

**Devon Energy**

2015 Corporate Social Responsibility Report







# Our Vision

Our vision is to be the premier independent oil and natural gas company in North America.

We strive to deliver top-quartile share-price performance for our shareholders, and we are a company where safety comes first. Also, we are focused on setting the standard as a good neighbor, a good community partner, a good environmental steward and a great place to work.

All of these objectives reflect our vision and serve to illustrate what we mean when we say, “Commitment runs deep.”

## How We Define Corporate Social Responsibility

**Corporate social responsibility** represents our commitment to generating value for our shareholders through actions that benefit society and build public trust and acceptance.

It is this public trust and acceptance that provides the basis for our social license to operate.

## What’s Inside

This report covers operations and activities at Devon in 2013 and 2014. It is an update from our last report from 2011 and 2012, and it represents the latest chapter in our corporate social responsibility story. We will continue to update our reporting at [devonenergy.com](http://devonenergy.com) and through subsequent reports.

This is a key communications vehicle for our company, with content largely determined through our engagement with Devon’s many stakeholder groups. We hear the issues that are important to them, and we respond to their questions when possible. The production of our report is guided by worldwide standards of sustainability reporting that enable companies and organizations to understand and communicate this information in a uniform way.





LETTER TO STAKEHOLDERS:

# DISCOVERING DEVON



Windows allow us to look outside, watch the seasons change and connect with the world around us. Sometimes, windows invite us to see inside to gather new information, discover new perspectives and

break down barriers.

Our CSR report is a window opened to the character, the values and the culture of our company.

Our efforts to deliver oil and natural gas to fuel our nation's economy and create value to our shareholders are visible through many windows, such as regulatory filings, quarterly reports and investor presentations.

But those windows show only part of the Devon story. The following pages highlight Devon's advocacy for safety, our role as a good neighbor, our deep commitment to environmental stewardship and much more.

Being the premier independent oil and natural gas company in North America requires a social license to

operate earned through the trust and acceptance of our shareholders, royalty owners, neighbors, policymakers and other stakeholders.

They expect us to operate safely and in a way that is compatible with the environment and with the communities that surround us. Within the pages of this report, we present many examples of Devon's commitment.

Those instances include industry-leading water stewardship efforts from the Permian Basin in West Texas to the Canadian oil sands in Alberta. We also highlight innovative land conservation and habitat restoration projects in New Mexico and Wyoming, and conscientious safety programs companywide.

Our commitment includes the investment Devon and our employees make each and every day in our communities through volunteerism and financial contributions. You will see the extensive work we do to support education, civic initiatives and public projects.

Behind each example, you will discover the character of our company, the quality of our people and the substance of our values.

This year's report offers a new opportunity to venture inside to see new facets of Devon's character.

Windows are important vehicles to information and education. They can promote better understanding and answer questions before they are asked.

This report is the continuation of a positive dialogue that has helped define the special relationship we have shared with our neighbors for a very long time.

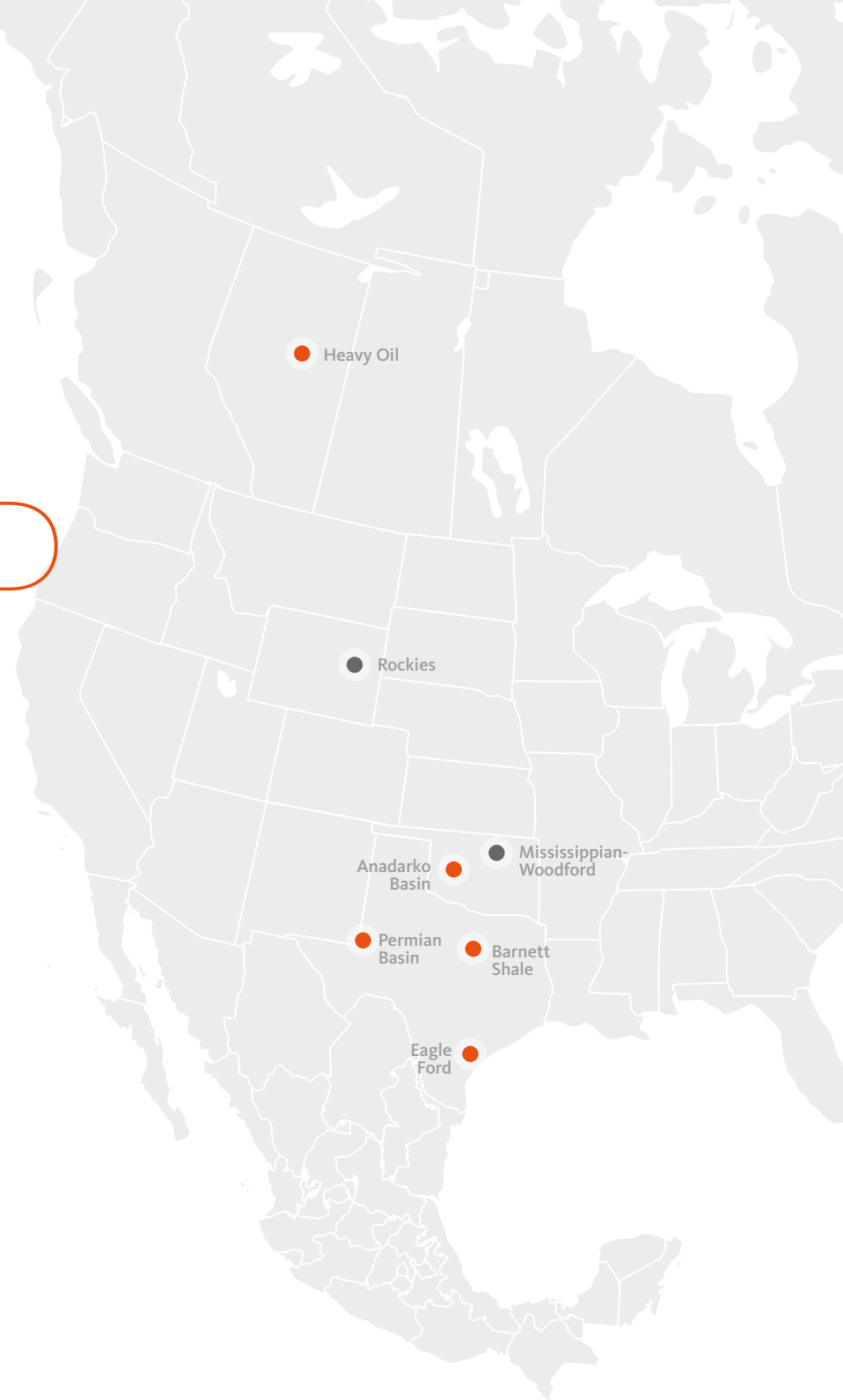
Energy companies like Devon are held to a high standard. We welcome that standard as we open the window of our corporate social responsibility report and invite all of our stakeholders to look in and learn more about our company and the values that are important to us.

John Richels  
President and Chief Executive Officer

## Operations Overview:

# DEVON IS WELL PREPARED

- CORE OPERATIONS
- EMERGING



An energy company's strength and stability are the keys to long-term success. You can find them in the assets, operations and the company's ability to adapt to changing circumstances.

Devon is built on a foundation that values a strong balance sheet and a diverse portfolio of oil, natural gas and natural gas liquids. On this foundation, Devon co-founders

John Nichols and his son Larry built a company that has stood strong through dramatic industry cycles.

When they established Devon more than 40 years ago, they layered fiscal discipline into the company's culture. Too many times they had seen companies fail under the weight of high debt, falling commodity prices and a short-term outlook.

Through our ongoing effort to maintain a balanced portfolio of oil, natural gas and natural gas liquids, we have created a highly competitive company that can withstand ever-changing commodity market cycles.

### Total Revenues (\$Billions)



\$10.3

### Annual Production (Million Barrels of Oil Equivalent)



253

### Proved Reserves (Billion Barrels of Oil Equivalent)



3.0

### Expanding Our Portfolio

In 2014, our company acquired an 82,000-acre lease position in Texas' Eagle Ford Shale. The Eagle Ford is a world-class, light-oil play in one of North America's most prolific producing areas, and Devon is in the heart of it.

### Creating New Opportunities

To the northwest of our new position in the Eagle Ford, we continue to develop rich oil prospects in the Permian Basin, another core area where the company holds more than a million acres. Devon's primary focus is in the Delaware Basin in west Texas and southeast New Mexico. The

company also has oil development operations in the Wolfcamp and Wolfberry plays in West Texas. The Permian is the most active region in Devon's portfolio. At the end of 2014, Devon's average daily production from the basin was nearly 100,000 barrels of oil equivalent. The company's annual production growth in the Permian is expected to be 20 percent.

Another core area of oil production is Devon's Jackfish oil sands project in Canada, where the company averaged more than 60,000 barrels of oil production per day in the second half of 2014. The company initiated production from the third and final phase of Jackfish in the third quarter of 2014.

Ultimate output from Jackfish will grow to an average of 75,000 barrels of oil per day by 2016.

Meanwhile, evaluation of the adjacent Pike oil sands project is continuing. Devon is operator of that project and holds a 50 percent interest in the joint venture.

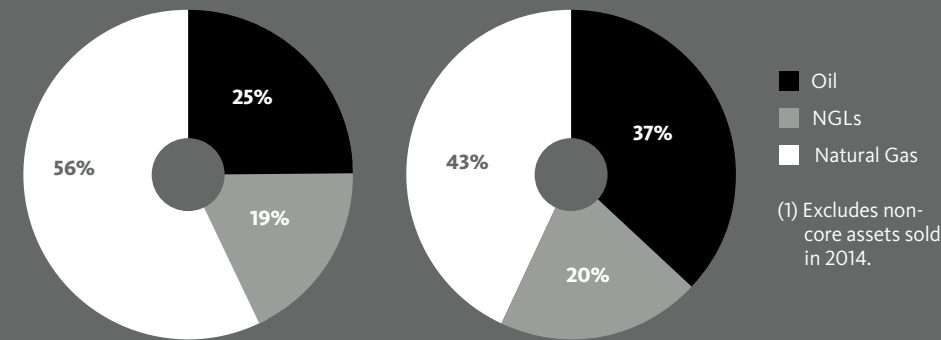
All of Devon's oil sands projects employ steam-assisted gravity drainage technology, in which steam is injected into oil-bearing formations. This process loosens the thick, heavy oil with heat so it can flow freely to the wellhead with minimal surface disturbance.



## PRODUCTION MIX

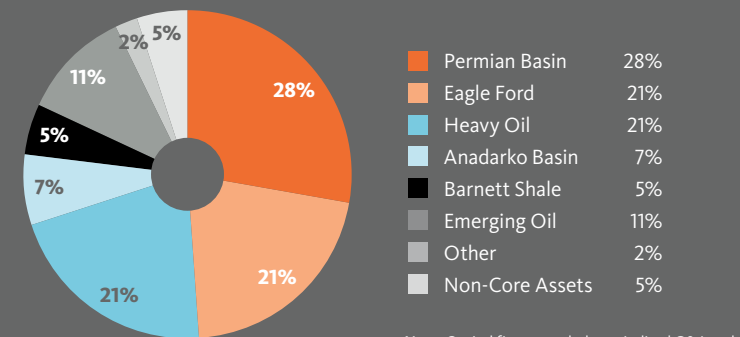
Q4 2013 Reported Results

Q4 2014 Expected <sup>(1)</sup>



## CAPITAL BUDGET

2014 E&P Budget: \$5.0–5.4 Billion



**Note:** Capital figures exclude capitalized G&A and interest, midstream and other corporate capital. For 2014, this represents approximately \$1.4 billion. Property acquisitions are also excluded.

## Portfolio Diversity

The Cana-Woodford Shale in Western Oklahoma is a growing area of focus within Devon's portfolio of core producing assets. The company produces a high volume of natural gas liquids and light oil, making it a highly economic play. Drilling activity is expected to accelerate in 2015.

The Barnett Shale in North Texas is another core area of production. It is primarily a natural gas and natural gas liquids producing area, accounting for an average daily production of 1.2 billion cubic feet of natural gas equivalent in the second half of 2014. In response to lower market prices,

drilling activity has been reduced in the Barnett, but it remains a world-class natural gas play with a deep inventory of quality, undrilled locations that add to Devon's range of asset diversity.

## Looking Ahead

Two emerging areas of oil production for Devon include the Powder River Basin in Wyoming and the Mississippian-Woodford Trend in Northern Oklahoma. In the second half of 2014, the two areas produced more than 40,000 barrels of oil equivalent per day. Both areas have potential for continued production growth.

Our ability to ramp up production of oil, natural gas or natural gas liquids in response to sustained market cycles ensures our ability to compete through challenging economic conditions and continually evolving markets. Our company's balanced portfolio and deep commitment to maintaining a strong balance sheet and low operating costs underscore the foundation established more than 40 years ago.

Through financial strength and portfolio diversity, Devon is well prepared to endure market swings and shifting economic conditions.





The Devon Way:

# CORE VALUES GUIDE DEVON'S CULTURE, DRIVE SUCCESS



A key ingredient in our success – *perhaps the key ingredient* – is trust. It is vital that our stakeholders trust us to deliver results the right way. The Devon Way.

The Devon Way promotes a culture of integrity and accountability. It enables us to work better, faster and more efficiently. It strengthens our relationships and establishes us as the partner of choice in our industry.

We seek to increase shareholder value, and we are driven to perform with a clear focus, a sense of urgency and a commitment to continuous improvement. By creating a feeling of personal ownership and promoting a culture of hard work, innovation and productivity, we encourage an environment that brings out the best in each of us.

An atmosphere of teamwork and trust inspires our employees to participate in the decision-making



process. It encourages accountability and gives everyone an opportunity to develop as a leader.

A workforce that is truly engaged will derive great satisfaction from our success and from our improved work performance.

Devon's strength originates from employees who are committed to increasing shareholder value and who

share in the satisfaction of our long-term success. Our corporate culture is one of fundamental respect for the environment and our neighbors. This respect not only makes Devon a good community partner, it helps improve the quality of life in places where we live and work. By being good neighbors, we enhance our ability to meet our corporate goals.

## OUR CORE VALUES

**Hire the best people:** Because our people are the company's most important resource, we develop employees' knowledge and creativity, and we cultivate an atmosphere where anyone can share an idea and know that it will be heard.

**Always do the right thing:** In a competitive environment, this mantra too often gets pushed aside. At Devon, we refuse to succumb to ethical lapses. We embrace honesty and uncompromised integrity as our foremost core value.

**Deliver results:** In our commitment to increase shareholder value, we instill a desire for continuous improvement, both as individuals and as a company. We do this through hard work and individual ownership of Devon's goals and objectives.

**Be a team player:** We foster teamwork and a culture of trust and goodwill, because a focused, fulfilled and engaged workforce brings more job satisfaction and ultimately yields a more successful company.

**Be a good neighbor:** We share a fundamental respect for the environment and constantly strive to improve the overall quality of life in the communities where we operate. We do this at both the corporate and individual levels.

## Corporate Governance:

# EXPERIENCE, CHARACTER DEFINE DEVON'S LEADERSHIP

Integrity is at the core of every relationship we have at Devon. This is a founding principle. It drives our culture and guides our governance.

A public company traded on the New York Stock Exchange under the ticker symbol DVN, Devon is currently led by a 10-member board of directors with eight independent directors. Non-independent directors include Devon President and CEO John Richels and Devon Executive Chairman and Co-Founder Larry Nichols. The board is composed of eight men and two women. There are four committees — Audit, Compensation, Reserves and Governance — each composed of independent members. An independent director also serves as lead director.

### Board of Directors

Shareholders elect directors annually. Directors must obtain a majority of votes cast if they are not contested by another candidate. If a director fails to receive the required votes in an uncontested election, the director must tender his or her offer of resignation.

Shareholders can communicate with our independent directors. Similarly, in keeping with U.S. Securities and Exchange Commission rules, the board accepts properly submitted shareholder proposals to be considered during the company's annual proxy process. Our bylaws also afford shareholders the right to call a special meeting.

Director compensation is based in part on prevailing market norms. Stock awards represent about two-thirds of total compensation.

To determine the composition of the board and the qualifications and expertise of directors, the Governance Committee charter provides for periodic reviews of factors including:

- *Diversity of experience*
- *Financial expertise*
- *Business background*
- *Availability*
- *Commitment*

### Executive Management

Compensation for senior executives is linked to performance on goals that target optimum overall company performance. Provisions for avoiding conflicts of interest are found in the company's code of ethics, agreed to annually by all employees and directors.



Devon's vision is to be North America's premier independent oil and natural gas company, driven by employees with a deep commitment to core values that call for the highest standard of character.

Management provides the board with an annual review and assessment of companywide risk management, including economic, environmental and social factors. Furthermore, our executives hold regular town hall meetings with employees to foster direct interaction and communication on the company's accomplishments and future objectives.

We address sustainability initiatives through our website, our corporate social responsibility report, annual participation in Carbon Disclosure Project surveys and other similar reviews.



## Public Policy: ADVOCATES FOR ENERGY

If you make a list of everything required for an economy to thrive and grow, energy is certainly near the top. And when you consider energy and the economy together, it will not be long before you are talking about public policy.

As an onshore, North American oil and natural gas producer, we are committed to delivering results for our investors while being a community and environmental steward for our many other stakeholders. Part of that commitment is to facilitate dialogue with policymakers and regulators.

On a wide variety of issues, such as taxation and environmental regulation, we see differences of opinion and strenuous debates.

We live in an economy that is powered by oil and natural gas. Many of the manufactured goods we all use originate from natural gas liquids that are processed into plastics, fabrics and a multitude of other consumer products.

In light of the oil and natural gas industry's substantial role in driving

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*In an economy that runs on energy, it is our role to be part of the debate, and to share our perspective with regulators and policymakers. Our shareholders, royalty owners and many other stakeholders count on our representation.*

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our economy and supporting our society, we feel a responsibility to be part of the debate. Our shareholders, royalty owners and everyone who consumes energy or uses products derived from natural gas liquids count on us to share our perspective.

Devon and our industry peers inform policymakers and the public about what we do and how we do it.

Without our participation, important decisions about energy and the economy might be made without adequate information.

That's why we participate as members of business and industry associations, such as the American Petroleum Institute, the American Exploration & Production Council and America's Natural Gas Alliance,

plus many others at state and national levels.

We take seriously our obligation to inform and engage with policymakers and connect with them in a variety of ways. We advocate for principles and positions in the legislative and regulatory process. We support industry organizations and their education programs. We prepare

our employees for conversations with their friends and neighbors. We also encourage participation in local elections, and we make our views known to the public via news media.

Our participation in the political process is consistent with federal and state rules and regulations.

The overarching goal is a strong, sustainable economy. Yes, a strong

economy demands more energy, but that's not all there is to it. A strong economy – a prosperous nation – is one of full employment, a clean environment and broad opportunities for future growth.



Getting Involved:

# PROMOTING VIBRANT COMMUNITIES AND STRONGER BUSINESS ENVIRONMENTS



We support the communities where we operate because it is the right thing to do for our neighbors and for our business.

Beyond financial support, we get involved through volunteerism and civic participation. It is how we can contribute to building strong, vibrant communities that healthy businesses need to be successful.

Devon employees lead community initiatives in areas where we have exploration and production

operations. In 2013 and 2014, company representatives attended or facilitated hundreds of meetings with stakeholders ranging from landowners and civic leaders to school administrators and policymakers.

We use these encounters to answer questions, promote safety and educate our neighbors about what we do and how we do it. Our objective is to build better awareness, familiarity and understanding of our business. Demonstrating our corporate values by putting them into action builds strong, positive relationships that enhance the entire community.

## Devon Volunteer Network

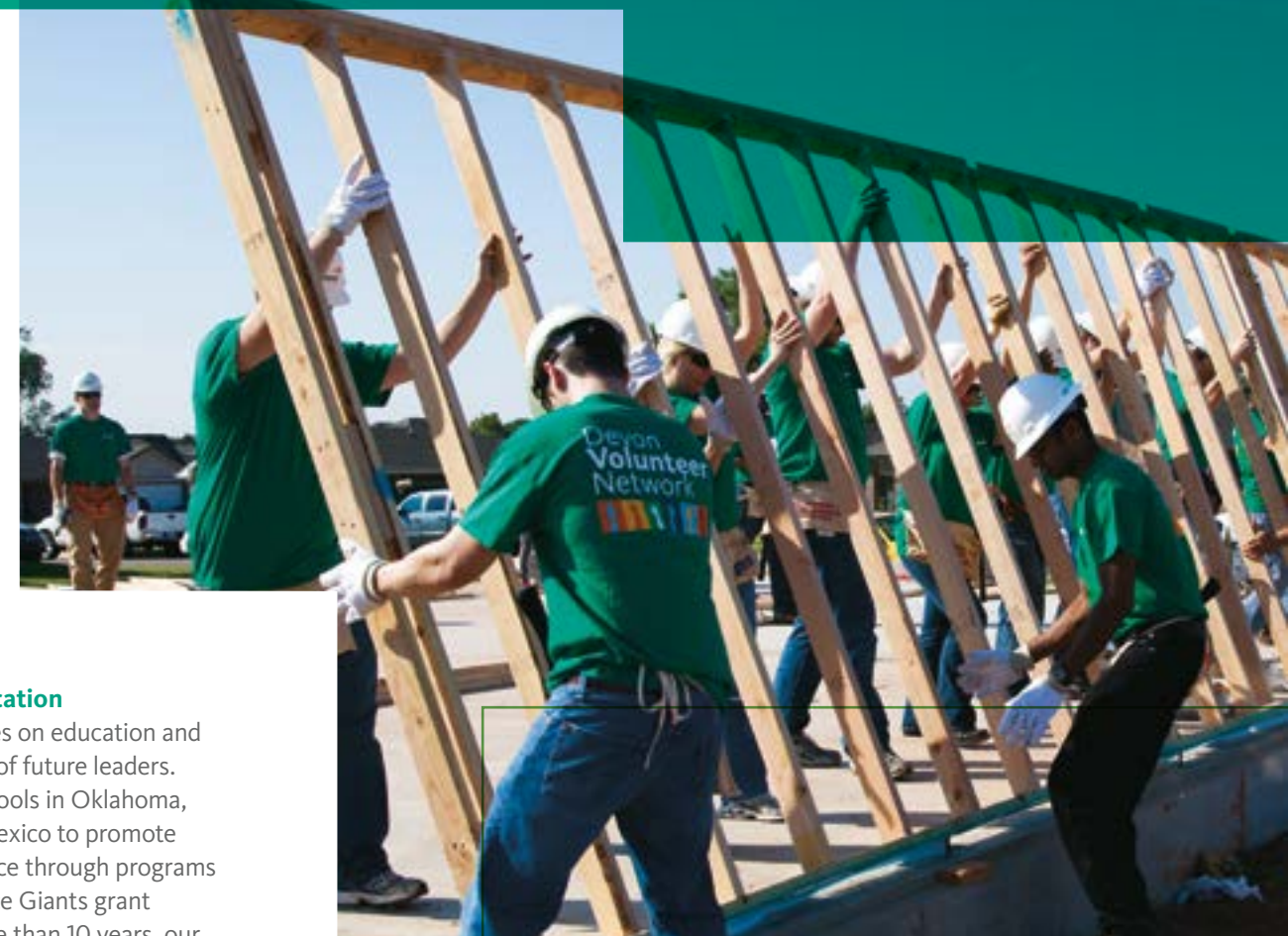
Every day, our employees volunteer their time to make their communities great places to live, work and raise families. Volunteerism is a mainstay of our corporate culture, and our employees embrace the opportunity to help Devon be a good neighbor.

Our employees are enthusiastic volunteers and are actively involved in many community efforts. DVN is

our stock ticker symbol, but it also stands for the Devon Volunteer Network, which connects employees with opportunities to volunteer for a wide variety of community organizations.

Our employees are active with countless organizations, including United Way agencies, Future Farmers of America, colleges and universities, chambers of commerce, local and regional food banks, fire departments, arts and cultural organizations, public schools and many more. Through the Devon Volunteer Network, our employees logged nearly 23,000 volunteer hours in 2013.

Many Devon employees who work in our field offices serve as ambassadors in the communities that surround our operations. These ambassadors connect with community members, explain our operations, answer questions and attend local events. More than 150 ambassadors participate in community outreach programs companywide.



## Support for Education

Devon focuses on education and the development of future leaders. We work with schools in Oklahoma, Texas and New Mexico to promote the study of science through programs such as the Science Giants grant program. For more than 10 years, our tutoring program at an at-risk school in Oklahoma City has helped classes and students reach educational milestones.

In northeastern Alberta, our relationship with Canadian aboriginal communities has resulted in the construction of a high school in a remote area that never had one before.



Economic Impact:

# CONTRIBUTING TO GROWTH

As one of the nation’s leading independent oil and natural gas producers, Devon plays an important role as an economic driver in the communities where we operate.

In 2014, Devon pumped more than \$9.1 billion into the North American economy through oil and natural gas exploration and production operations. In addition, the company’s tax and royalty payments totaled \$2.5 billion. Devon also paid \$1.8 billion in royalty fees to private and Native American mineral owners.

At the end of 2014, Devon had more than 5,400 employees in the United States and Canada. Our company generated \$844 million in annual payroll.

Overall, the company’s 2014 spending for capital projects, operations, payroll, taxes and royalty payments totaled more than \$14 billion. If Devon were an American state, the company’s financial expenditures would be comparable to the governments of Indiana, Maryland and Wisconsin. The company’s expenditures would rank 20th overall among the 50 states.

**New Energy Outlook**

Oil and natural gas activity is revolutionizing America’s energy outlook and creating significant economic benefits as Devon and other companies across the sector serve as a leading economic engine in an otherwise slow U.S. economic recovery. This will continue to create millions of jobs and billions of dollars in government receipts. According to the leading industry experts at IHS Consulting, 1.7 million jobs will grow to 3.5 million by 2035, spurred by more than \$5 trillion in capital spending industrywide.

Devon started this revolution a decade ago in the Barnett Shale of North Texas, but it most certainly has not ended there. Techniques we developed in the Barnett are being applied to natural gas and oil plays across North America by Devon and many other energy producers.

**Social Benefit**

Because of this new economic activity, these regions also enjoy new prospects for economic prosperity. In addition to jobs and payroll, our exploration and production activities

generate higher ad valorem taxes for schools as well as city and county governments. Our projects also mean more local spending by rig and service company workers. This translates into higher sales tax receipts that bolster communities and strengthen the ability of local governments in all of our operating areas to serve their citizens.

**Environmental Benefit**

The prolonged increase in natural gas production has produced environmental benefits as well.

The increase in natural gas use has helped drive U.S. energy-related carbon dioxide emissions to their lowest level in 20 years, according to the U.S. Energy Information Administration.



## Corporate Giving:

# INVESTED IN COMMUNITY

Our company has built a strong record of investing in the well-being of the communities where we live and work.

We look for opportunities to demonstrate strong corporate

In areas where we have exploration and production operations, we contribute financial support and equipment to public safety and emergency response agencies. Our contributions help fund fire departments and emergency management programs in communities that need vehicles, gear and other resources. We seek out opportunities to establish and expand relationships with law enforcement agencies in our operating areas across North America.

Meanwhile, the company teams with field office employees in the U.S. and Canada

to support the United Way, schools, food banks, the arts, social service organizations and other civic initiatives.

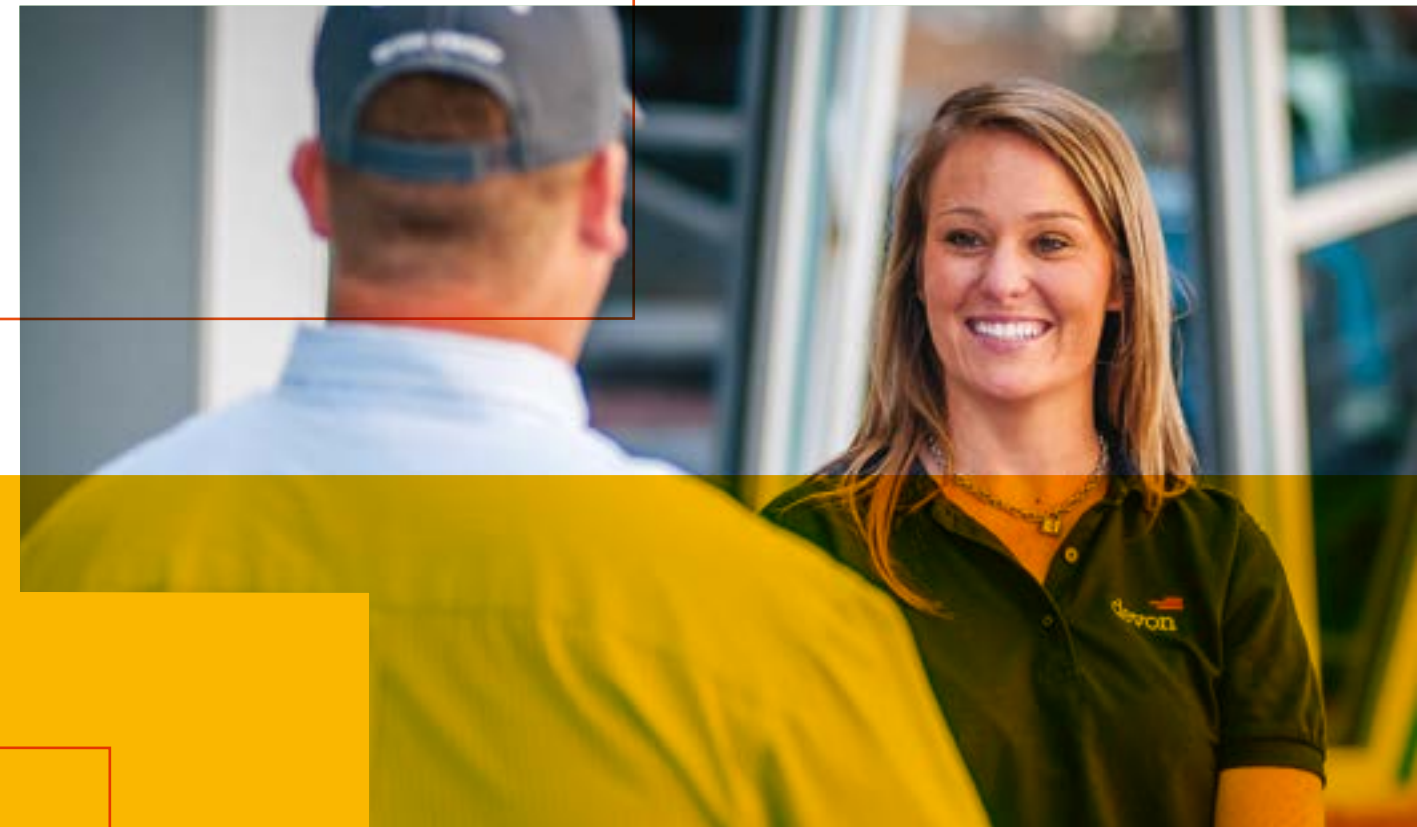
*Our contributions help fund fire departments and emergency management programs in communities that need vehicles, gear and other resources.*

citizenship, and we invest in initiatives that focus on youth, education, public safety, the environment and civic projects.

With defined resources and widely varying areas of need, we invest our time and money in ways that enhance the quality of life in communities where we have operations.

Our approach to community outreach is deliberate, proactive and focused.

Devon and its Oklahoma City employees are leading contributors to major annual nonprofit fundraising campaigns by local agencies, regularly exceeding support levels from previous years.



Devon is heavily invested in tomorrow's leaders. We value education, which is why we support programs in schools. A few examples:

- Science Giants grants that help fund innovative programs aimed at fostering students' interest in science and math. Since 2008, Devon has contributed more than \$585,000 to schools through the program in the U.S. and Canada.

- The annual Calgary Youth Science Fair is a favorite volunteer opportunity for our employees in Canada.
- The Generation Hope Laptop Program is funded by Devon at Benbrook Middle School in North Texas. The initiative provides technology and structured curriculum for at-risk students to advance their success in math, science, engineering and technology.

Our investments in these and other initiatives help people, organizations and local communities grow and succeed. Our success as a business is enhanced by the success of our neighbors, so we will continue to contribute our time, talent and financial resources.



## Aboriginal Relationships:

# GOOD NEIGHBORS LOOK FOR WAYS TO HELP

The positive relationships we have formed with our aboriginal neighbors are key aspects of our business in Canada. We are proud of our work to maintain friendships that lead to healthier communities and improved economic opportunity.

The story of Savannah Adby is a shining example. In June 2013, she became the first-ever graduate from the new Conklin High School in Alberta.

Savannah's graduation was made possible in part by Devon, which brought together the Northlands School Division, the Sunchild E-Learning Program, the Conklin school board and community leaders. The collaboration provided the financial backing, the human resources and the direct support needed to establish the Conklin Sunchild E-Learning high school.

The school opened in 2010, and by 2014, twelve students had enrolled.

Conklin is a hamlet of about 300 people near our Jackfish oil sands project in northern Alberta. Through ongoing community consultation and engagement over several years, we

learned that high school success rates were a major concern. With no high school in Conklin, students in grades 9 through 12 needed to be relocated, housed and educated in Fort McMurray, a difficult, two-hour drive north. The long commuting distance, harsh winter weather and separation from family illustrate the hardships many students have faced, which explains the high dropout rate.

Now, with the Sunchild E-Learning program, students have easier access to a high school diploma. Conklin's graduates are in a better position for future success because they have the skills necessary to compete for good jobs or to pursue higher educational opportunities.

Whether we are in northeastern Alberta, west Texas or another region where we have operations, our company invests in young people, and it supports education in surrounding communities. The Sunchild E-Learning high school initiative and others like it nurture strong communities, and strong communities ensure the long-term success of our business.



Savannah Adby (above) was the first graduate from the Devon-sponsored Conklin High School in June 2013. Adby spent part of the following summer job shadowing a Devon production operator at the company's Jackfish 2 oil sands facility.

Devon and the community of Conklin expect Savannah to be the first of many success stories to result from the Sunchild program. Following graduation in 2013, Savannah job-shadowed with a production operator at our Jackfish 2 oil sands facility. Her future plans included enrollment in the engineering program at Portage College in northeast Alberta.

An aboriginal ornament hangs from the ceiling of Devon's office building at Jackfish, the company's oil sands production project.

### Devon's commitment to our aboriginal neighbors

Devon has established a strong track record of cooperation with aboriginal people, operating under some basic guiding principles:

- Identifying and initiating relationships with aboriginal people who may be affected by Devon Canada's activities through early and ongoing communication;
- Listening and responding to concerns;
- Respecting the significance of aboriginal heritage, culture and values;
- Cultivating appreciation and understanding of aboriginal people, their concerns and values through cross-cultural awareness programs;
- Discussing these concerns and values across all levels of Devon's organization and operations;
- Supporting education and training initiatives focused on the needs of aboriginal people;
- Promoting awareness among aboriginal people of oil and gas operations and long-term industry employment opportunities;
- Balancing the social and economic benefits associated with Devon's business activities to ensure that opportunities are available to all local communities;
- Encouraging employees, where feasible, to engage with aboriginal people and businesses, creating opportunities for local communities to benefit from Devon's activities.



An aboriginal-built log cabin structure Devon uses to house its offices at Jackfish.



## Disaster Relief:

# IN A DISASTER, DEVON'S VALUES SHINE THROUGH

Spring 2013 was deadly and destructive in Devon's biggest North American hometowns, Oklahoma City and Calgary. Tornadoes and floods ravaged local communities and displaced families, some of our own employees among them. In both situations, our people volunteered to help and our company contributed to relief efforts.

In Oklahoma, Devon pledged \$2.5 million to aid in the recovery from major tornadoes that hit the Moore and El Reno communities near Oklahoma City. And through the Devon Charitable Foundation, the company assisted employees who lost their homes, providing for immediate needs such as housing, food, clothing and out-of-pocket expenses.

A few weeks later, after record floods swamped Calgary and southern Alberta, Devon pledged \$750,000 to relief efforts. The company also matched all employees' donations to the Alberta Floods Fund of the Canadian Red Cross.

### Taking Action

Money helps, but human involvement is what affirmed our corporate values of being a good neighbor and doing the right thing. The devastating tornado leveled schools, neighborhoods and businesses across Moore, Oklahoma, on May 20, 2013.

The work they did that day would normally have taken nine days to complete. For weeks, the Devon Volunteer Network continued to place people on the front lines with local nonprofit organizations to help clear debris and provide food and services for those affected by the storms.

*The next day, 500 Devon employees showed up to help the Regional Food Bank of Oklahoma sort and fill boxes with canned food donations for quick distribution to storm victims.*

Our employees saw block after block of devastation, and they were eager to assist in the recovery.

The next day, 500 Devon employees showed up to help the Regional Food Bank of Oklahoma sort and fill boxes with canned food donations for quick distribution to storm victims.

Devon employees put in more than 2,000 hours to assist their neighbors.

Natural disasters put communities and their social-service networks to the test. We are proud to step up and serve – through immediate funding, volunteer assistance and long-term support. Relief work is a long-term effort, and it is part of our culture to stand by our neighbors.





Environmental Health & Safety:

# A SYSTEMATIC APPROACH TO IMPROVING PERFORMANCE

As our people work to deliver results each day, they understand that bottom-line performance will not be achieved at the expense of the environment or the health and safety of our employees and contractors. These things are so important to us and we talk about them so consistently, we have given them the short name “EHS.” And in the quest for continuous improvement, we have established an internal EHS audit team to systematically search for ways to do even better.

Our mission is to identify and reduce any potential risks, and to keep Devon compliant with the broad spectrum of federal and state rules and regulations. This will often require assessment and explanation of the dos and don’ts associated with compliance, especially for new or modified federal and state rules.

Here’s one example of success with this new approach: At the Beaver Creek natural gas plant in Wyoming, the company had strong security measures in place to monitor and control the propane tanker trucks that enter and leave, but a new security



assessment prescribed by the U.S. Department of Transportation had not yet been performed. While the existing rules were designed primarily to protect the plant against terrorism or sabotage, the new rules also recognize the need for better control of access to hazardous materials. When EHS auditors became aware of this, they explained the new rules and helped implement the updated security measures.

On-site audits at our North American installations typically last a week and can involve up to nine auditors. At the end, auditors meet with local leaders and staff members to discuss what was found and what should be done. They also follow up to ensure that the desired environmental, health and safety improvements have been made.

The regular attention we pay to our locations is one of the ways we are building a long record of strong EHS performance.

Safety Focus:

# LOOKING FORWARD IS KEY TO PREVENTION



When it comes to planning and evaluating safety, the rear-view mirror is just as important as the windshield. Organizations can often prevent future incidents by looking back at the past. It’s a practice we have adopted in our pursuit of continuous improvement in safety for our employees and our contractors.

Looking back at our safety performance in 2012, we recognized an increase in our recordable injury rate, so we placed even more emphasis on improvement.

As a result, we placed more emphasis on safety communications with our employees and our contractors.

For example, we conducted more pre-task meetings with workers to identify and discuss job-site risks and strategies to avoid hazards. These meetings have reduced the chances of incidents through improved awareness.

In addition, hundreds of our field employees have participated

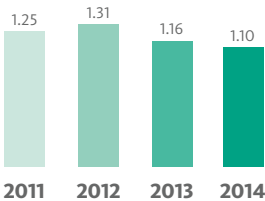
in “Leading with Safety” workshops, emphasizing the importance of communication in promoting safe practices. These workshops have re-energized our focus on safety across the company and have encouraged all employees to become better leaders.

Supervisors make it a point to spend time with their field employees, riding with them in their vehicles where they can discuss safety and other work-related topics. This helps to build a culture of safety, accountability and performance.

A Senior Safety Leadership Team has been formed with a mission to continuously improve the organization’s safety systems. The team — composed of executives and other leaders — meets regularly to advance the cause of getting everyone home safely every day. As a result of these and other efforts, we have seen our safety performance improve.

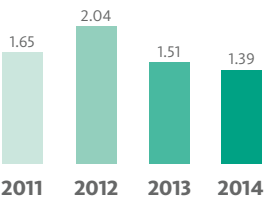
Total Recordable Injury Rate

The number of recordable injuries experienced by Devon employees and Devon contractors per 200,000 hours worked.



Devon Preventable Vehicle Incident Rate

The number of preventable vehicle incidents Devon employees experienced per million miles driven.



## Hydraulic Fracturing:

# BUILDING ON OUR EXPERTISE

It's true that new ideas drive progress, and the best ideas frequently spring from what we already know.

Devon's accomplishments in the Barnett Shale are excellent examples of how new ideas applied to long-established technology can render revolutionary results.

Following its 2002 acquisition of a promising natural gas venture in North Texas, Devon took an innovative approach pioneered by

water pressure creates millions of microscopic openings in the rock, which allows hydrocarbons to flow more easily to the well.

In the Barnett, we began drilling down vertically to the shale, then curving horizontally through a longer expanse of the rock layer to expose our wells to more of the gas-bearing shale formation. Once drilling was finished, we completed each well through hydraulic fracturing. The

Water and sand comprise 99.5 percent of the material used in hydraulic fracturing. The various additives comprising the remaining 0.5 percent are disclosed by Devon and other companies through FracFocus.org, a website developed and maintained by the regulatory community.

FracFocus is a disclosure registry where the public can search for information about the chemicals used in the hydraulic fracturing of oil and natural gas wells. FracFocus also contains educational materials designed to help put the information into perspective.

The website is a joint project of the Ground Water Protection Council and the Interstate Oil and Gas Compact Commission, two organizations that represent state regulatory agencies that oversee the oil and natural gas industry.

The application of hydraulic fracturing technology has been reviewed and examined repeatedly by regulators, academic researchers and the industry. Studies have demonstrated that the environmental and safety record of the practice is outstanding by any standard of measurement.

The technology has been closely scrutinized and will continue to be tightly regulated by the states where oil and gas production occurs.

Under the watchful eye of tight regulation by the states, we continue to test new ways to build on our expertise and to deliver even better production results that deliver greater long-term benefits to our nation's energy future.

*Horizontal drilling was first tried in the 1930s; hydraulic fracturing in the 1940s. Combined, they have ushered in a new age of oil and natural gas production across North America and around the world.*

Mitchell Energy and added a second idea that ignited a shale energy boom that is changing the world.

combined technologies resulted in more productive wells.

Horizontal drilling was first tried in the 1930s; hydraulic fracturing in the 1940s. Combined, they have ushered in a new age of oil and natural gas production across North America and around the world.

### Safe, Proven Technology

Hydraulic fracturing is a safe and environmentally compatible technique that has been conducted more than a million times in the United States over the past 60 years with a clean record of groundwater protection. The practice is overseen by state regulatory agencies.

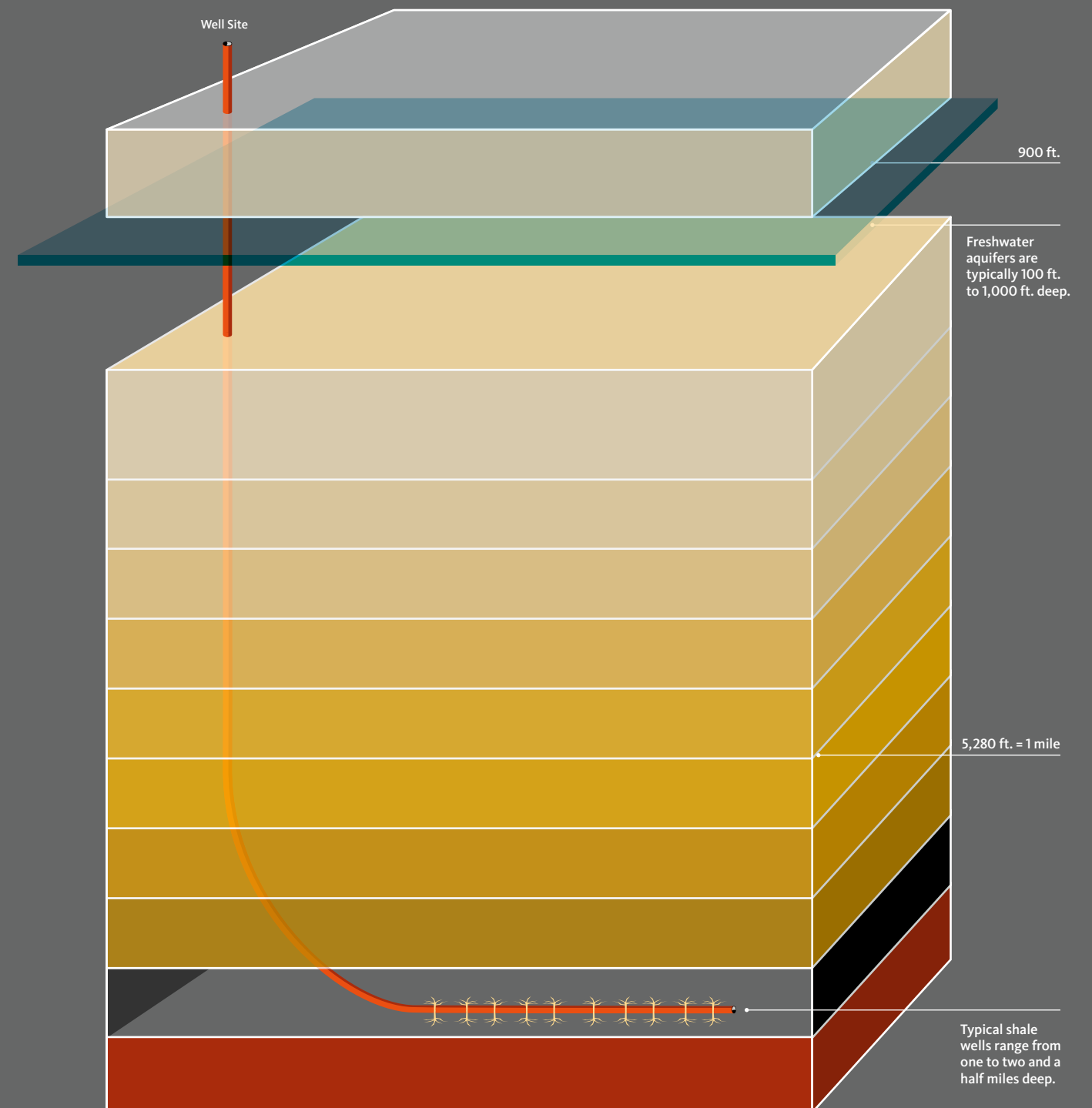
### Devon Applies Horizontal Drilling

Our application of horizontal drilling, combined with hydraulic fracturing, broke the access code to shale, the stingy resource rock that had frustrated energy companies for more than a century. Both technologies had been around for years. Success came when those technologies were applied in a new way.

Hydraulic fracturing creates the permeability required for the gas to move within the rock. The

## The Horizontal Drilling and Hydraulic Fracturing Process

The well is first drilled vertically thousands of feet to the targeted rock layer. Then the drilling path is gradually curved to a horizontal orientation. Once this is achieved, the well can be drilled thousands of feet across the formation, increasing its exposure to enormous volumes of oil and natural gas. From there, the well is completed through the hydraulic fracturing process. This creates tiny cracks and fissures within the rock, allowing oil and natural gas to efficiently flow to the wellbore.





## Well Construction:

# PROTECTING OUR GROUNDWATER WITH CONCRETE AND STEEL

Stewardship is an inherent part of the oil and natural industry. We continually draw from nearly 150 years of experience as we advance the technologies we need to protect natural resources, such as groundwater.

This effort includes work with state regulators to employ and improve well construction techniques to ensure that the production from our oil and natural gas wells is safely contained and isolated from surrounding groundwater tables.

For example, industry standards require redundant layers of protection and strict regulatory oversight. Multiple layers of steel casing and cement sheathing create protective barriers between the wells and the surrounding geology.

The steel and cement ensure that oil, gas and other fluids remain inside the well, isolated from freshwater zones. As wells are drilled, layers of casing are inserted at varying depths, starting with an initial large-diameter

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*The steel and cement ensure that oil, gas and other fluids remain inside the well, isolated from freshwater zones.*

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string of steel pipe called conductor casing. This string's length ranges from 30 to 60 feet and prevents the sides of the hole from caving into the wellbore.

This steel is set in cement pumped into the space between the outside of the steel pipe and the surrounding rock. The next phase of drilling continues to a depth that is typically between 1,000 and 1,500 feet. This ensures that the deepest freshwater aquifers are protected. At this point, a smaller-diameter pipe, called surface casing, is installed and cemented into place. Once again, we circulate the

cement into the casing. The cement flows to the end of the casing and moves back up the sides of the casing to the surface. After this process, we ensure the cement seal's integrity with a pressure test. This ensures that freshwater aquifers are fully protected.

Once the surface casing is set, drilling can resume to greater depths. Eventually, workers may set and cement an even smaller string of intermediate casing into the wellbore, followed by a section of production casing that extends into the oil- or natural gas-producing formation.

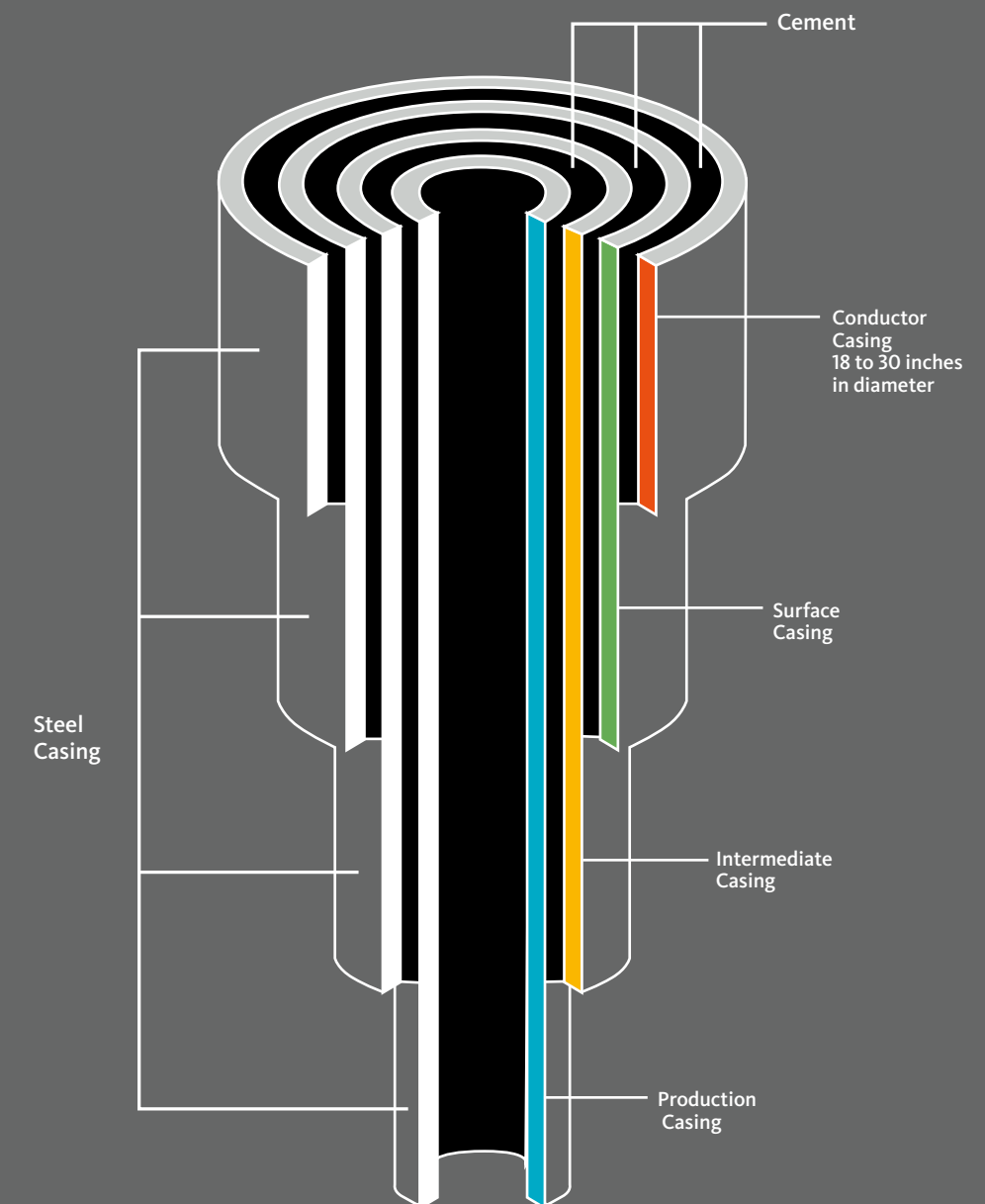
The industry and regulators have worked together to develop these safety measures, and we continue to seek opportunities for improvement.

Water supply and water quality are important to everyone. We need domestic energy to power our economy and sustain the health of our nation. But we must produce it in ways that are safe and that protect our groundwater and other natural resources.

## Casing a Well

Each oil and natural gas well is surrounded by multiple layers of steel casing and cement to protect adjacent rock and freshwater aquifers. Casing is set in a series of phases, beginning with "conductor casing," followed by "surface casing." At the deepest stages of the drilling process, "intermediate casing" and "production casing" are set.

All of these layers of steel casing and cement serve an important purpose. They ensure that oil and natural gas production is securely contained within the well, protecting valuable groundwater resources.



Canadian Oil Sands:

# ENVIRONMENTAL STEWARDSHIP IS A MATTER OF POLICY

There is great value in the energy we produce from our oil sands projects in northern Alberta, but we know it doesn't stop there. The land also holds rich ecological and social value, which is why we do our work with a special focus on conservation.

Adjacent to our oil sands leases at Jackfish and Pike, we have been monitoring wildlife activity since 2002, years before construction began. We wanted to know about any changes in populations or behaviors, so we could minimize our impact. Some of what we do is required by regulators; yet our program goes well beyond compliance.

Our approach to monitoring wildlife activity through the phases of our projects is among the most comprehensive in our industry. We have measured wildlife responses to seismic programs and above-ground pipelines.

For example, we have evaluated the effect of our oil sands development activities on wildlife in the surrounding

boreal forest, and we are leading an industry effort to improve habitat and promote population growth. These efforts to promote biodiversity are considered by regulators to be among the best in our industry, and they have earned the Canadian Association of Petroleum Producers' 2014 Environmental Performance Award.

In addition to land conservation, we also want to be the industry leader in sustainable water management. Our water management plan for each oil sands project considers source, supply, treatment and recycling. We are focused on wastewater management, conveyance and storage. Our advance planning program helps us use water efficiently and ensures that the water we need for our operations will be available.

Originally, Steam Assisted Gravity Drainage (SAGD) projects used freshwater. That was before 2007, when Devon pioneered the use of naturally occurring, non-potable

saline groundwater for SAGD. About 90 percent of the water is recovered and recycled on an ongoing basis.

Minimizing emissions is another important issue facing our industry as we pursue responsible environmental stewardship. As an oil sands producer, we focus much of our sustainability effort on reducing emissions intensity through new technology. Devon's performance in these areas is among the best in the industry.

Most emissions from our oil sands operations are from burning natural gas to make steam. We continue to work on new ways to enhance our energy efficiency to reduce our emissions and reduce our operating costs. One example is the development of solvent-assisted production. If viable, the solvent-assisted production technology could significantly reduce our need for steam, which would reduce our need to burn natural gas and would ultimately reduce our emissions.

## Working together, we can do more

Devon has joined the Canadian Oil Sands Innovation Alliance to develop new technologies that promote energy efficiency and a clean environment.

One early alliance project is a water technology development center, which uses fluids such as produced water and boiler liquids from oil sands work sites to test new water technologies. The center is intended to assess the performance and effectiveness of new innovations in an industrial scale.

Devon also will spend significant capital to develop projects and technologies that could reduce emissions. Also, carbon capture and storage projects are being explored. Going forward, we will continue to seek additional opportunities to develop more conservation and efficiency projects in collaboration with our peers in the alliance.



## Water Management:

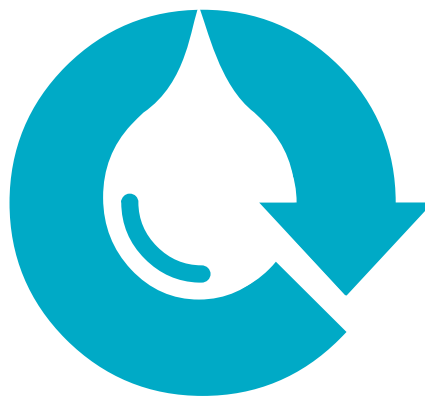
# WATER CONSERVATION TAKES COMPANYWIDE COMMITMENT

Devon has pioneered water-conservation practices in the Barnett Shale of north Texas, the Cana-Woodford Shale of western Oklahoma and in the Canadian oil sands.

As a company that values water, we recognize the need for a comprehensive approach to conservation. We also acknowledge investors and other stakeholders who are increasingly interested in water management data from oil and natural gas producers. Providing such information requires processes and technology that measure water use and disposal companywide.

To address these needs, we have formed a comprehensive water management strategy to help guide the company's ongoing conservation efforts. The purpose is to develop a framework that addresses our present and future water management needs.

Devon has invested a million dollars in water management initiatives, and we expect that value to come back to the company many times over as our integrated plan yields cost savings from oil and natural gas plays across North America.



Developing this strategy continued throughout 2014 and involved technical work groups and professional disciplines companywide. It requires pilot studies to assess practical applications, and it may require improvement of water management practices in existing oil and natural gas plays.

The first step is to standardize our process of measuring and reporting water use throughout our North American operations. Then we can establish best practices for water conservation.

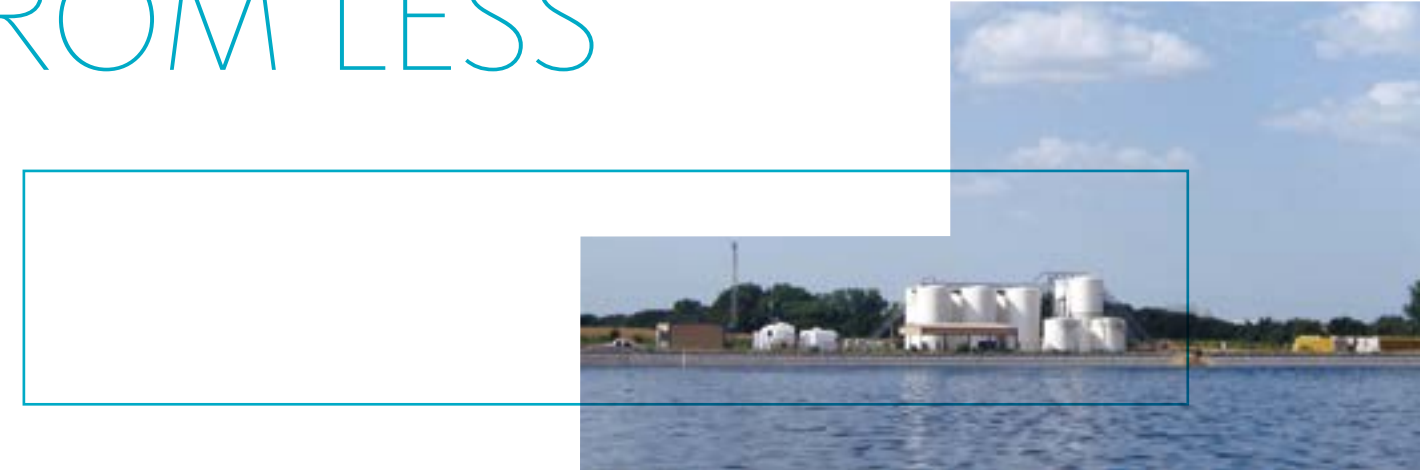
Over more than a decade of water conservation initiatives, we have learned that each play's water resources are unique.

For example, water always flows back to the surface after hydraulic fracturing, but concentrations of salts and other minerals in this flow-back water can vary. High concentrations can prevent it from being reused for other well completions. However, in some areas we have been successful in combining flow-back water with water from other sources, such as lakes, ponds and aquifers. By doing this, we have lowered the salt and mineral concentrations, making the water more suitable for well completions, and we have significantly reduced our demand for freshwater.

It is our goal to identify the best opportunities to meet our water needs while leaving more freshwater for our neighbors. We intend to overcome these challenges through the continued development of technology that opens new avenues to water conservation.

## Water Stewardship:

# MAKING MORE FROM LESS



In the hot Permian Basin summer, water can evaporate quickly. A four-acre pond, for example, can lose more than 100,000 gallons of water in a single day, which is enough to fill several backyard swimming pools.

Determined to save that water, we began using thick plastic sheeting, patched together like a quilt, to cover our ponds like a lid on a pot. Our first such cover saved so much water it paid for itself in a few weeks. That success prompted us to expand the idea to many other Permian ponds.

That was just one of several water conservation projects we have tested or fully implemented in 2013 and 2014. Each holds the potential of conserving a precious resource while also reducing the company's costs.

The work we are doing to conserve water continues as the company expands to other areas of operation and identifies other unique water conservation opportunities.

For example, we worked closely with the Oklahoma Corporation Commission in 2009 and 2010 to

permit the development of the state's first flow-back water reuse project.

Forty miles west of our Oklahoma City headquarters in the Cana-Woodford Shale play, a pipeline network carries wastewater from natural gas wells to our 500,000-barrel storage pond. There, it waits to be used again in the hydraulic fracturing process. In 2013, we conserved 3 million barrels (126 million gallons) and reduced water-hauling truck traffic by 25,000 trips.

In the Mississippian-Woodford Trend in Northern Oklahoma, we are blending freshwater with salt water that would otherwise go to disposal wells. In our effort to use less freshwater and reduce the number of trucks on the road, we have laid more than 100 miles of pipe to carry water to and from well completion sites.

A similar idea has been implemented in the Wolfcamp Shale play of West Texas. Water that flows to the surface following hydraulic fracturing jobs can comprise up to half the total volume needed for subsequent well completion operations. Reusing

this water has allowed us to conserve more than 4.5 million barrels of freshwater from mid-2013 through the end of 2014. The effort has virtually eliminated our need for disposal wells in the play.

Our practice of water conservation dates back nearly a decade, when we began recycling produced water in the Barnett Shale. A few years later, we became the first operator in the oil sands of Alberta to produce heavy oil using steam derived exclusively from non-potable, brackish water. We then recycled that water for reuse in the steaming process. This system has allowed us to avoid using 400 million gallons (nearly 10 million barrels) of freshwater per year.

Most recently, we have worked with the Shale Water Research Center, which helps companies find new ways to reuse and conserve water. Our participation is the result of our companywide water principles, which guide us to even more effective ways to conserve.



## Environmental Commitment:

# DEVON INITIATIVES HELP PROTECT WILDLIFE

As an energy company, we work with organizations that share our commitment to environmental stewardship. Together, we find ways to protect wildlife, restore habitat and maintain the trust of our neighbors.

One example involves the dunes sagebrush lizard in west Texas and southeast New Mexico, where we have taken a proactive role in habitat conservation. Devon's work with the U.S. Fish and Wildlife Service and the

Bureau of Land Management (BLM) helped the federal government come to the conclusion that the dunes sagebrush lizard was not endangered and need not be listed as an endangered species.

We worked with the BLM and the Fish and Wildlife Service to enroll federal and private lease acreages into conservation agreements. Through these agreements, companies pledge to avoid drilling wells and laying pipe

in certain areas where the lizards dwell and to reclaim former habitat in areas of earlier operations.

Our company has been recognized by the BLM with the 2011 Restore New Mexico Award for our leadership in protecting and enhancing the habitat of the dunes sagebrush lizard as well as another habitat-sensitive species, the lesser prairie chicken. Devon also received the 2012 Bruno Hanson/Midland College Environmental Excellence Award for going above and beyond regulatory requirements in environmental stewardship.

We are continuing to work with the Fish and Wildlife Service, the BLM and other state and federal agencies to address land conservation and habitat protection questions long before any species might be considered threatened or endangered. Our cooperation with regulatory agencies and wildlife advocates, and our commitment to environmental stewardship, is part of our role as a North American oil and natural gas producer. It is one of the ways we earn and maintain the trust of our many stakeholders.



Photo credit: U.S. Fish and Wildlife Service

## Land and Wildlife Stewardship:

# CARING FOR THE LAND

Our commitment to environmental stewardship is reflected by the time and resources we contribute to projects each year. To us, good stewardship means respecting land and wildlife habitat as we develop oil and natural gas.

We demonstrate our resolve through the work we do to limit surface disturbance and restore habitat through our relationships with neighbors, local leaders, state officials and federal regulators. Our efforts to preserve and protect the environment range across the company's North American operations.

Examples include projects in Wyoming, Texas, New Mexico and the Canadian oil sands.

In eastern Alberta, we are finding ways to conserve land and protect habitat. In Wyoming, we are working with conservation advocates to enhance federal lands, and in Texas and New Mexico, we are limiting our surface disturbance and protecting desert wildlife.

Environmental stewardship is part of being a good neighbor and doing the right thing even when no one is looking.



In the oil sands, our work illustrates ongoing efforts to reduce surface disturbance associated with operations. When we clear trees to make temporary access roads surrounding our oil sands development operations, we use mulch from those trees as a ground cover for our roads, promoting faster vegetative recovery once our activities are complete.

We also reduce the width of our right-of-way by half, allowing for the preservation of plant and wildlife habitat.

In Wyoming, we facilitate annual habitat reclamation projects through long-term relationships with the Wyoming Conservation Corps at the University of Wyoming and the Bureau of Land Management.

Through these projects, we create wildlife-friendly fencing on federal lands, and we help thin forests to prevent high-intensity fires.

In the Permian Basin, we have joined state and federal agencies in

southeast New Mexico to protect desert wildlife population, such as the dunes sagebrush lizard through habitat reclamation and enhancement programs.

In Fort Worth, Texas, we have used directional drilling to reduce surface disturbance and reduce truck traffic. We drilled more than 50 wells from only two locations near Benbrook Lake, allowing us to access natural gas from a Barnett Shale formation thousands of feet below the lake. Through the special project, we were able to restrict our activities to isolated areas, which limited disruptions in a nearby neighborhood and the surrounding recreational area.

All of these areas illustrate some of the work we do to be a good neighbor, protect our natural resources and show communities that we take seriously our obligation to operate in ways that are safe and environmentally responsible.





## Seismic Activity:

# DEVON JOINS EARTHQUAKE RESEARCH INITIATIVE



Seismic activity is a subject of ongoing research in the United States and around the world. Millions of naturally occurring earthquakes take place each year around the globe, but most are so small they cannot be felt.

However, when geoscientists detect and measure seismic activity, they can uncover clues about geology and study potential causes and correlations.

Recent earthquakes in Texas, Oklahoma, Colorado, Ohio and elsewhere have prompted questions about seismic activity and possible relationships with the energy industry.

While the vast majority of earthquakes in the United States are believed to be naturally occurring,

other possible factors may contribute to some earthquakes, and they should be studied.

Devon has joined the scientific community in examining possible links between industrial activity and seismic events. As part of that effort, the company collaborates with researchers working within the Stanford Center for Induced and Triggered Seismicity. Devon's membership allows the company's geoscientists and engineers to have access to Stanford University researchers and fellow technical experts from an array of industries to better understand seismicity.

Stanford University has unique expertise in the field of earthquake research. Founded in 2013, the center conducts fundamental research on the physical processes responsible

for seismicity and to carry out studies to develop a scientifically based framework for assessing the risk of earthquakes.

The program's primary focus examines activities related to fluid disposal wells used in the oil and natural gas industry. Activities from other industries, such as geothermal energy development, injection of carbon dioxide, wastewater disposal, fluid extraction and mining are also being studied.

Technical knowledge produced by the Stanford Center will be an important resource for industry, government and the public.

## Carbon Disclosure Project:

# PROGRAM OFFERS AVENUE FOR EMISSIONS, WATER DISCLOSURE

Part of our commitment to environmental stewardship is delivering results that are transparent and measurable.

Our decade-long association with the Carbon Disclosure Project (CDP) has provided us with the opportunity to demonstrate our efforts in emissions reduction and water conservation.

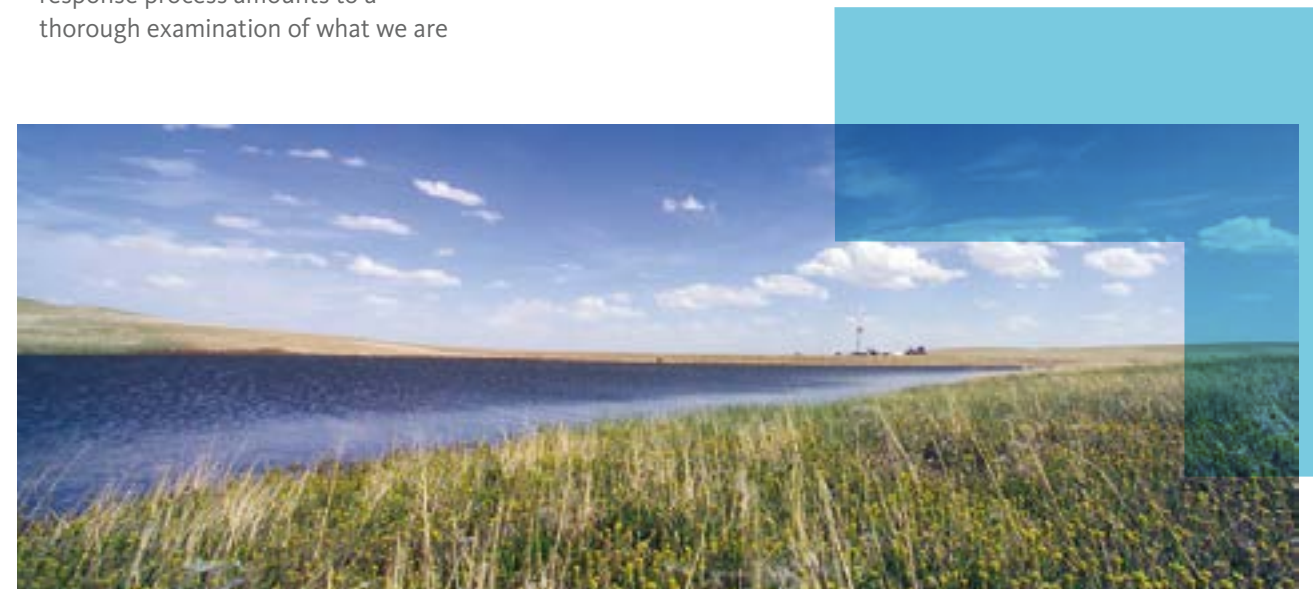
The annual CDP questionnaire response process amounts to a thorough examination of what we are

doing, how we are doing it and what risks and opportunities we see ahead. The results are public, so it is more than an exercise in disclosure; it is about transparency and accountability as well. We welcome it. In 2002, CDP initiated a global disclosure system for companies to report their environmental impacts and strategies to investors. Since then, the UK-based CDP has raised environmental

issues in corporate boardrooms and also engaged with city and state governments.

For Devon, participation with CDP provides a highly credible venue for communicating to stakeholders about our efforts to reduce emissions and conserve water, delivering measurable results in the process.

Devon's annual CDP disclosures can be found at [www.cdp.net](http://www.cdp.net).



Future of Energy:

# OUR OUTLOOK ON THE FUTURE OF CARBON FUELS



Carbon dioxide and its possible impact on climate is one of the great issues of our time. That is why we engage in dialogue over potential regulatory changes and the influence they may have on our energy future.

A strong and growing economy will require all sources of energy, including wind, solar and nuclear. But today, we rely on oil, natural gas and coal to meet the fundamental needs of our everyday lives, such as medical care, manufacturing, electric power, telecommunications, air travel and motor transportation. Furthermore, many, if not most, of the products we use daily are derived from hydrocarbons.

Despite this fundamental reliance, regulatory changes associated with climate change could lower supplies and increase costs. While these measures might drive demand for wind, solar and nuclear energy, output from these resources is not enough to meet the growing needs of expanding

economies around the world.

In light of the world's long-term demand for carbon fuels, it is important to consider how climate change regulations could affect the economic health of nations.

The exact nature and pace of greenhouse gas policy initiatives will influence everything from energy security to related costs that trickle down to individuals and families. Energy regulation is important, and we support a consistent, reliable regulatory framework because our society depends on measures that are both effective and economically viable.

At the same time, we should remember that carbon fuels account for 82 percent of global energy consumption. The curtailment of these resources would diminish economies, impede future growth and eliminate wealth.

In the long term, we expect oil, natural gas and improved efficiency

to remain the most economically viable energy solutions. In particular, natural gas, which is 50 percent cleaner than coal, will play a key role in the world's energy future. It is plentiful, affordable and accessible in North America and around the globe. We are well positioned to meet this demand with a diverse asset portfolio that includes world-class natural gas reserves in some of North America's most prolific regions, such as the Barnett Shale, the Cana-Woodford Shale and the Permian Basin.

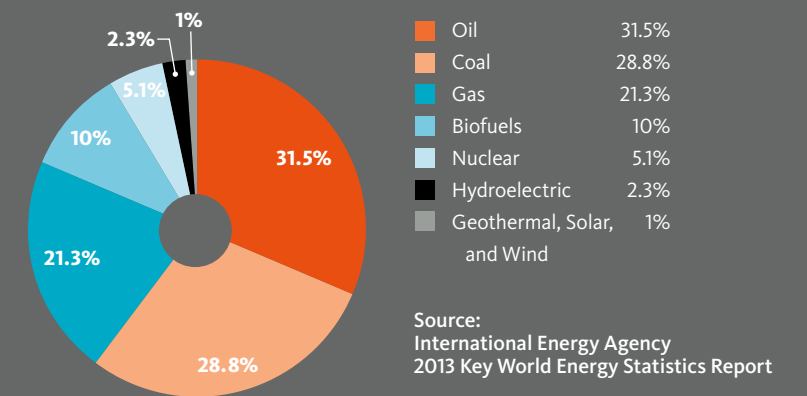
While we anticipate the continued development of alternative sources of energy, it is our role to produce energy the world needs now and in the future. It is our responsibility to do it in a way that is compatible with the environment and our neighbors.

We make long-term decisions based on a rigorous, comprehensive annual analysis of the global outlook for energy, which includes the prospect

of policies regulating greenhouse gas emissions. Based on this analysis, we are confident that oil and natural gas will remain the world's most affordable and accessible form of energy for many years. This assessment is backed up by the U.S. Energy Information Administration's 2014 Energy Outlook,

which indicates demand will remain strong through the span of its 25-year projection, ensuring the long-term value of Devon and our vast oil and natural gas reserves.

World Energy Sources





## Being Well:

# EMPLOYEES AND COMPANY SEE HEALTHY RESULTS

It's no secret — America has a health problem. Too many people are out of shape. Growing numbers face sickness and disease from poor eating habits and lack of exercise.

The bad news: Devon is not immune from this. Six or seven years ago, it was really starting to show.

The good news: We have made a strong commitment to do something about it because healthy employees are happier employees. They are more focused, more productive and more satisfied. As a company, we benefit from lower health costs and improved retention.

Through a variety of corporate wellness programs, our employees are making great progress.

The first wellness efforts started in 2009 when the company began to offer biometric screenings and health risk assessments to employees at work. The focus: 10 risk factors including cholesterol, triglycerides, blood sugar, body mass index and blood pressure.

The 2009 numbers revealed what was expected: plenty of room for improvement. After considering the results, we ramped up health-related education for employees.

They were encouraged to meet privately with credentialed experts who interpreted their health risks and offered helpful suggestions to get those numbers closer to where they



needed to be. Today, lots of Devon employees are living healthier.

### The Well and the BWell

In addition to providing biometric screenings, health risk assessments and wellness education, we now have two state-of-the-art wellness facilities in Oklahoma City, coined the Well and BWell, to help employees maintain a healthy lifestyle. The Well opened in 2010, and due to demand, the BWell opened in 2013. A Well in Devon's Calgary office opened in 2012.

The facilities are equipped with cardio and strength training equipment, group fitness studios and locker rooms. Staff members also are available to provide employees with fitness and wellness consultation.

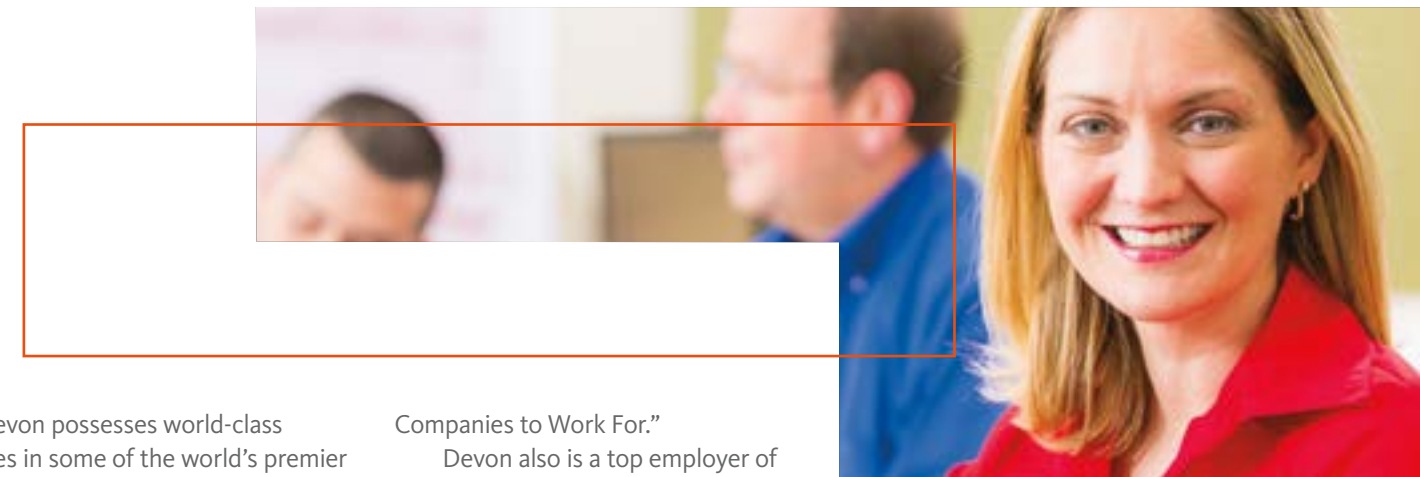
We reimburse field employees and families for membership fees at local fitness centers when they live and work in communities outside of Oklahoma City and Calgary.

### The Doc

In 2013, the company established an on-site medical clinic called The Doc in Oklahoma City. It is available to employees and families enrolled in Devon's health-care plan. In collaboration with the Oklahoma City-based OU Physicians Group, the clinic is dedicated to providing a higher standard of care through reduced wait times and increased attention that includes a patient-centered team that coordinates care tailored for the individual employee or family member.

## Our People:

# DEVON'S CULTURE DRIVES BEST PLACES TO WORK RANKING



Devon possesses world-class reserves in some of the world's premier oil and natural gas producing regions, but they are only secondary to our most important asset: the people who work here. Without them, the outstanding plays in our portfolio would deliver little value to our shareholders.

We value our employees, and in return for their dedication, we nurture a fulfilling corporate culture that is challenging, inclusive and satisfying. This has been our view since Devon was founded in 1971.

We believe Devon has been a great place to work for a long time, and our employees, our shareholders and the communities that surround us agree. We also have been recognized as a great place to work by the media, including *Fortune* magazine, a long-standing voice on workplace quality. For seven years in a row, Devon has been named by *Fortune* as one of America's "100 Best

Companies to Work For."

Devon also is a top employer of veterans. *G.I. Jobs* magazine has rated Devon among its top military-friendly employers three years in a row. And in Canada, the company has been recognized four years in a row by The Great Place to Work Institute.

Recognition from such respected sources of news and information is nice, but our underlying values and culture are what matter most. Devon excels in the basics — compensation, benefits and work-life balance— but what really distinguishes our company is the work environment our employees enjoy. Our employees are exposed to challenging projects that give them a sense of responsibility, accountability and ownership in the success of our company.

Devon excels by keeping employees at the forefront of every decision. Our vision is to be the

premier independent oil and natural gas company in North America. That starts with being a place where people face intellectual challenges, work on meaningful projects and are engaged in the company's overall strategy.

A big factor in the *Fortune* rankings is an anonymous survey of employees. This produces an annual influx of data, giving us new things to consider in the quest to become an even better place to work. It also sends a clear message: employees are sincerely proud to work for Devon because their leaders have earned their trust.

It's all part of a great culture that was built many years ago on the pride our employees take in what we do and how we do it.

## Award Highlights:

# RECOGNIZED FOR DELIVERING RESULTS

### Environment and Safety

#### LEED Gold Certification – 2013

Awarded to Devon Energy Center by the U.S. Green Building Council, recognizing implementation of practical green building design, construction and operations into the headquarters.



#### National Phoenix Award – 2013

Awarded to Devon Energy Center by the National Brownfields Conference as the best brownfield renewal project among all 10 Environmental Protection Agency regions.

#### Newsweek

##### “Green Rankings List” – 2014

Devon ranked high among energy producers on *Newsweek* magazine’s “green rankings” list. The list, which considers only companies in the S&P 500, ranked Devon 205th overall. Devon ranked sixth among 21 other ranked U.S.-based independent oil and natural gas producers. *Newsweek*’s last ranking was published in 2012. Devon ranked 405th on that list.

#### Environmental Excellence

##### Award – 2012

Bruno Hansen/Midland College recognized Devon’s many years of dedicated leadership in protecting, restoring and enhancing rangeland and wildlife habitat in the Permian Basin of Texas and New Mexico.

#### Environmental Advocate

##### Award – 2012

Keep Oklahoma Beautiful recognized Devon’s commitment to endorsing environmental improvements in the state.

#### Innovation Award – 2012

Awarded by the American Carbon Registry for developing the first U.S. carbon offset protocol for the oil and gas industry.

#### President’s Award for Safety – 2012

Awarded by the Gas Processors Association to Devon’s Marketing and Midstream Division for year-over-year safety performance.

#### Major Reclamation Award – 2012

Awarded to Devon by the Alberta Chamber of Resources, recognizing the company’s commitment to reclamation as reflected by our corporate policy and our real-world, innovative performance on the environmental front.

### Corporate Citizenship

#### Civic 50 – 2013

Devon was named to the inaugural Bloomberg Civic 50, a new program designed to recognize the most community-minded companies in America.



#### 10 Best Corporate Citizens – 2012

Devon was named by *Corporate Responsibility* magazine as one of the “10 Best Corporate Citizens” in the energy sector.

#### Award of Excellence – 2012

Platts Global Energy Awards honored Devon for corporate social responsibility in the Stewardship category, recognizing the company’s commitment to sustainability, corporate social responsibility, efficiency and green energy production.

### Top Employer



#### 100 Best Companies to Work For – 2014

Devon has been recognized by *Fortune* magazine for seven consecutive years.

#### Corporate Wellness Award – 2013

The Institute for Health and Productivity Management recognized Devon as one of its five Integrated Health Value-Based corporate winners for its executive-level commitment to the health and wellness of employees. It was the first time for an energy company to receive the recognition.

#### Top 100 Military Friendly Employers – 2015

*G.I. Jobs* magazine named Devon to its top military-friendly employers list for the company’s strength in military recruiting efforts, percentage of new hires with military experience, retention efforts and policies toward National Guard and Reserve service.



### Industry Leadership

#### Producer of the Year – 2013

For the second time in five years, *Oil Sands Review* magazine named Devon Canada Producer of the Year.







## LEEDING the Way:

# DEVON'S COMMITMENT TO SUSTAINABILITY RUNS FULL CIRCLE

When John Nichols and his son, Larry, established Devon in 1971, they were committed to taking care of their employees and operating in ways that were environmentally responsible. So, when Larry Nichols envisioned the company's new corporate headquarters 40 years later, those same principles of business naturally applied.

Devon started with a downtown construction site that had been designated as an environmental "brownfield." The former home of a trolley station and auto repair shop had been polluted from leaky fuel tanks that had been buried and forgotten for decades. Devon turned that brownfield space into the site of a world-class, energy-efficient office and community space that set a new standard for green building development in Oklahoma City.

In all our operations, we have a fundamental respect for the environment and communities where we operate. Our approach to building a new headquarters in 2009 was no exception.

### Devon Earns LEED

Following the project's completion in 2012, Devon Energy

Center was awarded a Leadership in Energy and Environmental Design (LEED) gold certification. LEED is the preeminent program for rating the design, construction and operations of buildings.

At the time of certification, Devon Energy Center was the largest building of its kind to have achieved the gold standard from the U.S. Green Building Council. The honor recognized our effort to implement practical and measurable green building design solutions around construction, operations and maintenance.

Devon Energy Center uses about 20 percent less energy than comparably sized non-LEED-certified buildings and uses 41 percent less water than most buildings its size. More than 90 percent of the waste material generated during the construction of the headquarters was recycled.

Notable features within the building include high-performance, thermal, three-panel glass windows and a state-of-the-art lighting system that saves electricity.

A raised-floor air conditioning and heating system also promotes efficiency and indoor air quality.

Low-flow water fixtures and drought-resistant landscapes conserve water.

Carpet, wood and millwork throughout the building were selected with a careful focus on recycled products and sustainable practices.

Additionally, Devon has about 70,000 square feet of vegetated areas on the grounds and rooftop terraces, reducing the heat island effect.

### Devon Earns EPA Award

In 2013, Devon Energy Center received more acknowledgment for its contributions to sustainability. The Environmental Protection Agency recognized Devon with its Phoenix Award, given annually to the nation's best brownfield renewal project, recognizing Devon for cleaning up and remediating soil prior to construction.

Our desire for sustainability in our headquarters mirrors our overall approach of encouraging environmental stewardship throughout our operations. Our success in constructing a sustainable building has resulted in energy savings as well as acknowledgment as a good community neighbor and partner.

## GRI Components: 2015 Corporate Sustainability Report

The Global Reporting Initiative (GRI) is a leading organization promoting more sustainable operations and the use of sustainability reporting by organizations of various types and sizes.

GRI's sustainability reporting framework includes a number of specific components designed to help organizations communicate their sustainability practices and performance. The table below is a guide to GRI components as they are found in this report.

GRI COMPONENT	DESCRIPTION	PAGE
1.1	Statement from the most senior decision-maker	Letter to Stakeholders, page 5
1.2	Discussion of key impacts, risks and opportunities	Letter to Stakeholders, page 5; Carbon Disclosure Project, page 39; Future of Energy, pages 40–41
2.1	Name of the organization	Front Cover
2.2	Primary brands, products, service	Operations Overview, pages 6–8
2.3	Operational structure of the organization	Operations Overview, pages 6–8
2.4	Location of organization's headquarters	Back Cover
2.5	Countries where the organization operates	Back Cover
2.6	Nature of ownership and legal form	Corporate Governance, pages 12–13
2.7	Markets served	Operations Overview, pages 6–8; Economic Impact, page 18; Public Policy, page 14; Future of Energy, pages 40–41
2.8	Scale of the reporting organization	Operations Overview, pages 6–8; Economic Impact, page 18
2.9	Significant changes – size, structure, ownership	N/A
2.10	Awards received	Canadian Oil Sands, pages 32–33; Environmental Commitment, page 36; Award Highlights, pages 44–45
3.1	Reporting period	Front Cover
3.2	Date of most recent previous report	What's Inside, page 3
3.3	Reporting cycle	What's Inside, page 3
3.4	Contact for questions	Back Cover
3.5	Process for defining report content	What's Inside, page 3
4.1	Governance structure of the organization	Corporate Governance, pages 12–13
4.2	Indicate whether board chairman is also an executive	Corporate Governance, pages 12–13
4.3	Number and gender of independent board members	Corporate Governance, pages 12–13
4.4	Mechanisms for shareowner or employee recommendations to the board of directors	Corporate Governance, pages 12–13
4.5	Linkages between organization's performance and compensation for board members and executives	Corporate Governance, pages 12–13
4.6	Processes in place for the board of directors to avoid conflicts of interest	Corporate Governance, pages 12–13
4.7	Processes for determining composition, qualifications and expertise of board members	Corporate Governance, pages 12–13
4.8	Internally developed statements of mission or values, codes of conduct or principles	Our Vision; page 2; Letter to Stakeholders, page 5; Our Values, pages 10–11; Corporate Governance, pages 12–13
4.9	Procedures for the board to oversee the organization's identification and management of economic, environmental and social risks and opportunities	Corporate Governance, pages 12–13
4.10	Processes for evaluating the board's own performance	Corporate Governance, pages 12–13
4.13	Memberships in industry associations	Public Policy, pages 14–15

GRI COMPONENT	DESCRIPTION	PAGE
4.14	Stakeholder groups engaged by the organization	Letter to Stakeholders, page 5; Public Policy, pages 14–15; Getting Involved, pages 16–17; Corporate Giving, pages 20–21; Aboriginal Relations, page 22; Disaster Relief, page 24; Environmental Commitment, page 36; Carbon Disclosure Project, page 39
4.15	Basis for identification and selection of stakeholders with whom to engage	Getting Involved, pages 16–17; Corporate Giving, pages 21–21; Environmental Commitment, page 36; Public Policy, pages 14, 15
4.16	Approaches to stakeholder engagement	Getting Involved, page 16; Corporate Giving, pages 20–21; Public Policy, pages 14, 15; Disaster Relief, page 24; Environmental Commitment, page 36
4.17	Key topics and concerns that have been raised through stakeholder engagement	Environmental Commitment, page 36; Seismic Activity, page 38; Carbon Disclosure Project; page 39; Future of Energy, pages 40–41
EC1	Direct economic value generated and distributed	Economic Impact, pages 18–19
EC2	Financial implications and other risks and opportunities for the organization due to climate change	Future of Energy, pages 40–41; Carbon Disclosure Project, page 39
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit	Public Policy, pages 14–15; Getting Involved, pages 16–17; Corporate Giving, pages 20–21; Aboriginal Relationships, page 22; Disaster Relief, page 24; Carbon Disclosure Project, page 39
EC9	Understanding and describing significant indirect economic impacts	Economic Impact, pages 18–19
EN9	Water sources significantly affected by withdrawal of water	Water Management, page 34; Water Stewardship, page 35
EN10	Percentage and total volume of water recycled and reused	Water Management, page 34; Water Stewardship, page 35
EN13	Habitats protected or restored	Canadian Oil Sands, pages 32–33; Environmental Commitment, page 36; Land and Wildlife Stewardship, page 37
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Canadian Oil Sands, pages 32–33; Environmental Commitment, page 36; Land and Wildlife Stewardship, page 37
EN16	Total direct and indirect greenhouse gas emissions	Carbon Disclosure Project, page 39
EN17	Other relevant indirect greenhouse gas emissions	Carbon Disclosure Project, page 39
EN18	Initiatives to reduce greenhouse gas emissions	Carbon Disclosure Project, page 39
EN26	Initiatives to mitigate environmental impacts	Hydraulic Fracturing, pages 28–29; Well Construction, pages 30–31; Water Management, page 34; Water Stewardship, page 35; Environmental Commitment, page 36; Land and Wildlife Stewardship, page 37; Water Stewardship, pages 30–31
LA6	Workforce involvement in occupational health and safety programs	Environmental Health and Safety, page 26; Safety Focus, page 27
LA7	Rates of work-related injuries	Safety Focus, page 27
LA8	Education, training, counseling, prevention and risk-control programs to assist workforce members and their families regarding serious diseases	Being Well, page 42
SO1	Operations with local community engagement, impact and assessment programs	Getting Involved, pages 16–17; Corporate Giving, pages 20–21; Aboriginal Relations, pages 22–23; Disaster Relief, page 24
SO5	Public policy positions and participation in public policy development	Public Policy, pages 14–15

Safe Harbor:

Some of the information provided in this report includes “forward-looking statements” as defined by the United States Securities and Exchange Commission (SEC). Forward-looking statements are often identified by use of the words “forecasts,” “projections,” “estimates,” “plans,” “expectations,” “targets,” “opportunities,” “potential,” “outlook” and other similar terminology. Such statements concerning future performance are subject to a variety of risks and uncertainties that could cause Devon’s actual results to differ materially from the forward-looking statements contained herein. Risks and uncertainties are described in more detail in the “Risk Factors” section of our most recent Form 10-K and in our other filings with the SEC.

The forward-looking statements provided in this report are based on management’s examination of historical operating trends, the information which was used to prepare reserve reports and other data in Devon’s possession or available from third parties. Devon cautions that its future oil, natural gas and NGL production, revenues and expenses are subject to all of the risks and uncertainties normally incident to the exploration for and development, production and sale of oil, natural gas and NGLs. These risks include, but are not limited to, price volatility, inflation or lack of availability of goods and services, environmental risks, drilling risks, political changes, changes in laws or regulations, the uncertainty inherent in estimating future oil and gas production or reserves and, as noted above, other risks identified in our Form 10-K and our other filings with the SEC.





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