DIVERSIFIED energy

Climate Risk and Resilience Report

May 2026

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Alignment & Disclosures

This Climate Risk and Resilience Report (Climate Report) is consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), with the exception of Scope 3 emissions, and in line with the Financial Conduct Authority's Listing Rule 6.6.6. This report also reflects the guidance provided in the TCFD Annex, Section C, "Guidance for All Sectors" and Section E, "Supplemental Guidance for Non-Financial Groups", related to the Energy sector.

This Climate Report should be read alongside our 2025 year-end financial Form 10-K, available now on our website, and our 2025 Sustainability Report, which will be published in 2Q 2026. Together with our 2026 Proxy Statement, these year-end reports provide a transparent and complementary view of Diversified's strategy, business model and performance on material environmental, social and governance (ESG) and broader sustainability issues. All these reports will be available on our website at www.div.energy.

Forward-Looking Statements

Certain information set forth in this Climate Risk and Resilience 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. In addition, our climate risk analysis 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.

About Diversified

DEC: NYSE/LSE

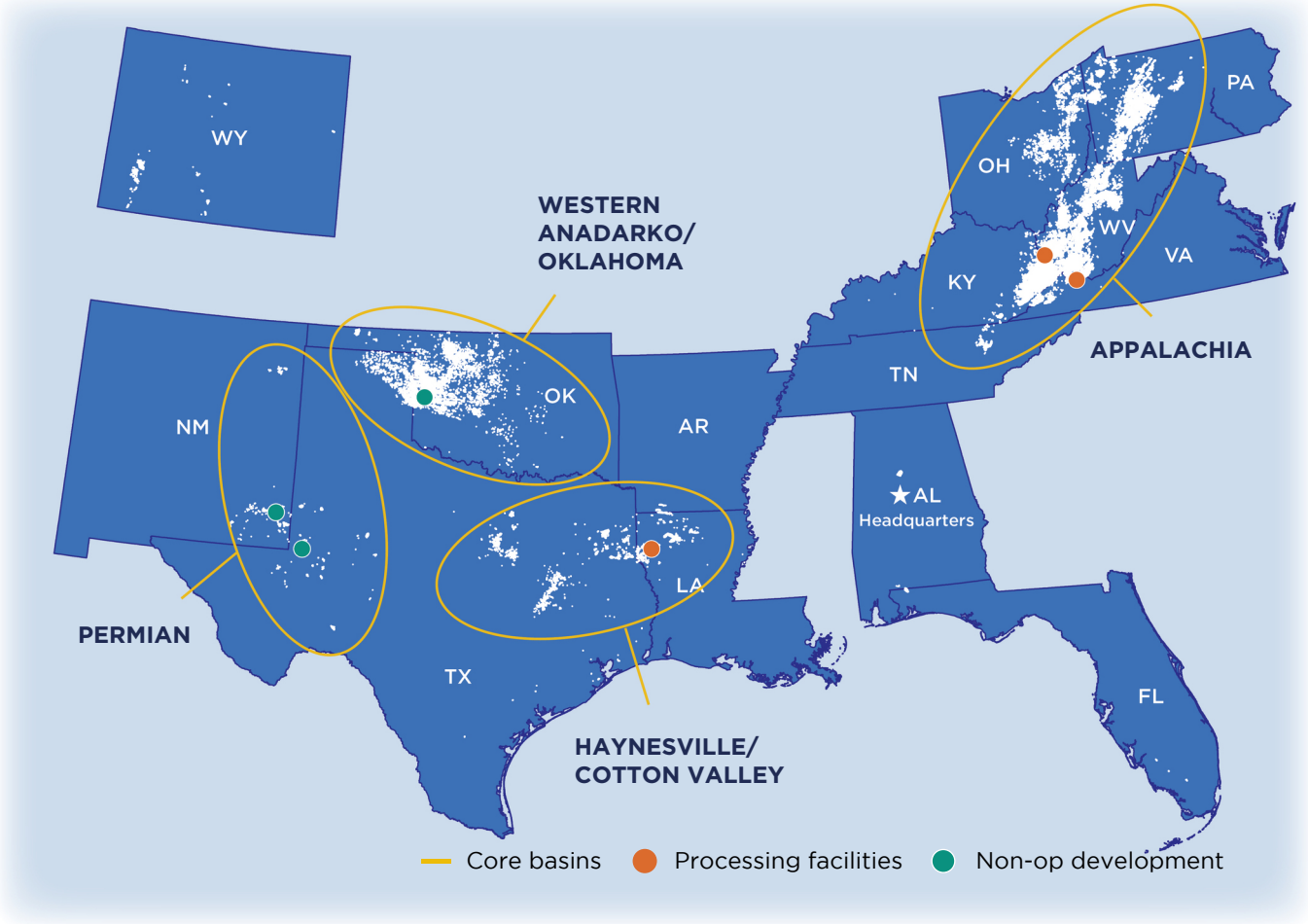
Diversified Energy Company (Diversified, DEC or the Company) is a leading publicly traded U.S. onshore energy producer focused on acquiring, operating, and optimizing established natural gas and liquids assets, supported by vertically integrated midstream, marketing, and well-retirement operations. From our Birmingham, Alabama headquarters, the Company serves a wide range of customers across 14 states of operation, including energy marketers, LNG export facilities, local municipalities and utilities, other producers, and industrial and retail end users.

With a de-risked business model, Diversified is a proven consolidator that enhances the operational and environmental performance of acquired assets throughout their lifecycle and responsibly retires them at end of life. Recognized by rating agencies and industry organizations for our sustainability leadership, the Company's stewardship-driven approach supports responsible energy production, reliable free-cash-flow generation, and long-term economic and environmental value creation.

Diversified's 2025 acquisitions of Maverick Natural Resources (Maverick) and Canvas Energy (Canvas) and assets from Summit Natural Resources (Summit) added 277 MMcfepd net production to the Company's portfolio, expanding existing positions in TX and OK and adding new positions in WY, NM, FL, AL, and AR.

For the Year Ended December 31, 2025

NET PRODUCTION	1,086 MMcfepd	PRODUCTION MIX: GAS & NGL	88%	TOTAL REVENUE	$1.6 Billion
PROVED RESERVES	6,082 Bcfe	PRODUCTION MIX: UNCONVENTIONAL	57%	EMPLOYEES	1,987 in 14 states



Key Takeaways

1

Diversified's approach to climate, specifically emissions reductions, positions the Company well for supporting increasingly demanded energy security in the U.S. and abroad. Achievement of OGMP 2.0's highest Gold Standard recognition reaffirms our commitment to responsibly produced natural gas – a commodity sought by utilities and LNG exporters and required for alignment with the EU's Methane Emissions Regulation.

2

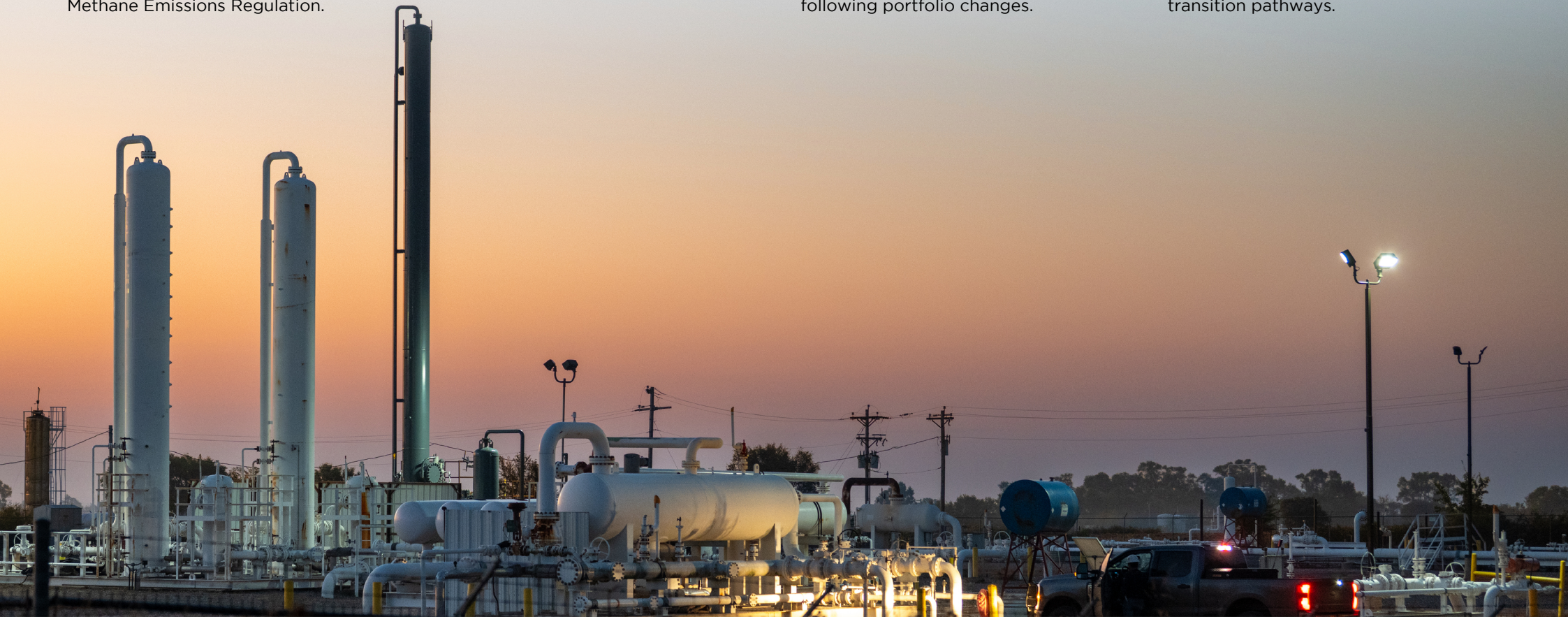
A pragmatic, methane focused operating model aligns climate stewardship with energy security, disciplined capital allocation, and continuous improvement across emissions, water management, and asset lifecycle performance. Operational execution drives corporate resilience, emissions reductions, regulatory readiness, and durable value creation across the asset lifecycle.

3

Climate-related governance is embedded from the boardroom to field operations, supporting active oversight, aligned incentives, and clear accountability across the organization. This framework supports disciplined, methane focused emissions management through strategic acquisitive growth, cost-effective technologies, asset optimization, and refined reduction initiatives following portfolio changes.

4

A refreshed and enhanced scenario analysis confirms that climate-related physical and transition risks are not expected to have a material financial impact on Diversified's business. Portfolio resilience is supported by asset diversification, emergency preparedness, and operational flexibility, with modeling showing positive free cash flow across multiple time horizons under a wide range of transition pathways.



Diversified's Approach to Climate

Throughout our nearly 25-year journey as a natural gas and oil production company, our business strategy has focused on acquiring natural gas and oil producing assets and then optimizing their operational and environmental performance. At the center of this performance expectation has been a deliberate and focused effort to reduce greenhouse gas emissions (GHG) through widespread leak detection and repair (LDAR), continuous application of evolving emission detection and measurement technologies, elimination of unnecessary or redundant equipment, and permanent retirement of unproductive or end of life assets.

Emission reduction projects are screened and prioritized based on economic and operational efficiency benefits, including emission impacts, and we continue to prioritize emission reduction projects that provide the highest collective benefits. In more recent years, and focused largely on methane emissions, we have been advancing initiatives to eliminate natural gas driven devices from our portfolio and to address operational areas such as methane slip that further our goal to eliminate or minimize these emissions. The Oil and Gas Methane Partnership 2.0's (OGMP) highest award of Gold Standard Reporting certification is a strong and independent recognition of Diversified's commitment to setting aggressive and achievable multi-year plans designed to accurately measure and significantly reduce methane emissions.

Diversified's approach supports our longstanding belief that both climate and energy security can only be achieved through reliable, affordable energy, inclusive of natural gas and oil. Further, we recognize and concur with numerous global advisories and governmental agencies that include hydrocarbons as a necessary and relevant component of the global energy demand mix for decades to come. Therefore, we remain diligent in our daily efforts to safely and consistently deliver such energy and with a lower-carbon footprint.

We are committed to regularly reviewing and refining our climate strategy and targets, as appropriate, to advance our long-term objectives and deliver sustained value to stakeholders. Following the 2023 achievement of our methane reduction targets for both 2026 and 2030, and the completion of significant acquisitions in 2025, we are finalizing an updated emissions baseline that reflects our expanded asset footprint. Independent assurance provider, ISOS Group Inc. (ISOS), has completed a moderate Level II (limited) assurance of our 2025 GHG emissions in accordance with the AccountAbility 1000 Assurance Standard v3. Additional details on the scope and findings of the assurance is provided in ISOS' assurance statement included in our 2025 Sustainability Report.

Likewise, as part of our broader climate stewardship strategy, we recognize that water is a shared, finite resource, and we are committed to responsibly and efficiently managing our use of it. We do not operate in areas classified as having High or Extremely High overall water stress as defined by World Resource Institute's Water Risk Atlas, thus reducing the risk of significant water-related impacts from our operations. Nevertheless, we view water stewardship as a core responsibility and continuously seek opportunities to optimize consumption, minimize waste, and safeguard availability for surrounding communities and ecosystems.

Refer also to the Company's **Climate Policy** as may be found on our website.

Governance - From the Wellhead to the Boardroom

By employing both a top-down and bottom-up approach, we embed a robust climate framework and governance that links strategy to operational execution, thereby fostering ownership and accountable management of climate-related risk and opportunities at all levels of the organization.

Board Oversight and Governance

The Board recognizes that the world's approach to climate and decarbonization can present both operational and financial risks and opportunities for the Company. In response, the Board remains actively engaged in promoting long-term value creation by embedding climate considerations into the oversight and governance of the business model, sustainability strategy, and risk profile. Balancing a pragmatic US energy approach with the enduring role of natural gas and oil in a secure and affordable energy future, the Board actively integrates climate risk management, emissions goals, and emerging commercial opportunities into its decision-making.

The Board also links certain corporate sustainability and climate metrics to executive compensation. For more information on executive remuneration linked to climate, please refer to the Metrics & Targets section below and to the Compensation Discussion and Analysis within the Company's 2026 Proxy Statement.

In 2025, climate-related risks and opportunities were addressed in each of the Board's ten meetings. Key examples include:

- Operational risk mitigation and marketing strategies to offset severe weather impacts while providing flow assurance and reliable supply;
- Acquisition debt financing solutions incorporating sustainability-linked performance criteria;
- Low-carbon initiatives supporting alternative energy credit generation through coal mine methane capture, simultaneously driving improved air quality and mining safety;
- Capital allocation decisions on acquisition growth, non-operated development participation, and investments in new emissions detection and quantification technologies; and
- Policy engagement in long-term asset retirement financial assurance and low-carbon solutions legislation.

The Board brings diverse, hands-on climate competency which informs its oversight of Diversified's sustainability strategy and helps best align corporate and stakeholder interests in its decision making. Their collective experience includes but is not limited to (i) authoring federal climate guidance; (ii) serving as advisor and/or assurance provider regarding climate risk management, emissions monitoring, sustainability strategies, and clean air and climate regulation; (iii) providing advisory to corporates in oil and gas, renewable energy, natural resources and mining, and early-stage technology; and (iv) engaging stakeholders inclusive of investors, financial institutions, and legal and public relations experts. Training during the period on sustainability-related regulation, disclosure, and risk governance ensured the Board remained well-equipped to guide the Company through the evolving energy and regulatory landscape.

For more information on Board composition and its members' skills and qualifications, refer to the Company's 2026 Proxy Statement.

As highlighted below, all independent Board committees contribute to Diversified's climate and sustainability oversight, with responsibilities defined within their respective charters which are reviewed annually and updated accordingly. The Board endeavors to annually review and approve related policies and commitments, which are publicly available on our website. While the Board's dedicated Sustainability & Safety Committee takes the lead on climate risk evaluation and adaptation, regulatory developments, and energy security pragmatism, this integrated governance approach ensures our climate strategy remains informed, accountable, and aligned with long-term value creation. Importantly, our Board chair serves as a member of the Sustainability & Safety Committee.

Management Leadership and Direction

Climate-related responsibilities are assigned to management-level positions according to each individual's area of responsibility and contribution to our overall corporate strategy. The CEO assumes primary responsibility for delivering the Company's climate-related energy strategy and communicating progress of the same to investors and other key stakeholders. As direct reports to the CEO, the Executive Management team oversees assessment, development, capital allocation, and execution of climate, environmental and sustainability initiatives, including related operational and financial impacts of these initiatives. Reporting to the Executive Management team, the Senior Leadership team is responsible for the field-level execution of these initiatives and the subsequent reporting thereof.

The CEO, Executive Management, and Senior Leadership (collectively, Management) remain abreast of climate-related issues through (i) deep knowledge of our industry, business environment and ongoing operating activities; (ii) frequent interactions with both internal and external stakeholders, which includes investors and federal, state and local governments; and (iii) engagement with vendors, industry associations and benchmarking groups where current trends and best practice operating standards and emissions reduction solutions are shared.

The Company has appointed a Senior Vice President of Sustainability who, alongside the Chief Operating Officer and the Senior Vice President of Environmental, Health, Safety & Regulatory, regularly attend the meetings of the Sustainability & Safety Committee to (i) provide operational updates on current climate and sustainability initiatives; (ii) address current and emerging risks and opportunities within the areas of climate and sustainability; and (iii) ensure transparency in reporting of the Company's climate-related actions. Management and certain direct reports also have climate-linked objectives within their remuneration packages.

Refer to the Risk Management section below for additional information on Management level oversight and integration with internal controls.

Sustainability & Safety Committee	Audit & Risk Committee	Nominating & Corporate Governance Committee	Compensation Committee
Evaluates climate and energy transition related issues to inform the Board's climate decision-making and monitors climate public policy trends and related regulatory matters.	Ensures climate risk is properly identified, assessed and managed through enterprise risk management processes, and potential climate impacts are appropriately considered in company financial models.	Oversees corporate governance structure of the Board, ensuring a balance of climate knowledge and other relevant ESG factors are considered when seating a diverse Board and formulating succession plans	Ensures Sustainability-related KPIs are included in compensation programs, and reviews and approves annual progress of the same, to support long-term sustained value to stakeholders.
(5 meetings in 2025)	**(7 meetings in 2025)**	**(3 meetings in 2025)**	**(5 meetings in 2025)**

Collaborative Team Execution

Rather than relying on a single department or workstream, Diversified's sustainability and climate efforts in the upstream, midstream and asset retirement operational areas are overseen by Executive Management and underpinned by numerous back-office functions and teams, all of which support timely and transparent stakeholder reporting (see figure below). We often utilize cross-functional teams and advisory focus groups who seek to promote continuous improvement and best practice development in our day-to-day operations. These groups, composed of geographically and functionally diverse employees, collaborate on targeted climate initiatives like natural gas-driven equipment replacement or conversions, methane slip, spill prevention, and water management. Senior advisors from these groups also participate in Board and Sustainability & Safety Committee meetings, as applicable, ensuring alignment between operational execution and strategic oversight.

Strategy - Pragmatic Decarbonization Transcends Policy Changes

Our core gas-producing business is underpinned by a pragmatic approach to decarbonization, which helps to solidify our business resilience against climate-related risks.

Climate Risk Mitigation: Strategic Initiatives

Our climate strategy is underpinned by decarbonization of our production, as evidenced by the achievement of our 2030 Scope 1 methane reduction targets seven years ahead of schedule in 2023 (versus a 2020 baseline). Having also recently attained OGMP 2.0's highest Gold Standard Reporting recognition, we have positioned ourselves as a differentiated producer of Responsibly Sourced Gas (RSG) – a commodity sought by utilities and liquefied natural gas (LNG) exporters. The Gold Standard recognition means our gas is compliant with the European Union (EU) Methane Emissions Regulation (MER), which requires importers of LNG into the EU to demonstrate compliance with this standard.

As previously shared, our decarbonization efforts have initially and intentionally focused on reducing methane emissions given their warming potential in the atmosphere as compared to carbon dioxide. These decarbonization efforts continue across multiple methane reduction avenues and support the work we are doing to develop a new emissions baseline to reflect our dynamic portfolio changes, including the 2025 acquisitions of significant energy assets from Maverick, Canvas and Summit.

Despite volatility in climate-related policies in the U.S., we continued to focus our efforts on several strategic initiatives throughout 2025, including but not limited to:

- Voluntary leak detection and quantification programs;
- Innovative asset retirement and plugging initiatives;
- Recovery of compressor engine blow-by gas;
- Replacement or elimination of natural gas-driven pneumatic devices;
- Internally-developed, innovative methane reduction projects as part of our proven Smarter Asset Management program;
- Real-time monitoring and data analytics to support informed decision-making and effective risk mitigation and response; and
- Produced water management, including increased reuse and recycling.

As a core element of our Smarter Asset Management program, we are committed to achieving 100% LDAR coverage, including the phased integration of newly acquired assets where a universal LDAR program did not previously exist. Beyond continuing aerial Light Detection and Ranging (LiDAR) surveillance in Appalachia, we have also committed ~$2.4 million in 2026 to expand that surveillance to our Central Region and Maverick assets, with plans underway to include Canvas' assets as well. We also continue to use Xplorobot, and other complementary technologies from our expanding portfolio of the same, for completing highly efficient leak surveys and quantification of emissions.

Led by separate cross-functional and geographically diverse task forces, our teams also continued to advance other important near-term methane emission reduction targets and goals. For example, our Pneumatics Task Force surpassed its 2025 target to convert or eliminate 1,200 natural gas-driven devices, including through the recycling of pneumatic exhaust back into fuel lines, the installation of instrument air skids, and the complete elimination of devices from use and inventory. Similarly, our Methane Slip Task Force continues to work with our information technology teams to field test a wide variety of physical engine solutions and to develop dashboards capable of detecting anomalies in engine fuel meter data and compressor discharge data. Based on the successful and encouraging progress of both task forces during 2025, each has been allocated additional capital in 2026 to broaden their respective efforts.

We continued to tap into new climate-related opportunities, such as our expansion into the adjacent market of Coal Mine Methane capture. Capturing coal mine methane delivers multiple benefits for both the environment and shareholders, as we eliminate the release of methane from mines into the atmosphere while generating cash flows through additional gas sales and the associated sale of Alternative Energy Credits (AEC) generated through this capture program. Further, as and when we believe it is timely for our financial and operational strategy, we are well positioned to forgo the sale of the AECs and use them for our own carbon account.

Despite changes in U.S. federal policy regarding emission reduction grants and other subsidies, we continue to benefit from partial reimbursements at the state level, such as programs in Texas and Oklahoma which reimburse up to 50% and 25%, respectively, of emissions reduction costs. We also continue to collaborate with our partners to drive progress on key emissions reduction issues, including joint work on emissions reduction projects with the National Energy Technology Laboratory (NETL), the Methane Emissions Technology Evaluation Center (METEC) at Colorado State University, and the U.S. Environmental Protection Agency (EPA).

We've also found other opportunities in which to work with governments in order to drive value creation for the states and our stakeholders. For example, in 2025 we partnered with the state of West Virginia to create the Mountain State Plugging Fund, a first-of-its-kind initiative to guarantee the safe, permanent retirement of Diversified's oil and gas wells in the state – therefore ensuring no cost to taxpayers. Over the next two decades, we will retire at least 1,500 wells, thereafter increasing to a goal of 250 wells annually, and invest $70 million ($3.5 million per year) in this fund to cover all Diversified well retirements in West Virginia. Representing more than 25% of Diversified's total current well portfolio, this fund uniquely benefits West Virginia's communities and citizens by providing secured funding for the state's environmental obligations. At the same time, it gives shareholders assurance that Diversified's Asset Retirement Obligations (ARO) on its balance sheet are fully covered. Having now set the stage with this innovative funding mechanism, we believe that additional opportunities exist for Diversified – and, likewise, the U.S. oil and gas industry at large – to consider this kind of initiative with other states who may be seeking this economic investment and future retirement assurance.

While our produced water volumes have significantly increased with the purchase of Maverick, so too have our opportunities to reuse or recycle produced water. For example, we reuse produced water for our own secondary waterflood recovery operations, thus avoiding large freshwater consumption. We also release produced water back into the hydrological cycle to support farmers' needs for crops and livestock, including more than 29 million barrels during 2025 in the state of Wyoming alone under active National Pollutant Discharge Elimination System (NPDES) permits.

Climate-Related Risks & Opportunities

We continue to advance and strengthen our management of climate-related risks and opportunities (CRROs). Consistent with previous years, and assisted by an independent global consultancy, we identified these CRROs via interactive workshops involving Diversified's executive and senior leadership teams, complemented by benchmarking against both U.S. peers and leading international energy companies. We then prioritized the CRROs according to their probability of occurrence and potential financial implications, as evaluated through impacts on net asset value (NAV) and free cash flow and across short-, medium-, and long-term horizons as defined below.

The tables below show our most significant transition risks, physical risks, and transition opportunities, as defined by the greatest likelihood of occurrence and/or highest financial impact. Refer also to Scenario Analysis below within this Climate Report for consideration of Diversified's portfolio resilience to multiple future climate scenarios.

Transition Risks

RISK CATEGORY	MARKET		TECHNOLOGY	POLICY AND LEGAL
Risk	**ACQUISITIONS/GROWTH**	**EXPORT SALES**	**TECHNOLOGY COSTS**	**WELL RETIREMENTS**
Timeframe	S M L	S	S M	S M L
Description	In direct opposition to the Company's long-standing business model, the inability to acquire commercially viable assets directly impedes the Company's ability to replace production through acquisitive growth.	The impact of EU Methane Emissions Regulation (MER) and Korea/Japan Coalition for LNG Emission Abatement toward Net-zero (CLEAN) initiatives drive increased competition for low-carbon expert sales, including the Company's primary.	Higher that expected costs of new emission reduction technologies negatively impact capital allocation decisions and timing of absolute emission reductions.	Evolving regulatory or legal environmental requirements lead to accelerated well retirement commitments impacting both short- and long-term financial and operational budgets and actions.
Potential Impact on Business and Strategy	Reduced revenue resulting from a declining portfolio could create a strained balance sheet or financial position which could negatively impact cash flow reinvestment strategies, debt repayment, competitive shareholder returns, investor confidence, and talent retention.	If the Company cannot deliver certified low-carbon natural gas for export, it may face sales price discounts or loss of premiums compared to competitors offering low-emission gas. The Company may also face increased capital expenditures or higher operating costs associated with measuring and monitoring certification and reporting compliance requirements.	Higher than expected capital costs could translate to reduced profit margins, decreased funds for acquisition or other development opportunities, and changes in investor confidence. Delayed emissions reduction could impact ability to meet export sales requirements and internal emission reduction objectives.	The Company may face more demanding regulatory requirements, increased cost of doing business as a fossil fuel-focused company, or reduced competitiveness versus other forms of energy.
Current Mitigating Actions/Business Readiness	• Diligence-aligned M&A strategy and portfolio resilience scenario analysis provide strategic direction to future operations and M&A activity, including potential entry to new operating basins • ~80% of outstanding year-end debt is fixed rate debt with amortizing payments, offering significant short/medium term protection of existing portfolio with further protection afforded through financial hedge program • Opportunistic entry into portfolio-complementary ventures provides financial support beyond natural gas and oil production	• Annual capital commitments and operational achievements support continuing year-over-year methane intensity reductions • Attainment of OGMP 2.0 Gold Standard Reporting demonstrates the Company's position as a certified low-carbon producer • Proactive execution of largely voluntary emission measurement and reduction initiatives and continuing pursuit of other differentiated gas certifications further support this position • Current use of emissions intelligence software to track, manage and report emissions supports independent verification, increased transparency, and improved measurement integrity	• Demonstrated investment in leading edge technologies for emissions reduction, equipment conversion • Active technology collaboration, partnerships and leadership within the industry • Scenario analysis shows that natural gas, ~75% of 2025 production, plays a significant role in both domestic and global energy planning	• Proactive regulatory engagement and transparent reporting demonstrate desire for open communications • First-of-its-kind plugging fund with West Virginia exemplifies continuing commitment to safe, permanent emissions reduction • Proactively exploring alternative energy uses for wellbores to turn plugging liabilities into lower carbon opportunities (i.e., mechanical battery storage, geothermal energy, power generation)

S Short-term (2026-2028) M Medium-term (2029-2032) L Long-term (2033 and beyond)

Physical Risks

ASSESSMENT

We updated our physical risk assessment this year to consider climate-related risks relevant to our large-engine midstream compression fleet (typically units of 150 horsepower or more, excluding Process Safety Management (PSM) designated facilities), which is critical for transporting our natural gas production to market and thus generating sales revenue.

We utilized a third-party proprietary platform which combines both historical weather data and simulated projected data to analyze a company's potential losses and assess its vulnerabilities related to exposure to 13 acute and chronic U.S. climate perils: hail, thunderstorm wind, extreme heat, extreme cold, tsunami, hurricane/ tropical cyclone, tornado, wildfire, drought, coastal flooding, river flooding, earthquake, and excessive rainfall (leading to flash flooding). The analysis examined the potential damage or loss of any part of the compression system and the resulting financial impacts—whether from climate-related interruptions, where no alternative route to sales was available, or from significant costs to repair or replace impacted compression.

We assessed three pathways, represented as a combination of the Shared Socioeconomic Pathways (SSP) and the Representative Concentration Pathway (RCP) emissions pathways developed for the Intercontinental Panel on Climate Change (IPCC) 6 meeting. We selected these widely recognized pathways to best align with the climate scenarios we utilized for our portfolio resilience Scenario Analysis, as more fully described below. The physical risk pathways assessed include:

(1) SSP1-1.9: 1° to 1.8° C,
(2) SSP1-2.6: 1.3° to 2.4° C, and
(3) SSP2-4.5: 2.1° to 3.5° C.

As summarized on the following page, the results of this analysis indicate our midstream fleet is most at risk to potential financial loss due to flash flooding from excessive rainfall, wildfires, and extreme cold and heat. Losses due to excessive rainfall are primarily projected in Texas, Kentucky, Louisiana, and West Virginia, while losses due to wildfires have the greatest potential to occur in Oklahoma and Louisiana.

Collectively, the projected average annual losses of acute physical risks from excessive rainfall and wildfires account for less than 0.25% of the current replacement value of the total midstream compression fleet, when considering any five-year period beginning 2026 until 2050 under any of the SSP pathways.

When evaluating the effects of extreme cold and heat on our midstream assets, the primary risk is generally to the supporting ancillary equipment rather than the compressor engines themselves. For example, in periods of extreme cold, components such as dump valves and fuel lines can freeze and therefore fail to operate properly. Alternatively, in periods of persistent extreme heat, cooling systems may run for extended periods, increasing the risk of overheating or fan failure. However, localized cold and heat waves are an expected part of our outdoor operating environments and a normal part of broader seasonal weather patterns, and we have procedures in place to mitigate their impacts.

Across all three SSP pathways and all states analyzed, the probability of 24-hour mean temperatures at or below 20°F occurring across the midstream portfolio is less than 5%, and in many instances less than 1%. As expected, exposure to prolonged extreme cold is greatest for assets in northern Appalachia— particularly Pennsylvania and Ohio—with lesser but still present exposure in West Virginia and Virginia. During the 2026–2050 period, we could experience a projected eight to 17 days per year of 24-hour temperatures at or below 20°F in Pennsylvania and Ohio. If such events coincide with ice-forming conditions that restrict access to assets or cause ice to remain on the equipment for an extended period, production could be negatively affected, resulting in reduced revenues.

As expected, persistent extreme heat risk is concentrated in Texas, Oklahoma, and Louisiana, while our other operating states show minimal projected exposure. Texas exhibits the highest likelihood of temperatures at or above 95°F during the 2036–2040 period, corresponding to approximately 10 days per year under this scenario. For Oklahoma and Louisiana, projected exposure remains below seven days per year within any five-year period through 2050 across all SSP scenarios.

Physical Risks

RISK CATEGORY	ACUTE		CHRONIC	
Risk	**EXTREME RAINFALL**	**WILDFIRES**	**COLD STRESS**	**HEAT STRESS**
Geography Potentially at Risk	~5% of year-end operated total proved reserves, primarily impacting Texas, Kentucky, Louisiana, and West Virginia[1]	~2% of year-end operated total proved reserves, primarily impacting Oklahoma and Louisiana[1]	~7% of year-end operated total proved reserves, primarily impacting Pennsylvania and Ohio[1]	~2% of year-end operated total proved reserves, primarily impacting Texas, Oklahoma and Louisiana[1]
Timeframe	S M L	S M L	M L	M L
Description	Excessive rainfall, particularly in a short period of time, could lead to flash flooding putting our assets and personnel at risk	Naturally occurring incidents such as lightning strikes or severe heat and drought can fuel wildfires, which in turn could put our assets and personnel at risk	Extreme cold has the potential to impact the operability of outdoor equipment and the health and safety of workers who manage this equipment	Extreme heat has the potential to impact the operability of outdoor equipment and the health and safety of workers who manage this equipment
Potential Impact on Business and Strategy	• Decreased production or damaged infrastructure resulting in lost revenue • Increased emergency response or capital costs • Supply chain and logistics disruptions and/or cost increases • Decreased portfolio value • Decreased workforce productivity	• Damaged infrastructure resulting in decreased production and lost revenue • Increased risks to the health and safety of personnel due to smoke and GHG emissions • Decreased workforce productivity • Increased emergency response or capital costs • Decreased portfolio value	• Decreased production resulting in lost revenue • Increased risks to the health and safety of personnel • Decreased workforce productivity • Increased operating costs	• Decreased production resulting in lost revenue • Increased risks to the health and safety of personnel • Decreased workforce productivity • Increased operating costs
Current Mitigating Actions	• Less than 2.5% of year-end operated total proved reserves are located in a designated flood plain • 24/7 monitoring centers for weather-related disruptions, supporting potential for faster or proactive response • Routine equipment maintenance or built-in redundancies • Production re-routing capabilities on expansive owned midstream system • Expansive and diverse supplier network	• 24/7 monitoring centers for weather-related disruptions, supporting potential for faster or proactive response • Well pads and operational sites built on cleared locations, creating natural fire breaks and reducing impact risk • Production re-routing capabilities on expansive owned midstream system • Appropriate levels of insurance maintained to protect against loss of equipment	• Dedicated, proactive EHS programs to support physical well-being and safety in extreme weather conditions • Long-standing winterization procedures, including insulating exposed lines and performing fluid removal & antifreeze prevention treatments • Critical compression equipment housed or shielded to prevent freeze-related failures • Routine cold weather inspections, often supported by SCADA pressure monitoring, allow early detection of pipeline freeze risks so they can be treated before they escalate	• Dedicated, proactive EHS programs to support physical well-being and safety in extreme weather conditions • Physical, seasonal and permanent management practices provide heat protections • Compressors and electrical components monitored for heat-derate thresholds and adjusted accordingly to maintain engine performance • Increased operator surveillance and dedicated preventive maintenance schedules during typical or seasonal peak-heat periods

S Short-term (2026-2028) M Medium-term (2029-2032) L Long-term (2033 and beyond)

[1] Where the geography at risk was taken from countries designated as Very High or Relatively High as per the Federal Energy Management Association (FEMA) National Risk Index for Natural Hazards (December 2025 v1.20) database.

MITIGATIONS

While the physical risks to which our assets are exposed have the potential to impact operations on an annual basis, we do not expect any one individual risk identified above to be material to the business in the short-, medium- or long-term. We maintain a strong, proactive culture of emergency preparedness to support a prompt and effective response in the event of a physical emergency such as rain-induced flooding or wildfires. This preparedness includes localized operational response plans as well as corporate Business Continuity and Crisis Communication plans that take effect, based on the nature and severity of the event. Likewise, we effectively manage extreme temperature risks through established seasonal protocols, engineered protections, and ongoing operational monitoring. These measures significantly reduce the likelihood of temperature-driven downtime or asset impairment. Our emergency preparedness is a direct reflection of a corporate culture that supports prioritizing the safety and protection of both personnel and assets.

In addition, our asset base is geographically dispersed over 14 states and, in some instances, widely dispersed even within the state. Therefore, the likelihood that any one event could materially impact significant operations is diminished. Further, we own a midstream transportation system that includes more than 38,000 miles of interconnected pipeline which provides numerous opportunities for re-routing piped natural gas supplies to alternate markets. This system, in part, is also monitored 24/7 by our Gas Control operations team that allows rapid identification and response to potential events, including the ability to remotely control flows as and when necessary.

Climate-Related Opportunities

We have high-graded the identified climate-related opportunities based on their relevance to our climate strategy, the likelihood of our engagement in the initiative, and the greatest impact on our business model. The table below outlines those high-graded climate-related opportunities.

OPPORTUNITY CATEGORY	RESOURCE EFFICIENCY		ENERGY SOURCES/PRODUCTS & SERVICES	MARKETS
Opportunity	**EMISSIONS DETECTION**	**EQUIPMENT**	**TECHNOLOGY**	**DIFFERENTIATED GAS SALES**
Timeframe	S M L	S M L	S M L	S M L
Description	Proactive detection, measurement, and repair support emission reduction goals while advancing environmental stewardship	Equipment upgrades may include replacements of natural gas-driven pneumatics with alternative energy sources and/or right-sizing, elimination or conversion of compression equipment	Pursuit of low-carbon technology collaboration and partnerships in coal mine methane, alternative energy credit generation, waste heat recovery, solid oxide fuel cells, and geothermal or other non-fossil methane pilot projects	Differentiated gas includes OGMP Gold Standard or other differentiated gas recognitions which support our efforts to market natural gas with demonstrably lower methane emissions
Potential Impact on Business and Strategy	Reduced emissions related to improved efficiencies contribute to increased natural gas sales. When coupled with efficiency-driven reductions in fuel and operating costs, these actions would directly and positively impact revenues and cash flows and therefore opportunities for reinvestment to drive to additional shareholder value.	Replacement or upgrades of inefficient, redundant, or excess equipment supports financial strength and stakeholder value through increased profit margin and satisfies increasing regulatory requirements for reduction of natural gas-driven devices.	Application of new, diverse, and more efficient technologies supports lower carbon energy pathways and provides enhanced revenue opportunities through the generation of voluntary and regulated carbon credits for own use or sales to third parties. Such technologies also provide opportunities for reduced operating costs and reduced exposure to carbon costs.	Differentiated gas offerings to market can generate increased revenue from customers seeking increased levels of transparency on product and emissions actions while also supporting targeted risk management of those assets best suited for continuous monitoring
Contributory Actions/ Business Readiness	• Continued investment in leading-edge leak detection technologies and aerial surveillance • Use of emissions intelligence digitization and automation, supporting both emissions reporting and project prioritization • Active 24/7 Integrated Operations Centers (IOC) help identify and expedite response to potential abnormal emissions events.	• Expanded collaboration and innovation drive solutions • Continued investment in equipment replacement • Use of asset management system to monitor equipment lifecycles and identify focus programs	• Consistent, proactive monitoring and application (as appropriate) of new, more efficient technologies through dedicated Energy Services team • Active coal mine methane project generating third-party carbon credit sales • Revisiting capital allocation strategies as and when warranted	• Active and expanding use of continuous monitoring devices • Dedicated Marketing efforts to expand customer base and/or market engagements with respect to differentiated products • OGMP 2.0 Gold Standard Reporting achievement coupled with consistent evaluation of additional differentiation opportunities

S Short-term (2026-2028) M Medium-term (2029-2032) L Long-term (2033 and beyond)

Portfolio Resilience

This year, in light of the global slowdown in climate-related initiatives, we tested our portfolio's resilience against four scenarios, including a delayed transition scenario. A decade after the Paris Climate Agreement, international consultancy Wood Mackenzie's recent analysis indicates that no major developed country is on track to meet its stated 2030 emissions reduction targets. The International Energy Agency's (IEA) reinstatement of the Current Policies Scenario (CPS) in its 2025 World Energy Outlook also reflects a shift in narrative regarding global oil and gas market fundamentals.

Furthermore, demand for U.S. natural gas has surged, driven by the rapid growth of Artificial Intelligence (AI) and data centers, alongside robust LNG exports. Wood Mackenzie forecasts that U.S. gas-fired power generation will rise from approximately 34 Bcf/d in 2025 to more than 46 Bcf/d in the early 2040s, before declining to 40 Bcf/d by 2050. As a U.S.-based natural gas producer, we are well positioned to capture the upside from this fast-expanding domestic gas market, further boosting the resilience of our portfolio against transition risks of climate change.

Scenario Analysis

We selected three Wood Mackenzie (WM) published energy transition scenarios and one IEA published scenario to test our portfolio climate resilience, in line with the TCFD and International Financial Reporting Standard (IFRS) S2 guidance. These scenarios incorporate discrete assumptions regarding the progression of the global energy transition, including variations in commodity prices and demand.

The four scenarios are briefly identified below, with additional key assumptions for each included in the following table:

1. WM Delayed Transition: Energy dominance, as security fears slow clean energy momentum and fossil fuels fill the gap.
2. WM Base Case: Energy evolution, where renewables surge but meet only incremental demand
3. WM Net Zero: Energy innovation, requiring a wholesale rewiring of the energy system
4. IEA Net Zero: Major transformation across all sectors, net zero emissions by 2050, limiting global warming to 1.5°C by 2100

KEY SCENARIO METRICS	WM DELAYED[a]		WM BASE CASE[a]		WM NET ZERO[a]		IEA NET ZERO[b]	
GLOBAL TEMPERATURE OUTCOME IN 2100 (°C)	**3.0**		**2.6**		**1.5**		**1.5**	
	2030 outcome	2025-2050 CAGR	2030 outcome	2025-2050 CAGR	2030 outcome	2025-2050 CAGR	2030 outcome	2025-2050 CAGR
Oil demand (TJ)[c]	291,675,114	0%	283,511,064	(1)%	262,562,296	(4)%	158,302,636	(6)%
Gas demand (TJ)	236,308,613	1%	227,997,092	0%	206,976,686	(3)%	116,831,364	(6)%
Coal demand (TJ)	294,297,706	(3)%	277,879,732	(3)%	233,247,241	(8)%	119,311,909	(9)%
Nuclear (TJ)	49,212,824	3%	50,195,100	3%	51,341,051	5%	44,343,455	3%
Renewables (TJ)	73,404,200	5%	81,815,891	5%	99,742,425	7%	97,980,455	7%
Bioenergy (TJ)	89,339,065	0%	88,466,430	0%	88,868,082	1%	70,189,727	2%
Oil demand (WTI) ($/bbl)	$91.13	0%	$71.00	1%	$56.17	(3)%	$55.74	(4)%
Gas Price (HH) ($/MMBtu)	$4.64	3%	$4.60	3%	$3.93	1%	$2.22	0%
CO_2 emissions (MT)	43,947	1%	42,075	(2)%	37,225	Net Zero	26,946	Net Zero

[a] WM data for the three scenarios are based on the Investment Horizon Outlook, published in November 2025.

[b] IEA data for the Net Zero scenario is based on the IEA (2025) World Energy Outlook, published in November 2025.

[c] Total Primary Energy Demand, in Terra Joules (TJ)

Portfolio Impact

We have assessed the potential impact of each scenario on our current portfolio, in terms of percent change in NAV versus our own base case financial model. No account is taken of the impact that future acquisitions or divestitures may have on our forward business value and cashflows. The results of the modeling are shown below, represented by a net change in portfolio value as measured by the net present value of cashflows discounted at a 10 percent rate (NPV10).

Portfolio Value Impact (NPV10)

WM Delayed	WM Base	WM Net Zero	IEA Net Zero
70%	42%	(4)%	(45)%

The 2025 results showed a significant upside to our NAV under both the WM Delayed Transition and WM Base Case scenarios. This upside is underpinned by robust U.S. gas prices out to 2050, reaching $7.64/MMBtu by 2050 in the WM Delayed Transition scenario and $7.25/MMBtu by 2050 in the WM Base Case.

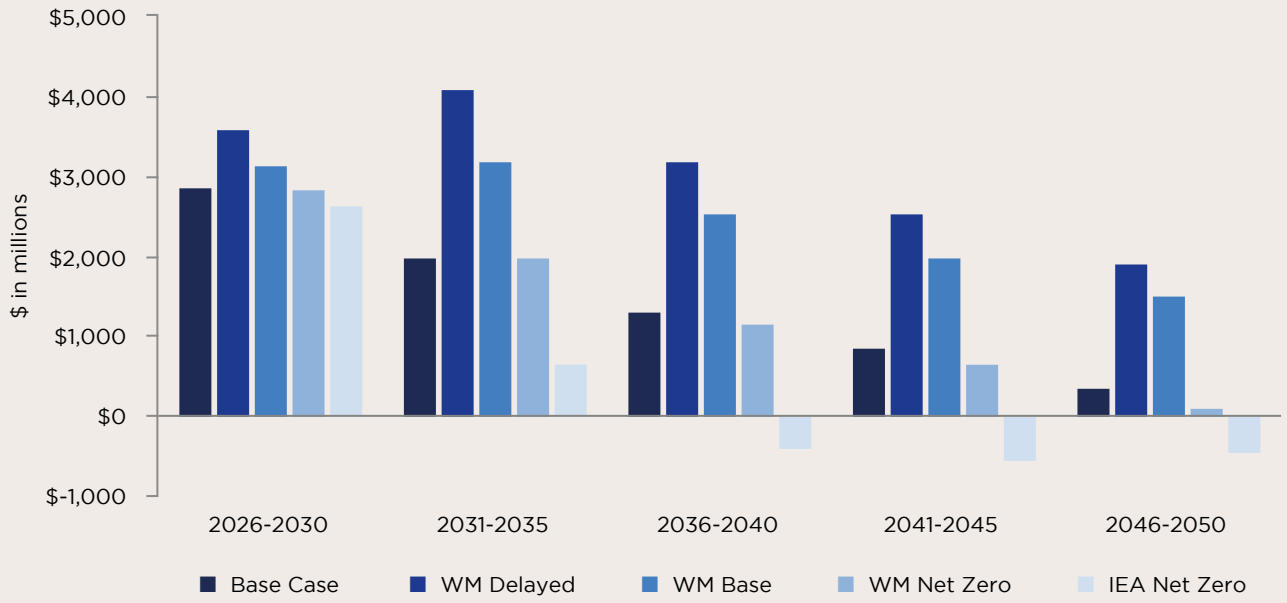
To test the resilience of our portfolio in the extreme 1.5°C scenario, we carried out NAV modeling using assumptions embedded in the WM Net Zero and IEA Net Zero scenarios. While both scenarios showed a negative impact on our portfolio out to 2050, there was a significant difference in the size of the impact between the two. This difference is underpinned by substantial variation in gas prices used in these scenarios, with Wood Mackenzie having a much more bullish outlook on Henry Hub prices ($4.08/MMBtu by 2050) compared to the IEA's projections, which are almost half as high ($2.20/MMBtu by 2050).

Relative to the IEA Net Zero scenario, Wood Mackenzie's more optimistic outlook for Henry Hub gas prices in its Net Zero scenario is driven by U.S. oil and gas market fundamentals, where lower oil prices support natural gas prices to the upside through the middle of the next decade.

Nevertheless, the modelling of our unlevered free cash flow shows we are well positioned to sustain profitable operations throughout our portfolio until 2050. Our analysis indicates that our portfolio would remain resilient and profitable, with free cash flow remaining positive in the short-, medium- and long term, even in a Net Zero scenario such as the WM Net Zero scenario which reasonably considers market-driven fundamentals. In contrast, free cash flow becomes negative in the long-term when IEA Net Zero scenario assumptions are applied given the extreme downside view this scenario takes to long-term commodity prices. This variation illustrates the challenges of developing models and assessing transition impacts related to changes in climate that can reliably inform long-term financial planning and opportunity screening.

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 transition risks on our near-term cash flows. Post-2030, the conservative commodity price assumptions used for our financial planning and opportunity screening position us well to cope with the potential introduction of carbon taxes in the U.S. or falling commodity prices.

Unlevered Free Cash Flows



Risk Management

Proactive and effective risk identification and controls underpin our ability to support long-term value creation and deliver sustainable growth aligned with our strategic objectives.

A Comprehensive Approach

Our Enterprise Risk Management (ERM) program is designed to strengthen organizational resilience, proactively manage both known and emerging risks, and support strategic execution while delivering sustainable value to stakeholders. Climate risk is fully embedded in this framework, guided by our Board-approved Climate Policy, which outlines our commitment to reducing the carbon intensity of our produced energy. As illustrated below, our risk management process focuses on identifying and managing Principal Risks that could threaten or negatively influence our business model, future performance, or financial stability. Accordingly, the Board has designated climate as a Principal Risk.

ENTERPRISE RISK MANAGEMENT PROCESS

1 RISK IDENTIFICATION
- Confirm risk tolerance
- Consider key business objectives
- Affirm risk universe and identify principal risks

2 RISK ASSESSMENT
- Assess key risks' likelihood, impact, and velocity
- Identify key controls
- Consider legal, reputational, and business exposure

3 RISK RESPONSE
- Accept or remediate current risk and control environment
- Determine corrective action, if needed

4 RISK REPORTING
- Senior leadership
- Executive management
- Board of Directors

Risk Identification

Our risk management framework is grounded in our Board-defined risk appetite, which guides the level of risk the Company is prepared to accept in pursuit of its strategic objectives. We identify risks and opportunities through multiple channels, including through ongoing dialogue with business unit leaders and internal subject matter experts as well as the insights of our Board. We also engage and collaborate with peers, industry associations, third-party experts, and technology providers to stay ahead of emerging and sector-specific risks and to ensure our climate risk approach—particularly around decarbonization—aligns with evolving best practices while still adhering to our Board-aligned business model.

Stakeholder engagement and periodic corporate materiality assessments meaningfully inform our understanding of the issues with the greatest potential impact. In our 2023 materiality assessment, climate risk and its management emerged as a top 25 priority for the Company. In response, we conducted a series of cross-functional workshops in 2024 - led by the Sustainability group and inclusive of executive and senior leaders from key business areas - to update our register of climate-related risks and opportunities. This register was revisited in 2025 with many of the same leaders as well as recently onboarded 2025 personnel from acquisitions to reflect regulatory developments, evolving priorities, and recent operational efforts to address climate impacts. We plan to conduct a new, stakeholder materiality assessment during 2026.

CASE STUDY: CLIMATE DILIGENCE IN DIVERSIFIED'S ACQUISITION STRATEGY

We strategically apply the framework of our broader ERM process to our acquisitive growth model, allowing us to prudently grow our business and advance our environmental objectives while reducing risk exposure. For example, target acquisitions undergo a broad pre-bid diligence process that evaluates not only financial performance and risk but also environmental and social impacts. This integrated approach, adopted with Board guidance and support, ensures that new assets align with our commitment to long-term sustainability and emissions reduction.

1 RISK IDENTIFICATION

We conduct broad pre-acquisition diligence inclusive of site inspections and GHG emissions screenings. Such screenings allow management to compare the target's risk profile to our corporate risk appetite and assess compatibility with our strategic growth objectives.

2 RISK ASSESSMENT

Alongside these screenings, our pre-bid reviews of permits, production, and equipment inventories help us identify and better assess potential exposure to legal, financial and operational risks as well as the likelihood and impact of these risks.

3 RISK RESPONSE

Based on the identified risk(s), Management can make informed decisions regarding (i)projected necessary near-term remediation plans and associated capital investments and (ii) changes in the controls environment upon the close and takeover of the acquisition target.

4 RISK REPORTING

With a clear view of the identified risks, investments, and impacts in making the targeted acquisition, Management can present a well-informed profile of the same to the Board for consideration of bid purchase advancement and execution.

Risk Assessment

Informed by stakeholder perspectives from our materiality assessment—and recognizing its potential to influence several other Principal Risks[2]—we have further designated climate as a Strategic Risk[2] within our broader risk universe. We acknowledge that assessing climate-related risks remains a complex and evolving challenge due to the inherent uncertainties in defining and measuring climate impacts and the constantly evolving regulatory landscape.

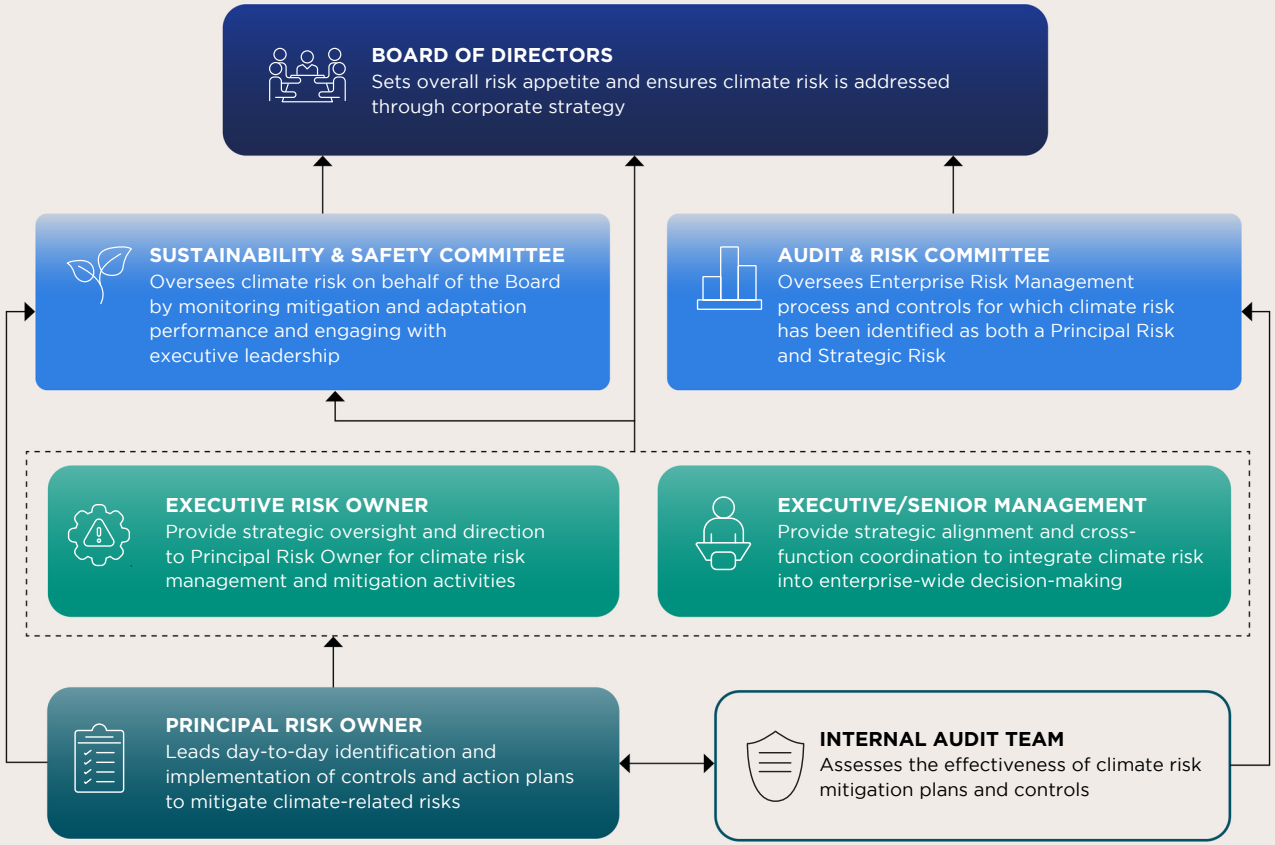
Even so, we recognize that climate-related transition risks and physical risks have the potential to impact our strategy and financial performance due in part to lower demand and/or lower prices for our products. A discussion of the climate-related risks to which our operations are subject is more fully discussed within our 2025 Form 10-K. The size and scope of market-related climate risks are also assessed, quantified and planned for through scenario analysis as detailed in the Strategy section of this Climate Report within our long-range financial plan. Within this Strategy section we also address the impact of specific acute and chronic physical risks on our portfolio, including mitigation and adaptation actions.

Risk Response

As outlined in the Governance section of this Climate Report, and further depicted in the chart on the right, climate risk management and response begins with the Board and includes senior levels of management as climate risk management facilitators and/or owners. Our risk management framework also includes a system of internal control whereby our Internal Audit group is responsible for annually engaging all Principal Risk Owners to assess the effectiveness of the risk management and mitigation plans that were developed and deployed.

Risk Reporting

Each Principal Risk is assigned to a senior leader who serves as the Principal Risk Owner and is responsible for identifying the risk, developing mitigation strategies, and updating the risk scorecard throughout the year. For climate risk, this role is held by the Senior Vice President of Sustainability who, alongside the Executive Risk Owner, and other members of the Executive Management team, regularly engage in cross-functional risk discussions to ensure climate considerations are embedded in enterprise risk management. As a standing guest of the Sustainability & Safety Committee, the climate Principal Risk Owner also reports on mitigation activities and progress, reinforcing a culture that views risk management as essential to long-term value creation.



Refer to the discussions of Risk Factors and Quantitative and Qualitative Disclosures About Market Risk within Diversified's 2025 Form 10-K for additional information about our identification, approach and reporting of corporate risks.

[2] Principal Risks threaten the stability and resilience of our company while Strategic Risks threaten the effectiveness of our long-term strategy.

Metrics & Targets

We utilize quantifiable measures to align strategic decisions with intentional actions to enhance environmental outcomes and deliver measurable long-term success.

Identify, Monitor, Improve

As reflected below and in more detail within our annual Sustainability Report, we use a variety of metrics to assess the Company's exposure to climate-related risks and opportunities as well as the impact of our activities on external stakeholders, society and the planet. In line with certain Sustainability Accounting Standards Board (SASB) reporting guidelines and with proposed disclosures under the IFRS S2 requirements, subject to final adoption and implementation by the UK government, we monitor two primary areas within our operations for climate impacts - GHG emissions and water management.

GHG EMISSIONS

A focus on reducing GHG emissions associated with our operations has long been a part of our Smarter Asset Management operating philosophy and is directly impacted by the climate-related market and technology transition risks and transition opportunities noted in the Strategy discussion within this Climate Report. Given their business impact and stakeholder relevance of our emissions profile, our 2025 Scopes 1 and 2 emissions were assured again this year by independent third-party ISOS Group Inc. The moderate Level II (limited) assurance utilizes the AccountAbility 1000 Assurance Standard (v3).

METRIC	UNIT	2025	2024	2023
Scope 1 Emissions:	thousand MT CO_2e	**2,345**	1,593	1,563
Carbon Dioxide	thousand MT CO_2	**1,665**	1,228	1,142
Methane[a]	thousand MT CO_2e	**680**	363	420
Nitrous Oxide	thousand MT CO_2e	**1**	1	1
% Methane[a]	%	**29**	23	27
Scope 1 Methane Intensity[a]	MT CO_2e/MMcfe	**1.0**	0.7	0.8
Scope 1 Emissions Attributable to[b]	thousand MT CO_2e	**2,345**	1,593	1,563
Flared Hydrocarbons	thousand MT CO_2e	**91**	1	0
Other Combustion	thousand MT CO_2e	**1,605**	1,253	1,181
Process Emissions	thousand MT CO_2e	**96**	76	92
Other Vented Emissions	thousand MT CO_2e	**372**	140	63
Fugitive Emissions	thousand MT CO_2e	**181**	123	228
Scope 2 Emissions[a]	thousand MT CO_2e	**269**	53	58
Total Scope 1 and Scope 2 Emissions	thousand MT CO_2e	**2,614**	1,646	1,622
Scope 1 and Scope 2 GHG Intensity[a]	MT CO_2e/MMcfe	**3.8**	3.2	3.1
Electric Consumption	million kWh	**663**	130	134
Renewable	%	**28**	14	14
Non-Renewable	%	**72**	86	86

Totals may not sum due to rounding.

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

[b] 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/GHGRP reporting guidance, which permits best engineering estimates for certain emissions categories. 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, or methodologies change, 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.

Our GHG emissions calculations embed the following assumptions:

- All calculations are as of year end December 31,;
- All emissions represent gross operational control;
- Emissions associated with acquisitions are included for the entire calendar year regardless of operational date of takeover during the period;
- Scope 1 emissions are reported as per the U.S. EPA Greenhouse Gas Reporting Program 2024 (GHGRP24), excluding certain Scope 1 fuels which are not covered by 40 CFR Part 98 Subpart W reporting; and
- Scope 2 emissions (location-based) are reported as per the IPCC Guidelines for National Greenhouse Gas Inventories (AR5) as GHGRP24 does not contemplate Scope 2 reporting.

Excluding the impact of 2025 acquisitions, Scope 1 methane emissions remained essentially flat at 366 thousand metric tons (MT) of carbon dioxide equivalent (CO_2e) where reductions in emissions related to equipment eliminations and methodology changes were offset by increases in activity and other methodology changes. Carbon dioxide (CO_2) emissions fell 14% to 1,054 thousand MT CO_2 largely driven by improvements in inventory data and Smarter Asset Management (SAM) optimization efforts to either remove redundant or to replace oversized compression equipment. Total pre-acquisition Scope 1 GHG emissions, therefore, declined 11% year over year to 1,420 thousand MT CO_2e.

Significant acquisitions in 2025 added 314 thousand and 925 thousand MT CO_2e of Scope 1 methane and total GHG emissions, respectively, to our portfolio. These additions were largely a function of the significant increase in well locations and related equipment inventories, such as compressors and pneumatic devices. Additionally, we added associated natural gas flaring in the Permian Basin where the actions of third-party midstream operators indirectly control the frequency and volume of our reportable flaring activity. As a result, year-end 2025 Scope 1 methane and total GHG emissions increased to 680 thousand and 2,345 thousand MT CO_2e, respectively. Further, Scope 1 methane intensity increased from 0.7 MT CO_2e/MMcfe in 2024 to 1.0 MT CO_2e/MMcfe in 2025.

As expected, with the magnitude of acquisitions in 2025 and the inventory of compression equipment that accompanied these assets, Scope 2 GHG emissions from purchased electricity increased to 269 thousand MT CO_2e. Combined Scope 1 and Scope 2 GHG emissions at year end 2025 were 2,614 thousand MT CO_2e.

While these acquisitions did introduce significant absolute increases to our emissions inventories along with new reporting source segments and categories, this is not unexpected to our acquisitive business model.

Accordingly, we have already begun to deploy our repeatedly demonstrated and proven acquisition integration rigor to these assets as we have done with prior acquisitions – using our financial strength and SAM operating framework to identify and implement opportunities to expand proactive LDAR and LiDAR programs, improve equipment inventories and related reporting, optimize compression, identify locations for conversion from instrument gas, and synchronize emission factors. For example, we utilized our aerial LiDAR program to surveil nearly 100% of our 2025 acquired sites in order to begin developing an emission reduction plan for these new assets.

Water Management

Water is a critical resource for many energy companies, particularly those engaged in extensive drilling and hydraulic stimulation. While our business model primarily centers on acquiring established assets, we occasionally serve as contract operator for wells drilled and owned by third parties. In 2025, we acted as contract operator for nine newly drilled natural gas wells in which we held no ownership interest. As operator of record, and consistent with our 2024 approach, we included all freshwater used for the hydraulic stimulation of these wells in our reported water consumption reflected herein.

More importantly, in 2025 we acquired assets in several new operating areas that significantly increased our overall water consumption, related primarily to waterflood operations supporting enhanced oil recovery efforts. These waterfloods inject water into the wellbore to maintain reservoir pressure and improve recovery of reserves. Notably, 92% of the water used in these operations was sourced from our own produced wastewater. When combined with treated produced water discharged under permit and returned to the hydrological cycle, approximately 58% of our 2025 produced water volumes were environmentally beneficial, significantly reducing the need for freshwater withdrawals.

None of Diversified's production across its 14-state operating area is located in counties designated as High or Extremely High overall water risk by the World Resources Institute's (WRI) Aqueduct Water Risk Atlas. Specifically, 94% of 2025 gross production is located in counties classified as Low Overall Water Risk per the Water Risk Atlas, using oil and gas-specific weighting (as of September 2025 and updated for subsequent acquisitions upon closing). This Low-risk rate represents a minimal decrease from 2024, largely driven by the Maverick acquisition which added operations in counties with water risk levels above Low Risk.

METRIC	UNIT	2025	2024	2023
Reserves located in overall water stress areas[a]	%	**0**	0	0
Fresh water consumed in overall water stress areas[a]	%	**0**	0	0
Reserves located in baseline water stress areas[b]	%	**11.9**	0.6	2.8
Total water withdrawn (fresh & produced)	MBbls	**184,814**	31,062	31,280
Total water consumed (fresh & produced)	MBbls	**80,119**	3,327	879
Produced water withdrawn and managed	MBbls	**178,825**	27,758	30,444
Quantity of produced water (i) discharged, (ii) injected, (iii) recycled	%	**(i) 16.63** **(ii) 41.93** **(iii) 41.44**	(i) 0.02 (ii) 98.56 (iii) 1.42	(i) 0.05 (ii) 98.74 (iii) 1.21
Water recycle ratio[c]	%	**92**	12	42
Total water consumed intensity[d]	Bbl per Boe gross production	**0.708**	0.039	0.010
Fresh water consumed intensity[d]	Bbl per Boe gross production	**0.053**	0.038	0.008

Totals may not sum due to rounding

[a] Represents High or Extremely High overall water stress areas, using an oil and gas weighting scheme per the WRI Water Risk Atlas, as a percent of year-end total proved reserves, measured at the county level.

[b] Represents High or Extremely High baseline water stress areas as per the WRI Water Risk Atlas, as a percent of year-end total proved reserves, measured at the county level.

[c] Fresh water withdrawn equals fresh water consumed. Volume of recycled/reused water (Bbl) divided by total water consumed (Bbl).

[d] Total or fresh water consumed divided by total annual gross operated production of natural gas, oil and natural gas liquids.

Incentivizing Performance

Our commitment to climate and business resilience is reflected in executive and senior leadership compensation, which incorporates a balanced mix of financial, operational, and environmental objectives, including emissions reduction initiatives. The Compensation Committee of the Board oversees executive compensation - approving performance objectives, evaluating the CEO's performance, and approving final compensation payouts.

For 2025, 25% of executive officers' short-term incentive compensation was tied to nonfinancial measures, including 17.5% linked to emissions reduction initiatives. Executives also received payouts under the 2023 long-term incentive plan, which allocated 20% to methane intensity reduction targets, and a new 2025 long-term incentive plan further aligned incentives by allocating 20% of the CEO's and 30% of other executive officers' long-term compensation to methane intensity performance. For more information on the performance conditions attached to executive remuneration incentive arrangements, refer to the Compensation Discussion and Analysis within the Company's 2026 Proxy Statement.

The CEO approves the compensation of all other employees including our senior leaders who, depending on their respective roles in the Company, have a certain proportion of their variable pay each year tied to the delivery of sustainability and climate-related targets.

TCFD Content Index

TOPIC	DISCLOSURE FOCUS AREA	DISCLOSURE	PAGE #
Governance	Disclose the organization's governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate-related risks and opportunities.	5-6
		b) Describe management's role in assessing and managing climate- related risks and opportunities.	5-7
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.	8-14
		b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	8-14
		c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	15-16
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.	17-18
		b) Describe the organization's processes for managing climate-related risks.	17-18
		c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	17-18
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.	19-21
		b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG emissions, and the related risks.	19-20
		c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	4