



## **Sanchez Energy Corporation**

### **Corporate Governance Guidelines**

**As Adopted by the Board of Directors on December 6, 2016**

The Board of Directors (the “*Board*”) of Sanchez Energy Corporation (the “*Company*”) has adopted these Corporate Governance Guidelines (these “*Guidelines*”) to provide an effective framework for the functioning of the Board and its committees. These Guidelines are not intended to bind the Board in any particular circumstance or to affect the Board’s obligations or authority under the Bylaws of the Company (the “*Bylaws*”) or applicable laws and regulations. These Guidelines are subject to amendment from time to time by the Board.

The Company’s business is conducted by its employees, managers and officers, under the direction of the Chief Executive Officer and the oversight of the Board. The Board is elected by the stockholders to oversee management and to assure that the long-term interests of the stockholders are being served. Directors must fulfill their responsibilities consistent with their fiduciary duties to stockholders and in compliance with applicable laws and regulations.

#### **Director Independence and Qualifications**

A majority of the directors of the Board will be “independent” in accordance with the listing standards of the New York Stock Exchange (the “*NYSE*”). Board members have an affirmative obligation to inform the Chief Executive Officer promptly of changes in their circumstances or any transactions or relationships that may impact their designation by the Board as “independent.” The Board will annually review and determine the independence of each director. In making its determination, the Board will carefully consider all facts and circumstances it deems relevant to the determination.

The Board will assess, on an annual basis, the skills and characteristics that candidates for election to the Board should possess, as well as the composition of the Board as a whole. This assessment will include the qualifications under applicable independence standards and other standards applicable to the Board and its committees, as well as consideration of background, experience, character, business acumen, skills and other factors the Board deems relevant in the context of the needs of the Board. The assessment will be without regard to race, color, religion, gender, age, ancestry or national origin.

No director should serve on so many other public or private company boards that his or her ability to devote the time and attention to duties to the Board would be compromised. Directors should advise the Chief Executive Officer in advance of accepting an invitation to serve on another public company board. Without specific approval from the Board, no director

may serve on more than five public company boards (including the Board) and no member of the Audit Committee of the Board (the “*Audit Committee*”) may serve on more than three public company audit committees (including the Audit Committee). If any Audit Committee member serves on the audit committees of more than three public companies, the Board shall make a determination that such simultaneous service does not impair the ability of such director to effectively serve on the Audit Committee.

The Board does not believe that an individual director who changes the position of professional responsibility or primary corporate affiliation he or she held when he or she was elected to the Board should necessarily resign from the Board. There should, however, be an opportunity for the Board to review the continued appropriateness of Board membership under the circumstances. A director who changes position of professional responsibility or primary corporate affiliation will be expected to act in accordance with the Board’s recommendation.

The number of directors shall be determined from time to time by the Board.

### **Director Responsibilities**

The function of the Board is to provide guidance to and controls on the activities of the Company, in the exercise of the business judgment of each individual director. In discharging that obligation, directors should be entitled to rely reasonably on the honesty and integrity of their fellow directors and the senior management of the Company and its outside advisors and auditors.

Directors are expected to prepare for and attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Directors are encouraged to attend the Company’s annual stockholder meeting. Information and data that are important to the Board’s understanding of the business to be conducted at a Board or committee meeting should, as possible, be distributed in writing to the directors before the meeting and directors should review these materials in advance of the meeting. A director may request that the Chief Executive Officer or appropriate member of senior management present to the Board specific information as it relates to the Company and its operations.

The Board believes that whether to have the same person occupy the offices of Chairman of the Board, if any, and Chief Executive Officer should be decided by the Board, from time to time, in its business judgment after considering relevant circumstances.

### **Board Meetings**

The Board shall hold regularly scheduled meetings at least four times per year. Additional meetings may be scheduled as necessary or appropriate in light of circumstances. The Chief Executive Officer will prepare an annual schedule of meetings for the Board and the standing committees. To the extent practicable, the schedule shall reflect agenda subjects that are generally of a recurring nature and are expected to be discussed during the year in question.

The Chief Executive Officer will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. The Board will review the

Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year.

The non-management directors will meet regularly in executive session without management participation. The directors meeting in executive session do not constitute a committee of the Board and, therefore, shall not take action at such sessions, although the participating directors may make recommendations for consideration by the full Board. These meetings will be chaired by the chairperson of the Audit Committee. If the non-management directors include directors who are not independent, the independent directors will meet separately in executive session not less than once a year.

### **Board Committees**

The Board has three standing committees: an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. Subject to applicable rules and regulations, the Board may add new committees or remove existing committees as it deems advisable in the fulfillment of its responsibilities. Each committee will perform its duties as assigned by the Board in compliance with the Bylaws and such committee's charter.

Each of the standing committees will have its own written charter. The charter will set forth the responsibilities, duties and authorities of each committee, the qualifications and procedures of each committee and how the committee will report to the Board. Each committee member must satisfy the membership requirements set forth in the relevant committee charter. At least annually, each committee will conduct an evaluation of its performance and effectiveness.

The chairman of each committee will determine the frequency of committee meetings, consistent with the committee's charter and the Company's needs.

### **Standards of Conduct**

The Board shall adopt and maintain a Code of Business Conduct and Ethics (the "*Code*") for the directors, officers and employees of the Company in compliance with the requirements of the NYSE. The Code shall be posted on the Company's website and shall be reviewed and updated periodically by the Board. Each director shall act at all times in accordance with the requirements of the Code.

### **Director Compensation**

The Board will determine annually the form and amount of director compensation. Directors who are employees of the Company or its affiliates will not be separately compensated for their services as directors. The Board will take into consideration the responsibilities of the directors and fees and other forms of compensation being paid by other companies comparable to the Company. The Board will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with or provides other indirect forms of compensation to a director or an organization with which the director is affiliated.

## **Stock Ownership Guidelines**

Stock ownership for executive officers. Executive officers are encouraged to make a substantial investment in Company stock to further align the interests of executive officers and stockholders. Accordingly, the Board has established minimum stock ownership guidelines for executive officers in the following amounts:

<b><u>Officer Level</u></b>	<b><u>Ownership Guideline</u></b>
Executive Chairman	5x annual base salary
Chief Executive Officer	5x annual base salary
Chief Operating Officer	3x annual base salary
President	3x annual base salary
Chief Financial Officer	3x annual base salary

Stock ownership levels must be achieved by each executive officer within five years of the effectiveness of these guidelines or within five years of the individual's first appointment as an executive officer, whichever is later. The Board or the Nominating & Corporate Governance Committee of the Board may, in its discretion, waive these guidelines, if compliance would create severe hardship or prevent an executive officer or director from complying with a court order, as in the case of a divorce settlement. It is expected that these instances will be rare.

Stock ownership for directors. Non-employee directors are encouraged to make a substantial investment in Company stock to further align the interests of directors and stockholders. Accordingly, each non-employee director is required to own a value equal to five times the amount of the annual retainer paid to directors. Directors are required to achieve the stock ownership guideline within five years of the effectiveness of these guidelines or within five years of first appointment to the Board, whichever is later.]

## **Director Interaction with External Constituencies**

The Board believes that the management speaks for the Company. Individual directors may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. However, it is expected that Board members would do this with the knowledge of management and, absent unusual circumstances or as contemplated by the charters of the committees of the Board, only at the request of management. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman of the Board.

## **Director Access to Officers, Employees and Other Advisors**

Directors are encouraged to keep themselves informed with respect to the Company and its operations. Directors will have full and free access to officers, employees and books and records of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer or made directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of

the Company and will, to the extent appropriate, copy the Chief Executive Officer on any written communications (including e-mail) between a director and an officer or employee of the Company. The Board also welcomes regular attendance at each Board meeting by senior officers of the Company. To the extent they consider it necessary and appropriate, directors also will have access to the Company's independent advisors using the same procedures.

The Board and each committee of the Board shall, at the Company's expense, have full access to independent legal, accounting, financial or other advisors as it deems necessary or appropriate to assist in the conduct of their duties.

### **Communication with the Board**

Any stockholder or interested parties may contact an individual director, the Board as a group, or a specified Board committee, including the independent directors, by submitting a communication in an envelope marked "Confidential" addressed to the relevant member(s) of the Board, c/o the Secretary, at the following address:

Sanchez Energy Corporation  
1000 Main Street, Suite 3000  
Houston, Texas 77002

### **Director Orientation and Continuing Education**

Each new director should participate in an orientation program, which should be conducted as soon as reasonably practicable after the meeting at which a new director is elected or appointed, as applicable. The orientation will include presentations by senior management to familiarize new directors with the Company's business and strategic plans, significant financial, accounting and risk management issues, compliance programs, the Code, Board procedures, principal officers and internal and independent auditors. The Company will facilitate the participation of directors in relevant continuing education programs. All directors are invited to participate in the orientation and continuing education programs

### **Chief Executive Officer Evaluation; Management Succession**

The Board will conduct an annual review of the Chief Executive Officer's performance to ensure that the Chief Executive Officer is providing appropriate leadership for the Company in the long- and short-term.

The Board is responsible for the selection of the Chief Executive Officer. The Board should identify and periodically update the qualities and characteristics necessary for an effective Chief Executive Officer, and shall also periodically review emergency and expected Chief Executive Officer succession planning. The Board recognizes that advance planning for contingencies such as the departure, death or disability of the Chief Executive Officer or other top executives is also critical so that, in the event of an untimely vacancy, the Company has in place an emergency succession plan to facilitate the transition to both interim and longer-term leadership. The Chief Executive Officer shall provide to the Board his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

## **Annual Performance Evaluation**

The Board will conduct an annual self-evaluation to determine whether the Board and its committees are functioning effectively.

Each committee will conduct an annual self-evaluation and report the results to the Board. Each committee's evaluation should compare the performance of the committee with the requirements of its written charter.

The effectiveness and contributions of individual directors are considered each year in connection with the nomination and election of directors.

## **Conflicts with Agreements**

These Guidelines are in addition to and are not intended to and shall not change or interpret any federal or state law or regulation, including Delaware General Corporation Law, or the charter documents of the Company. These Guidelines shall in no way alter, amend or repeal any provision of the Bylaws. To the extent that these Guidelines conflict with any provision of the Bylaws, the provisions contained in the Bylaws shall govern.

## **Term Limits**

The Board does not believe it should limit the number of terms for which an individual may serve as director. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Company based on their experience with, and understanding of, the Company's history, policies and objectives. However, to ensure that the Board remains composed of experienced and effective members, the Board will evaluate the qualifications and performance of each incumbent director before recommending the nomination of that director for an additional term.

## **Recoupment of Incentive Compensation**

The Board has adopted a clawback policy under which the Board has the right to cause the reimbursement by a current or former executive officer of the Company of certain incentive compensation if the compensation was predicated upon the achievement of certain financial results that were subsequently the subject of a required restatement of the Company's financial statements. Incentive compensation subject to the policy includes all cash, equity or equity-based awards made pursuant to the Company's Third Amended and Restated 2011 Long Term Incentive Plan or any other formal or informal plan, adopted currently or in the future. The Board may exercise this right regardless of the occurrence or absence of any fraud or responsibility on the part of any current or former executive officer.