



DIVERSIFIED GAS & OIL
P L C

SUSTAINABILITY REPORT 2019

Sustainable assets create long-term value



About this report

We are pleased to present the inaugural Sustainability Report (“Report”) of Diversified Gas & Oil PLC (“DGO” or the “Company”). Our team of internal experts, managers and experienced advisers developed this Report, which the Sustainability and Safety Committee of the Board of Directors (the “Board” or “Directors”) subsequently approved.

Our Report is informed by the Global Reporting Initiative (“GRI”) standards and considers the United Nations’ Sustainable Development Goals in shaping our approach to managing sustainability activities. This Report reflects our engagement with various stakeholder groups and the result of our own industry research and analysis. Except where otherwise noted, the scope of this Report comprises all the operations of the Company through the fiscal year ended 31 December 2019.

FOR FURTHER INFORMATION OR FEEDBACK



Visit our corporate website dgoc.com



Follow us on Twitter [@DGO_AIM](https://twitter.com/DGO_AIM)

Provide feedback at IR@dgoc.com

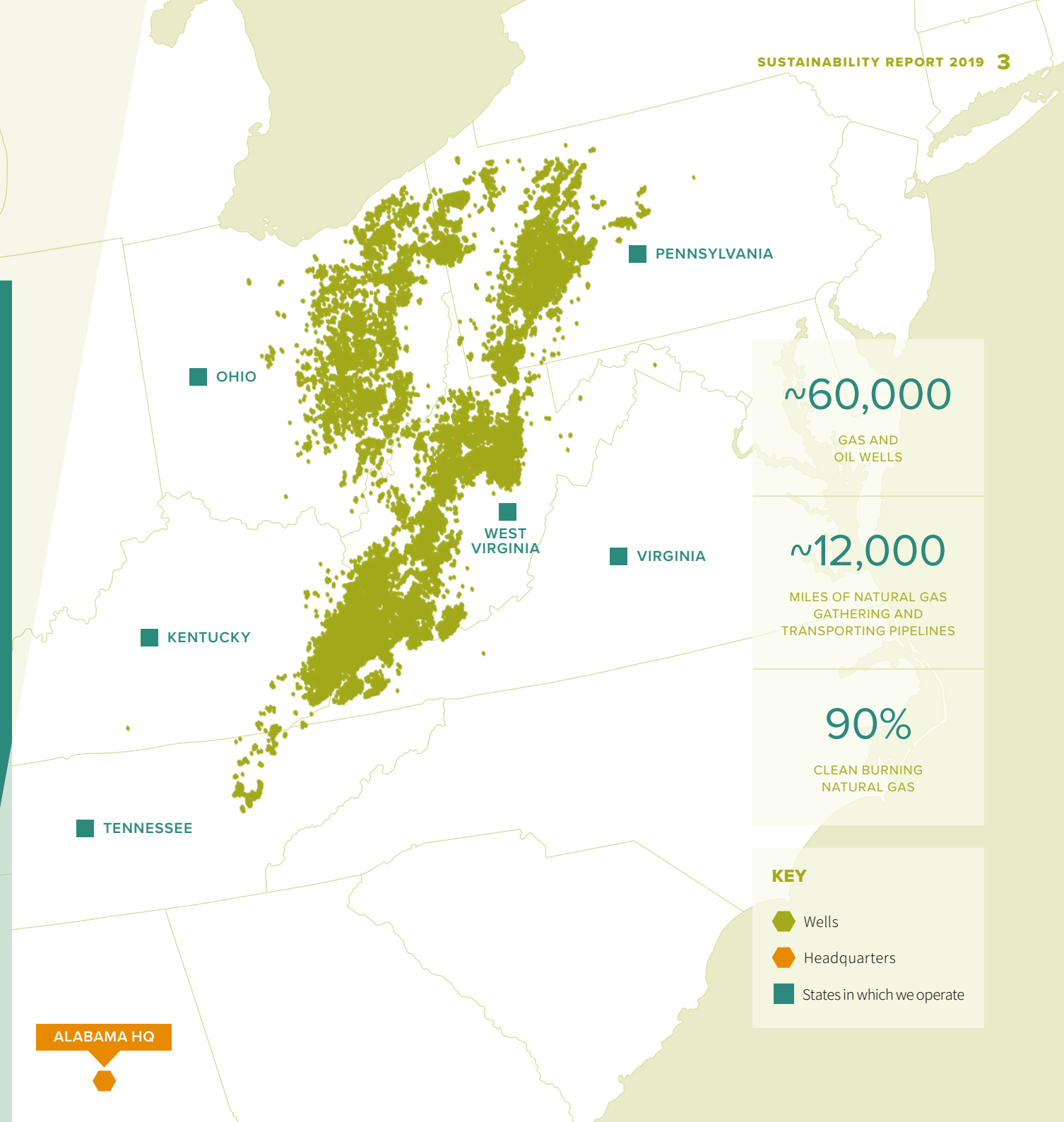
Contents

- 3** About DGO
- 4** Sustainability oversight
- 5** Chief Executive’s statement
- 7** 2019 Financial and operating performance highlights
- 8** Materiality assessment
- 9** Stakeholder engagement
- 10** UN’s Sustainable Development Goals
- 12** How we manage our business
- 14** Sustainability
- 28** Our employees
- 34** Our communities
- 37** Risk management
- 46** Corporate governance
- 50** GRI content index

About DGO

We are an independent owner and operator of natural gas, natural gas liquids and oil wells, and natural gas gathering and transporting pipelines concentrated in the Appalachian Basin, the oldest hydrocarbon-producing region within the United States (“U.S.”).

Since our February 2017 IPO as an AIM-listed company on the London Stock Exchange, we have focussed on acquiring and enhancing quality natural gas assets within the Appalachian Basin, capitalising on unique opportunities to add producing properties to our large portfolio of similar assets and leveraging the operating efficiencies that come with economies of scale. By focussing our acquisition strategy and operational expertise for existing, long-life gas and oil wells, as contrasted to a portfolio developed solely by drilling new wells, we reduce the need for new wells to meet our nation’s energy requirements. This strategy avoids the impact on the environment that is associated with drilling and reduces the introduction of new sources of emissions into the environment.



~60,000

GAS AND OIL WELLS

~12,000

MILES OF NATURAL GAS GATHERING AND TRANSPORTING PIPELINES

90%

CLEAN BURNING NATURAL GAS

KEY

Wells

Headquarters

States in which we operate

Sustainability oversight

It is the responsibility of every DGO employee to engage in safe and sustainable operations, ensuring the safety and security of our employees, contractors and neighbouring communities as well as the long-term sustainability of our business.

Oversight for the Company’s sustainability programmes and progress rests with our Board of Directors and senior management, reflecting the importance given to all aspects of sustainability across our entire operations.

Rusty Hutson, Chief Executive Officer (“CEO”), and Brad Gray, Chief Operating Officer (“COO”), primarily oversee local management decisions and processes pertaining to all Environmental, Health and Safety (“EHS”) engagement initiatives, whilst the Board continues to actively review our sustainable positioning and the related objectives.

Our Board and senior management collectively recognise our responsibility to emphasise these objectives as we grow our company. Accordingly, in late 2019, our Board established a Sustainability and Safety Committee to provide oversight for 2019 sustainability reporting, including the approval of this Report, and to assist management and the Board in establishing, monitoring and reporting our sustainability performance targets moving forward.

OUR PHILOSOPHY

We fully embrace our role as responsible stewards of the natural resources we manage, the people we employ and the environment in which we operate. We strive to adhere to quality operating standards with a strong focus on the environment, the health and safety of our employees, local communities and the environment where we conduct our operations.

OUR DIFFERENTIATED BUSINESS MODEL INCLUDES:



1

ACQUIRE

Acquiring low-cost, long-life, low-decline natural gas-producing assets

Acquiring complementary and synergistic midstream assets



2

OPTIMISE

Deploying rigorous field management programmes to optimise production and improve cost efficiencies whilst extending the economic life of the assets



3

PRODUCE

Enhancing the operational safety of our assets, protecting the environment where we operate and striving to lower unnecessary emissions by investing in the integrity of our assets and pipeline network



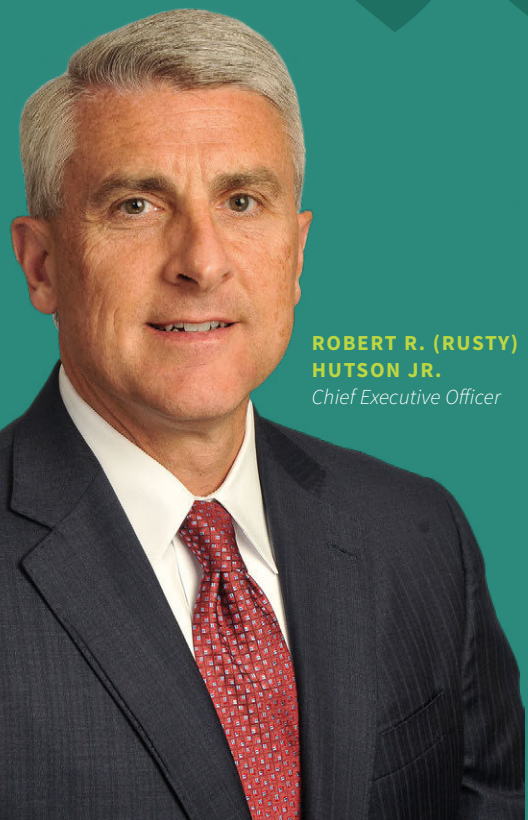
4

RETIRE

Safely and responsibly retiring wells and assets at the end of their useful lives

Chief Executive’s statement

“Our strategy of acquiring and enhancing existing energy assets is a great example of environmental stewardship and sustainability.”



ROBERT R. (RUSTY) HUTSON JR.
Chief Executive Officer

We recognise the dual challenge facing the energy industry today – to meet the world’s growing energy demands with affordable and reliable energy whilst addressing the need to reduce carbon emissions. At DGO we embrace our role in meeting this challenge, balanced with our desire to act as responsible stewards of the natural resources we manage and the environment in which we operate. Therefore, we support the development of clean and sustainable energy from multiple sources, including our own hydrocarbons as well as nuclear, hydro and renewables.

PRODUCING CLEANER ENERGY

We operate within the U.S.’s Appalachia region, which comprises 37% of total U.S. natural gas supply.¹ Appalachian natural gas production continues to be a major contributor to the consistent and substantial reductions in U.S. carbon dioxide (“CO₂”) emissions, which have been declining significantly faster than any other country.² Our significant recent acquisitive expansion in the region and resulting substantial natural gas production elevates us to be an integral part of this environmentally positive story. Net production in December 2019 exceeded 568 million cubic feet equivalent per day and comprised nearly 90% dry natural gas, further increasing to 99% when combined with associated natural gas liquids.

We believe that natural gas is more than a bridge fuel – it is part of the long-term, clean energy solution for U.S. and global energy requirements. As the cleanest-burning

568

MILLION CUBIC FEET EQUIVALENT PER DAY OF NET PRODUCTION

37%

APPALACHIAN SHARE OF TOTAL U.S. NATURAL GAS SUPPLY

hydrocarbon, natural gas is an abundant, economically viable, affordable, reliable and predictable source of energy, which makes it an ideal partner to renewable energy sources like wind and solar.

ADVANCING OUR STRATEGY

Our strategy of acquiring and enhancing existing energy assets is a great example of environmental stewardship and sustainability. Since our founding in 2001, we have focussed on acquiring existing gas and oil wells and midstream assets whilst executing practices that enhance operational safety, increase produced volumes and safeguard the environment.

We are establishing a robust approach to sustainability, underpinned by our commitment to high standards of corporate behaviour, social responsibility and environmental stewardship. Consistent with our growth strategy, one of our fundamental operational objectives and differentiating factors is our disciplined emphasis on managing mature, producing gas and oil wells to their natural end of lives before safely and responsibly retiring those wells that are no longer capable of production.

Maximising an existing well’s productive life reduces the need to drill new wells and reflects environmental responsibility. Our operating philosophy simultaneously contributes to the economic well-being of the communities in which we live and operate by creating and maintaining high-paying jobs, increasing tax revenues and sustaining

^{1,2} <https://www.forbes.com/sites/judeclemente/2019/08/19/u-s-energy-policy-must-support-natural-gas-in-appalachia-and-west-texas/#1d3c3b9959e1>

Chief Executive’s statement continued

royalty income to mineral owners whilst also increasing production and cash flow, which benefits our company, shareholders and other stakeholders.

Our unique Smarter Well Management programme comprises well maintenance and workover activities designed to improve production from active wells, restore production from inactive wells, enhance the safety of the on-site well equipment and achieve compliance with environmental requirements.

HIGH STANDARDS OF ENVIRONMENTAL STEWARDSHIP AND SUSTAINABILITY

Consistent with our reputation as a leading operator in the region, we are committed to acting as good stewards of the environment. To this end, we recently established a Board-level Sustainability and Safety Committee, chaired by our Independent Non-Executive Director Sandy Stash, to guide the business’s policies and strategy related to sustainability and other stewardship activities.

Evidence of our emphasis on environmental stewardship is our commitment to provide the necessary resources for our asset retirement obligations, as demonstrated by the number of wells we retire each year in full compliance with our multi-year plugging agreements with the various states in which we operate. Our approach to proactively engage with the state regulatory agencies to establish consistent and long-term retirement agreements provides objective and measurable progress indicators and strengthens our commitment of stewardship to our communities and to our investors.

We believe that principles of corporate responsibility are a central and a commercial priority. Not only do we promote such principles to achieve strong governance, safe working conditions and a minimal impact to the environment, but we also believe that thoughtful Environmental, Social and Governance (“ESG”) initiatives significantly reduce risk, create long-term value and represent a competitive advantage.

As part of our continued commitment to environmental stewardship, we have recently completed a review of our ESG activities. As we move forward, our Sustainability and Safety Committee will be formalising a roadmap that sets out our key sustainability objectives for the next several years and then reporting on these objectives accordingly. Using 2019 as our benchmark period, we call this new multi-year initiative “Target 2020”, which will include sustainability aims and objectives for emissions management, leak detection and repair, water management, spill prevention, safe operations and conservation efforts – all with the goal of pushing DGO towards achieving improved results for these areas of our operations.

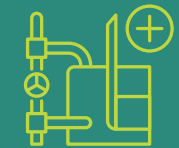
We recognise that our success hinges on not only our ability to manage our assets with operational and capital discipline, but also our ongoing commitment to meet the increasing demand for energy through the safe and responsible production of our natural resources. Thank you for your interest in our Sustainability Report. We welcome your feedback.

ROBERT R. (RUSTY) HUTSON JR.
Co-Founder, Chief Executive Officer & Shareholder

OUR APPROACH IS DIFFERENT



EXTEND PRODUCING LIFE OF THE WELL



IMPROVE PRODUCTION



ENHANCE SAFETY

2019 Financial and operating performance highlights

SHAREHOLDERS' EQUITY NET (\$M)

\$938

2018: \$749
2017: \$90

DIVIDENDS PAID CENT / SHARE

13.62¢

2018: 7.98¢
2017: 3.98¢

PDP RESERVES (MMBOE)

563

2018: 474
2017: 55

ADJUSTED EBITDA HEDGED (\$M)

\$273

2018: \$146
2017: \$18

OIL & GAS PROPERTIES NET (\$M)

\$1,492

2018: \$1,093
2017: \$215

LEASEHOLD ACRES (MM)

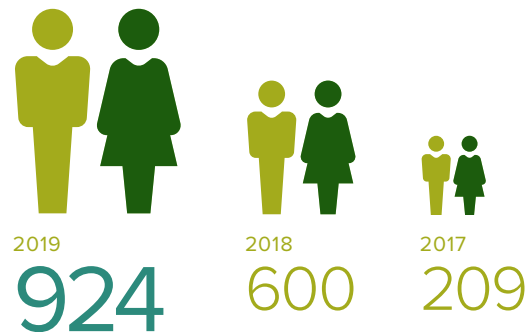
7.8

2018: 7.8
2017: 4.0

PRODUCTION (MBOEPD)



AVERAGE NUMBER OF EMPLOYEES



For more details on these and other financial and operating metrics, please refer to the Company's 2019 Annual Report

Materiality assessment

Consistent with the Global Reporting Initiative’s (“GRI”) materiality guidance and our assessment of important operational areas for our ESG initiatives, we identified the following topics that were important to our stakeholders to be included in our Sustainability Report.

MATERIALITY TOPICS

ENVIRONMENT

Asset retirement	Page 26	Waste management	Page 23
Water management	Page 23	Incident management and prevention	Page 24
Biodiversity and sensitive areas (including wetlands)	Page 25		
Greenhouse gas and emissions	Page 21		

SOCIAL

Equality	Page 29	Local community engagement	Page 36
Talent attraction	Page 35	JV and industry engagement	Page 36
Accident prevention	Page 33	Landowner engagement	Page 36
Workplace safety	Page 31	Social investment	Page 35
Workplace health and well-being	Page 30	Asset security	Page 40
Training and development	Page 30	Human rights	Page 31
Contractor selection	Page 26	Modern slavery	Page 31

GOVERNANCE

Regulatory compliance	Various pages	Remuneration	Page 30
Whistleblowing	Page 30	Climate change policy / statement	Page 15
Advocacy and lobbying	Page 36	Anti-bribery and corruption practices	Page 49
Data protection	Page 40	Sustainability governance	Page 48
Tax and payments to government	Page 35	Risk management	Page 37
Funding and investment	Page 40		

Stakeholder engagement


























We have the opportunity to build relationships with various stakeholder groups each and every day. We understand that relationships matter in our business, and thus we strive to maintain positive and productive relationships with all our stakeholders.




Therefore, we actively and consistently engage our stakeholder groups in order to maintain a successful sustainability programme.







We strive to provide our stakeholders with timely and effective information and responses. Further, we endeavour to treat all our stakeholders with fairness and respect as well

as to ensure that we uphold the highest level of integrity in our relationships. We have identified the following stakeholders as being important to our success:

STAKEHOLDER MAPPING AND ENGAGEMENT

STAKEHOLDER	INTERNAL RESPONSIBILITY	TOPIC OF INTEREST	COMMUNICATION METHODS
Employees	Sr. VP – Human Resources	Employee benefits Corporate culture Equality Major accident prevention Workplace safety Workplace health and well-being Training and development Regulatory compliance	   
Local communities	Chief Operating Officer	Community health Social investment Environmental management	   
Land and mineral owners	General Counsel	Royalty payments Environmental compliance Surface conditions	  
Shareholders	Chief Executive Officer	Return on investment Risk management Governance Funding Asset retirement Remuneration Regulatory compliance Climate change policies Equality	     
Joint venture partners	General Counsel	Joint interest payments Governance Risk management	  
Industry associations	General Counsel	Advocacy and lobbying Tax and payments to governments Climate change policies Regulatory requirements Environmental compliance	    

STAKEHOLDER	INTERNAL RESPONSIBILITY	TOPIC OF INTEREST	COMMUNICATION METHODS
Suppliers	Chief Operating Officer	Funding Governance	  
Capital markets partners	Chief Financial Officer	Regulatory compliance Governance Risk management Going concern	   
Financial institutions and rating agencies	Chief Financial Officer	Risk management Governance Funding Asset retirement Investment Regulatory compliance Climate change policies Remuneration Going concern	   
Government and regulatory agencies	General Counsel	Advocacy and lobbying Tax and payments to governments Climate change policies Regulatory requirements Environmental compliance	    
Media	VP – Investor Relations	Environmental compliance Asset retirement Funding and investment Governance Climate change policies	    

 Emails  Telephone and conference calls  Conferences  Announcements  Meetings  Reports

UN's Sustainable Development Goals

The United Nations' Sustainable Development Goals ("Goals") were created to tackle some of the world's greatest challenges, such as inequality, climate change and environmental health. In 2016, the United Nations created 17 Goals, with 169 underlying targets and a target achievement goal of 2030.

The Goals call upon every part of society – from governments and organisations to businesses and private citizens – to play a part in achieving them in order to create a better and more sustainable future for all citizens.


In developing our sustainability focus, we considered these Goals and identified a series of objectives that are relevant to our business and to which we can contribute. We identified risks that relate to achieving the specified Goals, and we continue to incorporate them into our risk management practices so that we effectively consider them in our daily operations. We also evaluated our impact in these areas and are working to maximise our positive contribution whilst minimising any potential negative impacts.

We outline on the following page some of the ways in which we are seeking to achieve the Sustainable Development Goals most applicable to our business.




UN's Sustainable Development Goals continued

7 AFFORDABLE AND CLEAN ENERGY



Access to clean, affordable, reliable and safe energy improves health, education and livelihoods, and enables and enhances economic and social development. We provide the communities in which we operate access to clean, affordable and reliable energy whilst supporting the responsible extraction of gas and oil resources from mature wells across the Appalachian Basin, thereby reducing the need for the development of new wells.

8 DECENT WORK AND ECONOMIC GROWTH



Employment is a critical route out of poverty and towards prosperity. We provide jobs that pay better than a living wage, provide excellent health and welfare benefits, and strive to provide professional growth and development opportunities for our employees. We seek local businesses to be part of our supply chain and encourage our suppliers to meet our high standards. We work with state regulators, education systems and others to offer training in order to build local skills and expertise. We also contribute to economic growth by paying taxes to regulatory authorities and royalties to mineral owners.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Our business model is to acquire mature, producing wells and complementary midstream assets. Thereafter, we strive to operate the wells in a cost-effective, prudent manner whilst returning non-productive wells to production and safely retiring those wells that have reached the end of their productive lives. We seek to maintain and upgrade our gathering and midstream infrastructures for the continued integrity of these energy systems. In addition, in keeping with the environmental stewardship philosophy of our business strategy, we maintain and improve existing infrastructure which reduces the need for additional pipeline networks.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



We aim to protect the environment and respect all that come into contact with our operations. We work hard to protect people and fauna and set high environmental standards for our operations, which include a focus on managing our emissions, water and waste, conserving biodiversity, and preventing spills and leaks. We meet and strive to exceed environmental regulatory requirements. We set high safety standards for our operations, which include ensuring that our employees are properly trained to safely conduct all aspects of our field operations.

13 CLIMATE ACTION



We strive to responsibly manage greenhouse gas ("GHG") emissions. Our efforts to reduce GHG emissions include supplying natural gas to replace coal for power generation and implementing energy-efficient measures in our operations where practical to do so. We invest in existing infrastructure and improve the integrity of these operations, thereby producing favourable environmental impacts.

How we manage our business

OUR STATEMENT OF PRINCIPLES

The following Statement of Principles forms the underlying basis on which our company was founded and to which each Director, officer and employee of DGO is expected to adhere:

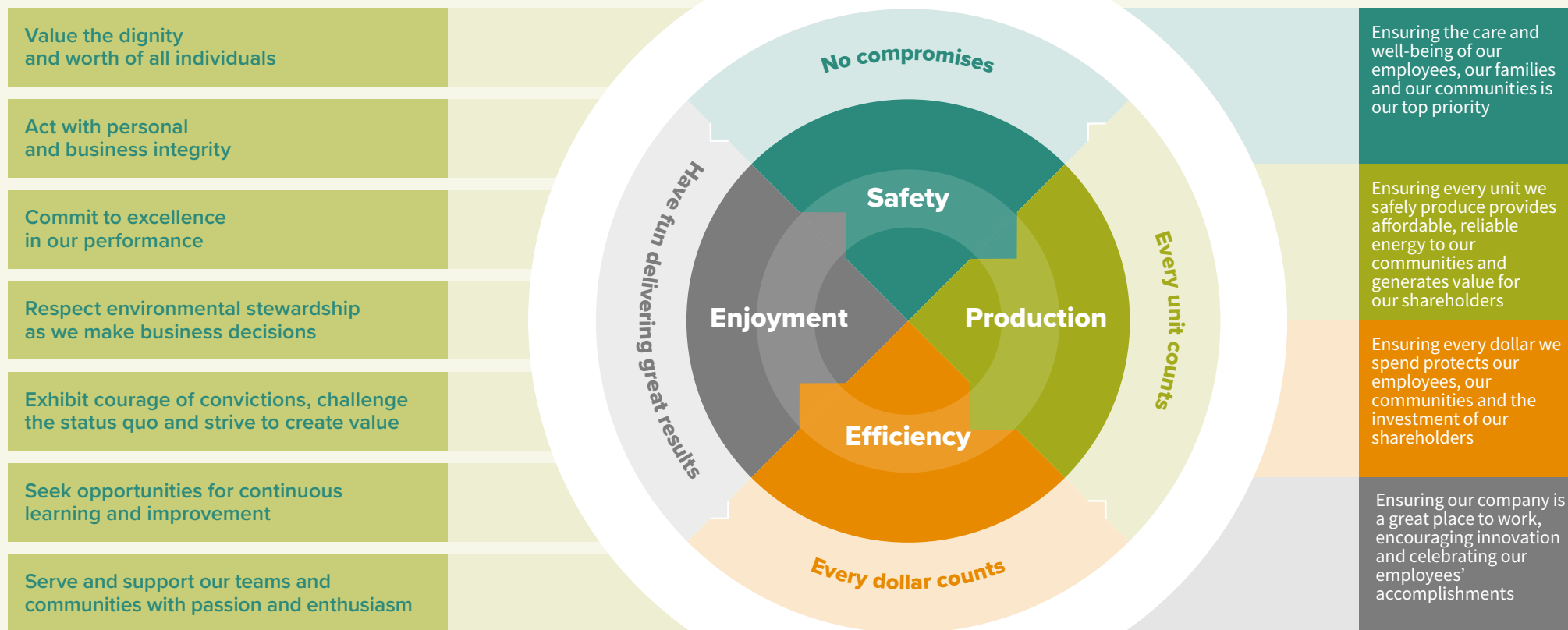
OUR OPERATING GUIDELINES

With our Statement of Principles as a foundation, we further challenge our employees to make the following operating guidelines a priority in their daily work.

OUR OPERATING PRACTICES

On the following page, we highlight how our field employees put into practice our operating guidelines in the performance of their daily activities. An important aspect of our operations is implementing environmentally sound practices as well as intentional stakeholder engagement.

We will conduct our business and deliver value to our stakeholders based upon ethical standards and beliefs that ...



A day in the life of ...

Jim and the team at DGO



Hi, I'm Jim

POSITION AT DGO:
Production Foreman

TIME WITH DGO ASSETS:
15 years

PERSONAL DEVELOPMENT AND TRAINING AT DGO:
Safe well-tending practices, safe driving practices, enhanced production techniques.

TEAM SIZE:
10

MY ROLE AT DGO:
Ensuring safe field practices, environmental compliance, and value creation through our Smarter Well Management programme, etc.



Bill

Land Operations Manager

MY ROLE AT DGO:

Ensure operational compliance with the land and mineral lease, and interact with owners to convey operational changes.



Michelle

Royalty Revenue Manager

MY ROLE AT DGO:

Ensure revenue distribution in compliance with the land and mineral lease and review royalty distributions with mineral owners.

Assets



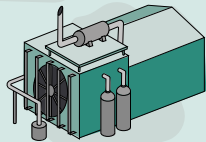
VEHICLES

Fuel-efficient service trucks promote reduced carbon emissions.

LIGHTER WEIGHT, HIGHER MPG*

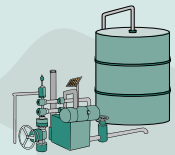
WELLS

Smarter Well Management activities increase operational efficiency and well productivity.



COMPRESSORS

Right-sized, efficient compressors ensure all produced units are delivered to a sales point.



THIS WELL IS ON PRIVATELY OWNED LAND

*Miles per gallon



1

Prepare for the day **S G**

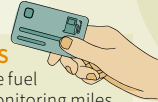
Plan the day, review team productivity, read measurement meters, ensure safety measures are prepared and address team member needs.



2

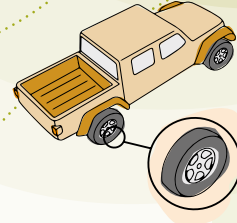
Safety briefing **S**

Tailgate talk: Informal safety meeting to confirm the site's work plan and ensure necessary safety equipment and supplies are available i.e. hard hat, fire retardant clothing, tools, etc.



ECONOMIC BENEFITS

Field employees receive fuel purchasing cards for monitoring miles per gallon and maintenance costs.



EMISSION BENEFITS

Maintained tires with good tread assist safe driving and promote reduced fuel consumption.



3

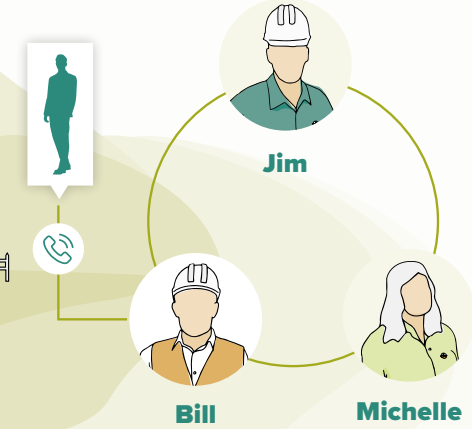
Efficient route mapping **E G**

Due to DGO's scale, Jim continually reviews the most economical routes for his well tender team. With overlapping acquisitions, Jim can consolidate and optimise his team's well maintenance routes to reduce "windshield time", increase focussed time on well productivity and reduce fuel consumption.

5

Stakeholder engagement **E S G**

One of the wells assigned to Jim's team is located on privately owned land where both the surface and the mineral rights are owned by the same individual. Jim and his team engage in active communication with the landowner to promote a trusted and transparent relationship. Jim ensures that his team maintains the well site to appropriate standards, including safe access to the site. Jim keeps Bill updated on needs for well equipment changes, well access, and pipeline and compression changes so Bill can ensure all communications with the landowner are achieved as required by the lease agreement. If the landowner has questions about his royalty distribution statement, Jim engages Michelle to assist the landowner accordingly.



4

Smarter well management **E S G**

When Jim joined DGO, he brought his significant field experiences and well operations knowledge to advance the execution of DGO's Smarter Well Management programme. Each day, Jim and his team work to improve and optimise the units of production from their assigned well sites through numerous optimisation and efficiency techniques such as lift systems, well swabbing, compression adjustments, environmentally sound chemical treatments, and gathering line consolidation and re-routes.

ESG & materiality

- E** Environmental (7, 13)
- S** Social (7, 9)
- G** Governance (8)

UN SDG

- 7. Affordable and clean energy
- 8. Decent work and economic growth
- 9. Industry, innovation and infrastructure
- 12. Responsible consumption and production
- 13. Climate action

Sustainability



Climate change

We recognise that climate change is a complex global issue that requires governments, businesses and communities working together on appropriate, achievable policies.

We are committed to playing our part in helping to meet the goal of a lower carbon world and increasing global energy demands in a way that protects the health and safety of our employees, safeguards the environment and contributes to the sustainability of the communities in which we operate whilst also delivering long-term value to our shareholders.

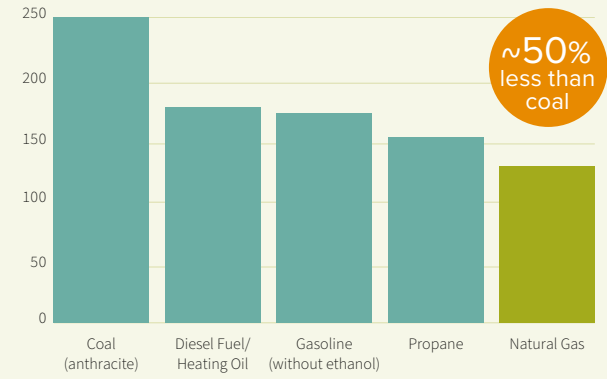
THE BENEFITS OF NATURAL GAS FOR MANAGING CLIMATE-RELATED RISKS

Natural gas must play a key role in the global economic transition to lower-carbon and renewable energy sources. Natural gas has many inherent environmental, economic and energy creation benefits when compared to other energy sources.

From an environmental perspective, natural gas emits approximately 50% lower carbon dioxide emissions compared to coal when burned. The U.S.'s transition to consuming natural gas for energy generation has had a transformational reduction in the nation's CO₂ emissions levels. In fact, thanks in large part to natural gas, the U.S. has led the world in lowering CO₂ emissions, and with the clear majority of DGO's production comprised of natural gas, we are proud to play a role in this favourable result. Approximately 99% of our 2019 production was cleaner burning natural gas and natural gas liquids.

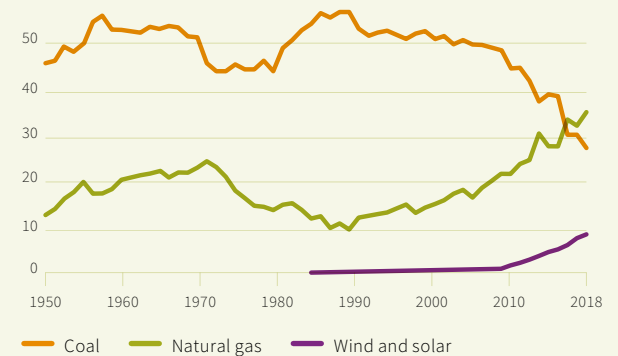
“We are committed to playing our part in helping to meet the goal of a lower carbon world and increasing global energy demands.”

CO₂ EMISSIONS BY FUEL SOURCE WHEN BURNED
Pounds per CO₂ emitted per MMBtu



Source: Energy Information Administration

NATURAL GAS DISPLACED COAL AS AMERICA'S TOP SOURCE OF ELECTRICITY GENERATION IN 2016
% share of total electricity generation

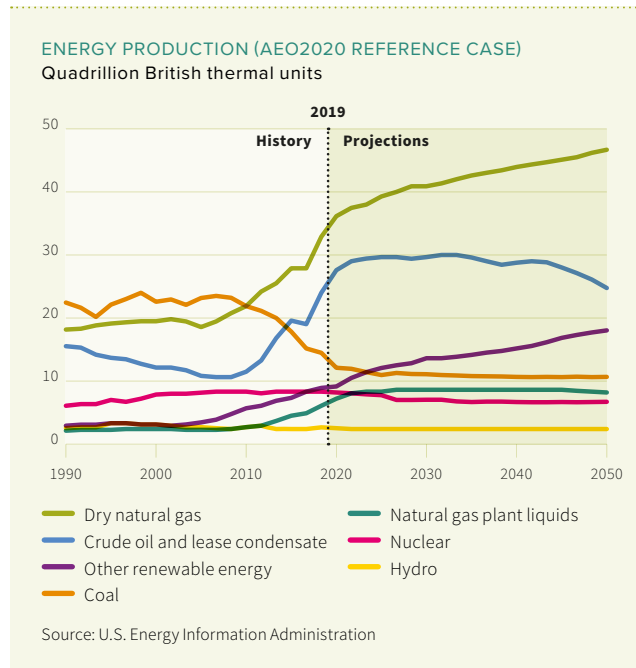


Totals do not add up to 100%. Other sources of generation are not shown.
Source: U.S. Energy Information Administration, by *The New York Times*

Climate change continued

Within the U.S., natural gas is an abundant, affordable energy source, and it represents the most significant source of non-automobile energy in the U.S. In addition to its abundance and low cost, natural gas is currently more reliable and predictable in energy generation when compared with other renewable energy sources, yet simultaneously complements and enables the adoption of other renewable energy sources. Further, natural gas has had a materially positive impact upon the local and national economies given its low cost to produce and economic benefits for consumers. For example, a recent report issued by Kleinhenz & Associates² demonstrated that end-users of natural gas in the U.S. saved \$1.1 trillion over the past 10 years through reduced prices achieved through higher natural gas production and supply.

Based on the many energy transition scenarios that exist, including those held by the International Energy Agency and U.S. Energy Information Administration (“EIA”), natural gas will remain a primary resource for future energy demand. Recognising the potential impact that future climate change regulation may have on our business and strategic objectives, we strive to responsibly and safely deliver an energy resource that is vital to meet the growing global demand for energy whilst also being a leader in the energy transition.



“After decreasing by 2.1% in 2019, EIA forecasts that energy-related carbon dioxide emissions will decrease by 2.0% in 2020 and decrease by 1.5% in 2021.¹”

¹ https://www.eia.gov/outlooks/steo/report/renew_co2.php

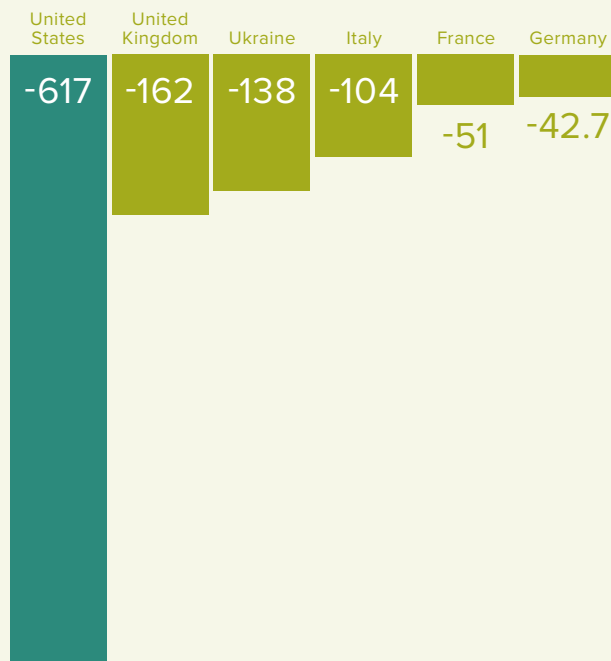
² https://onetrillionsaved.org/assets/files/092919_Kleinhenz_Associates_Natural_Gas_Savings_to_End_Users_2008-2018.pdf

Climate change continued

UNITED STATES LEADS THE WORLD IN CO₂ REDUCTIONS

The United States has been the world leader in CO₂ reductions since 2005. The Intergovernmental Panel on Climate Change, the International Energy Agency and the U.S. Energy Information Administration agree that this trend can largely be attributed to increased natural gas use, made possible by well stimulations.

CO₂ REDUCTION LEADERS: 2005-2017
(in million metric tonnes)

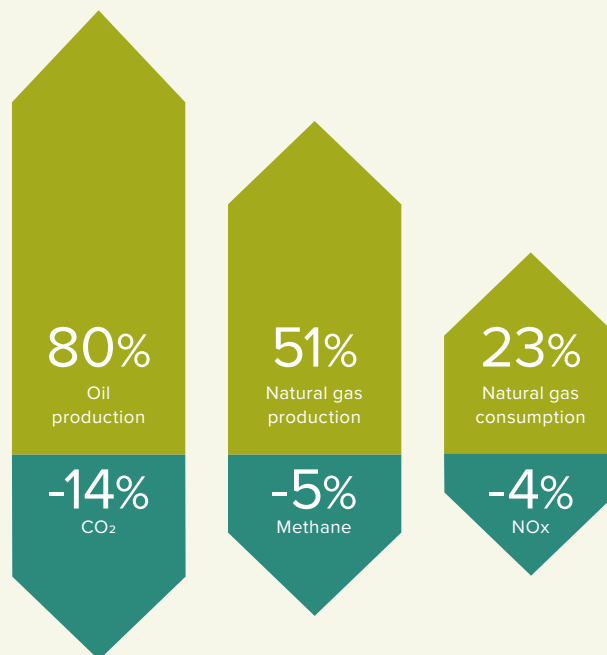


Source: 2018 BP Statistical Review of World Energy

TOTAL U.S. GREENHOUSE GAS EMISSIONS DECLINE AS OIL, GAS PRODUCTION INCREASE

Total U.S. greenhouse gas emissions fell some 12% from 2005 to 2017. During the same period, oil and natural gas production significantly increased, driven in part by the success of the shale revolution and environmentally responsible horizontal drilling.

TOTAL U.S. GREENHOUSE GAS EMISSIONS FELL 12%
2005 to 2017

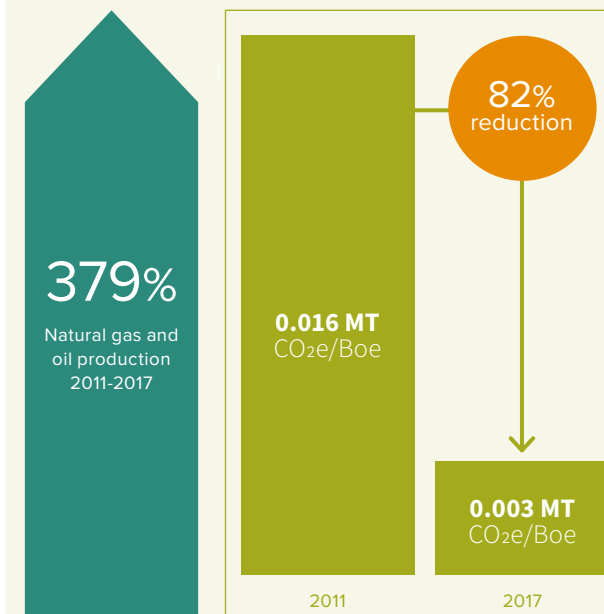


Source: www.energyindepth.org

METHANE EMISSIONS INTENSITY DECLINING IN THE APPALACHIAN BASIN

From 2011 to 2017, combined oil and natural gas annual average production grew from 322 million BOE to 1.5 billion BOE. At the same time, methane emissions from production in the basin fell from 5.3 million metric tonnes (MMT) to 4.7 MMT, resulting in an emissions intensity reduction of 82 percent.

APPALACHIAN METHANE INTENSITY FALLS 82%
(in metric tonne CO₂ equivalent per barrel of oil equivalent)



(Appalachian Basin: OH, WV, KY, TN, NY, PA, GA, AL)

Source: www.energyindepth.org

Environmental management

We take our commitment to managing the environmental impact of our business very seriously and manage our operations accordingly. We take precautions to protect the surrounding natural resources and environments and to prevent incidents. Our stakeholders expect us to protect these resources, and we set high standards of ourselves to achieve, and even to exceed, these expectations to the best of our ability.

We focus on reducing risks, maintaining compliance and seeking best practices and continuous improvement in all our operational processes. Our company has grown quickly through acquisitions, with each acquisition bringing its own set of environmental policies and practices to review and assimilate into DGO's own environmental management programme.

With a portfolio consisting of thousands of wells across multiple states, EHS management remains a top priority as we demonstrate our commitment to be a good corporate citizen within the communities in which we live and operate. We frequently review our portfolio of low-decline, mature, producing wells for projects suitable for our internally developed Smarter Well Management programme ("SWM"). This programme is a central component of our overall investment case and business strategy and reflects our belief that operational focus with a commitment to environmental stewardship is good business.

SMARTER WELL MANAGEMENT

The SWM programme is aimed at increasing the productivity of our wells whilst simultaneously improving their safety, reducing their environmental footprint and lowering the unit operating costs of all our assets.

SWM is one of our core differentiators among our peers and a daily focus for our operations employees. The foundation for SWM is our four guiding operational principles:

Safety No compromises

Production Every unit counts

Efficiency Every dollar counts

Enjoyment Have fun delivering great results

Every day we use these guiding principles to drive our successful execution of SWM and, in so doing, fully support the principles of sustainability and environmental stewardship. By actively managing our assets with time, focus, innovation, best practices and investment, we drive value for all our stakeholders, which include the communities in which we operate.

SWM KEY OBJECTIVES

Improve

PRODUCTION ON ACTIVE, PRODUCING WELLS

Return

TO PRODUCTION PREVIOUSLY INACTIVE WELLS



750

NON-PRODUCING WELLS PLACED BACK INTO PRODUCTION IN 2019

Environmental management continued

Our SWM actions can generate favourable environmental impacts in the following ways:



Lowering unchecked emissions and improving safety through continuous financial and manpower investment in the mechanical integrity of our operational equipment



Lowering emissions by reducing inefficient operational compression due to scale and synergy opportunities



Reducing miles driven by our field operations team due to our geographic scale and well density



Reducing water disposal costs with innovative water management practices



Reducing wells visits and thus miles driven by installing electronic monitoring and measurement equipment



Eliminating unchecked methane emissions via proactive pipeline surveillance

Another important aspect of SWM is returning idle wells to production. In some cases, and for a variety of reasons, these wells may not have produced for years, yet they are fully capable of producing. Through a focussed review and analysis of a well's completion and production history, we identify wells suitable for the application of SWM initiatives such as the installation of new or replacement equipment, compression or well-design optimisation, or well-treatment activities.

Our operations and production teams are highly proficient in returning wells to production and maximising their potential in order to sustain the asset and bring additional value to royalty owners, local governments and investors. By returning idle wells to a producing state, we are not only increasing value to our shareholders in the form of additional revenue, but also reducing the risk of uncaptured emissions, providing improved safety of the well, generating more tax dollars for the state and local governments, and generating royalty dollars for mineral owners. This aspect of our SWM programme is truly a “win-win” situation for all stakeholders.



Smarter well management

Supports the principles of sustainability and environmental stewardship

INPUTS

ASSET MANAGEMENT



TIME



FOCUS



INNOVATION



BEST PRACTICE



INVESTMENT

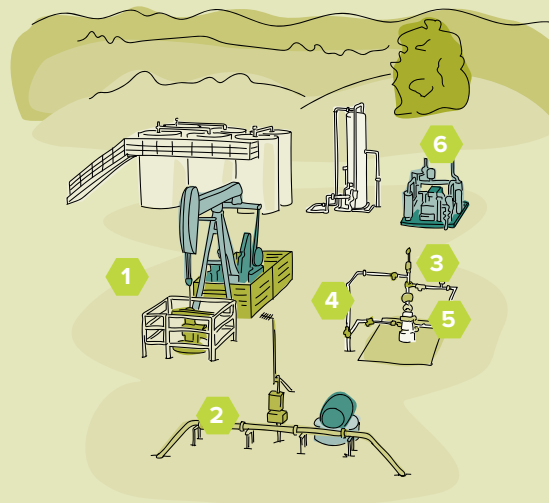
WELL APPRAISAL

Focussed review and analysis of a well's drilling, completion and production history

SWM considerations:

- Production history
- Completion process,
- Maintenance history
- Non-production period
- Well depth and age
- Offset well performance

PROGRAMME INITIATIVES



SUSTAINABILITY BENEFITS



EMISSIONS MANAGEMENT



WATER MANAGEMENT



SAFE OPERATIONS



LEAK DETECTION AND REPAIR

OBJECTIVE

Dedicating focussed attention and resources

Identifying wells suitable for **SWM** initiatives

Increasing the productivity of our wells whilst improving their safety and reducing their environmental footprint, thereby lowering the cost per unit of all wells in the portfolio

Promoting sustainability and environmental stewardship

1

PUMP JACK INSTALLATION

For wells with higher oil production potential or consistent water production, our operations team manages the well to reduce casing pressure by installing a pump jack set to run on an optimised cycle to maximise produced oil or water.

2

SETUP OPTIMISATION

Our operations team reconfigures wellhead setup (which is usually accomplished by relocating sensors closer to the well) to significantly increase well up-time.

3

ANNULUS / TOP MANAGEMENT

Through our extensive review of specific well equipment and operational statistics, we determine that configuration changes to well equipment are necessary to improve production. We specifically target wells that have not produced for a period of time. After completing an evaluation, our operations team may decide to plumb the annulus into the flow line to establish a steady production rate from the well.

4

PLUNGER LIFT SETUP

Our operations team installs plunger lifts, which decrease the fluid load on the well and allow gas to flow more freely. The plunger lifts run on a schedule uniquely tuned to the specific dynamics of each well.

5

WATER / CHEMICAL TREATMENTS

Our operations team treats the casing and tubing with fresh water, salt and soap sticks, which can significantly improve the overall gas flow from the well.

6

WELL HEAD COMPRESSION

Compression can be costly and is utilised only after several other optimisation methods have been exhausted. Our operations team may add or increase compression on the well to assist production levels if they determine that the flow potential and economics of the well will support the cost of the change. The team may connect a single compressor to a single well or may link a single compressor to multiple wells.

Emissions management

GREENHOUSE GAS EMISSIONS

We acknowledge the concerns surrounding the impact that GHG and other air emissions have on global climate and air quality and are cognisant that market changes may occur as climate-related laws and regulations evolve, guided by global agreements and U.S. policy. Through the leadership and oversight of our Sustainability and Safety Committee, we are confident that our plans and actions will be focussed on business practices that will benefit the environment.

For DGO, environmentally friendly business practices begin with our business philosophy and strategy – to take mature, primarily natural gas-producing assets and improve them, making them more sustainable, more productive, and safer, until the end of their full productive lives. Our operational SWM programme allows us to enhance the efficiency of our wells whilst simultaneously improving their environmental performance through the implementation of infrastructure upgrades. By focussing our acquisition strategy and portfolio operations on

existing, long-life wells, as contrasted to a portfolio developed solely by drilling new wells, we reduce the need for and impact of the development of new fields and thereby reduce the introduction of new sources of emissions into the environment.

Our growth over the last three years has provided us with not only many opportunities to improve the assets acquired from other operators, but also the important task to aggregate and integrate significant amounts of data and operational information. The acquisition information we obtained came to us in many forms and in many different digital systems, making it a difficult task to achieve consistency of information across the expanded portfolio. Later in this Report, we share information about the transformational technology investments we made during 2019 that created a single, integrated data framework – ONE DGO.

Our ONE DGO platform, fully implemented in the fourth quarter of 2019, has created a significantly enhanced asset and operations data set, including information needed for

the calculation of CO₂ emissions. The methodology for calculating CO₂ emissions inherently includes varying levels of estimations and assumptions, many of which require a robust set of consistent data inputs. Because of our ONE DGO technology platform, we are positioned to improve the precision of our emissions calculations, and we fully anticipate achieving this objective in our year-ended 2020 Sustainability Report.

Our Scope 1 and Scope 2 CO₂ emissions are primarily the result of operating over 60,000 mature wells and several hundred compressor stations located throughout an expansive geographic base. The output of CO₂ emissions at any one well or compressor location is generally not significant and is, in many cases, intermittent.

In addition to the CO₂ emissions generated by our wells and compressor operations, we also generate CO₂ emissions from the operation of our vehicle fleet. Given the geographic expansiveness of our producing-well portfolio and midstream infrastructure throughout the Appalachian Basin, we utilise a large mobile fleet of vehicles to access our assets. However, we have significant opportunities to gain efficiencies in service routes, employee time and vehicle use due to the overlapping nature of our acquisitions in the basin, thus optimising vehicle fuel usage and costs and reducing emissions as compared to the wells' multiple previous owners.

“For DGO, environmentally friendly business practices begin with our business philosophy and strategy.”

Emissions management continued

In a further effort to optimise fuel costs and reduce our carbon footprint, we are actively engaged in a fleet replacement programme through which we are purchasing lighter weight, more fuel-efficient vehicles. We provide our field employees with fuel purchasing cards that allow us to monitor miles per gallon, fuel consumption and maintenance costs. We aim to have our field vehicles in a safe operating condition and up to date on maintenance in order to further lower fuel consumption, in addition to provide our employees with a safe mode of transportation.

For this 2019 report, we diligently aggregated significant volumes of data from the different systems that we acquired and provided this information to our emissions consultants. Our consultants have decades of experience interacting directly with the U.S. Environmental Protection Agency as well as aggregating and calculating GHG metrics, and they have worked closely with us to do the same during our recent years of significant growth. Working with our consultants and being very keen not to understate the potential CO₂ equivalent (“CO₂e”) emissions produced by our operations, we chose to utilise conservative estimates in our initial reported calculations which are acceptable by the standards of the Intergovernmental Panel on Climate

Change (“IPCC”). Our total Scope 1 and Scope 2 GHG emissions for 2019 were 2.6 million metric tons, resulting in a GHG intensity factor of 0.014 metric tons of CO₂e per million cubic feet equivalent of production.¹

AIR COMPLIANCE FOR COMPRESSOR AND PIPELINE OPERATIONS – LEAK DETECTION AND REPAIR (“LDAR”)

Our adherence to U.S. state and federal air quality standards is a critical component of our compression operations, which are vital to getting our gas to market to serve our customers and bring value to our investors. We conduct LDAR tests on our applicable compressor stations in order to detect methane leaks from the mechanical operations of the facilities. We utilise monitoring equipment as well as visual inspections to search for any unexpected leaks of natural gas. We repair all detected leaks as they are discovered, thus mitigating methane emissions and thereby delivering more natural gas to our sales points for the benefit of our end users.

Our business strategy, along with our SWM programme, supports our commitment to lower GHG emissions. For example, as we aggregate producing properties, once

separately operated, we have multiple opportunities for combining gathering systems. When we connect these gathering systems, fewer compressors are required, resulting in energy savings, reduced emissions and improved efficiency. During 2019, we eliminated 18 compressors and 7,700 horsepower from our midstream operations which generated tangible and real emissions reductions.

Our second operating principle – “PRODUCTION . . . every unit counts”- guides our teams to efficiently produce as many units as possible, in a safe and environmentally responsible manner, for delivery to appropriate sales points. Specifically, with natural gas deliveries, our teams are keenly focussed on reducing and eliminating shrink, or loss in the gas stream, which may result from potential pipeline leaks. By reducing product shrink, we deliver more commodity to our end users, increase gas sales, reduce emissions, and create value for our stakeholders.

¹ All emissions estimates are calculated using published EPA emission factors and best engineering methods. The EPA uses emission factors to represent average emission rates for equipment such as pneumatic controllers, pneumatic pumps and equipment leaks. These factors were set in the 1990's. We have chosen to utilise a study published by the Environmental Defense Fund and the University of Texas which have shown emissions are lower than the early factors reflect.

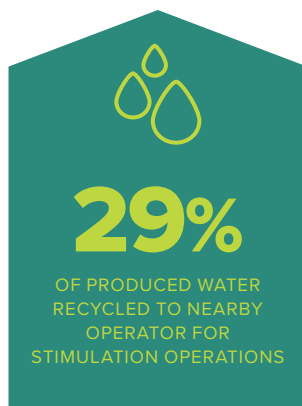
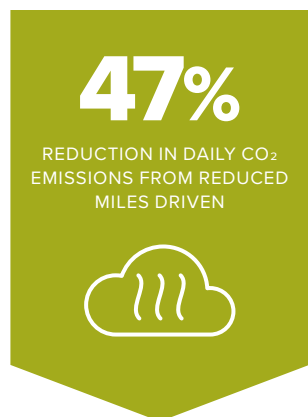
Water management and disposal

We recognise that it is important to the communities in which we operate to know that their water sources, for both consumption and recreational use, are protected. The effective management of water is an important aspect of our business operations, and we strive to deliver water management practices that are environmentally sound and cost-effective.

Within the gas and oil industry, water management is typically necessary during the development of a well (where water is used in the drilling and stimulation process) and thereafter in the production of a well (where non-potable water may be naturally produced in addition to natural gas or oil). Because our strategy and existing operations are not currently focussed on drilling new wells, we do not engage in the practice of obtaining or extracting fresh water from natural sources for use in our operations. Rather, we focus on the disposal of produced water in adherence to state and federal regulations.

Across our portfolio, we are assessing opportunities to provide our produced water to recycling enterprises or, where recycling is not an option, we strive to dispose of the produced water in suitable, nearby disposal locations. By identifying proximate disposal options, we can reduce the potential requirement for the extended transportation of produced water, resulting in tangible economic and operational benefits to our company and our surrounding communities as well as lowering carbon emissions from the reduced use of vehicles for water transportation.

Where geographically feasible, and as part of a safe and long-standing practice in the U.S. gas and oil industry, we currently inject our produced waste water into disposal wells designed to receive such water. Additionally, where applicable, we supply our produced water to development companies that are drilling and stimulating new wells. This reuse of produced water allows those companies to reduce the amount of clean water they would potentially draw from other fresh water sources and further allows us to reduce transportation and disposal costs as well as related vehicle emissions since the water is transported shorter distances.



“I’ve worked in the gas and oil industry for 34 years, primarily as a contractor providing water management, disposal and recycling services. During that time the industry’s perception of produced waste water has evolved from a necessary by-product with little to no environmental impact to an issue that requires focussed attention.”

“Minimising environmental impacts and focussing on safety in its water management practices has been a priority for years at DGO. The Company is dedicated to expanding its recycling and reuse efforts across its footprint whilst simultaneously reducing the amount of time its water disposal trucks spend on the roads.”

“Good water management will not only reduce costs and prevent liabilities, but will also promote increased production, which is why it is a significant aspect of our Smarter Well Management programme.”

PAUL HART
Director of Environmental Services

Spill prevention and management

Our exposure to significant environmental incidents from spills of liquid products is minimal, given our current production profile of 90% dry natural gas. Approximately 9% of our total production is natural gas liquids, which are processed at facilities managed by third parties. For the remaining 1% of our production that is subject to crude oil storage and regulation, we implement practices and processes that are in compliance with the applicable regulations. In the event that we do experience an unexpected release of oil or waste water from a well site storage facility, we act in accordance with our safety and environmental practices, recording and reporting all incidents as required by state regulation, and complete appropriate reclamation of the affected area.

We have developed spill preparedness and response plans for our applicable production and midstream assets. Specifically, we have Spill Prevention, Control and Countermeasure (“SPCC”) plans for our regulated liquids storage facilities that deliver effective processes and systems in order to mitigate potential environmental incidents.

Although the nature of our producing wells and the associated infrastructure has an insignificant liquids component, we take seriously the responsibility for spill prevention and conduct annual SPCC training and

review sessions with our senior management and operational personnel. These sessions are designed to review our plans, address necessary changes in our asset portfolio, and update our plans accordingly.

To support a quick and effective response to any incident, we maintain open and active dialogue with our respective state regulatory agencies, communities, landowners and emergency response organisations at the local and regional levels.

We are constantly striving to improve our programmes that focus on spill prevention. To eliminate spills that may result from equipment maturity and integrity issues, for example, we continue to enhance our inspection, maintenance and surveillance programmes. These can include upgrading external corrosion protection, the use of corrosion inhibitors, and the replacement or redesign of pipelines and storage tanks.

In 2019, for spills that met the criteria for reporting to a state agency, we experienced a spill incidence rate of less than one tenth of 1% of our number of wells. Further, 63% of the reported spills that occurred in 2019 represented volume levels of less than one barrel each.

HIGHLIGHTS

<0.1%

SPILL INCIDENCE RATE FOR REPORTED SPILLS PER NUMBER OF WELLS

<1 barrel

SPILL VOLUME LEVEL ON 63% OF REPORTED SPILLS

Biodiversity

The Appalachian Basin is the oldest natural gas and oil producing region in the U.S. The natural gas and oil assets which we manage have been a part of the communities in which we operate for years, decades and, in some cases, nearly a century. Our assets are located throughout the Appalachian Basin in remote forests, on working farms, near homes, schools, churches, golf courses, businesses, state parks and, in some cases, on federal lands. Simply put, it is where our employees live and work, so we strive to safely operate our producing assets and midstream systems in a manner that is respectful to our surrounding communities and the biodiversity within them.

We are not an active driller of new wells in the Appalachian Basin, as our core strategy is to acquire and operate existing gas and oil wells. Accordingly, our interactions with the ecosystems within our operating areas are typically limited to the access and maintenance of existing assets as opposed to the development of new, deeper wells. At the appropriate time, through our Safe and Systematic Asset Retirement Programme, we safely and permanently retire uneconomic wells and responsibly restore those well sites to their original and natural condition.

Wildlife protection



With a substantial acreage position of nearly eight million acres, we recognise the recreational opportunities this acreage provides our surrounding communities as well as the necessity to protect and enhance the ecosystems that exist within it. Under a 99-year arrangement and at effectively no cost to the state, we lease approximately 2,500 acres to Tennessee for inclusion in its more than 140,000 acres North Cumberland Wildlife Management Area. This outdoor recreational area is popular for hunting, camping, hiking, horseback riding, bird watching and wildlife viewing. The area, including our own acreage, is also home to one of the largest elk herds in the eastern U.S. As we do for all assets across our entire footprint, we maintain our wells within this acreage mindful of the impact our operations have on the ecosystems with which we interact.

Aquatic protection



We take seriously our commitment to the preservation of biodiversity and always strive to minimise our impact on the environment. For example, when retiring a gas well during 2019 on forest land of the Pennsylvania Department of Conservation and Natural Resources, we constructed a temporary bridge over the entire span of a native trout stream. Whilst an in-stream work permit was available to physically cross the stream with our required project equipment, the bridge eliminated any disruption to the stream or its aquatic life. Further, we used 100% biodegradable “filter sock” protection so that any potential mud from our plugging efforts would not inadvertently reach the stream. In rehabilitating the site, our asset retirement team also engaged with the state land agencies to ensure that preferred practices and materials were used to enhance wildlife recovery on the well pads. The Pennsylvania Department of Conservation and Natural Resources was highly complimentary of our environmentally conscious actions.

Safe and systematic well retirement

Consistent with our business strategy and our reputation as a leading operator in the region, we are committed to environmental stewardship as evidenced by the personnel and financial resources dedicated to meeting or exceeding our asset retirement obligations. We anticipate that during the ordinary course of business we will have opportunities to retire additional wells and did so during 2019 where we exceeded the 93 well retirement obligation by retiring a total of 105 wells. During 2019, we

also worked cooperatively with certain state regulatory agencies to create new or to bolster existing asset retirement agreements. These agreements provide certainty to the states regarding our commitment to fulfil our obligations as an operator of mature wells whilst providing all parties, including our shareholders, with long-term visibility of our asset retirement activities, the related liabilities and our ability to fund the retirements.

We continually strive to design our asset retirement programme as a reflection of our stewardship commitment. Each project plan is uniquely designed for the most efficient and effective permanent closure of the well rather than using a “one size fits all” design. We employ a competitive bid process to select vendors for our projects. Our bid process considers capabilities, safe operating history and price. We schedule retirement activities in proximate geographic areas to reduce fuel consumption from the movement of our equipment. We hire local, qualified contractors, which generates financial benefits for the community. We work closely with landowners and state agencies to minimise surface area impacts whilst also ensuring that well sites are reclaimed to appropriate standards.

To determine which wells meet the criteria for asset retirement, we use a systematic approach which importantly begins with the immediate retirement of any well that poses a safety or environmental concern. In all other circumstances, our decision to retire a well is based upon each well’s remaining economic productivity or other relevant factors.

LONG-TERM AGREEMENT WITH STATES

PENNSYLVANIA

15-year agreement

KENTUCKY

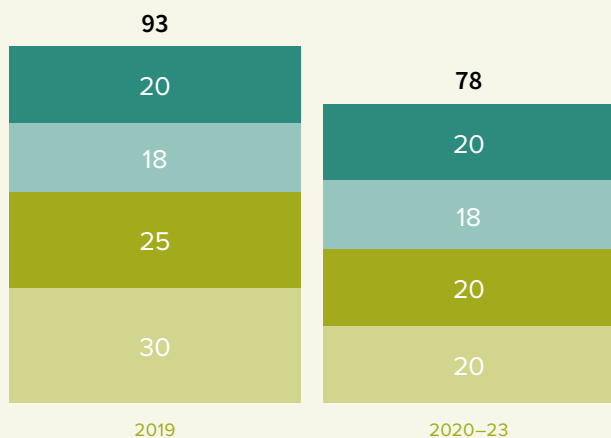
10-year agreement

OHIO

5-year agreement

WEST VIRGINIA

10-year agreement



“In full compliance with our retirement agreement with the Commonwealth of Kentucky, we retired 25 wells during 2019. Each time we retire a well, we improve our retirement processes, ultimately helping us to reduce costs and shrink our environmental footprint.

“We also continually evaluate wells that have been non-productive in recent years to determine if we can put them back into production rather than retire them. In Kentucky alone, we brought 63 wells back to production that may have otherwise been retired. It’s a win for the Company, the royalty owners, local governments and our investors.

JEFF MAST
Production & Plugging Specialist

Asset retirement

Our Safe and Systematic Asset Retirement Programme reflects DGO's solid commitment to:

- A healthy environment**
- The community and its citizens**
- State regulatory authorities**

The Company is committed to doing things the right way – **the DGO way.**

Our Safe and Systematic Asset Retirement Programme was created with strict regard to regulatory requirements and plugging agreements held with each primary operating state.

105
WELLS RETIRED
DURING 2019

RESPONSIBLE STEWARDS

Stewardship involves environmental, social and economic considerations.

The Company takes seriously its commitment to stewardship, using a systematic process to identify wells ready for retirement:

- **Safety or environmental concern**
- **State's retirement list**
- **Non-producing wells**
- **Other relevant factors**

EXPERT AND EFFICIENT OPERATORS

In strict adherence to the state's retirement obligations, DGO retires wells using a well-specific design process:

1 PLAN	Plan plugging job specific to well depth, location and well type
2 PREPARE	Prepare the site and well for plugging
3 REMOVE	If applicable, remove the production tubing
4 SET	Set bottom-hole plug to establish foundation for plugging job
5 FILL	Fill well bore with cement to permanently seal the well
6 RESTORE	Remove equipment and restore natural surface

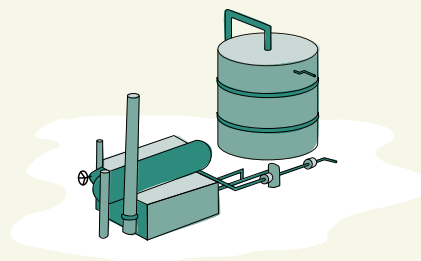
REDUCTION OF ENVIRONMENTAL FOOTPRINT

It is the desire of DGO to return each retired well site insofar as possible to its original and natural condition.

The Company works closely with landowners and regulatory authorities to meet all expectations when retiring wells, restoring well sites and reducing the environmental footprint of our operations.

Beginning in 2020, DGO will plant at least one tree (or donate an equal amount of funds accordingly) on every well site at which the Company permanently retires a well.

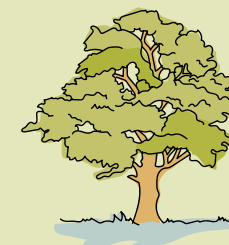
NON-PRODUCING WELL



HIGHLY SKILLED & EXPERT TEAM



PLUGGED WELL & REHABILITATED WELL PAD



Our employees



Our employees

We are committed to our greatest asset, our employees, by providing a stable work environment with opportunities for learning and personal growth, and creating an atmosphere that fosters safety, opportunity, enjoyment, and personal well-being. We strive to treat each person with whom we interact with dignity and respect.

We have grown rapidly over the past three years through our successful acquisitions and, in so doing, we've welcomed hundreds of new employees to the DGO family.

During this time, we increased the capacity and capabilities of our internal Human Resources team to enhance our response to personnel issues such as staffing and recruiting, employee compensation and benefits, and performance appraisal. We also conducted a thorough review of our priorities to check that we are meeting the requirements of a growing workforce and that we are strategically enhancing our ability to compete in our industry.

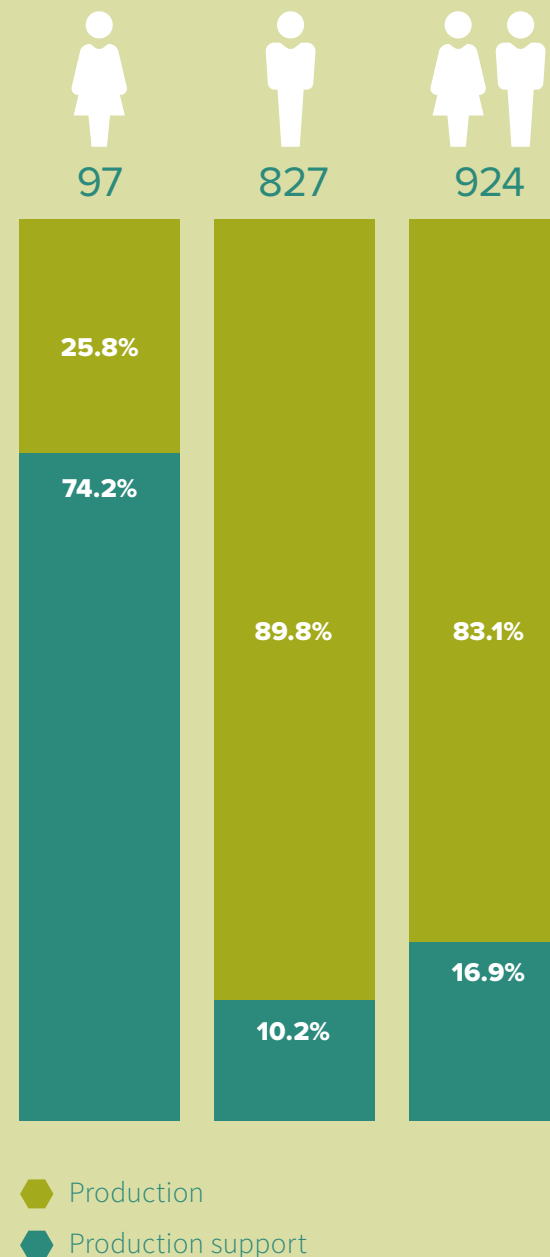
Whilst our operational employees have a deep appreciation of the risks that come with managing gas and oil assets, we maintain compliance with required regulatory training and strive to deliver other relevant training that meets the exacting standards expected at our company. This training is accompanied by a comprehensive Employee Handbook that covers everything from EHS to our standards for ethical behaviour.

We recognise that robust environmental stewardship and financial profitability are not mutually exclusive. Our employees are empowered to bring ideas to the table to help us operate the business as effectively as possible, responsibly investing in our assets in efficient operations and maximised production, whilst doing so in a safe and environmentally conscious manner.

Many of our employees have years of experience in the industry, and this intellectual capital is critical to meeting our corporate objectives. Our employees' experiences feed our entire operating ecosystem, from our Smarter Well Management programme to our Safe and Systematic Retirement programme, and everything in between.

DIVERSITY AND INCLUSION

Within the DGO family, we aim to create an environment of acceptance and inclusion, where our employees are treated equally and without discrimination. Our first Statement of Principle is to "value the dignity and worth of all individuals", and our Employee Handbook sets out strict guidelines for professional conduct that we expect all employees to exhibit. Each employee is provided with a handbook on entering employment and is encouraged to revisit it on a regular basis. Our employee base has significantly increased over the last three years as a result of our acquisitive growth, and it is our desire to create a work environment that encourages every one of our employees to achieve his/her full potential.



Our employees continued

We are an Equal Opportunity Employer that does not discriminate on the basis of actual or perceived race, colour, religion, alienage or national origin, ancestry, citizenship status, age, disability, sex, marital status, pregnancy, veteran status, sexual orientation, gender identity, genetic information, or any other characteristic protected by applicable law. Our management team is dedicated to this policy with respect to recruitment, hiring, placement, promotion, transfer, training, compensation, benefits, employee activities and general treatment during employment.

Our current workforce consists of 924 employees working across seven states. As our business strategy is based on acquiring and optimising producing gas and oil wells, we place our employees in two categories of function. These categories are Production, which includes our upstream and midstream field employees; and Production Support, which includes all other employees. The gender mix of our Production employees consists of 3% female and 97% male whilst our Production Support employees consist of 46% female and 54% male.

EMPLOYEE WELL-BEING

The well-being of our employees is important to us and critical to our continued success. We provide our employees and their dependents with access to excellent health and welfare benefits at very competitive rates or even zero cost. Through a recognised third-party provider of social assistance, we provide an Employee Assistance Programme, at no cost to the employee or the employee's dependents, which is available 24 hours per day, seven days a week. These services range from legal advice to academic support and counselling.

We are committed to cultivating a happy and engaged workforce and an environment where all employees feel valued and supported in the work they do. We believe the best way to improve our engagement with employees is to listen to them, thus we support an "open-door" communication policy at all levels in the Company. We believe this policy helps to foster a unity of purpose, promote idea sharing and transparency, and improve productivity.

We also provide employees with access to a third-party reporting and compliance mechanism that facilitates the anonymous reporting of perceived illegal, unethical or improper conduct, should employees prefer to forgo the open-door policy.

TRAINING AND DEVELOPMENT

We recognise that it is in the best interests of our company to invest in our employees' professional development. Safety training is provided to all field employees on quarterly basis and is closely monitored to achieve adherence to internal expectations and external requirements. Our employee and contractor training programmes cover accident prevention, protective equipment, safe operating practices, and chemical material precaution and workplace hazards. We follow U.S. Occupational Safety and Health Administration ("OSHA") standards and regulations, offering new-hire training and regular courses for employees and contractors. We provide additional desktop and field training on numerous focussed topics to improve safety performance and wellness.

In addition to workplace safety training, we are committed to training our employees on best practices in the different disciplines in our business. We believe in the importance of growing the skills of our employees. For our production-focussed employees, our SWM programme not only drives improved operational results, but also creates educational and development opportunities to gain additional knowledge and skills. In addition to traditional field operations practices, we are also continuing to invest in technology to drive additional value for our stakeholders.

"Working at DGO offers me a great career in the oil and gas industry, doing a job I love, while still allowing me to maintain a strong family life. We are well looked after as a workforce, with a great benefits package; financial security, now and into the future; and the comfort and security of comprehensive healthcare support."

GLENN WILSON

Lease Operator II

Our employees continued

The technology investments we are making provide numerous educational and professional skills opportunities for our many production-focussed employees.

RESPECT FOR HUMAN RIGHTS

We recognise our responsibility of respecting human rights and this approach applies to all our employees and contractors as well as within our supply chain. We have a zero-tolerance approach to human rights abuse and modern slavery and seek to operate in accordance with all applicable U.S. human rights rules and labour laws.

SAFETY

The safety of our employees, our contractors and our communities is at the heart of everything we do. Safety is our number one priority as reflected in our guiding operational priorities – “SAFETY...no compromises”. This concept relates to the physical safety of our employees as well as the safety of local communities. We are committed to ensuring we operate our business safely, and we have focussed safety employees as members of our EHS team that place safety at the forefront of every operating practice.

As an important part of our safety commitment, we supply our employees with the necessary safety equipment to protect their well-being. This safety equipment includes fire-retardant clothing, hard hats, eye protection, hearing protection and steel-reinforced footwear. Depending on job requirements, field employees are also issued task-specific safety equipment in addition to the standard issue equipment. We require all field employees to complete safety and risk mitigation training and continuing education, and they are further trained in first aid and CPR. We have an experienced and professional workforce; however, we will never allow complacency to have an impact on our safe business practices.

Our dedicated safety professionals have regular calls with the operational staff, and each call starts with a discussion on safety hazards that could occur based on current and anticipated weather conditions and the tasks to be performed. During these conversations, participants discuss and analyse any recent incidents with the safety and environmental teams, reviewing root causes and identifying required action or process changes in order to avoid a repeat of the incident in the future. Follow-up action of incidents is key as both a training exercise and further development of best practices.

“A safe environment underpins our ability to work effectively and efficiently and builds trust in the communities where we operate. I believe that any successful company must have a comprehensive and consistent safety programme to survive and thrive in today’s heavily regulated and scrutinised gas and oil industry. Safety has and always will remain central to how DGO operates.”

LISA RAFFLE
EHS Manager

Our employees continued

Given the remote locations of certain of our wells, we are in the process of installing GPS units in all Company vehicles for the primary purpose of safety and the location of our employees.

DRIVER SAFETY

With more than 60,000 gas and oil wells and over 12,000 miles of natural gas gathering and transporting pipelines across the Appalachian Basin, our well tenders and other field employees can spend a significant portion of their day in their vehicles. In addition, access to some well sites may require the use of all-terrain vehicles (“ATVs”) or other heavy equipment. Thus, road safety awareness and safe driving are of paramount importance to us. We spend considerable time ensuring route efficiency for these employees, which reduces not only miles driven, and consequently our emissions footprint, but also time spent behind the wheel. At different times of the year, we offer additional driver safety training for those employees who are required to access wells in remote locations in challenging terrain and weather conditions. Our goal is to achieve ZERO safety incidents.

In addition to our robust training programmes, we have an extensive incident reporting and monitoring process. Our senior operations and EHS leadership teams review results with a specific emphasis on root causes and changes to mitigate future incidences. We review the root causes of incidents with our team of experienced professionals and we strive to create solutions and education programmes that incorporate the lessons we learn from our reviews. We are committed to removing the risk of complacency from the daily routines of our employees, thus we use the lessons we learn from our reviews to reinforce that we will not accept compromises in our efforts to achieve safe operational practices.

The two primary metrics we track and monitor, as related to safety, are the Total Recordable Incident Rate (“TRIR”) and avoidable vehicle incidents. The metric TRIR is a U.S. mathematical measure of occupational safety and health, defined as the number of work-related injuries per 100 full-time workers during a one-year period. For 2019, we are pleased that our TRIR of 2.06 was favourable to our goal of 2.50. In 2019, our field operations employees drove over 12 million miles whilst only incurring 12 avoidable vehicle incidents. Although our goal is ZERO avoidable vehicle incidences, the incidences in 2019 did not result in significant injuries to our employees or third parties.

“The potential for personal growth and the focus on training and development at DGO has created a great working environment and enhances long-term job security. And this culture is closely linked to the company’s business model and the strong future that we are capitalising on by focussing on mature assets that still have a lot of valuable natural gas to deliver.”

NICK BALLA
Lease Operator II

Our employees continued

PROCESS SAFETY

Certain of our facilities are regulated as Process Safety Management facilities as defined by OSHA. As a result, we have rigorous plans to verify safety processes at these facilities. For our non-regulated facilities we have a comprehensive internal framework for maintaining asset integrity which focusses on the prevention and control of any event that has the potential to result in a hazardous release.

In order to minimise the number of process safety incidents, we provide our personnel with the best possible training, follow rigorous and disciplined operating procedures, and provide a supportive environment for the reporting of such incidents.

We've invested in technology to help us achieve a safe and productive operating environment, including thousands of measurement points that provide real time data on the flow of our gas throughout our operating systems. We monitor the flow and volumes of produced products through a linked network of radio towers, cellular devices, and well head and storage tank gauges.

EMERGENCY PREPAREDNESS

Our safety programme is designed to help prevent incidents from happening. However, we also prepare to respond quickly and effectively to any emergency that may occur by engaging our employees in emergency preparedness and response exercises that simulate potential emergency events.

This emergency preparedness and response programme is designed to allow our employees to respond to actual or threatened injuries to people, spills or releases to the environment, or damage to our assets or third-party facilities.

Our emergency preparedness practices involve our crisis communication teams; engagement with government, regulatory officials and communities; emergency facilities; and response plans. We hold training sessions and exercises to define and clarify roles, responsibilities and resources. Continuous improvement is an essential element of our emergency preparedness and response plans. We incorporate lessons learned from exercises and incidents into our preparedness planning, training and future exercises.

“Recently, several pipeline employees were deployed on a safety call to repair a pipeline that had been impacted by a road contractor. The working conditions were really harsh due to the weather and terrain. I was able to see the years of my team’s safety training in action yesterday under very difficult conditions. Our team knew what to do and how to do it safely – from setting up air removers to hot work permit – it was all like clockwork. There was not one time that I was concerned because we knew what to do, and we did it. Most importantly, we all worked together to maintain the safety and care of each other. We truly were our ‘brother’s keeper’ during this event.”

ROGER WILLIAMS

Kentucky Pipeline Foreman

Our communities



Our communities

SOCIO-ECONOMIC IMPACT

We are one of the largest gas and oil producers in the Appalachian region and make a material contribution to the local economy through the payment of employee salaries, royalties to land and mineral owners, taxes to local governments, and payments to local vendors in our operations.

We work with state and local governments to support the communities in the areas where we operate and support community programmes. The communities are often rural areas with limited employment opportunities, which means we can make a real difference in our local communities. Not only do we provide jobs at competitive salaries to over 900 families in our areas of operation, but we also offer comprehensive healthcare benefits that can significantly improve the quality of life for our employees and their families.

We recognise the industry needs to develop and attract talented individuals so that it continues to be productive, innovative and successful. As such, we monitor the

demographic of our own workforce and are cognisant that we must continue attracting skilled personnel to support the long-term ambitions of the business. To support local families and to encourage students to enter the gas and oil industry, our company funds college scholarships for students at three secondary educational institutions within our operating footprint: Fairmont State University, Indiana University of Pennsylvania and Marietta College. The Company provides annual scholarship awards of \$2,500 each to 12 deserving, rising college seniors who are earning degrees in gas and oil focussed programmes.

During 2019, through a partnership with West Virginia University, our company served as the leading corporate sponsor of a safety and emergency response training programme for 400 West Virginia high school seniors interested in pursuing careers in the gas and oil industry. The training was coordinated through the West Virginia University Safety and Health Extension Service and included topics such as on-the-job safety, health hazards, emergencies, materials handling and protective equipment; ATV safety and certification; first aid and CPR; and job readiness.

***“Our students will benefit tremendously from this generous investment, and we are very grateful to DGO for its support.*”**

JULIE R. CRYSER

President, Fairmont State Foundation

***“As the oil and natural gas industry continues to provide job opportunities for young adults, we want to ensure that those workers are aware of, and able to safely handle, serious hazards that can accompany those jobs. We are thankful to DGO for the time and resources dedicated to our programme.*”**

TIFFANY RICE

Adjunct Instructor, West Virginia University, Safety and Health Extension Service

Our communities continued

INDUSTRY ASSOCIATIONS

We encourage our employees to become actively involved in industry associations in their respective operating areas. By leading, participating in and championing a variety of these organisations, we believe that our support of the energy industry's associations adds value to our business through the sharing of operating best practices, technical knowledge and legislation updates, ultimately to the benefit all our stakeholders. With our active participation, we are able to encourage and support our industry in a way that protects the best interests of our stakeholders.

As an example, our employees are actively involved in the leadership of the Independent Oil and Gas Association of West Virginia and have worked with this association and other stakeholders (including state regulators and surface owners' advocacy groups) to support legislation that will create a robust fund to assist the regulators in remediating legacy, old facilities that were abandoned by their owners.

LAND AND MINERAL OWNER ENGAGEMENT

Land and mineral owners are very important stakeholder groups for our company and are quite unique to the U.S. operating environment. Depending on the circumstances, each landowner may own everything on and under the surface of the property's defined boundary or may only own the surface of the property whilst another party could own the subsurface minerals on that property. Mineral interest owners, whether also landowners or strictly subsurface interest owners, are entitled to receive royalties for their ownership share of produced gas, oil and other mineral resources within their defined ownership lease.

Effective engagement with landowners forms an important aspect of our everyday business activities. We take pride in building strong relationships with our land and royalty owners. We seek to work closely with them and are committed to being a transparent and trusted partner.

A key mechanism for effective engagement with the community is face-to-face interaction. We are acutely aware of the need to inform and educate the local communities in places where we operate. We consistently engage our various landowners to help shape their understanding of the work that we do, why we do it and the benefits it can have across the region.

We believe that timely and accurate communication is critical. Through our ties in the communities, we are proactive in promptly resolving issues that may arise. We

deal with issues and grievances as they surface and are actively interacting and communicating with landowners and royalty owners.

JOINT VENTURE ("JV") PARTNER ENGAGEMENT

Across our portfolio, we work alongside other industry partners on the production of our gas and oil reserves. As the operator, or majority interest owner, in a JV arrangement we are responsible for managing the well, paying the associated expenses to maintain the well, billing the remaining JV working interest owners their share of expenses, and distributing the revenues and royalties from the well's commodity sales. We also participate in JV agreements where we are the non-operator, or non-majority interest owner, and simply receive our working interest share of the revenues net of expenses. In all JV relationships, we seek to engage with our JV partners on a regular basis.

During 2019, our company played a significant role in a damage prevention training event, hosted by the Kentucky Public Service Commission and attended by numerous industry peers, state regulatory agencies, political leaders and first responder organisations. Designed to address both safety and emergency response, the event also highlighted the environmental importance of damage prevention in order to minimise emissions and lost gas unavailable for delivery to end users.

Risk management

A photograph of three workers in an industrial setting. On the left, a man in a yellow long-sleeved shirt and yellow hard hat is gesturing with his hands while talking. In the center, a man in a tan button-down shirt with a 'DIVERSIFIED' logo and a white hard hat with a yellow stripe is listening. On the right, a woman in a blue and white paisley shirt and white hard hat is also engaged in the conversation. The background shows industrial equipment and a clear sky.

Risk management

RISK GOVERNANCE OVERVIEW

Our Directors and senior management are responsible for identifying business risks. Following discussions with the senior management and in compliance with its Charter, the Audit and Risk Committee developed risk management review processes which include the oversight and monitoring of our risk control and mitigation efforts. For example, the Board receives regular reports from our General Counsel with regards to pending litigation and claims and monitors any potential material exposure. We seek stakeholder feedback on our risk management strategies through engagement with government agencies, employees, local communities, and our financial partners. This feedback manifests itself in several forms, including employee safety meetings, regular meetings with our lending group, frequent meetings with outside banking and financial advisers, engagement with Counsel, discussions with regulators, and community outreach programs.

RISK MONITORING

Effective risk management and control is a key component to the successful execution of our business strategy and objectives. Our risk management processes were developed to minimise risks across our operations, support the achievement of our strategic objectives, and create sustainable value for our stakeholders. We seek to assess all potential risks affecting stakeholders and the natural environment and to counteract and mitigate such risks as effectively and expeditiously as possible. Our risk management processes consider impacts to our sustainability needs, ensuring that risks are appropriately identified, assessed and managed Company-wide.

The Board and senior management formally and regularly review identified significant risks and agreed mitigation actions. Periodic incident and other operational reports, updates to the operational risk registers and regular communication with managers allow management to assess emerging risks or secondary risks that may elevate to principal risks. By identifying emerging risks, management is able to consider policy or procedural changes to mitigate the risk as well as needs for additional resources or training.

At an operational level, opportunities may exist to improve the safety environment and efficiency of the operations. Opportunities may also exist at a strategic or corporate level and are discussed in the context of wider strategy setting. The use of consultants and specialists to help mitigate risks may also be an option.

We consider risk management the responsibility of all employees, and we have empowered them to enhance our processes and procedures. Every employee has the ability to use their 'stop work authority' should they encounter an unsafe situation or a process or procedure that is not appropriate for the task at hand. For example, if a field operations employee observes a well procedure that he believes to be imprudent, that employee has the ability to call a stop to the procedure until all safety concerns are reviewed and appropriately addressed.

We monitor emerging trends and shifting conditions in the energy industry – ranging from new regulatory requirements to the impacts of global climate change – so we are prepared to respond accordingly. We continue to develop our systems and processes so that our risk mitigation efforts remain appropriate for the range of issues associated with our business operations and corporate strategies.

We maintain safety and emergency procedures designed to be implemented in the event of unexpected or otherwise impactful incidents. Our staff participates in regular safety training as well as discussions with stakeholder groups (such as local emergency responders) to ensure that all parties are apprised and made aware of potential risks and the ability to respond to the same. Such interaction results in good relationships with first responders in our communities and provides them a better understanding of our operations. We establish a rapport with our neighbours in the communities in which we operate and provide emergency numbers on our facilities should there be an incident.

We make every effort to interface with local communities. Our land employees are in our operating areas on a daily basis, talking with landowners, government officials, vendors, and other interested parties. Landowners and royalty owners have numerous ways to get in touch with us, and in the event of an emergency can call a 24-hour hotline to report a problem. Our operations and EHS teams are on call around the clock and can be dispatched in a moment's notice to mitigate a problem that could affect service or have the potential to be a danger to human health, safety or the environment.

Risk management continued

Critical facilities are equipped with emergency shutdown systems and alarms to mitigate the potential that an operational failure could cause an unsafe hazard. Additionally, we employ a number of methods to monitor our infrastructure for signs of abnormalities and potential risks; for example, in high volume compressor stations, we utilise 24/7 electronic monitoring services to track operations and potential risk factors.

RISK TYPES AND RESPONSIBILITY

The Company and Board have broken down the primary risk factors that are faced in eight separate categories, as discussed below. Responsibility for each primary type of risk category is delegated to a member of senior management (“Risk Owner”). Each Risk Owner is responsible for: (i) identifying risks in his/her risk area; (ii) assessing the likelihood of occurrence and potential impact to our business of each risk; and (iii) implementing mitigating controls and action plans that seek to remove or minimise the likelihood and impact of the risks before they occur.

Each Risk Owner reports his/her findings to the Board. The Board recognises that some risks by their nature cannot be predicted or effectively planned for, such as acts of war and certain extreme acts of nature, but we make every effort to identify potential risks and mitigate accordingly.

RISK TYPE	RISK OWNER
Operational	Chief Operating Officer
Financial	Chief Financial Officer
Environmental, Health and Safety	Chief Operating Officer
Legal and Compliance	General Counsel
Personnel Matters	Chief Operating Officer
Investor Relations	Chief Financial Officer
Government Engagement	General Counsel
Landowner Matters	General Counsel

An explanation outlining our Risk Management framework is provided below, by Risk type and Risk Owner:

1. RISK TYPE – OPERATIONAL

Risk Owner: Chief Operating Officer

Risk Identification & Assessment

- Operational risks are identified by way of a number of different methods, including routine field level site visits, reviews of operational sites and data, trend analysis (both in-company and industry-wide), and interviews with field employees. The identification methods often include a component of on-site work (such as visits to operational sites – well locations, pipeline routes, compressor stations, processing plants, and the like) as well as review of data outputs from various operational systems and equipment (including flow data from operational metering systems and wellhead pressure data).

- The identification cycle is continuous and dynamic, not static, and includes risk identification during regularly scheduled site visits for routine operation and maintenance purposes, random site inspections, and targeted reviews in response to particularly identified potential risks. Upon identification, the operational risks are logged electronically and a note of the same is communicated to all applicable senior management persons and relevant team members for review during the assessment process.
- Upon identification of operational risks, each risk is categorised for further review and assessment. Categories include general well site risks, general pipeline risks, general compressor station risks, high pressure risks, and property damage risks, among others. After an operational risk is categorised, the relevant team members assess the potential severity of the risk and potential incident, timeliness of a potential incident, potential impacts, and stakeholders to be engaged (which may include regulators, first responders, government officials, landowners, contractors, and other experts).
- The risks are high-graded such that risks with potential high-impact on safety, environment or operations are given priority assessment and review. Material risks are included in the Company’s risk register and reported to appropriate Board committees and Board members for awareness, analysis and appropriate action.

Risk management continued

Risk Mitigation

- Upon identification and subsequent assessment of a risk, an action plan is devised by relevant team members for mitigation of the risk. The mitigation plans include a budget for the project, standby contingencies, safety considerations, a timeline for action, and goals to be accomplished. The team managing the risk will be provided with updates on the mitigation progress, and a final wrap-up conclusion review, which will include critical analysis of improvements that shall be implemented in any future similar risks and corrective action that should be taken.

Operational Risk Example

- The nature of our industry and the scale of our business means that we are increasingly becoming a “big data” company, which leads to potential material Information Technology (“IT”) risks and hazards. As part of our IT systems and processes, we capture operational, environmental and safety data across some 60,000 wells, thousands of miles of midstream infrastructure, and 900+ employees in seven states of operation. Such data capture and analysis support our decision-making processes and keep us focussed on driving efficiencies through our operations whilst maintaining compliance – all of which must be safely and securely maintained and made available to the workforce.
- Cybersecurity is increasingly important for all businesses and especially important to the gas and oil industry. During 2019, we moved all our data centres to a cloud-based infrastructure which significantly reduced our

cybersecurity risks and allowed us to leverage the increased access control processes that accompany the cloud-based modern security architecture. We also engaged an experienced cybersecurity company to identify potential gaps in controls and to assist us with developing a roadmap of specific projects for 2020 that will enable us to better protect the information and system assets at our company.

2. RISK TYPE – FINANCIAL

Risk Owner: Chief Financial Officer

Risk Identification & Assessment

- Financial risks are identified through various departments and sources, including internal and external audits, discussions of potential areas of concern with legal Counsel, discussions with regulators, interactions with the Company’s lending institutions, and reviews with financial and investment advisors. The identification methods typically involve in-person interviews, on-site team evaluations, analysis of accounts and flows of funds, trend review and analysis, interviews and dialoging with advisors and professional staff.
- The identification process is ongoing and occurs on a regular and frequent basis as well as at prescribed times associated with informal and formal auditing procedures. Upon identification, the material financial risks are logged electronically and a note of the same is communicated to all applicable senior management persons and relevant team members for review during the assessment process.

- Upon identification of material financial risks, each risk is placed into a category. Categories include tax, accounting, audit, internal controls, failure to comply with applicable laws and regulations, and failure to comply with company policies or guidelines, among others.
- After a financial risk is categorised, the relevant team members assess the potential severity of the risk and potential incident, timeliness of a potential incident, potential impacts, and stakeholders to be engaged (which may include regulators, auditors, government officials, financial advisors, vendors, legal Counsel, and other experts). The risks are high-graded such that risks with potential high-impact on financial accounts or statements, earnings, or compliance are given priority assessment and review. Material risks are included in the Company’s risk register and reported to appropriate Board committees and Board members for awareness, analysis and appropriate action.

Risk Mitigation

- Upon identification and subsequent assessment of a risk, an action plan is devised by relevant team members for mitigation of the risk. The mitigation plans include setting forth a timeline for action and provide goals to be accomplished. The team managing the risk will be provided with updates on mitigation progress, and a final wrap-up conclusion review, which will include critical analysis of improvements that shall be implemented in any future similar risks and corrective action that should be taken.

Risk management continued

Financial Risk Example

- When considering a potential acquisition, the Company's financial assessment of the assets and seller includes a full review of the assets' or business' financial statements and cash flows to help provide us with a complete understanding of the historical volumes and operating expense trends, material liabilities and obligations, associated contractual arrangements, working capital needs, existing and projected leverage, and sustainable economic earnings, as well as any potential material risks that may occur or be present. This thorough review allows us to determine if the assets or business for sale fit our acquisition profile, come with material risks or downside, and offer us the opportunity to make a competitive bid within our preferred framework of valuation metrics without unnecessarily risking our own balance sheet.

3. RISK TYPE – ENVIRONMENTAL, HEALTH AND SAFETY

Risk Owner: Chief Operating Officer

Risk Identification & Assessment

- The Company maintains constant vigilance in identifying EHS risks, in keeping with its desire to be a best-in-class operator. The Company's EHS group spearheads the risk identification process, working hand-in-hand with the operational group that is on the ground every day. Methods include routine site visits, trend analysis, near-miss evaluations, and interviews with field employees and vendors. Special attention is paid to high-risk and high-sensitivity areas, such as wetlands, State parks, and high-pressure pipeline systems.

- Upon identification, the EHS risks are electronically logged and a note of the same is communicated to all applicable senior management persons and relevant team and safety group members, typically within 24 hours or less, for review during the assessment process.
- Upon identification of EHS risks, each risk is placed into a category for further review and assessment. Categories include safety risks (high, low, medium), risks to property, emissions or release risks, property damage risks, and environmental risks, among others. The relevant team members assess the potential severity of the risk and potential incident, timeliness of a potential incident, potential impacts, and stakeholders to be engaged (which may include regulators, safety consultants, contractors, and other experts).
- The risks are high-graded such that risks with potential high-impact on safety, environment or health are reviewed immediately and analysed. Material risks are included in the Company's risk register and reported to appropriate Board committees and Board members for awareness, analysis and appropriate action.

Risk Mitigation

- Upon identification and subsequent assessment of a risk, an action plan is devised by relevant team members for mitigation of the risk. The mitigation plans include a budget for the project, standby contingencies, safety considerations, a timeline for action, and goals to be accomplished. The team managing the risk will be provided with updates on mitigation progress and a final wrap-up conclusion review, which will include critical analysis of improvements that shall be implemented in

any future similar risks and corrective action that should be taken.

- Safety risks are addressed in order to create a safe working environment for the Company's employees and the safety of the general public as well as the environment within which we operate.

Environmental, Health and Safety Risk Example

- When the Company is considering the potential acquisition of an asset or business, an internal due diligence team of environmental specialists, often accompanied by third-party consultants who specialise in assessment and remediation, lead our environmental audits in order for the Company to understand the potential EHS risks that may be associated with the potential acquisition. Our due diligence team conducts a review of environmental reports, records or notices placed on the assets and cross-references these with public records held with regulatory agencies. In addition to targeted on-site evaluation reviews, in certain instances, the team may also conduct environmental tests such as soil sampling in order to further identify potential risk factors.
- If the completed assessment identifies material concerns that can be abated, we seek to have the seller mitigate the risks in advance of closing the acquisition and require evidence of regulatory approval that the work has been satisfactorily completed. Alternatively, if we have sufficient comfort to internally perform the required remedial work, we factor the costs for such work into a revised acquisition purchase price.

Risk management continued

4. RISK TYPE – LEGAL AND COMPLIANCE

Risk Owner: General Counsel

Risk Identification & Assessment

- Legal and compliance risks are often identified through the Company's General ("Counsel") office, which is highly embedded in the other functional areas of the Company's business. Counsel works with operational and professional staff in other departments to determine what legal and compliance risks may be present, based on the Company's current activities, past practices and any past notices of violation from regulators or other counterparties, as well as trends throughout the industry.
- The identification process is continuous and fluid – occurring on a regular basis. Additionally, Counsel is often asked by employees or management to render legal opinions on compliance and legal matters, which may lead to determinations that legal or compliance risks are present. Upon identification, Counsel logs material legal and compliance risk and communicates the same with all relevant stakeholders, as well as executive management and the Board and certain Board committees, as relevant.
- Once a material legal and compliance risk is identified, it is placed into a category. Categories include financial, environmental, regulatory, human resources / labour, capital markets / securities, litigation, personal injury, and fraud, among others. Upon categorising the risk, Counsel assesses the potential severity of the risk, timeliness of a potential incident, potential impacts

including potential damage to goodwill and corporate reputation, and stakeholders to be engaged. Counsel will discuss the matter with relevant parties, including employees, engaged third parties, opposing counsel, regulators, and outside legal Counsel.

- Potential high-impact legal and compliance risks are immediately acted upon and material risks are included in the Company's risk register.

Risk Mitigation

- Once a legal and compliance risk has been identified, Counsel devises an action plan internally or with the assistance of outside legal Counsel, for mitigation of the risk and communicates the same to all relevant parties, which may include the Board or certain Board committees. Counsel keeps the Board and its Committees aware of any material legal and compliance risks, including by way of quarterly legal and compliance updates.

Legal and Compliance Risk Example

- When considering a potential acquisition, as a part of our compliance assessment of acquisition opportunities to ensure that no material legal and compliance risks are present, we seek to confirm that material permits and licences are active and required regulatory reporting is current. We also complete title/land, lien and other legal due diligence during each acquisition, identifying any legal actions or outstanding claims being made against the acquisition target. As warranted, we engage external consultants and experts to assist in these reviews for further assurance of compliance and identification of risks.

- We review applicable corporate governance documents including state registrations, articles of incorporation and corporate by-laws for acquisitions of existing entities.
- As necessary for our production activities, we procure certain equipment and services to support and enhance our operational activities. Our procurement practices are designed to obtain the most appropriate equipment or service at the most reasonable cost in order to achieve the objectives of our projects, while minimising legal and compliance risks that are sometimes fraught in a procurement or vendor acquisition and utilisation process. We require all contractors who provide service at our asset locations to complete and pass a 5-part certification testing provided by a third-party vendor before becoming eligible for work with the Company. The contractors must also provide a valid certificate of insurance and complete a Master Service Agreement which sets out important contractual terms such as work guarantees, product warranties, risk allocation, and indemnification between the companies. We complete a review of the contractor's past safety practices before any work begins and continually monitor their performance with specific emphasis on safe business practices.

Risk management continued

5. RISK TYPE – PERSONNEL MATTERS

Risk Owner: Chief Operating Officer

Risk Identification & Assessment

- Personnel risks are generally identified by the Company's Human Resources department or other management officials upon observation or inquiry from employees. If a risk is identified, the team will investigate to determine whether a basis for the allegations is present, which may include in-person interviews, review of relevant data, and discussions with persons who have lodged complaints.
- While the Human Resources department is proactive in its operation and looks for trends in the Company and in the industry at large, the identification process is often passive in that risks are identified by employees.
- Upon identification, the material personnel risks are logged electronically and a note of the same is communicated to all applicable senior management persons and relevant team members for review during the assessment process.
- Upon identification of material personnel risks, each risk is placed into a category, which may include labour law violations, discrimination, fraud, harassment, inequality, or failure to comply with company policies or guidelines, among others. After a risk is categorised, the relevant Human Resources team members assess the potential severity of the risk and potential incident, timeliness of a potential incident, potential impacts, and stakeholders to be engaged (which may include regulators, government officials, legal Counsel, and other experts).

- The risks are high-graded such that risks with potential high-impact on life, liberty, safety, or compliance are given priority assessment and review. Material risks are included in the Company's risk register and reported to appropriate Board committees and Board members for awareness, analysis and appropriate action.

Risk Mitigation

- Upon identification and subsequent assessment of a risk, an action plan is devised by relevant team members for mitigation of the risk, which may include disciplinary actions, reporting to regulators, and changes to standard operating procedures or Company policies. The team managing the risk will be provided with updates on the mitigation progress and a final wrap-up conclusion review, which will include critical analysis of improvements that shall be implemented in any future similar risks and corrective action that should be taken.

Personnel Risk Example

- When the Company is considering an acquisition that potentially includes the hiring of employees from the seller, we assess all aspects of employment including employment contracts, bargaining unit agreements and employee benefits as well as past personnel disputes and claims, in order to determine if material personnel risks exist. A review of these items provides the necessary understanding to determine if the seller's agreements and benefits will be sustained in future periods or if the new employees will be incorporated into our existing plans.

6. RISK TYPE – INVESTOR RELATIONS

Risk Owner: Chief Financial Officer

Risk Identification & Assessment

- Investor relations risks are generally identified through the Company's Investor Relations group, or other groups with outward facing functions. Notwithstanding the same, many other risks outlined in this document have the potential to become investor relations risks – with material operational, financial, or legal/compliance risks, to name a few, being areas that can rise to the level of risks from an investor relations standpoint. The Investor Relations group is in communication with investors, analysts, bankers, journalists, and others who engaged with the Company.
- The Investor Relations group is fully integrated into the Company's business and is constantly evaluating potential risks. Upon identification, any material risks are logged electronically and a note of the same is communicated to all applicable senior management persons and relevant team members for review during the assessment process.
- Upon identification of material investor relation risks, each risk is placed into a category. Categories include public markets, goodwill / reputation of the Company, and false information in the market, among others. After a risk is categorised, the relevant Investor Relations team members assess the potential severity of the risk, timeliness of a potential response, potential impacts, and stakeholders to be engaged (which may include brokers, financial advisors, vendors, legal Counsel, and other experts).

Risk management continued

- The risks are high-graded such that risks with potential high-impact on financial accounts or statements, earnings, or compliance are given priority assessment and review. Material risks are included in the Company's risk register and reported to appropriate Board committees and Board members for awareness, analysis and appropriate action.

Risk Mitigation

- Upon identification and subsequent assessment of a risk, an action plan is devised by relevant team members, led by the Investor Relations group for mitigation of the risk. The mitigation plans will typically include setting forth a timeline for action and provide for goals to be accomplished. The team managing the risk will be provided with updates on the mitigation progress and a final wrap-up conclusion review, which will include critical analysis of improvements that shall be implemented in any future similar risks and corrective action that should be taken.

Investor Relations Example

- It is typical for the Investor Relations group to receive inbound messages from many different investors and analysts, all posing different questions and with very pressing timelines for responses. If the group fails to properly intake, analyse, and promptly respond to an analyst inquiry, the analyst may publish a note or take a trading position that is adverse to the Company's interests – resulting in detrimental financial consequences. Mitigating such a risk is often as simple as being prompt and courteous in the Company's response.

7. RISK TYPE – GOVERNMENT ENGAGEMENT

Risk Owner: General Counsel

Risk Identification & Assessment

- Risks involving government or political engagement are typically identified through the Company's General Counsel office or the offices of other senior management team members. Counsel works with regulators, elected officials and operational staff to determine what goodwill, reputation, legal, and compliance risks may be present as a result of the risk.
- The identification process is steady and prosecuted in due course. Counsel is in continual discussions with elected officials and regulators to identify potential risks. Upon identification, Counsel logs material risks and communicates the same with all relevant stakeholders, as well as senior management and the Board and certain Board committees.
- Once a material government engagement risk is identified, it is placed into a category. Categories include environmental, regulatory, operational, landowner, labour, capital markets / securities, among others.
- Upon categorising the risk, Counsel assesses the potential severity of the risk, timeliness of a potential incident, potential impacts, potential damage to goodwill and corporate reputation, and stakeholders to be engaged. Counsel discusses the matter with relevant parties, including employees, engaged third parties, opposing counsel, regulators, and outside legal Counsel.

- Potential high-impact government engagement risks are acted upon and material risks are included in the Company's risk register.

Risk Mitigation

- Once a government engagement risk has been identified, Counsel devises an action plan for mitigation of the risk, and communicates the same to all relevant parties, which may include the Board or certain Board committees, and elected officials.

Government Engagement Risk Example

- The Company's General Counsel frequently fields calls and inquiries from elected officials at all levels of government – from local, state, and federal offices. These inquiries are often simple questions concerning the Company's operations in a given geographic area, but sometimes the officials pose pointed questions, which if not addressed in a timely, professional and responsive manner may result in the Company experiencing potential notices of violation, loss of goodwill or reputation, or additional governmental inquiries.

Risk management continued

8. RISK TYPE – LANDOWNER MATTERS

Risk Owner: General Counsel

Risk Identification & Assessment:

- Landowner risks are generally identified through the Company's Land Department or through reporting of concerns by landowners. Landowner reporting may occur through the Company's landowner telephone hotline, dedicated landowner inquiry e-mail address, calls to the Company's land employees, or visits to Company offices. Landowner risks are important because they have the potential to injure the Company's goodwill or reputation, result in lawsuits or lead to financial damages.
- The identification cycle is generally one of intake as opposed to actively searching for complaints. Upon identification of a landowner risk, the same are logged electronically into a land management system and a note of the same is communicated to all relevant team members for review during the assessment process.
- Upon identification of landowner risks, each risk is categorised for further review and assessment. Categories include royalty payments, property damage and site access, among others. After a risk is categorised, the relevant Land Department team members assess the potential severity of the risk and potential incident, timeliness of a potential incident, potential impacts, and stakeholders to be engaged (which may include regulators, neighbouring landowners, legal Counsel, contractors, and other experts).
- The risks are high-graded such that risks with potential high-impact on safety, environment, operations, or likely

litigation are given priority assessment and review. Material risks are included in the Company's risk register and reported to appropriate Board committees and Board members for awareness, analysis and appropriate action.

Risk Mitigation

- Upon identification and subsequent assessment of a risk, an action plan is devised by the Land Department and other team members to mitigate the risk. The mitigation plans include a budget for the project, standby contingencies, safety considerations, a timeline for action, and goals to be accomplished. The team managing the risk will be provided with updates on mitigation progress, and a final wrap-up conclusion review, which will include critical analysis of improvements that shall be implemented in any future similar risks and corrective action that should be taken.

Landowner Risk Example

- When the Company is actively operating in a particular geographic area, there is always a risk (albeit a low one) that landowners in that area may combine and jointly object to the Company's operations or permits for which the Company has applied. If such operations must cease due to said objections or permits are not granted as a result, the Company may experience operational, health, safety, environmental, or financial losses. It remains critical to be engaged in a positive fashion within the communities that the Company operates so as to mitigate these potential landowner risks, including supporting local organisations and treating landowners like partners and not adversaries.

Corporate governance

The background of the page is an aerial photograph of a landscape. The left side of the image is a lush green valley with rolling hills and some buildings, partially obscured by a semi-transparent green overlay. The right side shows a hillside covered in trees with vibrant autumn foliage in shades of red, orange, and yellow, under a clear blue sky. A diagonal line separates the two scenes.

Corporate governance

BOARD GOVERNANCE

Whilst currently in compliance with the Quoted Companies Alliance (“QCA”) Corporate Governance Code, we are further embarking on a robust programme to bring the Board into compliance with the UK Corporate Governance Code (the “Code”) as we progress towards the Premium Segment of the Main Market of the London Stock Exchange (“LSE”).

Alongside the continued focus on our business strategy, we achieved significant milestones in 2019 in strengthening core areas of the business. One such area of focus was corporate governance, where we engaged external consultants to advise on Board best practices including independence, composition and diversity.

We made great progress on Board initiatives during the year, including a change in the role of Chairman and the appointment of three new Independent Non-Executive Directors to the Board. Veteran Board member David Johnson was named our new Non-Executive Chairman, moving that critical leadership role to an independent status. New Board appointments included David Turner Jr, who brings extensive capital markets, financial and audit experience to his role as Chair of the Audit and Risk Committee; Sandy Stash, whose years of experience in advising businesses on natural resource, social and sustainability issues will prove invaluable as Chair of the Sustainability and Safety Committee; and Melanie Little, Chair of the Remuneration Committee, who brings significant experience in midstream operations, EHS management and compliance, and remuneration to the

Board. Additional new Board roles include Martin Thomas as Vice Chairman; David Turner Jr as Senior Independent Director; and Sandy Stash as Employee Representative.

These three new appointments are significant additions to our Board, strengthening and diversifying our governance structure whilst enlarging our total Board to eight members. As of this Report’s publishing date, our Board is made up of an independent non-executive Chairman, two executive Directors and five non-executive Directors, of whom three are deemed independent non-executive Directors under the Code.

The Chairman and non-executive Directors evaluate our management and performance, review financial information, and monitor internal risk management procedures and controls. Each year, Directors must disclose any shareholdings they have in DGO as well as any interests or benefits they may receive or have in related party contracts or in other businesses; our company Secretary is alerted to any changes to these interests. Additional information on our Board is included in the Governance section of our Annual Report.

Below is a brief description of the acting committees of the Board of Directors. Further information on each committee can be found in the Company’s current Annual Report.

BOARD COMMITTEE PARTICIPATION

DIRECTOR	AUDIT AND RISK	NOMINATION	REMUNERATION	SUSTAINABILITY AND SAFETY
David E. Johnson, Independent Non-Executive Chairman		●	●	●
Sandra (Sandy) M. Stash, Independent Non-Executive Director	●		●	▲
Melanie A. Little, Independent Non-Executive Director	●		▲	●
David J. Turner Jr, Independent Non-Executive Director	▲	●		
Martin K. Thomas, Non-Executive Vice Chairman		▲		
Robert R. (Rusty) Hutson Jr., Co-Founder and Chief Executive Officer				
Robert M. Post, Co-Founder and Non-Executive Director (retiring April 2020)				
Bradley G. Gray, Executive Vice President and Chief Operating Officer				●

▲ Chair ● Member

Corporate governance continued

***“In establishing a Sustainability and Safety Committee of the Board in late 2019, DGO is set to have focussed and regular discussions at the Board level on a spectrum of issues important to both the Company and society at large. We aim to provide support to DGO’s management in its ongoing efforts to be a leader in the energy sector in safety, environment and relationships with the communities in which we operate.*”**

SANDRA (SANDY) M. STASH
Chair of the Sustainability
and Safety Committee

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee acts on behalf of the Board and the shareholders to ensure the integrity of the Company’s financial reporting, evaluate our systems of risk management and internal control, and oversee the relationship and performance of our external auditor.

The Audit and Risk Committee’s main functions include, inter alia, reviewing and monitoring internal financial control systems and risk management systems on which we are reliant; considering annual and interim accounts and audit reports; making recommendations to the Board in relation to the appointment and remuneration of an external auditor; and monitoring and reviewing annually the auditor’s independence, objectivity, effectiveness and qualifications.

During the year, the committee met with our auditor to review the published financial statements and provided oversight and direction for the planned 2020 change of our auditor to PricewaterhouseCoopers, LLP. The committee also focussed on identifying key strategic opportunities and risks to DGO for consideration and appropriate action by the full Board.

SUSTAINABILITY AND SAFETY COMMITTEE

The Sustainability and Safety Committee, a new Board Committee in 2020, oversees and reports to the Board on the Company’s policies and strategies related to matters of sustainability and safety. The committee considers and provides perspective and input to management on social, political, safety, diversity and environmental trends in public debate, public policy, regulation and legislation and considers additional corporate actions in response to such issues. It receives periodic reports from senior management regarding relationships with key external stakeholders that may have a significant impact on our business activities and performance.

The Sustainability and Safety Committee oversees and provides input to the Audit and Risk Committee on the management of risk associated with our sustainability activities. It also oversees the development of sustainability and safety performance targets by management, monitors performance throughout the year, and provides guidance and insight to the Remuneration Committee for the same.

As a new committee, the formal Terms of Reference and 2020 agenda for it will be finalised in early 2020. To date, the Sustainability and Safety Committee has engaged with management on the design and scope of the committee and provided oversight for sustainability reporting for 2019.

Corporate governance continued

NOMINATIONS COMMITTEE

The Nominations Committee ensures that our Board and its committees are appropriately constituted and have the necessary skills, expertise and diversity to support our current and future plans.

The Nominations Committee’s main functions include, inter alia, reviewing the structure, size and composition of the Board and making recommendations to the Board with regard to suggested changes; regularly reviewing the composition and balance of senior executives; and ensuring succession planning through the recruitment, development and retention of senior management.

In advance of the move to the Premium Segment, and in conjunction with a Board evaluation process, the committee reviewed the composition of the Board and added further non-executive Directors to enhance the expertise, independence and diversity of the Board and Board committees. The Nominations Committee will continue to monitor future Board requirements and succession issues and make adjustments as warranted.

REMUNERATION COMMITTEE

The Remuneration Committee develops our policy on executive remuneration and establishes the remuneration of the executive Directors, Board Chairman and senior managers. It is comprised completely of independent Directors.

In addition to these actions, the Remuneration Committee’s primary responsibilities include, inter alia, approving the service agreements of the executive Directors; reviewing and approving annual bonus proposals for the executive Directors and senior managers; approving the design of and overseeing our share incentive plan; and considering the risks to DGO in light of our remuneration policies.

In 2019, the committee met to establish and evaluate the key performance targets for the Executive Bonus Scheme and to review 2018’s achievements against those targets. It also administered the award of equity incentives to the senior management team. Further, the committee worked with an external compensation consultant to review all aspects of the executive and senior management remuneration, including updating benchmark metrics, which will be implemented as part of our move to the Premium Segment of the LSE.



ANTI-BRIBERY AND CORRUPTION

As reflected in our Statement of Principles, we recognise our responsibility to operate with the highest ethical and moral convictions in all aspects of our business.

We operate with a **zero-tolerance** approach to bribery and corruption. Our commitment to responsible and ethical behaviour is outlined within a Company-wide policy that adheres to all relevant laws and regulations, including complying with the UK Bribery Act 2010, as well as such regulations in the states in which we operate. As part of our responsibility towards the rights of others, our approach applies across all parts of our business, including our supply chain, and regular training is provided, as necessary, to all employees.

GRI content index

Our 2019 Sustainability Report has been prepared in accordance with the Core GRI standards. The following table indexes our Report against the GRI reporting guidelines. In some instances, we may also refer to DGO's 2019 Annual Report ("ARA").

GRI STANDARD		PAGE
102 GENERAL DISCLOSURES		
102-1	Name of the organisation	Diversified Gas & Oil PLC
102-2	Activities, brands, products, and services	3
102-3	Location of headquarters	3
102-4	Location of operations	3
102-5	Ownership and legal form	ARA
102-6	Markets served	3
102-7	Scale of the organisation	3, 7
102-8	Information on employees and other workers	7, 29
102-10	Significant changes to the organisation and its supply chain	ARA
102-12	External initiatives	10
102-14	Statement from senior decision-maker	5
102-15	Key impacts, risks and opportunities	8
102-16	Values, principles, standards, and norms of behaviour	12
102-17	Mechanisms for advice and concerns about ethics	42
102-18	Governance structure	47
102-19	Delegating authority	47
102-20	Executive-level responsibility for economic, environmental, and social topics	39
102-21	Consulting stakeholders on economic, environmental, and social topics	9
102-22	Composition of the highest governance body and its committees	ARA
102-23	Chair of the highest governance body	47
102-24	Nominating and selecting the highest governance body	ARA
102-25	Conflicts of interest	ARA
102-26	Role of highest governance body in setting purpose, values, and strategy	47
102-29	Identifying and managing economic, environmental, and social impacts	9, 48
102-30	Effectiveness of risk management processes	38, 48
102-31	Review of economic, environmental, and social topics	47
102-32	Highest governance body's role in sustainability reporting	48
102-33	Communicating critical concerns	38
102-35	Remuneration policies	49 and ARA
102-36	Process for determining remuneration	ARA
102-37	Stakeholders' involvement in remuneration	ARA

GRI STANDARD		PAGE
102-40	List of stakeholder groups	9
102-42	Identifying and selecting stakeholders	10
102-43	Approach to stakeholder engagement	9
102-44	Key topics and concerns raised	9
102-45	Entities included in the consolidated financial statements	ARA
102-46	Defining report content and topic Boundaries	2, 4, 8, 9
102-47	List of material topics	8
102-50	Reporting period	2
102-52	Reporting cycle	2
102-53	Contact point for questions regarding the report	2
102-54	Claims of reporting in accordance with the GRI Standards	Core
102-55	GRI content index	50
103 MANAGEMENT APPROACH		
103-1	Explanation of the material topic and its Boundary	8
103-2	The management approach and its components	The approach to each topic can be found throughout this Report
303 WATER AND EFFLUENTS		
303-1	Interactions with water as a shared resource	23
305 EMISSIONS		
305-4	GHG emissions intensity	22
306 EFFLUENTS AND WASTE		
306-3	Significant spills	24
401 EMPLOYMENT		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	29
403 OCCUPATIONAL HEALTH AND SAFETY		
403-1	Occupational health and safety management system	31
403-2	Hazard identification, risk assessment, and incident investigation	41
403-4	Worker participation, consultation, and communication on occupational health and safety	41
403-5	Worker training on occupational health and safety	31, 41
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	41
403-9	Work-related injuries	32
404 TRAINING AND EDUCATION		
404-2	Programmes for upgrading employee skills and transition assistance programmes	30



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