net asset value ("NAV") change in percent versus base case.

TABLE 3: NAV CHANGE % VS. BASE CASE

Scenario	Portfolio Value Impact (NPV10)
STEPS	18% ▲
APS	-24% ▼
AET -1.5	7% ▲

Our NAV change is positive under the Wood Mackenzie AET-1.5 and IEA STEPS scenarios, driven by two main factors.

Firstly, both scenarios forecast robust U.S. gas prices out to 2050, at \$4.30/MMBtu and \$4.80/MMBtu for 2050 under STEPS and AET-1.5, respectively. The results illustrate our conservative approach to financial planning, with our Henry Hub price forecast aligned with WM AET 1.5 Scenario out to 2030 and staying flat at around \$3.50/MMBtu post-2030.

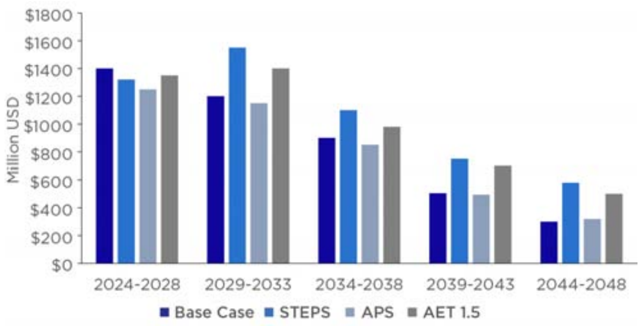
The higher positive NAV change under the STEPS scenario can be attributed to much higher Henry Hub prices out to 2030 than in our Base Case, which when coupled with Diversified's front-loaded production outlook, significantly increases the value of assets. Production volumes between 2024 and 2035 account for over 60% of the total production between from 2024 to 2048. During this timeframe, natural gas prices are higher in the STEPS scenario, averaging ~\$4.30/MMBtu versus an average of ~\$3.70/MMBtu under Wood Mackenzie AET- 1.5.

Secondly, the strong price outlook is bolstered by our low cost of production. As a result, we are able to maintain profitable operations across our portfolio through to 2050.

Our analysis indicates that even in the most carbon constrained scenario (Wood Mackenzie 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 cashflows, depicted in Figure 12 below, where even under the most aggressive pricing outlook in AET-1.5, our free cashflow remains positive.

Unless there are significant changes in the regulatory environment in the near future, we do not expect to see a significant financial impact of climate-related risks on our near-term cash flows. Post-2030, our conservative commodity price assumptions, used for Diversified's financial planning and acquisition and divestiture screening, position us well to cope with the potential introduction of carbon taxes in the U.S. or falling commodity prices.

FIGURE 12: CUMULATIVE UNLEVERED FREE CASHFLOW UNDER EACH SCENARIO



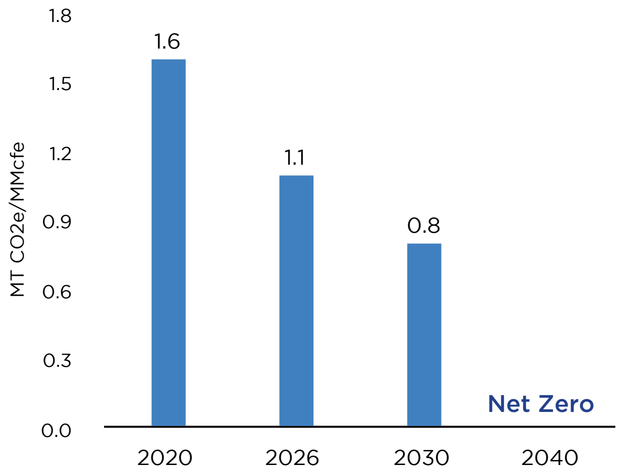
Carbon Costs and Reductions

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 utilized the carbon price forecast for the U.S. for the IEA scenarios and for developed economies in the Wood Mackenzie AET-1.5 scenario. We have evaluated the implications based of these carbon prices 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 ton (“MT”) in 2030 and rise to $175/MT by 2040. STEPS does not incorporate a carbon cost in the U.S. (at a country level) across the forecast period. The Wood Mackenzie AET-1.5 scenario incorporates carbon prices of $96/MT as soon as 2026, thereafter increasing to $136/MT by 2030 and $173/MT by 2040.

In late 2021, we announced our ambitions for near- and long-term emissions reductions relative to our revised 2020 baseline, with short- and medium-term targets to reduce 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. In addition, we have a long-term goal to achieve net zero Scope 1 and 2 GHG emissions by 2040. Our revised IPCC 2020 baseline for CO_2 emissions intensity across both Scopes for 2020 was 2.1 MT CO_2/MMcfe.

FIGURE 13: METHANE INTENSITY TARGETS AND CARBON PRICE ASSUMPTIONS FOR EACH SCENARIO

	Carbon Prices ($/MT)		
Scenario	**2026**	**2030**	**2040**
IEA STEPS	N/A	N/A	N/A
IEA APS	N/A	135	175
WM AET 1.5	96	136	173



Using the carbon price assumptions used in each of the climate scenarios, the potential financial impact associated with our methane emissions intensity targets in 2030 would be $0.11/Mcfe under APS and $0.11/Mcfe under Wood Mackenzie AET-1.5[12]. As we have already surpassed our 2030 methane reduction target in 2023, the potential financial impact of our methane emissions will likely be lower than the calculated value above as we continue to focus our efforts on de-methanization of our operations.

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, if for the purposes of this analysis we assume that we can reduce these at the same rate as the intensity of our methane emissions, we would expect our total Scope 1 and 2 emissions intensity in 2030 to be 1.05 MT CO_2e/MMcfe, implying a total potential carbon cost in 2030 (covering CO_2 and methane) of just over $0.14/Mcfe in both APS and AET-1.5 scenarios.

Alternatively, if we take a less optimistic view and assume that our CO_2 emissions remain at 2020 levels until 2030, then the total intensity of our emissions would be 1.3 MT CO_2e/MMcfe, implying a total carbon cost in 2030 of close to $0.18/Mcfe.

We aim to reduce our absolute Scope 1 and 2 GHG emissions in line to achieve net zero in line with our 2040 goal. We would expect this to reduce the overall carbon cost to our business from these emissions even in the face of rising carbon prices. However, we recognize 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 for carbon pricing becomes clearer in the coming years.

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

12 The carbon cost per 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

TCFD Recommendation:

Disclose how the organization identifies, assesses, and manages climate-related risks.

We recognize that the transition to a lower-carbon future, inclusive of both physical and transition risks, 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. 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. Equally, we recognize that physical risks, such as extreme rainfall, water stress, and heat stress, related to climate variability, could impact our operations. The Strategy section also shows details of our qualitative analysis of the impact of specific acute and chronic physical risks on our portfolio, including mitigation and adaptation actions.

We also actively monitor our performance against our peers and engage with industry organizations such as the Natural Gas Sustainability Initiative ("NGSI") and OGMP to ensure that our approach to climate risk, particularly the decarbonization of our operations, follows best practice, as described elsewhere in this Climate Report.

This section of the Climate Report focuses on our risk management processes, including how we identify, assess, and manage climate-related risks.

Effective risk management and control is a key component to the successful execution of our business strategy and objectives. Under the oversight of the Board's Audit & Risk Committee, our Senior Leadership Team developed risk management review processes which include the oversight and monitoring of our risk control and mitigation efforts. These risk management processes were developed to minimize risks across our operations, support the achievement of our strategic objectives, and create sustainable value for our stakeholders.

As part of our ERM program, we seek to assess all potential risks, including climate-related, affecting stakeholders and the natural environment and to counteract and mitigate such risks as effectively and expeditiously as possible. Our company-wide risk management processes ensure risks are appropriately identified, assessed, and managed.

Risk Identification

Recommended Disclosure:

a. Describe the organization's processes for identifying and assessing climate-related risks.

Within the program's risk identification phase, we capture potential and emerging risks that could arise as a result of a change in circumstances or new developments impacting our company. To identify climate-related risks, we rely on discussions with business unit leaders across the organization, the experience and expertise of our Board members, third-party experts, and our knowledge of current and emerging industry- or company-specific risks.

Through consistent, robust stakeholder engagement and our periodic corporate Materiality Assessment with stakeholders, we also have the opportunity to identify issues with the greatest impact, whether through risks or opportunities, on our business. In 2023, climate and climate management was identified by our stakeholders as a top 25 issue for the Company.

Climate-related risks are classified in alignment with the TCFD's description of physical and transition risks, as described in the Strategy section above.

Risk Assessment

We assess climate-related risks to our business by utilizing a scorecard approach, alongside other risk categories considering their (i) likelihood, (ii) potential impact, and (iii) speed of impact. For each Principal Risk, we also develop a list of mitigating activities and other opportunities that may offset or minimize the risk. In our most recent risk assessment, we identified Climate as a Principal Risk, and further, as a Strategic Risk within Diversified's risk universe when considering the potential it has to also influence several other Principal Risks including Corporate Strategy and Acquisition Risk, Regulatory and Political Risk, and Commodity Price Volatility Risk.

Risk Management

Recommended Disclosure:

b. Describe the organization's processes for managing climate-related risks

While we consider risk management the responsibility of all employees and have empowered them to enhance our processes and procedures as appropriate to mitigate risks, a designated Risk Owner is primarily responsible for implementing the identified mitigating controls and action plans in order to remove or minimize the likelihood and impact of the risk before it occurs. As more fully described below, the Risk Owner also provides updates to Executive and senior management and the Board, as applicable, on mitigation efforts of the risk.

Integration of Risk Management Processes into the Organization's Overall Risk Management

Recommended Disclosure:

c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organizations' overall risk management.

As described in part in the Governance section of this Climate Report, the ownership structure for Climate Risk is shown in Figure 14 below and begins with the Board's responsibility to ensure that Climate Risk is ultimately addressed and mitigated through the Company's corporate strategy and business model. Assuming oversight responsibility of Climate Risk on behalf of the Board, the Sustainability & Safety Committee monitors company performance on operational climate mitigation activities and energy transition adaptation plans by actively engaging with senior management on these topics.

At the risk level, each Principal Risk is assigned to a Risk Owner, a member of senior management who identifies and develops mitigating controls and future opportunities for mitigation as part of the risk scorecard process. Throughout the year, under the oversight of an Executive Risk Owner, the Risk Owner is responsible for actively monitoring and managing the risk and likewise periodically updating the risk scorecard.

As part of our ERM program, the role of Risk Owner for Climate Risk is assigned to the Senior Vice President-Sustainability. This Risk Owner, other senior management team members, the Executive Risk Owner, and the CEO regularly engage in risk discussions across all areas of our operations, ensuring climate-related risks are integrated into the Company's overall and ongoing risk management considerations, processes and actions. This healthy dialogue regarding risk creates a culture that highly regards risk mitigation as a way to preserve and create value for our stakeholders. As a standing invited guest to the Sustainability & Safety Committee meetings of the Board, the Climate Risk Owner also regularly shares the Company's actions and mitigating activities regarding Climate Risk.

As a company, we also monitor emerging energy transition trends and shifting conditions in the energy industry – ranging from new climate-related regulatory requirements to global climate impacts – so we are prepared to respond accordingly. Such a response may include policy or procedural changes or additional resources or training to mitigate the emerging risks.

Additional details of our ERM framework and program are set out in our 2023 Annual Report.

Looking ahead, in 2024, the broader ERM program that includes Climate Risk will be facilitated by our Senior Vice President of Accounting who, under the ongoing oversight of the Audit & Risk Committee, will:

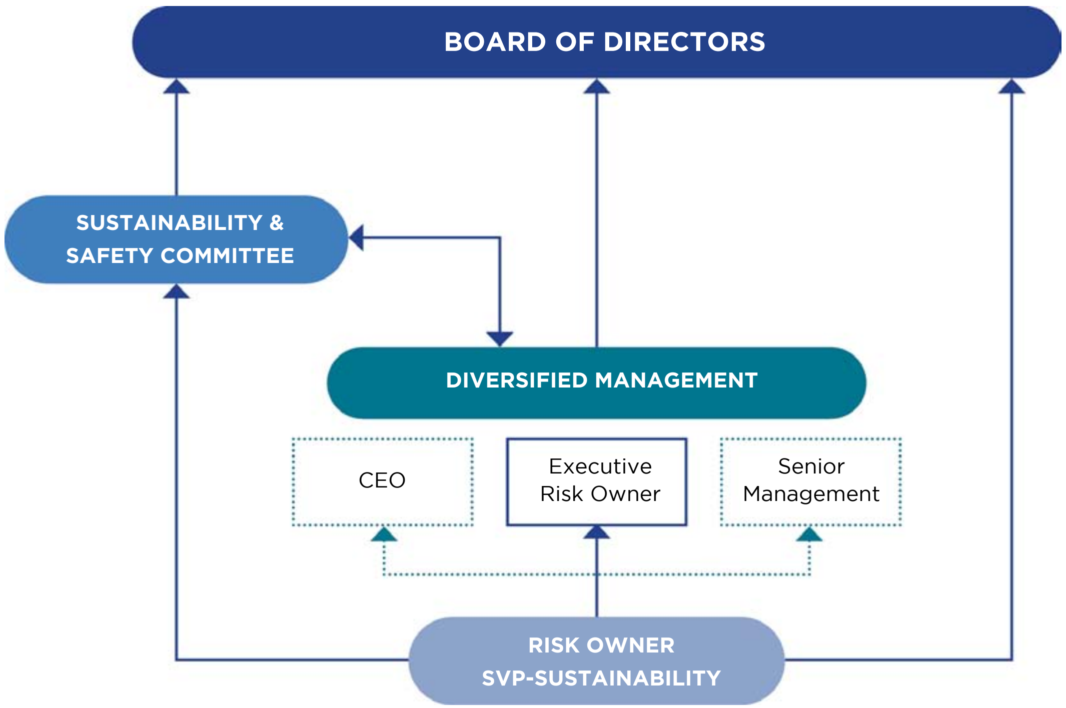
i) engage Executive Management for a full review and consensus of the Tier I and Tier II risks within our risk universe;

ii) assess the impact of the risks to corporate strategy and develop relevant KPIs;

iii) ensure Risk Owners develop, monitor, manage, and report risk mitigation activities and opportunities to Executive Management; and

iv) present a full summary of the risks, KPIs, mitigating actions, and opportunities to the Board.

FIGURE 14: CLIMATE RISK OWNERSHIP STRUCTURE



Metrics & Targets – Beating Our Emissions Targets on Our Path towards Net Zero

Focus on Scope 1 & 2 emissions

TCFD Recommendation:

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

We have been resolute in our focus on reducing GHG emissions from our operations throughout 2023 with a particular focus on reducing methane intensity, underpinned by our clearly defined targets, relative to the 2020 baseline:

- 30% reduction in Scope 1 methane intensity by 2026;
- 50% reduction in Scope 1 methane intensity by 2030; and
- Net Zero from Scope 1 and 2 GHG emissions by 2040.

Recommended Disclosure:

a. Disclose the metrics used by the organization to assess climate-related risk and opportunities in line with its strategy and risk management process.

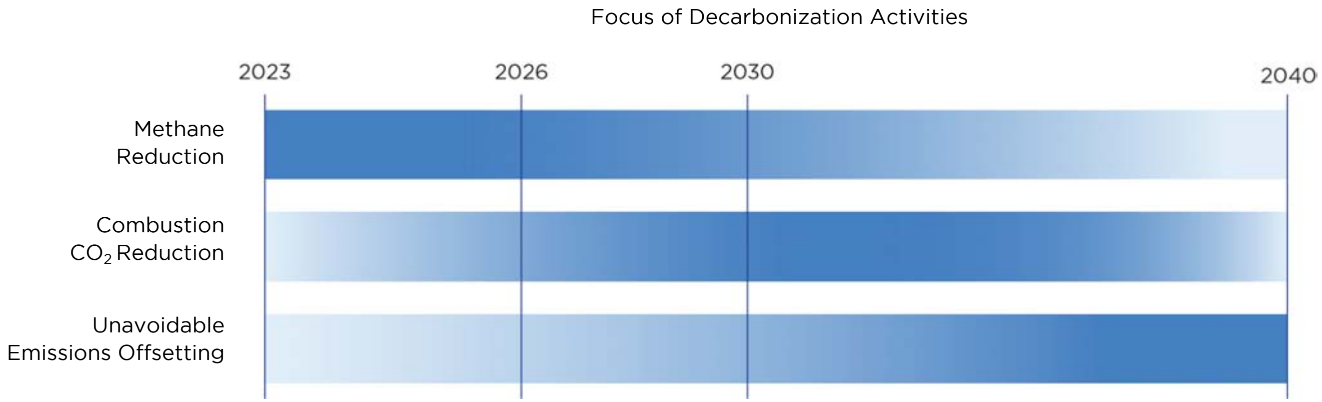
Methane emissions have a magnified impact on climate change due to their high global warming potential compared to carbon dioxide, hence our focus on reducing the methane intensity of our operations. The significant progress we are making in achieving our targets is reflected in the reported emissions in Table 4 below, reflective of our achievement in 2023 of a methane intensity of 0.8 MT CO_2e/MMcfe, a 50% reduction from our 2020 baseline and the accomplishment of our 2030 target seven years ahead of schedule. This is also reflected in year-over-year change in the portion of Scope 1 methane emission as to total Scope 1 emissions, or 27% at year-end 2023 versus 38% at year-end 2022.

Nonetheless, our primary focus remains on continuing near-term efforts to further reduce the methane intensity of our operations. This desire is driven by our longer-term goal to achieve net zero emissions though we move forward cautiously, within a regulatory environment that is continuing to evolve and has the potential to increase our reported emissions with the addition of new requirements and new source categories not previously reported. As such, we intend to evaluate those regulations as we consider new interim targets.

As previously shared, we plan to increase in the medium-term our efforts to reduce the combustion-derived CO_2 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 CO_2, we will then seek to address residual operating emissions through the use of credible offsets and the generation of voluntary and regulated carbon credits. We believe that this approach sets us on course for the achievement of our longer-term goal of net zero Scope 1 and 2 GHG emissions by 2040.

FIGURE 15: ACTIVITY LEVELS FOR THE KEY STEPS TOWARDS NET ZERO



Reporting GHG Emissions

Recommended Disclosure:

b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

To monitor our progress towards achieving our GHG 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 this 2023 Sustainability Report. The relevant data are also included in the GHG Emissions table below. Scope 1 and 2 GHG emissions data reflected below were assured by ISOS Group Inc., who provided a moderate Level II assurance in accordance with the AccountAbility 1000 Assurance Standard.

TABLE 4: REPORTED GHG EMISSIONS BY SCOPE AND SOURCE

GHG Emissions[a]	Unit	2023	2022	2021
Scope 1 Emissions[b]	thousand MT CO_2e	**1,563**	1,820	1,631
Carbon Dioxide	thousand MT CO_2	**1,142**	1,130	841
Methane[c]	thousand MT CO_2e	**420**	686	790
Nitrous Oxide	thousand MT CO_2e	**1**	4	1
% Methane[c]	%	**27**	38	48
Scope 1 Methane Intensity	MT CO_2e/MMcfe	**0.8**	1.2	1.5
Scope 1 Methane Intensity - NGSI[d]	%	**0.11**	0.21	0.28
Scope 1 Emissions Attributable to:[b][e]				
Flared Hydrocarbons	thousand MT CO_2e	**0**	0	0
Other Combustion	thousand MT CO_2e	**1,181**	1,173	870
Process Emissions	thousand MT CO_2e	**92**	67	65
Other Vented Emissions	thousand MT CO_2e	**63**	182	295
Fugitive Emissions	thousand MT CO_2e	**228**	399	402
Scope 2 Emissions[b][c]	thousand MT CO_2e	**58**	59	3.4
Total Scope 1 and Scope 2[b]	thousand MT CO_2e	**1,622**	1,879	1,634
Scope 1 and Scope 2 GHG Intensity[c]	MT CO_2e/MMcfe	**3.1**	3.4	3.1
Energy Consumption	million kWh	**134**	128	7

Note: totals may not sum due to rounding

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

(b) 2023 emissions are reflective of third-party assurance as of March 28, 2024 (see assurance letter in the Appendix herein). Due to the timing of the finalized assurance, Scope 1 and 2 emissions reported herein may vary slightly by category as compared to that presented in our 2023 Annual Report, though combined Scope 1 and 2 emissions remain unchanged.

(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 protocol, and to support direct comparability among the industry's producers, represents methane intensity using methane emissions from production assets only (therefore, excluding gathering & boosting facilities) divided by gross natural gas production.

(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).

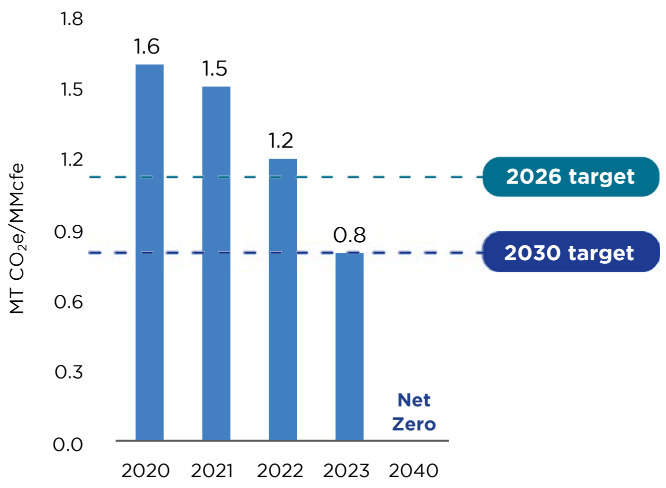
Disclaimer: GHG emissions were calculated per IPCC reporting guidance, which permits best engineering estimates for certain emissions categories, and which may vary from the prescriptive measures applied under U.S. EPA reporting standards. The source data used in these calculations were accurate and 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 posts may take place without notice.

Recommended Disclosure:

c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

We have continued to focus our efforts on the reduction of methane emissions from our operations with significant success reflected in achieving our 2030 target seven years ahead of schedule. 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. Throughout 2023, we built upon previous achievements and continued to pursue aggressive leak detection and repair initiatives, as discussed in our Strategy review, combined with replacing natural gas-driven pneumatic devices with compressed air. These activities have resulted in a 39% year-over-year reduction in absolute Scope 1 methane emissions to 420 thousand MT CO_2e from 686 thousand MT CO_2e in 2022. Our Scope 1 methane intensity improved more than 30% year-over-year to 0.8 MT CO_2e/ MMcfe and contributes to a three-year cumulative reduction in methane intensity of ~50%.

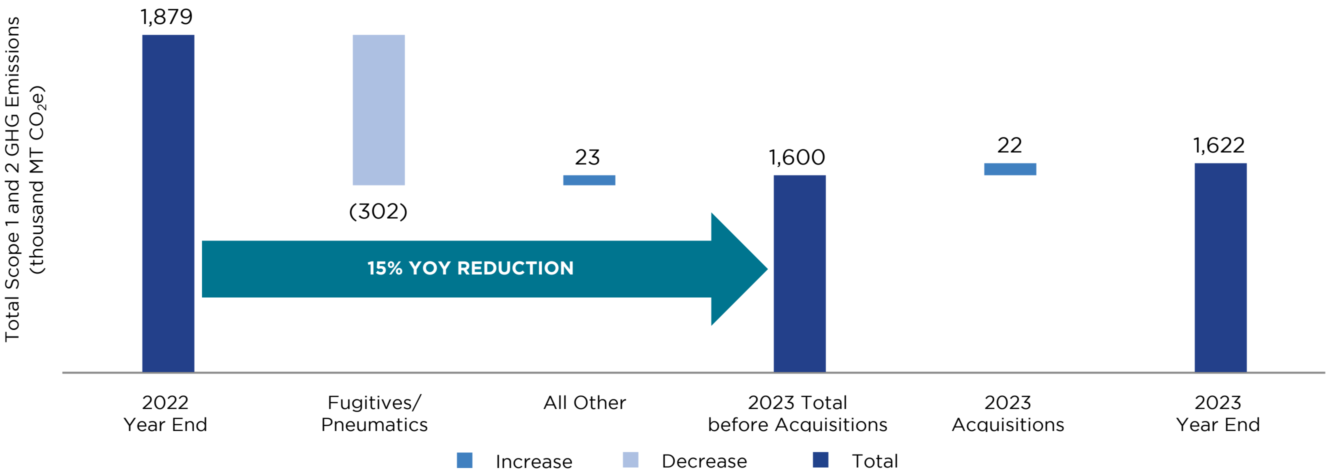
FIGURE 16: METHANE INTENSITY LEVELS (2020-2023) VERSUS DEFINED TARGETS

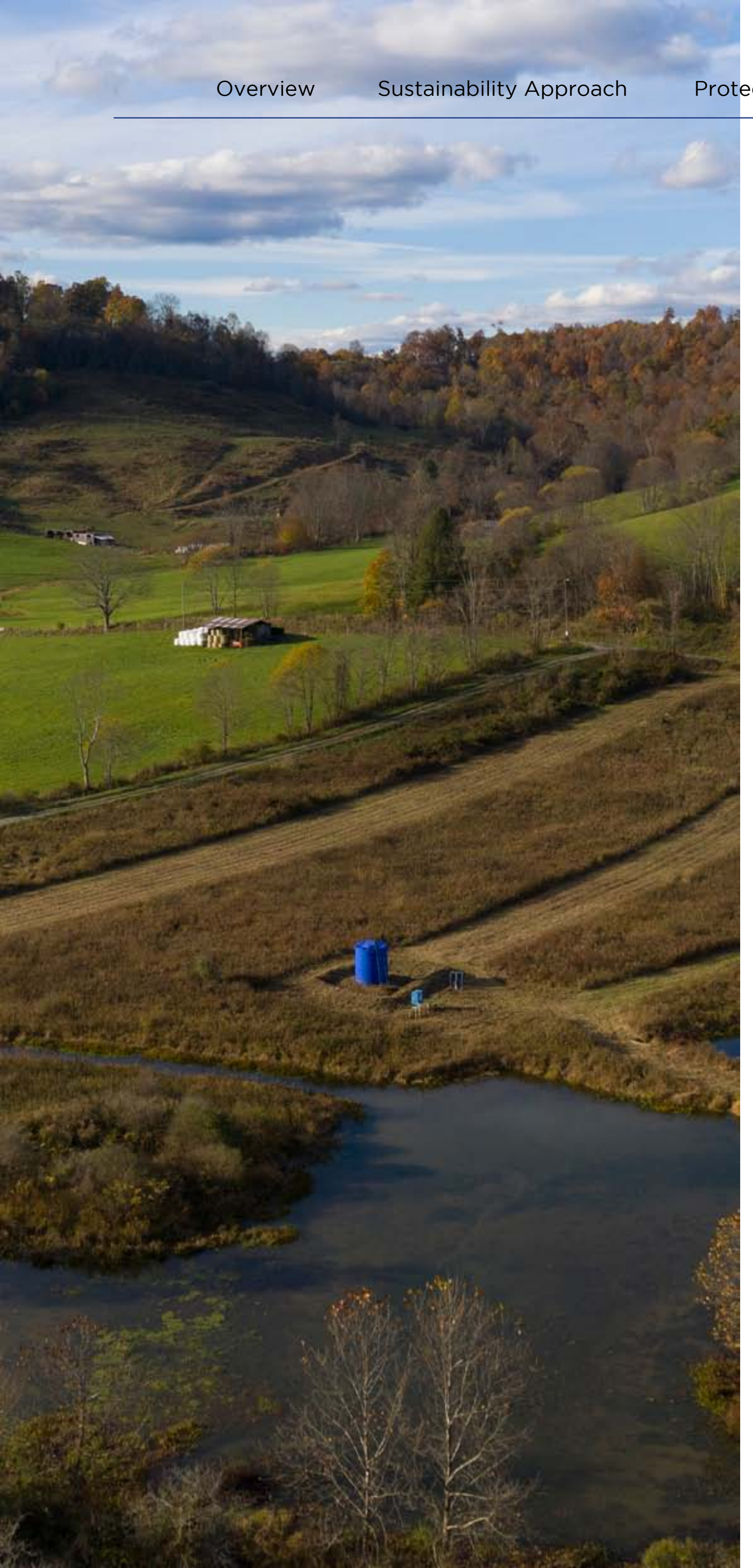


Carbon dioxide emissions now account for 73% of our year-end 2023 total Scope 1 emissions portfolio, an increase from the prior year's 62% of Scope 1 emissions, though not surprising given our near-term focus and success on reducing methane emissions. Year-over-year absolute Scope 1 CO_2 emissions increased by approximately 12 thousand MT CO_2 to 1,142 thousand MT CO_2. A majority of Diversified's CO_2 emissions are generally attributable to compressors and vehicle fuel. For 2023, this slight increase in CO_2 emissions was largely attributable to an increase in liquid fuel emissions as a function of increased produced water hauling associated with a Central Region acquisition during the year and refined calculation methodologies.

Nitrous oxide remains an immaterial component of our overall GHG emissions, totaling just one thousand MT CO_2e in 2023. Further, our location-based Scope 2 GHG emissions remained largely unchanged year-over-year at 58 thousand MT CO_2e. As such, the primary drivers of the net reduction in total absolute Scope 1 and Scope 2 GHG emissions were the aforementioned significant methane emission reductions in fugitives and pneumatics, as reflected in the 14% decline from 1,879 thousand MT CO_2e in 2022 to 1,622 thousand MT CO_2e in 2023. With this reduction, our overall Scope 1 and Scope 2 GHG emissions intensity declined 9% from 3.4 MT CO_2e/MMcfe in 2022 to 3.1 MT CO_2e/MMcfe at year-end 2023.

FIGURE 17: YEAR-ON-YEAR CHANGE IN SCOPE 1 AND 2 EMISSIONS





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. Further, according to the World Resources Institute's Aqueduct Water Risk Atlas, 99% of Diversified's operations are located in states 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 ourselves specific targets regarding water usage. For more information, please refer to the discussion on our water risk management activities herein.

Incentivizing Emissions Reduction Performance

Our commitment to reducing our GHG emissions is reflected in our executive compensation plans which include sustainability and climate-related targets.

An ESG-related performance component was first assigned to a portion of the Executive Directors' short-term incentive plan ("STIP") in 2020. Since then, our Remuneration Committee and the Board have increased the ESG-related percentage from 10% to 30%. ESG-related metrics were also added to Executive Directors' long-term incentive plan ("LTIP") first in 2022 and continue presently through 2024. For both the STIP and LTIP, a portion of those ESG-related metrics are specifically climate-related targets tied to tactical methods to achieve further methane emission reductions in our journey toward net zero in 2040, and thus these short- and long-term incentive compensation metrics are also applicable to members of senior leadership who play an active role in executing these tactical methods.

	2020	2021	2022	2023	2024
Short-term	10%	25%	30%	30%	30%
Long-term	N/A	N/A	20%	20%	20%

Conclusion

We recognize that the energy transition is a challenging and complex global issue. However, Diversified continues to prioritize its ambitious goals of reducing the carbon intensity of its operations. With sustainability deeply embedded in every aspect of our organization, we remain steadfast in integrating climate considerations into our company culture and decision-making processes.

We have assessed the impact of transition and physical climate risks on our portfolio. The size and scope of market-related climate risks were assessed and quantified through scenario analysis, showing the resilience of our portfolio even in the Net Zero scenario. Our qualitative assessment of physical risks, such as extreme rainfall, hurricanes, water stress, and heat stress, showed we are well-positioned to mitigate and adapt to these risks, even in a more extreme 'hothouse world' scenario, associated with a temperature increase of 4.3°C by 2100.

Our pragmatic approach to emission reductions, with a near- and mid-term focus on de-methanization of our operations, has yielded outstanding results with our 2030 methane intensity reduction target being achieved seven years ahead of schedule - though we will not slow in our efforts to capture further emission reductions as we move forward. Our mission to achieve our long-term target of net zero in 2040 continues, emboldened by the achievements we have already made in reducing the methane intensity of our operations. As we work toward our net zero targets, we are committed to keeping environmental stewardship at the forefront of our strategic decision-making.

ISOS Group Assurance Letter

INDEPENDENT ASSURANCE STATEMENT

Provided by ISOS Group, Inc.

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 2023 Annual and Sustainability Reports ("Reports"), covering the period beginning January 1, 2023, and ending December 31, 2023 ("FY23").

We have performed our moderate level II assurance engagement in accordance with the AccountAbility 1000 Assurance Standard v3 ("AA1000AS"). Our review was limited to the data reported in Diversified's 2023 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 2023 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, Subparts C, W, and NN, and the Intergovernmental Panel on Climate Change (IPCC) 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 via questionnaire 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 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.

ISOS Group, Inc. | 1000 Elm Street, Manchester, NH 03105 | www.isosgroup.com

APPLICATION OF THE AA1000AP

Findings and conclusions concerning adherence to the AA1000 AccountAbility Principles:

Inclusivity	Diversified identifies its key stakeholder groups with whom they regularly engage via formal and informal methods of communication as listed in its Reports.
Materiality	Diversified clearly outlines and prioritizes its relevant sustainability topics. Its latest materiality assessment was conducted in 2023 and is updated every two years.
Responsiveness	Diversified publishes its detailed Reports annually, outlining its commitment and approach to managing its material sustainability topics with reference to several of the leading sustainability standards and frameworks including GRI, SASB, the UN SDGs and TCFD.
Impact	Diversified outlines its annual performance and short-term objectives in its Reports 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	2023
Total Scope 1 GHG Emissions (thousand MT CO_2e)	1,563
Total Scope 2 GHG Emissions (thousand MT CO_2e)	58

OBSERVATIONS

- Data is reported in accordance with the Reporting Criteria; however, evolving methodologies and assumptions, within reasonable limits, pose challenges to year-over-year performance comparability. For an understanding of the sources driving improvements in emissions performance, users are encouraged to consult Diversified's Sustainability Report.
- Diversified's expanding leak detection and repair (LDAR) program continues to refine data accuracy by transitioning from conservative component-based estimation to the measurement of real emissions, resulting in reduced year-over-year emissions.

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, March 28, 2024.

BRIAN NOVECK
CSAP Practitioner

ISOS Group
a division of environ

Performance Data Table

In addition to our focus on the safe and efficient operations of our upstream, midstream and asset retirement business units, Diversified is committed to providing meaningful and transparent environmental, social and governance metrics for our stakeholders. The data reported below is as of December 31, 2023 for all operations (unless explicitly stated otherwise) and may also be found, in part, in our 2023 Annual Report.

Please also refer to div.energy 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	2023	2022	2021
ECONOMIC IMPACT					
Financial	Annual Revenue (unhedged)	$m	$ 868	$ 1,919	$ 1,008
	Adjusted EBITDA (hedged)	$m	$ 543	$ 503	$ 343
	Free Cash Flow	$m	$ 219	$ 219	$ 228
	Dividends Paid (in the period)	$m	$ 168	$ 143	$ 130
	Dividends Paid (in the period)[a]	$/share	$ 3.50	$ 3.40	$ 3.20
	Royalty Payments	$m	$ 237	$ 507	$ 136
	Employee Wages, Salaries and Benefits	$m	$ 157	$ 137	$ 103
	Employee Payroll Taxes	$m	$ 10	$ 10	$ 7
	Production Taxes (Severance, Property, Other)	$m	$ 61	$ 74	$ 31
	Total Federal, State and Local Taxes Paid	$m	$ 89	$ 134	$ 49
	Federal Taxes	$m	$ 15	$ 29	$ 11
	State and Local Taxes	$m	$ 74	$ 105	$ 38
	Natural Gas & Oil Properties, Net	$m	$ 2,502	$ 2,556	$ 2,530
	Property & Equipment, Net (Midstream & Other)	$m	$ 456	$ 463	$ 414
Operational	Number of States in Which We Operate	#	10	10	10
	Total Daily Production (Net)	MMcfepd	821	811	711
	Total Daily Production (Net)	MBoepd	137	135	119
	Total Production (Net)	MMcfe	299,632	296,121	259,543
	Natural Gas	MMcf	256,378	255,597	234,643
	Natural Gas Liquids (NGLs)	MBbl	5,832	5,200	3,558
	Oil	MBbl	1,377	1,554	592
	Total Proved Reserves	Bcfe	3,850	5,050	4,629
	Natural Gas	Bcf	3,200	4,350	4,009
	Natural Gas Liquids (NGLs)	MMBbl	96	102	89
	Oil	MMBbl	13	15	14

		Unit	2023	2022	2021
ECONOMIC IMPACT					
Operational	% of Total Proved Reserves				
	In or Near Areas of Conflict	%	0.00	0.00	0.00
	In Countries That Have the 20 Lowest Rankings in Transparency International's Corruption Perception Index	%	0.00	0.00	0.00
	In or Near Indigenous Lands	%	0.20	0.23	0.05
GOVERNANCE					
Board Composition and Diversity	Independent Board Chair	Yes/No	Yes	Yes	Yes
	Board Members - Total	#	7	8	8
	Board Members - Independent	#	6	5	5
	Board Members - Minority	#	0	0	0
	Board Members - Female	#	3	3	3
Risk Management	Comprehensive Annual Audit Plan Approved by the Board of Directors	Yes/No	Yes	Yes	Yes
	Comprehensive Annual Risk Management Assessment	Yes/No	Yes	Yes	Yes
Corporate Policy Statements	Anti-Bribery and Corruption	Yes/No	Yes	Yes	Yes
	Biodiversity	Yes/No	Yes	No	No
	Business Partners	Yes/No	Yes	Yes	Yes
	Climate	Yes/No	Yes	Yes	Yes
	Code of Business Conduct & Ethics	Yes/No	Yes	No	No
	Employee Relations	Yes/No	Yes	Yes	Yes
	Environmental, Health & Safety	Yes/No	Yes	Yes	Yes
	Human Rights	Yes/No	Yes	Yes	Yes
	Modern Slavery	Yes/No	Yes	Yes	Yes
	Securities Dealing	Yes/No	Yes	Yes	Yes
	Socio-Economic (Corporate Responsibility)	Yes/No	Yes	Yes	Yes
	Tax	Yes/No	Yes	No	No
	Whistleblowing	Yes/No	Yes	Yes	Yes
	Compliance Hotline Calls	#	4	0	2
ENVIRONMENTAL					
Air Quality[c]	Nitrogen Oxide (NOx, excluding N_2O)	metric tons	21,520	21,546	16,126
	Carbon Monoxide (CO)	metric tons	18,448	18,530	13,842
	Sulfur Oxide (SOx)	metric tons	61	108	81
	Volatile Organic Compounds (VOC)	metric tons	3,108	4,421	6,632
	Particulate Matter (PM Total)	metric tons	137	140	105

		Unit	2023	2022	2021
ENVIRONMENTAL					
GHG Emissions[b][c]	Scope 1 Emissions - Production	thousand MT CO_2e	606	875	865
	Carbon Dioxide	thousand MT CO_2	337	338	236
	Methane[d]	thousand MT CO_2e	268	536	629
	Nitrous Oxide	thousand MT CO_2e	0.9	1.5	0.2
	% Methane	%	44	61	73
	Scope 1 Emissions - Gathering & Boosting	thousand MT CO_2e	958	945	766
	Carbon Dioxide	thousand MT CO_2	805	792	605
	Methane[d]	thousand MT CO_2e	152	151	161
	Nitrous Oxide	thousand MT CO_2e	0.4	2.4	0.3
	% Methane	%	16	16	21
	Scope 1 Emissions - Total Company	thousand MT CO_2e	1,563	1,820	1,631
	Carbon Dioxide	thousand MT CO_2	1,142	1,130	841
	Methane[d]	thousand MT CO_2e	420	686	790
	Nitrous Oxide	thousand MT CO_2e	1.3	3.9	0.5
	% Methane	%	27	38	48
	Total Company Scope 1 Methane Emissions Attributable to				
	Production	%	64	78	80
	Gathering & Boosting	%	36	22	20
	Scope 1 Emissions Attributable to		1,563	1,820	1,631
	Flared Hydrocarbons	thousand MT CO_2e	0	0	0
	Other Combustion	thousand MT CO_2e	1,181	1,173	870
	Process Emissions	thousand MT CO_2e	92	67	65
	Other Vented Emissions	thousand MT CO_2e	63	182	295
	Fugitive Emissions	thousand MT CO_2e	228	399	402
	Scope 2 Emissions - Total Company	thousand MT CO_2e	58	59	3.4
	Carbon Dioxide	thousand MT CO_2	58	59	3.3
	Methane[d]	thousand MT CO_2e	0.1	0.1	0.1
	Nitrous Oxide	thousand MT CO_2e	0.2	0.2	0.1
	% Methane	%	0.2	0.2	2
	Scope 1 and Scope 2 GHG Emissions - Total Company	thousand MT CO_2e	1,622	1,879	1,634
	Carbon Dioxide	thousand MT CO_2	1,200	1,189	845
	Methane[d]	thousand MT CO_2e	420	686	790
	Nitrous Oxide	thousand MT CO_2e	2	4	1
	% Methane	%	26	37	48

		Unit	2023	2022	2021
ENVIRONMENTAL					
GHG Emissions[b][c]	Scope 1 and Scope 2 GHG Emissions Intensity	MT CO_2e/MMcfe	3.1	3.4	3.1
	Scope 1 Methane Emissions Intensity	MT CO_2e/MMcfe	0.8	1.2	1.5
	Scope 1 Methane Emissions Intensity (NGSI)[e]	%	0.11	0.21	0.28
Spills	Total Number of Reportable Spills	#	63	59	34
	Oil	#	27	22	14
	Produced Water	#	36	37	20
	Total Volume of Reportable Spills	Bbl	2,706	5,938	2,564
	Oil	Bbl	198	350	304
	Produced Water	Bbl	2,508	5,588	2,260
	Total Volume of Recovered Spills	Bbl	350	417	Not assessed
	Oil	Bbl	14	26	Not assessed
	Produced Water	Bbl	336	391	Not assessed
	Total Produced Liquids Volumes (Oil & Water)	MBbl	33,019	25,937	24,634
	Spill Intensity Rate[f]	Bbl spill per MBbl gross liquid production	0.082	0.229	0.104
Water Management	Operating Regions in High or Extremely High Overall Water Risk[g]	%	0	0	0
	Fresh Water Consumed in Water Stressed Areas[g]	%	0	0	0
	Water Consumption by Type[f]	MBbls	879	2,817	3,036
	Municipal Water Supply[f]	MBbls	99	91	71
	Fresh Water:	MBbls	737	2,630	2,965
	Surface Water (Lakes, Rivers, etc)	MBbls	737	2,630	2,965
	Groundwater	MBbls	0	0	0
	Recycled Produced Water	MBbls	43	96	0
	Water Consumption by Activity	MBbls	879	2,817	3,035
	Domestic Use[f]	MBbls	80	79	71
	Hydraulic Stimulation	MBbls	636	2,694	2,944
	Well Operations/Asset Retirement	MBbls	163	44	21
	Total Water Consumed Intensity[f]	Bbl per Boe gross production	0.010	0.031	0.035
	Fresh Water Consumed Intensity[f]	Bbl per Boe gross production	0.008	0.029	0.034
	Disposition of Produced Water	MBbls	30,444	22,742	21,662
	Injected	MBbls	30,060	22,207	21,054
	Recycled/Reused	MBbls	368	521	538
	Discharged[h]	MBbls	16	14	7
	Sold	MBbls	0	0	63
	Handling of Produced Wastewater				
	Trucked	%	60	47	32
	Piped	%	40	53	68

		Unit	2023	2022	2021
ENVIRONMENTAL					
Asset Retirement	Diversified Wells Retired During the Year	#	222	214	136
	Appalachia Basin	#	201	200	136
	Central Region	#	21	14	0
	Third-party Wells Retired During the Year	#	182	72	0
	Total Wells Retired During the Year	#	404	286	136
SOCIAL					
Workforce and Employee Diversity	Total Employees at Year End December 31	#	1,603	1,582	1,426
	Executive Committee	#	9	9	8
	Male	#	6	6	5
	Female	#	3	3	3
	Direct Reports & Senior Management	#	95	83	76
	Male	#	63	54	53
	Female	#	32	29	23
	All Other Employees	#	1,499	1,490	1,342
	Male	#	1,351	1,356	1,218
	Female	#	148	134	124
	Total Male Employees	#	1,420	1,416	1,276
	Total Male Employees	%	89	90	89
	Total Female Employees	#	183	166	150
	Total Female Employees	%	11	10	11
	Total Production Employees	#	1,214	1,220	1,143
	Male	#	1,198	1,204	1,103
	Female	#	16	16	40
	Total Production Support Employees	#	389	362	283
	Male	#	222	212	173
	Female	#	167	150	110
	Minorities in the Workforce (self-reported)	%	2.4	3.6	2.7
	Veterans in the Workforce (self-reported)	%	6.4	6.3	5.3
	Employees under Collective Bargaining Agreements	%	15.3	12.4	14.0
Employee Retention	New Employee Hires (net)	#	21	156	319
	Voluntary Turnover Rate including Retirements	%	13.8	14.0	5.7
	Total Turnover Rate	%	17.1	17.6	9.4
Executive Compensation	Executive Compensation Tied to ESG/EHS - Short-term	%	30	30	25
	Executive Compensation Tied to ESG/EHS - Long-term	%	20	20	N/A

		Unit	2023	2022	2021
SOCIAL					
Safety - Employees	Fatalities from Work-related Injury	#	0	0	0
	Serious Incidents	#	1	0	2
	Total Workforce Injuries (OSHA Recordable)	#	18	11	19
	Days Away Restricted Time (DART) Incidents	#	13	10	13
	Lost-time Accidents (LTA)	#	12	9	11
	Restricted Duty or Transferred	#	1	1	2
	Total Recordable Incident Rate (TRIR)	per 200,000 work hours	1.28	0.73	1.55
	Near Miss Frequency Rate	per 200,000 work hours	77.87	39.58	7.20
	Preventable Motor Vehicle Accident Rate	per million miles	0.55	0.69	0.72
	Miles Driven	million	23.8	24.5	18.1
	Total Safety Training & Development Provided	hours	36,586	34,657	15,961
	Employees Receiving this Training	#	1,150	1,110	1,146
Safety - Contractors	Contractor Base	#	675	548	527
	Fatalities on Diversified Sites/from Diversified Work-related Injury	#	0	0	0
	Three-year Average Contractor Performance				
	Lost Time Case Rate (LTCR)	per 200,000 work hours	0.20	0.21	0.20
	Days Away, Restricted Work, Job Transfer (DART)	per 200,000 work hours	0.38	0.39	0.37
	Total Recordable Incident Rate (TRIR)	per 200,000 work hours	0.62	0.64	0.65
Process Safety	Pipeline Safety Audits	#	16	14	15
	Cited Process Safety Events - Tier 1 and Tier 2	#	0	0	0
Contributions	Charitable & Community Giving	$m	$ 2.1	$ 2.5	$ 0.9
	Industry Membership Association Dues	$m	$ 0.5	$ 0.3	$ 0.2
	Political Contributions	$m	$ 0.0	$ 0.0	$ 0.0

Note: totals may not sum due to rounding

(a) Dividends per share have been retroactively adjusted for all reporting periods to reflect a 20-for-1 consolidation of outstanding shares effective December 5, 2023.

(b) 2023 emissions are reflective of third-party assurance as of March 28, 2024 (see assurance letter in the Appendix herein). Due to the timing of the finalized assurance, Scope 1 and 2 emissions reported herein may vary slightly by category as compared to that presented in our 2023 Annual Report, though combined Scope 1 and 2 emissions remain unchanged.

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

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

(e) Using the Natural Gas Sustainability Initiative (NGSI) protocol, and to support direct comparability among the industry's producers, represents methane intensity using methane emissions from production assets only (therefore, excluding gathering & boosting facilities) divided by gross natural gas production.

(f) To improve year-over-year comparability, 2021 and 2022 volumes were revised to reflect updated reporting assumptions for domestic water use which assumes eight gallons of water use per day per employee, for employees as at year end December 31 for 261 total business days during the respective year. Corresponding intensity metrics were updated accordingly.

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

(h) Reflects updated produced water discharge volumes of for 2021 and 2022.

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 page numbers within our 2023 year-end reports which may be found at div.energy and for which we have utilized the following abbreviated 2023 Report Reference: Sustainability Report (SR) and Annual Report (AR).

Topic	Disclosure Focus Area	Disclosure	2023 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.	SR: 86-88 AR: 23-24, 130-132
		b) Describe management's role in assessing and managing climate-related risks and opportunities.	SR: 89-91 AR: 24-25, 130-132
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.	SR: 93-98 AR: 27-33
		b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	SR: 93-107 AR: 27-41
		c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	SR: 104-106 AR: 38-41
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.	SR: 108 AR: 41
		b) Describe the organization's processes for managing climate-related risks.	SR: 108-109 AR: 41-42
		c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	SR: 109 AR: 41-42, 75-76
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.	SR: 110-111 AR: 18, 42-45, 76, 110-129
		b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	SR: 92, 111-112 AR: 23, 26, 42-45
		c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	SR: 110, 113 AR: 18, 23, 26, 40, 42-45, 110-129

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 page numbers within our 2023 year-end reports which may be found at div.energy and for which we have utilized the following abbreviated references: Sustainability Report (SR) and Annual Report (AR).

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: 2, 114-115
Activities and Workers		
2-6	Activities, value chain, and other business relationships	SR: 4
2-7	Employees	SR: 55, 61, 120 AR: 49-50
2-8	Workers who are not employees	SR: 120
Governance		
2-9	Governance structure and composition	SR: 72-73, 86-91 AR: 83-87, 89-92
2-10	Nomination and selection of the highest governance body	SR: 72-75 AR: 85-88, 101-103
2-11	Chair of the highest governance body	AR: 87, 89
2-12	Role of the highest governance body in overseeing the management of impacts	SR: 75 AR: 83-85, 87-88, 95-96, 99-100
2-13	Delegation of responsibility for managing impacts	SR: 75, 78, 86 - 89
2-14	Role of the highest governance body in sustainability reporting	SR: 2, 69 - 71, 75
2-15	Conflicts of interest	SR: 115 AR: 97

GRI Code	Description	Disclosure Reference
GRI 2: GENERAL DISCLOSURES		
Governance		
2-16	Communication of critical concerns	SR: 76-77, 79 AR: 98-99
2-17	Collective knowledge of the highest governance body	SR: 74 AR: 85, 89-92
2-18	Evaluation of the performance of the highest governance body	SR: 74 AR: 85, 103
2-19	Remuneration policies	SR: 87 AR: 110-129
2-20	Process to determine remuneration	SR: 87 AR: 110-129
2-21	Annual total compensation ratio	AR: 127
Strategy, Policies and Practices		
2-22	Statement on sustainable development strategy	SR: 6, 9 - 11
2-23	Policy commitments	SR: 76 AR: 88, 96 See also div.energy where all policy statements, as approved by the Board and signed by our CEO, are posted for stakeholder access.
2-24	Embedding policy commitments	SR: 53, 76-77 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: 18-43, 79
2-26	Mechanisms for seeking advice and raising concerns	SR: 79
2-27	Compliance with laws and regulations	SR: 76-78
2-28	Membership associations	SR: 80
Stakeholder Engagement		
2-29	Approach to stakeholder engagement	SR: 12-15, 79 AR: 52-54, 98
2-30	Collective bargaining agreements	SR: 120

GRI Code	Description	Disclosure	Oil & Gas Reference no.
GRI 3: MATERIAL TOPICS			
3-1	Process to determine material topics	SR: 2, 12-13	
3-2	List of material topics	SR: 12-13, 136	
3-3	Management of material topics	SR: 14-15	
MATERIAL TOPIC STANDARDS			
Economic Performance			
201-1	Direct economic value generated and distributed	SR: 60-61, 116, 121 AR: 143, 145-146, 161-162, 204-205	11.21.2
201-2	Financial implications and other risks and opportunities due to climate change	SR: 10, 93-98	11.2.2
201-4	Financial assistance received from government	AR: 67, 164 - 167	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: 56 though we do not currently track senior management specifically.	11.14.3
Indirect Economic Impact			
203-1	Infrastructure investments and services supported	SR: 24-25, 29, 60-61	11.14.4
203-2	Significant indirect economic impacts	SR: 5, 60-61	11.14.5
Procurement Practices			
204-1	Proportion of spending on local suppliers	SR: 60-61 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: 78-79	11.20.2
205-2	Communication and training about anti corruption policies and procedures	SR: 78-79 AR: 88, 102	11.20.3
205-3	Confirmed incidents of corruption and actions taken	Not reported	11.20.4

GRI Code	Description	Disclosure	Oil & Gas Reference no.
MATERIAL TOPIC STANDARDS			
Anti -Competitive Behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Anti-Bribery and Corruption Policy SR: 77-79 We do not currently report on specific legal actions.	11.19.2
Tax			
207-1	Approach to tax	AR: 104-105, 154, 164-167, 204-205 Refer also to our Tax Policy	11.21.4
207-2	Tax governance, control, and risk management	AR: 104-106, 154, 157, 164 - 167	11.21.5
207-3	Stakeholder engagement and management of concerns related to tax	AR: 53	11.21.6
207-4	Country-by-country reporting	AR: 2, 10-11, 143-146, 164-167, 204-205	11.21.7
Energy			
302-1	Energy consumption within the organization	SR: 30-31, 111	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: 35	11.6.2
303-2	Management of water discharge-related impacts	SR: 35-37	11.6.3
303-3	Water withdrawal	SR: 119	11.6.4
303-4	Water discharge	SR: 119	11.6.5
303-5	Water consumption	SR: 35, 119	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: 41	11.4.2
304-2	Significant impacts of activities, products, and services on biodiversity	SR: 41-43	11.4.3
304-3	Habitats protected or restored	SR: 41-43	11.4.4

GRI Code	Description	Disclosure	Oil & Gas Reference no.
MATERIAL TOPIC STANDARDS			
Emissions			
305-1	Direct (Scope 1) GHG emissions	SR: 19-22, 118	11.1.5
305-2	Energy indirect (Scope 2) GHG emissions	SR: 20-21, 118	11.1.6
305-3	Other indirect (Scope 3) GHG emissions	SR: 22	11.1.7
305-4	GHG emissions intensity	SR: 20-21, 118	11.1.8
305-5	Reduction of GHG emissions	SR: 19-22, 24-29, 118	11.2.3
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	SR: 30, 117	11.3.3
Waste			
306-1	Waste generation and significant waste-related impacts	SR: 36-38	11.5.2
306-2	Management of significant waste related impacts	SR: 36-38	11.5.3
306-3	Waste generated	SR: 36-38, 119	11.5.4
306-4	Waste diverted from disposal	SR: 36-38, 119	11.5.5
306-5	Waste directed to disposal	SR: 36-38, 119	11.5.6
Supplier Environmental Assessment			
308-1	New suppliers that were screened using environmental criteria	SR: 52	
308-2	Negative environmental impacts in the supply chain and actions taken	SR: 52	
Employment			
401-1	New employee hires and employee turnover	SR: 54-55, 120	11.10.2
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR: 58	11.10.3
401-3	Parental leave	SR: 58	11.10.4
Labor Management Relations			
402-1	Minimum notice periods regarding operational changes	Not reported	11.10.5

GRI Code	Description	Disclosure	Oil & Gas Reference no.
MATERIAL TOPIC STANDARDS			
Occupational Health and Safety			
403-1	Occupational health and safety management system	SR: 46-52 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: 46-48	11.9.3
403-3	Occupational health services	SR: 46-52	11.9.4
403-4	Worker participation, consultation, and communication on occupational health and safety	SR: 46-52	11.9.5
403-5	Worker training on occupational health and safety	SR: 47-48	11.9.6
403-6	Promotion of worker health	SR: 47, 50, 58	11.9.7
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SR: 46-52	11.9.8
403-8	Workers covered by an occupational health and safety management system	SR: 50 All direct Diversified employees are managed through our occupational health and safety system	11.9.9
403-9	Work-related injuries	SR: 47, 121	11.9.10
403-10	Work-related ill health	SR: 47, 121 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: 121 (note that training hours are tracked for field employees only, thus the fewer number 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: 56-57	11.10.7
404-3	Percentage of employees receiving regular performance and career development reviews	SR: 57 (100%)	
Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	SR: 55, 117, 120 AR: 49-50, 85-87	11.11.5
405-2	Ratio of basic salary and remuneration of women to men	Not reported	11.11.6

GRI Code	Description	Disclosure	Oil & Gas Reference no.
MATERIAL TOPIC STANDARDS			
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: 79	11.17.2
Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	SR: 62 - 66	11.15.2
413-2	Operations with significant actual and potential negative impacts on local communities	SR: 79	11.15.3
Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	SR: 52	11.10.8
414-2	Negative social impacts in the supply chain and actions taken	SR: 52	11.10.9
Public Policy			
415-1	Political Contributions	SR: 121 AR: 99	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 2023 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 this 2023 Sustainability Report.

Topic	Metric	SASB Code	Category	Unit	2023 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 (%)	1,563,000 27% 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) 1,181,000 (3) 92,000 (4) 63,000 (5) 228,000
	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 19-29. Further detail is also provided in our Climate Risk and Resilience Report on page 83-113 .
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) 21,520 (2) 61 (3) 3,108 (4) 137
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 analyze water management performance in barrels. (1) 737 MBbls, 0% (2) 737 MBbls, 0% Further information to water management and performance is provided on pages 35-37.
	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 analyze water management performance in barrels. Total produced water: 30,444 MBbls (1) 16 MBbls, 0% (hydrocarbon content in discharged water N/A) (2) 30,060 MBbls, 99% (3) 368 MBbls, 1%

Topic	Metric	SASB Code	Category	Unit	2023 Response
OIL & GAS - EXPLORATION & PRODUCTION					
	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 program 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.
	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, program documents and field operating procedures. Through our long-standing, well-proven SAM program, we have an active EHS group that daily seeks to increase asset efficiency and integrity. Signed by our CEO, our Environmental, Health and Safety 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 commitment 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 pages 39 and 119 for spill performance data. In 2023, we incurred 27 hydrocarbon incidents, spilling 198 barrels of oil of which we recovered 14 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 Diversified 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 December 31, 2023, 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 79 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	-	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 labor laws in the U.S.

Topic	Metric	SASB Code	Category	Unit	2023 Response
OIL & GAS - EXPLORATION & PRODUCTION					
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 Executive Vice President-Operations and is a regularly invited guest and active participant at meetings of the Board's Sustainability & Safety Committee. Please see page 79 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.
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) 1.28 (per 200,000 work hours) (2) 0 (3) 78 (per 200,000 work hours) (4) 36,586 training hours for 1,150 full-time field employees only (training hours for non-field employees not recorded) For contract employees: (1) 0.62 (reported only as 3-year average, per 200,000 work hours) (2) 0 (3) not recorded (4) not recorded We do not separately 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 utilize 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 46-52.
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 104-106.
	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 92.

Topic	Metric	SASB Code	Category	Unit	2023 Response
OIL & GAS - EXPLORATION & PRODUCTION					
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 80.
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 2023, 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 emphasizes our top daily priority: "Safety-No Compromises" (pages 46-48). 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 78).
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) 1,377 MBbls (2) 256,378 MMcf (3) None (4) None We also produced 5,832 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	At year end 2023, we operated ~64,200 gross wells, including 56,700 wells in the Appalachian Basin and 7,500 wells in the Central Region.

Topic	Metric	SASB Code	Category	Unit	2023 Response
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 (%)	1,563,000 27% 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 19-34. Additional detail is also provided in our Climate Risk and Resilience Report on pages 83-113.
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) 21,520 (2) 61 (3) 3,108 (4) 137
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, program 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.
	Terrestrial acreage disturbed, percentage of impacted area restored	EM-MD-160a.3	Quantitative	-	During 2023, we extended a southern West Virginia pipeline less than one mile, and to minimize land disturbance we leveraged an existing access road and right of way, thus avoiding all streams and wetlands located in the area. Please refer to pages 42 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 2023, there were no hydrocarbon spills from pipelines in the Arctic or USAs.

Topic	Metric	SASB Code	Category	Unit	2023 Response
OIL AND GAS - MIDSTREAM					
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 no reportable pipeline incidents in 2023. 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) We operate ~2,525 miles of natural gas pipelines subject to the standards of 49CFR192. Of this amount ~11% are functionally classified as Transmission assets and ~27% as Gathering assets, Type A, B or C. During 2023, 100% of these assets were inspected. Additionally, Diversified routinely completes a variety of industry best practice and regulatory required inspections of our pipelines and related facilities. In 2023, we aerially surveyed ~10,000 miles of midstream and ~9,000 facilities. (2) During 2023, we inspected 100% of our single, highly volatile liquid operated pipeline.
	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. 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 utilize a leading supply chain risk management firm, Veriforce, to prescreen for contractors with high safety performance records. Refer to page 52.
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 (SDGs).

Mapping significant issues for the Company as identified through our Materiality Assessment to the SDGs, enables us to identify areas of social responsibility around which we can make an outsized impact in terms of addressing global challenges and contributing to a sustainable future.

When considering these SDGs, we specifically identified a set of related targets that are relevant to our business. We identify on the following pages the SDG targets around which we believe we are making an impact along with a glimpse of how our 2023 activities have progressed those targets.

The UN Sustainable Development Goals to Which Diversified Contributes

RELEVANCE TO SUSTAINABLE DEVELOPMENT

Material Issue[(a)]	Stewardship Emphasis	Area of Focus/Key Cluster	Alignment to SDGs
Access to Funding	Principles	Socio-Economic Value Creation	
Accident Prevention	People	Health & Safety	
Asset Retirement	Planet	Environmental Management	13
Community Engagement	People	Socio-Economic Value Creation	1 3 4 8
Cybersecurity	Principles	Risk & Compliance	
Diversity & Equal Opportunity	People	Our Employees	5 8 10
Driver Safety	People	Health & Safety	3
Emissions Reductions	Planet	Climate Change	7 9 13
Employee Development	People	Our Employees	1 4 8
Employee Safety	People	Health & Safety	8
Energy Consumption	Planet	Climate Change	7
Environmental Protection	Planet	Environmental Management	12 15
Ethical Behavior	Principles	Our Employees	10
Grievance Mechanisms	Principles	Our Employees	
Human Rights	People	Our Employees	8
Incident Response	Planet	Environmental Management	6 15
Industry Advocacy	Principles	Suppliers & Partners	9
Landowner Engagement	People	Socio-Economic Value Creation	
Legal Compliance	Principles	Risk & Compliance	
Position on Climate	Principles	Climate Change	13
Process Safety	Planet	Health & Safety	
Procurement Management	People	Suppliers & Partners	12
Risk Management	Principles	Risk & Compliance	
Tax Payments to Governments	Principles	Socio-Economic Value Creation	
Water Management	Planet	Resource Management	6 15
Whistle-blower Program	Principles	Our Employees	
Working-Interest Partners	Principles	Suppliers & Partners	
Workplace Culture	People	Our Employees	4 5 10

(a) Excludes ESG Management which encompasses several of these topics and is therefore duly represented above

UN SDG	SDG Target	Target Commentary	Progress in 2023
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 ~1,600 direct employees as well as ~6,300 ancillary jobs or roughly $500M in ancillary labor income
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.	— Conducted our first anonymous safety culture survey, achieving an 88% participation rate among field employees and supervisors — Enhanced our ability to identify seasonal and calendar-linked hazards — We achieved a ~85% increase in Good Catch/Near Miss Reporting
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 program, 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 program, hiring 18 summer interns — Began upskilling field employees by offering them the opportunity to work in the IOCs
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.	— Sylvia Kerrigan assumed the role previously held by David Turner, Jr. as the Board's Senior Independent Director, achieving the UK Listing Rule diversity target at the Board level — Reached 43% female representation at the Board level and 34% in the executive committee and direct reports category
6 Clean Water and Sanitation	Target 6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.	Responsible water use and disposal is central to our water and waste management strategy. Where feasible, we take special care to return water to existing water streams in the same or better quality than when it was extracted. We have established a framework for managing effluents that starts with safety, and is supported by efforts to recycle and reuse water.	— Launched a pilot project on a crystallizing process which converts wastewater into distilled water that can be disposed in exiting streams of water — We reuse water within our own operations and have expanded water sharing agreements — Worked with a vendor to evaluate the use of evaporators, which reduce the volume of wastewater by up to 50%
	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 recognize 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 optimize recycled water purchasing requirements
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 821 MMcfepd (net) in 2023 to meet the energy demands of our communities and customers — Maintained low operating cost production through our Smart Asset Management program — Engaged in expansive leak detection and repair program to deliver more volumes to the sales meter for use in our communities

UN SDG	SDG Target	Target Commentary	Progress in 2023
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 programs 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 program, hiring 18 summer interns — Expanded financial scholarship program across schools in the areas we operate, awarding 32 university scholarships — Supported the development of employee competencies through our Educational Assistance Program and Professional Development Program
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 program 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.	— Piloted Xplorobot as a leak quantification technology, demonstrating a 90% confidence detection rate — Conducted leak inspections visits on greater than 99.9% of producing well sites — Eliminated approximately 1,750 pneumatic devices from our inventory through asset upgrades
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.	— Launched a new applicant tracking system, iCIMS, which has several features that allow hiring managers to consider applicants without bias, including resume redaction — Conducted three unconscious bias trainings to 350+ managers and leaders to help them recognize potential bias present during the promotion, recruiting and interview processes
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 ~675 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 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.	— Third-party experts conducted a biodiversity and TNFD-specific training for our Board, which complemented the TCFD climate-specific training held in 2022 — Reduced methane intensity by 33% for 2023 and cumulatively by 50% since our baseline year 2020 — Continued formalizing internal tools and planning to achieve accelerated 2040 net-zero Scope 1 and 2 GHG emission target
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.	— Retired 222 Diversified wells and 182 non-Diversified wells within the operating footprint, including 18 wells were on lands managed by the PGC. We restored well sites to their natural condition by planting trees native to the region — Built and hung woodpecker houses in West Virginia and bat boxes in the Kanawha State Forest, to support conservation efforts for endangered species

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, contained in full within the Appendix 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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