

**PEABODY ENERGY CORPORATION  
CORPORATE GOVERNANCE GUIDELINES**  
(as amended January 18, 2018)

**PURPOSE**

It is the responsibility of the Board of Directors (“Board”) to promote the best interests of Peabody Energy Corporation (the “Company”) and its shareholders and to oversee the management of the Company. In addition to the Certificate of Incorporation and the Bylaws of the Company, these Corporate Governance Guidelines, the committee charters and the Code of Business Conduct and Ethics will be used by the Board to fulfill its responsibilities.

**RELATIONSHIP WITH MANAGEMENT; CHAIRMAN OF THE BOARD**

The Board will appoint the Chief Executive Officer (the “CEO”) and other officers of the Company who will be charged with the conduct of the Company’s business. The CEO will report to the Board. Board members will have complete access to the Company’s management and may, from time to time, request that a member of management, who can provide additional insight into items being discussed, attend a meeting of the Board.

The Board will operate independent of management as it conducts its duties. It will elect a Chairman of the Board (“Chairman”), who may be a member of management, to coordinate the activities of the Board. The Board will carefully consider issues that are important to the Company, with and without management being present. In that regard, the Board is free to communicate amongst itself without management’s involvement, and the Board will periodically meet independent of management. If the Company has in place an Independent Chair, the specific responsibilities of the Chair will be as follows:

*Meetings and Executive Sessions*

- Presides at all meetings of the Board.
- Organizes, convenes and presides over executive sessions of the independent Directors, including arranging discussions with members of management as appropriate.
- Organizes, convenes and presides over meetings of the independent Directors.

### *CEO Liaison*

- Serves as liaison between the independent Directors and the CEO, for promptly communicating to him or her feedback and direction discussed in executive sessions.

### *Evaluation of CEO*

- In an executive session, each year, leads the discussion of the independent Directors to evaluate the performance of the CEO. With the Chair of the Compensation Committee, he/she communicates the content and results of the evaluation to the CEO.

### *Information Provided to the Board*

- Confers with the CEO regarding, and makes final determination with respect to, the information to be sent to the Board and on the agenda items and timeframes for discussion.
- Facilitates the independent Directors' approval of the number and frequency of meetings of the Board.

### *Outside Advisors and Consultants*

- Authorizes the retention of outside advisors and consultants who report directly to the independent Directors on Board-wide issues.

### *External Communication*

- Be available as appropriate (including upon receipt of direction from the independent Directors or following consultation with the CEO) for consultation and direct communication with external constituencies.

### *Other Duties*

- Performs such other duties as may be assigned from time to time by the independent Directors.

## **LEAD INDEPENDENT DIRECTOR**

If the offices of the Chairman and CEO are held by the same person, or if the Director serving as Chairman does not meet the criteria for independence established by the New York Stock Exchange, the independent members of the Board of Directors will, after considering the recommendation of the Nominating and Corporate Governance Committee, annually elect an independent Director to serve as the Lead Independent

Director. Although elected annually, the Lead Independent Director is generally expected to serve for more than one year.

The role of the Lead Independent Director is intended to expand lines of communication among independent Board members with the CEO and with the Executive Chairman, since he/she is not independent, and is not intended to reduce the free and open access and communications that each independent Director has with other Board members, the CEO and other members of management.

## **DIRECTOR QUALIFICATIONS AND BOARD SIZE**

The Board must be comprised of at least a majority of Directors who meet the criteria for independence established by the New York Stock Exchange (including, without limitation, those independence requirements set forth in Section 303A.01 and 303A.02 of the New York Stock Exchange Listed Company Manual).

The Nominating and Corporate Governance Committee is responsible for reviewing with the Board, on at least an annual basis, the requisite qualifications, independence, skills and characteristics of Board candidates, members, and the Board as a whole. This assessment will include an evaluation of each Director's independence, as well as consideration of skills, experience, diversity and age in the context of the needs of the Board. The Nominating and Corporate Governance Committee will recommend Director nominees to the Board in accordance with the policies and principles set forth in its charter. The Nominating and Corporate Governance Committee will give appropriate consideration to Director nominees proposed by stockholders and will evaluate such nominees in the same manner as other nominees identified by the Nominating and Corporate Governance Committee. Invitations to join the Board shall be jointly extended by the Chair of the Nominating and Corporate Governance Committee and the Chairman of the Board, after consideration and approval by the full Board.

The current consensus of the Directors is that the optimum size of the Board is between 9 and 13 members. However, the Board reserves the flexibility to increase the actual number so that it is not constrained in its ability to add outstanding candidates.

## **RESIGNATION**

Any Director of the Company may resign at any time by giving notice in writing to the Chairman of the Board or the Secretary. Any non-management Director who fails to satisfy the Company's Code of Business Conduct and Ethics or otherwise suffers a change in circumstances that adversely affects his or her capacity to serve as a Director shall promptly tender his or her resignation to the Chairman of the Board or the Chair of the Nominating and Corporate Governance Committee.

Any non-management Director who has a change of employer or primary occupation, or whose occupational responsibilities are substantially changed from when the Director was elected to the Board, shall promptly notify the Chairman of the Board or the Chair of the Nominating and Corporate Governance Committee, and the Corporate Secretary,

of their change in circumstance. The Chairman of the Board and the Chair of the Nominating and Corporate Governance Committee, in consultation with the Corporate Secretary, shall determine whether a resignation notice and/or consideration of the notice by the full Nominating and Corporate Governance Committee is required, or whether the change in circumstances does not require further action.

It is not the sense of the Board that in every instance non-management Directors who change employer or occupation, or undergo a substantial change in occupational responsibilities, existing when they joined the Board, should necessarily leave the Board. There should, however, be an opportunity for the Board, through the Nominating and Corporate Governance Committee, to review the continued appropriateness of Board membership under the circumstances.

## **SERVICE ON PUBLIC BOARDS AND OTHER COMMITMENTS**

The Nominating and Corporate Governance Committee will carefully review the prior commitments of each candidate before recommending his/her nomination to join the Board. In addition, the Nominating and Corporate Governance Committee will confirm that outside commitments have not regularly and adversely affected (and are not expected to regularly and adversely affect) a Director's performance when considering his/her renomination for an additional term. Directors should advise the Chairman of the Board and the Chair of the Nominating and Corporate Governance Committee prior to accepting an invitation to serve on another public company board or any other significant commitment involving affiliation with another business or a government entity and should keep them fully apprised of the committees of other public company boards on which they serve and of any other significant commitments.

It is the Board's view that any individual Director should not serve on more than four other public company boards in addition to the Company's Board. Except in extraordinary circumstances and only after the Board has determined that such simultaneous service would not impair the ability of the Director to serve effectively on the Company's Audit Committee (which determination shall be disclosed in the Company's annual proxy statement), no member of the Company's Audit Committee shall serve simultaneously on the audit committee of more than two other public companies. For purposes of this guideline and as provided under New York Stock Exchange rules, (i) service on the boards of multiple funds within a single fund complex shall be deemed as service on one public company board, and (ii) service on multiple audit committees within a single fund complex shall be deemed as service on one public company audit committee.

## **TERM LIMITS AND RETIREMENT AGE**

In lieu of term limits, the Nominating and Corporate Governance Committee will review each Director's continuation on the Board every year. This will allow each Director the opportunity to conveniently confirm his/her desire to continue as a member of the Board.

It is the policy of the Board that Directors will not stand for election, or be appointed to fill vacant or newly created Board positions, after reaching age 75. When identifying candidates to replace Directors impacted by this policy, it is the Board's desire that such candidates possess relevant experience, knowledge and skills and are available for appropriate periods of continuous service, thereby enhancing their ability to thoroughly understand and oversee the Company's business and long-term strategies.

## **DIRECTOR ELECTION PROCEDURES**

The Board desires to clarify its position regarding the actions to be taken when a Director receives more "withheld" than "for" votes in an election. Such a vote sends a message that clearly warrants the Board's careful attention. At the same time, the Board recognizes that a number of special interest groups are promoting the majority voting standard as a means to wage corporate campaigns or other activities that are not in the best interest of all shareholders. Certain corporations in heavy industry, including the Company, receive heightened attention from these interest groups, and the Board believes that special measures are warranted to protect against their coercive activities.

In an uncontested election of Directors (i.e., an election where the only nominees are those recommended by the Board), any nominee for Director who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election (a "Withhold Vote") will promptly tender his or her resignation to the Chairman of the Board following certification of the shareholder vote.

The Nominating and Corporate Governance Committee will promptly consider the resignation submitted by such Director, and will recommend to the Board whether to accept or reject the tendered resignation. In considering whether to accept or reject the tendered resignation, the Nominating and Corporate Governance Committee will consider all factors deemed relevant by its members including, without limitation, the stated reasons why shareholders "withheld" votes for election from such Director, the length of service and qualifications of the Director whose resignation has been tendered, the Director's contributions to the Company, the Company's Corporate Governance Guidelines, and whether any special interest groups conducted a campaign involving the election of Directors to further the interests of such group, as opposed to the best interests of all shareholders.

The Board will act on the Nominating and Corporate Governance Committee's recommendation no later than 90 days following the date of the shareholders' meeting where the election occurred. In considering the Nominating and Corporate Governance Committee's recommendation, the Board will consider the factors considered by the Nominating and Corporate Governance Committee and such additional information and factors the Board believes to be relevant. The Board's decision of whether to accept or reject the tendered resignation, and the Board's explanation for such decision, will be promptly disclosed in a Form 8-K filed with the Securities and Exchange Commission.

To the extent that one or more Directors' resignations are accepted by the Board, the Nominating and Corporate Governance Committee will recommend to the Board whether to fill such vacancy or vacancies or to reduce the size of the Board.

Any Director who tenders his or her resignation pursuant to this provision will not participate in the Nominating and Corporate Governance Committee recommendation or Board consideration regarding whether or not to accept the tendered resignation. If a majority of the members of the Nominating and Corporate Governance Committee receive Withhold Votes at the same election, then the independent Directors who are on the Board who did not receive Withhold Votes in such election (or who were not standing for election) will appoint a Board committee amongst themselves solely for the purpose of considering the tendered resignations and will recommend to the Board whether to accept them or reject them. This Board committee may, but need not, consist of all of the independent Directors who did not receive Withhold Votes in that election.

This corporate governance guideline will be summarized or included in each proxy statement relating to an election of Directors of the Company.

## **DIRECTOR RESPONSIBILITIES**

The basic responsibility of the Directors is to exercise their independent business judgment to act in what they reasonably believe to be the best interests of the Company and its shareholders. In discharging that obligation, Directors should be entitled to rely on the honesty and integrity of their fellow Directors and the Company's senior executives and its outside advisors and auditors. The Directors shall also be entitled (a) to have the Company purchase reasonable Directors' and officers' liability insurance on their behalf, (b) to the benefits of indemnification to the fullest extent permitted by law and the Company's certificate of incorporation, by-laws and indemnification agreements, and (c) to exculpation as provided by state law and the Company's certificate of incorporation.

Directors are expected to attend all Board meetings and all meetings of committees on which they serve. While attendance at such meetings in person is preferred, participation by means of a conference telephone is acceptable when occasional circumstances prevent a Director from attending in person. Directors also are expected to spend the time needed and to meet as frequently as necessary to properly discharge their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the Directors before the meeting to the extent practicable, and Directors should review these materials in advance of the meeting. All such materials should be concise while still providing the information that the Board will require to make an informed decision. Directors shall preserve the confidentiality of confidential material given or presented to the Board or any committee of the Board.

All Directors owe a duty of loyalty to the Company, and such duty mandates that the best interests of the Company take precedence over any interests possessed by a

Director. Directors should be familiar with the Company's Code of Business Conduct and Ethics and must disclose to other Directors any potential or perceived conflicts of interest they may have with respect to any matter under discussion and refrain from voting, or influencing the other Directors, on a matter in which they have a conflict.

The Board believes that the management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. The Board members would do this only with the knowledge of management and the Chairman of the Board and, absent unusual circumstances or as contemplated by the committee charters, only at the request of management or the Chairman of the Board. The Chairman of the Board speaks for the Board unless the Board shall appoint another Director to be its spokesperson.

The Board believes that Directors should be shareholders and have a financial stake in the Company. The Board has therefore established stock ownership guidelines for Directors which shall be publicly disclosed through the Company's website or other appropriate means.

## **BOARD MEETING PROCEDURES**

The Chairman of the Board and the CEO will coordinate the development and preparation of the agenda for each Board meeting and the schedule for Board and committee meetings. Each Director is free to suggest the inclusion of items on the agenda. Each Director is also free to raise at any Board meeting subjects that are not on the agenda for that meeting. At least one Board meeting per year shall include a thorough review of the Company's long-term strategic plans and the principal issues that are expected to affect the Company in the future.

The non-management Directors will meet in executive session at least quarterly. In addition, if the Board determines that any non-management Directors are not independent pursuant to the Board's standards for determining independence as set forth herein, an executive session comprised solely of independent Directors will be held at least once a year. These executive sessions may be held in conjunction with regularly scheduled Board meetings. If the Chairman is not independent pursuant to the Board's standards for determining independence as set forth herein, the executive sessions will be chaired by the Lead Independent Director.

The Board welcomes regular attendance at each Board meeting of the appropriate representatives of senior management, subject to the Board's right in all instances to meet in executive session, or with a more limited number of management representatives. If the CEO wishes to have additional Company personnel attendees on a regular basis, this suggestion should be brought to the Board for consideration.

## **COMMITTEES OF THE BOARD**

The Board will have at all times an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, a Health, Safety, Security and

Environmental Committee and an Executive Committee. The Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Health, Safety, Security and Environmental Committee shall each be composed of at least three (3) independent Directors under the criteria established by the New York Stock Exchange and, in the case of the Audit Committee, Section 10A(m) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the rules and regulations promulgated thereunder. The Board may, from time to time, establish or maintain additional committees as it deems necessary or appropriate.

The Board will appoint all committee members, taking into consideration the recommendations of the Nominating and Corporate Governance Committee and the desires of individual Directors. It is the sense of the Board that consideration should be given to rotating committee members and/or Chairs periodically, to the extent practicable (with due consideration to be given the specialized qualifications and experience that may be required for certain committee members), but the Board does not believe that rotation should be mandated as a policy. A Director may serve on more than one committee for which he or she qualifies.

Each committee will have its own written charter. The charters for each of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee will satisfy the requirements of the New York Stock Exchange and, in the case of the Audit Committee charter, Section 10A(m) of the Exchange Act and the rules and regulations promulgated thereunder. The charters will set forth the purposes, goals and responsibilities and authority (consistent with any applicable bylaws or resolutions of the Board) of the committees, as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its own performance and report the results of this evaluation to the full Board. The Chair of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee’s charter. The Chair of each committee, in consultation with the appropriate members of the committee and management, will direct the development of the committee’s agenda. The Chair of each committee shall report to the full Board after each committee meeting to assure that all Directors remain fully apprised of significant topics discussed and actions taken.

## **DIRECTOR ACCESS TO OFFICERS, EMPLOYEES AND INDEPENDENT ADVISORS**

Directors shall have full and free access to officers and employees of the Company. Any meeting or contacts that a Director wishes to initiate may be arranged through the CEO or the Secretary, or directly by the Director. The Directors will use their best judgment to ensure that any such contact is not disruptive to the business operations of the Company, will not inappropriately disclose any confidential or sensitive information in the possession of the Director and will, unless inappropriate, copy the CEO on any written communications with such officers or employees.



The Board, the Chair and each committee shall have the power to hire, and approve the fees and retention terms of, independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

## **DIRECTOR COMPENSATION**

The Board will periodically review the recommendation of the Compensation Committee and, based thereon, will determine the form and amount of Director compensation, including cash, equity-based awards and other Director compensation. In considering the amount of Director compensation to be paid, the Board shall consider, among other factors, the compensation paid to Directors of comparable public companies. In connection with such determination and periodic reviews, the Board and the Compensation Committee shall consider that Directors' independence may be jeopardized (i) if Director compensation and perquisites exceed customary levels, (ii) if the Company makes substantial charitable contributions to organizations with which a Director is affiliated, or (iii) 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.

## **DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

Each new Director will participate in a Director Orientation Program, which should be conducted within a reasonable period of time after his/her election. This orientation will include presentations by senior management to familiarize the new Director with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers, and its internal and independent auditors. In addition, the Director Orientation Program should include visits to the Company's headquarters and, to the extent practicable, one or more of the Company's significant mining operations. All other Directors are also invited to attend any Director Orientation Program.

Directors are also encouraged to periodically pursue or obtain, at the Company's expense, appropriate programs, sessions or materials designed to enhance their knowledge regarding the Company and its businesses, and/or their ability to serve on the Company's Board.

## **MANAGEMENT EVALUATION AND SUCCESSION**

The Board (excluding management members) will review at least annually the performance and compensation of the CEO and the other senior executives, taking into account the recommendations of the Compensation Committee as set forth in its charter. As part of this review, the Board shall consider, among other factors, the compensation paid to the chief executive officers and other senior executives of comparable companies.

The Board will review at least annually a succession plan developed by the Company's management. The CEO will provide an annual report on succession planning and

related development recommendations to the Board, including a short-term succession plan delineating temporary delegation of authority in the event that the CEO or any other executive officer is unexpectedly unable to perform his/her duties. Management Directors who could potentially be impacted by such succession planning process will be excluded from these discussions. The CEO also should have available at all times his/her recommendations and evaluations of potential successors, along with any development plans recommended for such individuals.

## **ANNUAL PERFORMANCE EVALUATION**

The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Nominating and Corporate Governance Committee will receive comments from all Directors and report annually to the Board with an assessment of the Board's performance. The full Board will discuss such assessment to determine what actions, if any, could improve Board and committee performance.

## **DELEGATION OF AUTHORITY**

In general, it is the duty of the Board to oversee the activities of the Company and to protect its assets. The Board will monitor the performance of the Company and management, approve annual budgets, approve all major acquisitions and approve the strategic direction of the Company. In order to promote the efficient operation of the Company, the Board relies upon management to make necessary business decisions. Certain transactions, however, are so significant that full Board approval is required. For example, approval of the full Board is required to:

- Amend the certificate of incorporation and bylaws;
- Adopt an agreement of merger or consolidation;
- Recommend to the shareholders the sale, lease or exchange of all or substantially all the Company's property and assets;
- Recommend to the shareholders a dissolution of the Company or a revocation of any dissolution;
- Declare a dividend;
- Issue stock;
- Fill vacancies on the Board;
- Appoint members of Board committees; and
- Change major lines of business.

Additionally, the Board will consider other significant transactions that exceed predetermined thresholds set by the Board from time to time, including, without limitation:

- Corporate expenditures;
- Coal purchase contracts, contract mining agreements and other significant contractual arrangements;
- Coal supply agreement renegotiations;

- Coal supply agreements requiring capital to fulfill their terms;
- Sale, trade or disposal of assets;
- Energy trading or energy purchases other than coal;
- Prepayment of indebtedness; and
- Investments, other than temporary investments of excess cash.

The Board shall periodically review the delegation of authority guidelines established for the Company, and the Board specifically reserves the right to change its delegation of authority thresholds and policies at any time. The Board also reserves the right at any time to review any individual transaction or series of transactions, regardless of whether such transactions exceed thresholds previously established by the Board.

Subject to such thresholds as are approved by the Board, approval limits at various levels of management may be delegated by the CEO and documented by written policies that provide an adequate system of internal controls.

#### **PERIODIC REVIEW, AMENDMENT AND WAIVER**

The Board, with the assistance of the Nominating and Corporate Governance Committee, shall review these Corporate Governance Guidelines at least annually to determine whether any changes are appropriate. Any proposed amendments or waivers must be approved by the Board in advance.