



## **DEVON ENERGY CORPORATION CORPORATE GOVERNANCE GUIDELINES**

The Board of Directors (the “Board”) of Devon Energy Corporation (the “Company”) has adopted the following Corporate Governance Guidelines specifically tailored to the needs of the Company. These Guidelines reflect the Board’s commitment to monitor the effectiveness of policy and decision-making both at the Board and management level, with a view to enhancing stockholder value and taking into account the interests of the Company’s other stakeholders over the long-term. The Board believes these Guidelines should be an evolving set of corporate governance principles, subject to alteration as circumstances warrant in accordance with the terms hereof.

### **Director Qualifications and Board Composition**

The Governance, Environmental, and Public Policy Committee (the “GEPP Committee”) is responsible for proposing qualified candidates to serve on the Board, and reviews with the Board special director qualifications, taking into account the composition and skills of the entire Board.

***Independence*** — A majority of the Board members must qualify as “independent” Directors in accordance with the listing standards of the New York Stock Exchange (“NYSE”) and the related disclosure requirements in the Securities and Exchange Commission (the “SEC”) Regulation S-K, Item 407(a). All of the members of the Audit Committee, the Compensation Committee, and the GEPP Committee must also be Directors determined by the Board to be independent according to these standards and any applicable enhanced standards relating to Board committee membership.

***Director Qualifications*** — The Board believes that individuals nominated by the Board to serve as a Director should have demonstrated notable achievements and have the ability to make significant contributions to the direction of the affairs of the Company and to enhance the ability of the committees of the Board to fulfill their duties. The GEPP Committee has established director qualifications that will be considered in evaluating candidates for nomination, which include such factors as:

- **Integrity and Accountability** — Character is the primary consideration in evaluating any Board member. Directors should demonstrate high ethical standards and integrity in their personal and professional dealings and be willing to act on and remain accountable for their boardroom decisions.
- **Informed Judgment** — Board members should have the ability to provide wise, thoughtful counsel on a broad range of issues. Directors should possess high intelligence and wisdom and apply it in decision-making.

- Peer Respect — The Board functions best when Directors value Board and team performance over individual performance. Openness to other opinions and the willingness to listen should rank as highly as the ability to communicate persuasively. Board members should approach others directly, responsibly, and supportively and raise probing questions in a manner that encourages open discussion.
- High Performance Standards — In today's highly competitive world, only companies capable of performing at the highest levels are likely to prosper. Board members should have a history of achievement that reflects high standards for themselves and others.

**Director Recruitment** — The GEPP Committee shall identify and recruit candidates to serve on the Board. A list of candidates to be elected by stockholders shall be presented to the Board for nomination at each annual meeting of stockholders. Candidates identified to fill vacancies between meetings of stockholders shall be presented to the Board for appointment. When searching for new director nominees, the Board is committed to seeking qualified candidates with a range of experience, perspective, and expertise. The GEPP Committee may at its discretion seek third-party resources to assist in the process and will make the final recommendation to the Board. The Board and the GEPP Committee will conduct any search for new director nominees in compliance with applicable anti-discrimination laws.

The GEPP Committee will consider properly submitted recommendations for nominees from stockholders and will give appropriate consideration in the same manner as given to other nominees. Stockholders who wish to submit director nominees for election may do so by submitting in writing such nominee's name, in compliance with the procedures required by our Bylaws, to the GEPP Committee of the Board of Directors, Attention: Chair of the GEPP Committee, c/o Office of the Corporate Secretary, Devon Energy Corporation, 333 West Sheridan Avenue, Oklahoma City, Oklahoma 73102-5015. Information on the requirements to ensure that a stockholder's recommendation is properly and timely submitted can be found in our annual proxy statement.

**Director Selection** — The GEPP Committee shall be responsible for reviewing with the Board any other special director qualifications, taking into account the composition and skills of the entire Board. Given the importance of the Board's role in monitoring the financial performance of the Company, the GEPP Committee shall ensure that a sufficient number of the Board members are financially literate with ability to read a balance sheet, income statement, and cash flow statement and have an understanding of key metrics for evaluating the Company's performance. An invitation to join the Board shall only be extended to a potential candidate at such time as the nomination or appointment of the candidate has been approved by the Board.

**Director Resignation Policy** — Any nominee for Director in an uncontested election who fails to receive a greater number of votes cast “for” such nominee’s election than the votes cast “withheld” in such nominee’s election shall tender his or her written offer of resignation for consideration by the GEPP Committee within 90 days from the date of the election. The GEPP Committee shall consider all of the relevant facts and circumstances and recommend to the Board the action to be taken with respect to such offer of resignation.

**Term Limits** — The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they have the disadvantage of causing the Company to lose the contribution of Directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and thereby provide an increasing contribution to the Board as a whole. The Board believes an annual assessment of Board and committee performance provides an appropriate opportunity to reflect on the effectiveness of the Board and to confirm a Director’s continuing membership on the Board.

**Mandatory Retirement** — Non-management Directors will retire as of the annual meeting following their 75<sup>th</sup> birthday.

**Multiple Directorships** — The Company recognizes that its Board members benefit from service on the boards of other companies. While that service is encouraged, it is critical that Directors have the opportunity to dedicate sufficient time to serve on the Company’s Board. It is recommended that Directors serve on no more than three public company boards (“public boards”) in addition to the Board. Service on the boards of subsidiary companies, non-profit organizations, and non-public, for-profit organizations (“other boards”) is not included in this calculation. Directors should (i) advise the Chair of the Board and the Chair of the GEPP Committee in advance of accepting an invitation to serve on other public boards or any assignment to the audit committee or compensation committee of the board of directors of any public company of which such Director is a member and (ii) promptly advise the Chair of the Board and the Chair of the GEPP Committee upon accepting service on other boards. At least annually, the GEPP Committee will review directorships (or positions on similar governing bodies) held by Directors and executive officers with public boards and other boards. The Chief Executive Officer approves in advance any for-profit board service commitments of executive officers, and the GEPP Committee approves in advance any for-profit board service commitments of the Chief Executive Officer. Executive officers are expected to promptly advise the Chief Executive Officer upon accepting any directorship with non-profit organizations.

No Director shall serve as a director, officer, or employee of a competitor of the Company, without the approval of the GEPP Committee.

**Director Responsibilities**

**Best Judgment** — Directors should exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company in a manner consistent with their fiduciary duties. Directors should regularly attend meetings of the Board and of all Board committees upon which they serve and should review relevant meeting materials in advance of any such meeting.

**Confidentiality** — Directors shall preserve the confidentiality of proprietary material given or presented to the Board.

**Conflicts of Interest** — Directors must disclose to the Audit Committee any related party transactions and potential conflicts of interest they may have with respect to any matter under discussion and, if appropriate, refrain from voting on a matter in which they may have a conflict.

**Meeting Attendance** — The Chair of the Board will set the schedule and location for meetings of the Board. The Board will typically hold regular meetings on a quarterly basis. In addition to the regularly scheduled meetings, unscheduled Board meetings may be called, upon proper notice, at any time to address specific needs of the Company. The annual meeting of stockholders will be scheduled in conjunction with a regularly scheduled Board meeting. The Board expects all Board members to attend regularly scheduled Board and committee meetings and the annual meeting of stockholders, unless there are extenuating circumstances.

**Change in Status** — Directors are expected to report to the Chair of the Board and the Chair of the GEPP Committee any substantial changes in his or her principal occupation or professional affiliations or responsibilities, including retirement, and shall submit his or her offer of resignation for consideration by the GEPP Committee. The GEPP Committee shall consider all of the relevant facts and circumstances and recommend to the Board the action to be taken with respect to such offer of resignation.

**Stock Ownership** — The Board believes that members of the Board should own common stock of the Company to further align their interests and actions with the interests of the Company's stockholders. The Board has adopted stock ownership guidelines, a copy of which is attached hereto as **Exhibit 1**.

## Board Committees

***Standing Committees*** — The Board shall at all times maintain, at a minimum, an Audit Committee, a Compensation Committee, a GEPP Committee, and a Reserves Committee. Each such committee must operate in accordance with applicable laws, their respective charters as adopted and amended from time to time by the Board, the applicable rules and regulations of the SEC, and the listing standards of the NYSE. The Board may also establish such other committees as it deems appropriate and delegate to such committees any authority permitted by applicable law and the Company's Bylaws as the Board may see fit.

***Committee Members and Chairs*** — The Board shall annually appoint the members and chairs of each of the Board's committees. In advance of such annual appointments, the GEPP Committee shall make a recommendation to the Board as to the appointments, taking into account the views of the Board Chair and Lead Director (as appropriate). Although the Board does not require the rotation of committee assignments or chairs, the Board will consider rotating committee members and chairs periodically. A Director may serve on more than one committee.

## Directors' Compensation

The Compensation Committee shall periodically review the form and amounts of Directors' compensation and make recommendations to the Board with respect thereto. The Board shall set the form and amounts of Directors' compensation, taking into account the recommendations of the Compensation Committee. The Board believes that the amount of Directors' compensation should fairly reflect the contributions of the Directors to the performance of the Company. The Chair of the Compensation Committee shall at least annually obtain a report on the director compensation policies and practices of the Company's principal competitors and other comparable companies. Only non-management Directors shall receive compensation for their services as Director. To create a direct linkage with corporate performance, the Board believes that a meaningful portion of the total compensation of non-management Directors should be provided and held in Company common stock, stock options, restricted stock awards, or other types of equity-based compensation.

## Leadership Structure

The Board reserves the right to determine, from time to time, how to configure the leadership of the Board and the Company in the way that best serves the Company. The Board specifically reserves the right to vest the chair and chief executive officer responsibilities in the same individual. The Board has no fixed policy with respect to combining or separating the offices of chair and chief executive officer. In the event one individual holds both positions or if the chair is otherwise not an independent Director, then the non-management Directors, after consulting with all members of the Board, shall, from time to time, appoint an independent Director to serve as the Lead Director.

## Board Procedures

**Agenda** — The Chair of the Board, with input from the Lead Director, if applicable, shall set the agendas for meetings of the Board and the Chair of each committee shall set the agendas for meetings of the applicable committee. Any Director may suggest agenda items and may raise at meetings other matters that they consider worthy of discussion. Information and data that is important to the Board's understanding of the business to be discussed at meetings will be distributed in advance of meetings to the extent practicable, except when such material is too sensitive to be put in writing. To prepare for meetings, Directors should review these materials in advance of each meeting.

**Non-Management Director Sessions** — Executive sessions or meetings of non-management Directors without management present shall be held at each regularly scheduled quarterly meeting. In the event any of the non-management Directors is not independent, then an executive session including only independent Directors shall be held at least once a year, and if the Chair is not independent, the Lead Director shall preside over such meetings. Additional executive sessions or meetings of non-management Directors may be held from time to time as required. If the Chair is a member of management, then the Lead Director shall preside over meetings of non-management Directors. Executive sessions shall be held from time to time with the Chief Executive Officer for a general discussion of relevant subjects.

**Orientation and Continuing Education** — The Board will establish, or identify and provide access to, appropriate orientation programs, sessions, or materials for newly elected Directors for their benefit either prior to or within a reasonable period of time after their election or appointment. The Board will encourage, but not require, Directors to periodically pursue or obtain appropriate continuing education programs, sessions, or materials as to the responsibilities of directors of publicly traded companies.

**Access to Management** — The Company shall provide each Director with complete access to the management of the Company, subject to reasonable advance notice to the Company and reasonable efforts to avoid disruption to the Company's management, business, and operations.

**Independent Advisors** — The Board and Board committees, to the extent set forth in the applicable committee charter, have the right to consult and retain independent legal and other advisors at the expense of the Company.

## Board Policies

**Equity Plans** — All Company equity compensation plans, except plans assumed in connection with mergers or acquisitions, and tax qualified and excess benefit plans will be approved by stockholders. Unless submitted to stockholders for approval, stock options will not be repriced.

**Code of Conduct** — The Company will continuously maintain a Code of Business Conduct and Ethics setting forth the Company's expectations in various areas of legal and ethical concern. The Code addresses specific elements of the Company's business and refers to separate Company policies that are currently in place.

### **Management Evaluation and Succession**

**Annual Evaluation** — The Compensation Committee shall be responsible for coordinating an annual evaluation and determining the annual compensation of the President and Chief Executive Officer. The Chair of the Compensation Committee shall be the liaison with the President and Chief Executive Officer.

**Succession Planning** — The President and Chief Executive Officer shall provide an annual report on succession planning and related personnel development recommendations to the Board or the Compensation Committee, including a short-term succession plan delineating temporary delegation of authority in the event that the President and Chief Executive Officer or any other executive officer is unexpectedly unable to perform his or her duties.

### **Annual Performance Evaluation of the Board**

**Board Evaluation** — The Board will conduct an annual evaluation of the effectiveness of the Board, the Chair, the Lead Director, if applicable, and the Board committees, which shall be reviewed and discussed by the GEPP Committee.

**Committee Evaluations** — The GEPP Committee, the Compensation Committee, the Audit Committee, and the Reserves Committee will complete annual performance evaluations in accordance with their respective charters.

The full Board will discuss the evaluation reports to determine what, if any, actions could improve the effectiveness and performance of the Board or the Board committees.

### **Reporting of Concerns to Non-Management Directors**

The Company shall establish a method whereby interested parties may communicate directly with the Chair or Lead Director, as applicable, or with the non-management Directors of the Board as a group either by email or by telephone, as set forth under the Corporate Governance section of the Company's website at [www.devonenergy.com](http://www.devonenergy.com). Information provided by email or telephone will be monitored by the Corporate Secretary's office and forwarded to the non-management Directors.

**Communication with Stockholders**

Except in unusual circumstances or as required by committee charters or as requested by senior management, Directors are expected to follow the principle that senior management, as opposed to individual Directors, shall provide the public voice of the Company. Directors receiving inquiries from a member of the public, institutional investors, the press, customers, securities analysts, stockholders, or others should refer the inquiries to the President and Chief Executive Officer or another appropriate officer of the Company.

The Chief Executive Officer is responsible for establishing effective communications with the Company's stakeholder groups, i.e., stockholders, customers, Company associates, communities, suppliers, creditors, governments, and corporate partners. It is the policy of the Company that management speaks for the Company. This policy does not preclude non-management Directors from meeting with stockholders, but it is preferable for any such meetings to be conducted with management present.

**Review of Corporate Governance Guidelines**

The Board, with the assistance of the GEPP Committee, as appropriate, shall review these Corporate Governance Guidelines from time to time to determinate whether any changes are appropriate. Consistent with NYSE listing requirements these Guidelines will be included on the Company's website.

These Guidelines may be amended, modified, or waived by the Board, and waivers of these Guidelines may also be granted by the GEPP Committee. Any amendments, modifications and waivers shall also be subject to the disclosure requirements and other provisions of the Securities and Exchange Act of 1934, and the rules and regulations promulgated thereunder.





## DEVON ENERGY CORPORATION STOCK OWNERSHIP GUIDELINES FOR DIRECTORS AND OFFICERS

### Director Stock Ownership Guidelines

Each non-management Director of the Board ("Directors") is expected to own Devon Energy Corporation ("Devon" or the "Company") common stock. The number of shares required to be owned will be determined in the first quarter of each year by multiplying the Director's annual retainer in effect as of the prior year end by five and dividing that number by the average daily closing price of the Company's common stock for the prior calendar year.

### Officer Stock Ownership Guidelines

The Company's Executive Chair and its President and Chief Executive Officer and the other members of Devon's Executive Committee ("Officers"; Directors and Officers may be referred to individually as a "participant" and collectively as "participants") are expected to own Devon common stock determined as a multiple of each Officer's base salary in effect as of the prior year end converted to a fixed number of shares. The ownership amount will be determined in the first quarter of each calendar year based upon the following multiples of base salary:

|                                       |                     |
|---------------------------------------|---------------------|
| Executive Chair                       | 6 times base salary |
| President and Chief Executive Officer | 6 times base salary |
| Other Members of Executive Committee  | 3 times base salary |

The product of each Officer's base salary times the ownership multiple will be divided by the average closing price of the Company's common stock for the prior calendar year to determine the number of shares required to be owned by each Officer pursuant to these Guidelines.

### Compliance with the Guidelines

Officers and Directors are expected to achieve their individual ownership guideline amounts within five years of first becoming subject to the Guidelines. Once achieved, ownership of the guideline amount should be maintained for as long as the Director or Officer is subject to the Guidelines. If there is (i) an increase in ownership guideline amount for any individual participant due to a change of position, (ii) an increase in the participant's compensation, or (iii) a decrease in the average daily stock price from the previous year, the affected participant will be allowed an additional five years to achieve the incremental guideline amount.

The following holdings of Devon common stock will be included in the determination of compliance with these Guidelines:

- shares owned directly by the Director or Officer or his or her immediate family members who share the same household;
- shares owned beneficially by the Director or Officer or his or her immediate family members residing in the same household; and
- unvested restricted stock for which the restrictions have not lapsed.

**Holding Requirement**

During any period in which a participant has not yet achieved his or her ownership guideline amount, the participant is required to maintain ownership of at least one-half of the shares of Devon common stock received during such period through equity-based awards from the Company, excluding from the calculation any shares withheld for applicable taxes. For example, if a participant receives 1,000 shares of Devon common stock from the Company and 300 shares are withheld for applicable taxes, such participant is required to maintain at least 350 shares.

**Oversight by Compensation Committee**

The Compensation Committee of the Board of Directors (the "Committee") will be responsible for administering, interpreting, and monitoring compliance with these Guidelines. On an annual basis, the Committee will consider the participants' status under these Guidelines, including the level of compliance with these Guidelines as of the prior year end.

**Exceptions**

There may be circumstances in which the Guidelines would place a severe hardship on the participant or prevent the participant from complying with a court order, such as a divorce settlement. In these instances, the participant shall be entitled to submit a request in writing to the Chairman of the Committee for an exemption from the Guidelines and Holding Requirement, setting forth the circumstances and describing the extent to which an exemption is being requested. The Committee will make the final determination as to whether an exemption will be granted. If such a request is granted in whole or part, the Committee will determine, in consultation with the participant, an alternative stock ownership arrangement that reflects both the intention of these Guidelines and the participant's individual circumstances.