

*Integrity defines the core of every relationship we have.*

## Corporate Governance

# EXPERIENCE, CHARACTER DEFINE DEVON'S LEADERSHIP

Not only does integrity define our corporate relationships, it drives our culture and guides our governance.

Devon is led by a nine-member board of directors, including seven independent directors. Our non-independent directors are Chairman John Richels and President and CEO Dave Hager.

The board is composed of seven men and two women. There are four committees — Audit, Compensation, Reserves and Governance — each composed of independent members. An independent director also serves as lead director, who oversees the executive sessions of our independent board members at each regularly scheduled board meeting.

Directors are compensated for their work based on prevailing market norms. Stock awards represent a majority of the total compensation for board members, providing a strong financial incentive for sound governance.

When considering a director candidate, our Governance Committee looks first at factors such as integrity and accountability, informed judgment, peer respect and high performance standards.

### **Shareholder engagement**

Shareholders elect directors annually. If a director fails to receive the required votes in an uncontested election, the director must offer to resign, according to Devon's bylaws. However, this provision has never been needed. At the 2016 shareholders meeting, for example, directors received an average approval of 97 percent.

Shareholder proposals are considered as part of the company's annual proxy process. In 2016, shareholders voted on four such proposals, none of which passed. Our bylaws also afford shareholders the right to call a special meeting. Additionally, in 2016, Devon implemented proxy access rights, which allow certain investors and groups of investors to nominate director candidates and include them in the company's proxy statement.

Devon's Corporate Governance team reaches out to investors throughout the year to ensure that Devon's senior leaders and board understand the issues of greatest significance to shareholders. These conversations most recently have

involved proxy access, executive compensation and important environmental, social and governance matters.

### **Executive management**

Compensation for senior executives is driven primarily by goals for overall company performance and long-term investor returns. Provisions for avoiding conflicts of interest are found in the company's code of business conduct and ethics, agreed to annually by all employees and directors.

Our senior leaders provide the board with regular updates and assessments of the various economic, environmental and social risk factors the company faces. Our executives also participate in numerous small-group meetings and field visits, plus twice yearly "town hall" meetings with all employees to discuss the company's accomplishments and future objectives.

