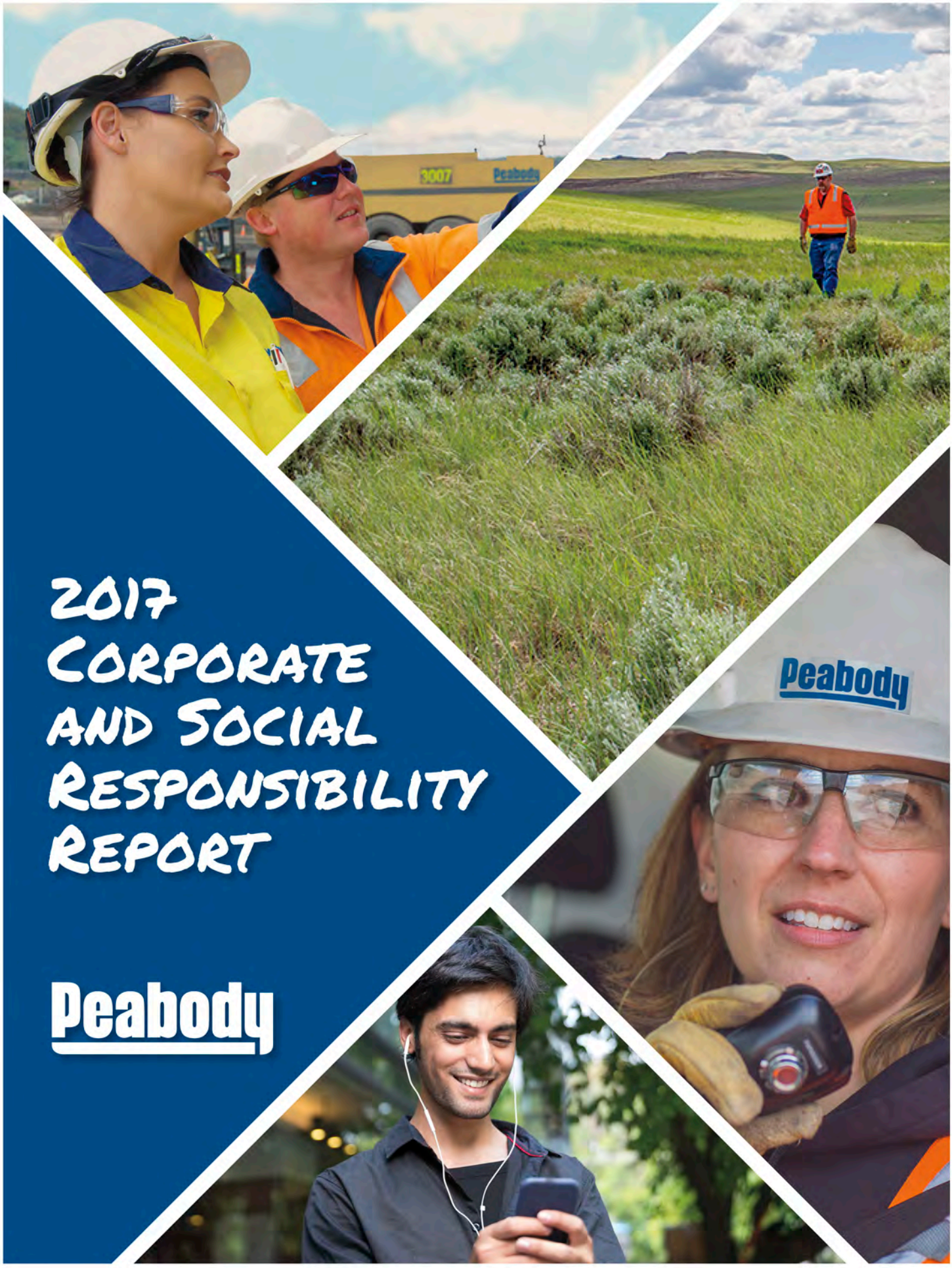

2017 Corporate and Social Responsibility Report

Peabody

PEABODY REPORTING PROCESS

Management believes that a collection of external communications vehicles, including environmental regulatory filings and public notices, U.S. Security Exchange Commission filings, the company website, publications and the Corporate and Social Responsibility Report give stakeholders a full portrayal of the company's commitments and progress.

Peabody's Corporate and Social Responsibility Report provides information regarding responsibilities that, by design, are not as thoroughly discussed in other communications vehicles.

In compiling this report, Peabody reviewed Global Reporting Initiative guidelines and referenced six specific indicators covering water and waste reporting.

This report is reviewed by the company's executive team, who commits to advancing best practices in corporate social responsibility.

All figures in this report are stated in U.S. dollars unless otherwise noted.

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2017 AT A GLANCE

Safety

- Attained a 1.38 global total recordable injury frequency rate per 200,000 hours worked, with zero fatalities. Over the past five years, the company's incidence rate has improved 26 percent.
- Achieved a record 1.19 total recordable injury frequency rate for the Australia platform, improving 17 percent from 2016.
- Celebrated a first-place win at the Australian National Mines Rescue Competition, which earned the Wambo Underground Mine Rescue Team the honor of representing Australia at the 2018 International Mines Rescue Competition.
- Earned a Mine Safety and Health Technology Innovation Award from the U.S. National Institute for Occupational Safety and Health in conjunction with the U.S. National Mining Association, for a redesign of seat belt systems in haul trucks.

Customer Focus

- Served customers, primarily electricity generators, industrial facilities and steel manufacturers, in more than 25 countries on six continents.
- Sold and shipped 191.5 million tons of metallurgical and thermal coal from leading positions in the U.S. and Australia.

Leadership

- Continued as a leader in encouraging greater development and deployment of advanced coal technologies through our Common Ground approach to the world's growing energy needs and desire to lower emissions.
- Rewarded innovation in clean coal technologies through our fourth annual Peabody Global Clean Coal Leadership Awards.
- Progressed our Investment Principles for Best-in-Class Coal Companies.
- For the second consecutive year, awarded the Best Environmental, Social and Governance – Responsible Mining Company – Global, from Capital Finance International.
- Honored as 2017 Coal Mining Company of the Year by Corporate LiveWire for responsible coal mining and use and our role as a pioneer in sustainability.

People

- Enhanced our Employee Value Proposition and strategies to attract, engage and retain talent across our operations.
- Committed to advance diversity and inclusion in the workplace through our President and CEO Glenn Kellow signing the CEO Action for Diversity & Inclusion® pledge.
- Welcomed the growing role of women in the coal industry and commended team members who were honored externally.
- Increased spend with minority suppliers by 10 percent over the prior year.

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Excellence

- Formalized our philosophy and practice of continuous improvement through the Peabody Way.
- Recognized team member inventions through the Peabody Safety and Health Innovation Awards.

Integrity

- Governed by a board of directors who offer experience across multiple global tier-one industries, with eight of the nine being independent.
- Contributed more than $0.9 billion in taxes, royalties, levies and fees to federal, state and local governments, including the voluntary disclosure of payments consistent with the Extractive Industry Transparency Initiative in the U.S. and Australia.
- Provided political and lobbying disclosures at the federal and state levels.

Sustainability

- Restored 5,145 acres of mined lands – 1.4 acres for each disturbed – into wildlife habitat, rangeland, hardwood forests, prime farmland, pastoral land and wetlands.
- Continued environmental reporting for six indicators – five on water and one on waste – in reference to the Global Reporting Initiative framework.
- Recycled and reused 33,548 megaliters of water, representing 59 percent of total water withdrawn.
- Recycled and reused, including energy recovery, about 72 percent of total waste.
- Generated $10.6 billion in direct and indirect economic benefits globally.
- Contributed more than $1.4 million in philanthropic funding and scholarships.
- Included company's Environmental Policy and Position on Energy and Climate Change.

LETTER FROM PRESIDENT AND CEO

May 2018

To Our Stakeholders:

The new Peabody had its beginnings in April 2017 when we relisted on the New York Stock Exchange under our iconic BTU ticker symbol. I reflect upon a year of both considerable change and significant accomplishment across our business – a time during which Peabody also continued to live our mission: To create superior value for shareholders as the leading global supplier of coal, which enables economic prosperity and a better quality of life.

Peabody is proud to be the leading global pure-play coal company and a member of the Fortune 500, serving power and steel customers in more than 25 countries on six continents. Our approach to corporate social responsibility includes a commitment to sustainable mining practices, to building recognition of coal's essential role in electricity generation and steelmaking, and to encouraging greater development and deployment of advanced coal technologies. It's what we call "Coal Done Right."

Peabody's global safety performance continues to surpass industry averages. The Australian platform achieved a record safety year in 2017, and we remain ever vigilant on our journey of continuous improvement in safety. Our land stewardship resulted in more than 5,100 acres of land reclaimed – 1.4 acres for each disturbed – and we earned honors for our restoration techniques and environmental practices. Peabody reinforced our commitment to the communities in which we operate, generating $10.6 billion in direct and indirect economic benefits.

Peabody continues to focus on good governance and oversight, and we are committed to strong environmental and social practices. We report water and waste indicators in reference to the Global Reporting Initiative framework and also disclose payments made to governments. We support many of the United Nations Sustainable Development Goals, which promote economic development, social inclusion and environmental protection in a sustainable manner. For the second consecutive year, Peabody was named the most responsible global mining company by Capital Finance International, highlighting our excellence in environmental, social and governance standards and performance. We were also awarded Coal Mining Company of the Year by Corporate LiveWire.

The fabric that unites the Peabody team is our mission, values and culture. To further unify employees, upon emergence the company provided a grant of restricted stock units with a vision that team members at each level of the organization would become shareholders of the new Peabody.

While 2017 marked numerous achievements, I am mindful that the restructuring process created challenges for many of our stakeholders. We continue to take action, converting lessons learned into longer-term positives to deliver results and generate value.

From the essential nature of our product to the best team in the industry, I am pleased with what we accomplished, together, during 2017. I thank Peabody's more than 7,000 dedicated global employees for their many contributions that help our business succeed. I also thank our shareholders, customers, suppliers, community partners and other stakeholders for your ongoing support.

Glenn Kellow
President and Chief Executive Officer

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OUR MISSION AND VALUES

Corporate social responsibility has always been an integral part of Peabody's operating model. Our 2017 Corporate and Social Responsibility Report builds upon this commitment and is anchored around our core values: safety, customer focus, leadership, people, excellence, integrity and sustainability.

Within each value, the company has defined key drivers that reflect who we are, how we work, what we believe, and why what we do matters in the world. These values are more than words, and they remind us of the importance of our work.

Our Mission

To create superior value for shareholders as the leading global supplier of coal, which enables economic prosperity and a better quality of life.

Our Values

Safety: We commit to safety and health as a way of life.

- Safety is Peabody's first value, integrated into all areas of our business.
- Our goal is to eliminate all workplace incidents, including injuries, occupational illnesses and property damage.
- Peabody has a consistent Safety a Way of Life management system that applies to employees, contractors, visitors and vendors at our sites and all Peabody-managed operations and sites. It is independently certified under the U.S. National Mining Association's CORESafety® framework.
- We cooperate with government agencies around the world to advance safety technologies and best practices toward our vision to operate safe and healthy workplaces that are incident free.

Customer Focus: We provide customers with quality products and excellent service.

- We deliver the unmatched insights and expertise of one of the most experienced coal sales, trading and marketing teams in the industry.
- We deliver a one-stop sales, trading and transportation network around the clock and around the world.
- We partner with customers to meet their needs in an effective and timely manner.

Leadership: We have the courage to lead, and do so through inspiration, innovation, collaboration and execution.

- Peabody is a leader in sustainable mining practices, building recognition of coal's essential role in electricity generation and steelmaking, and encouraging greater development and deployment of advanced coal technologies.
- We engage with governments, academia, communities and other stakeholders to support constructive and informed dialogue.
- We expect our leaders to inspire, encourage innovation, collaborate and drive for results.

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People: We offer an inclusive work environment and engage, recognize and develop employees.

- Peabody seeks an empowered and collaborative workplace built upon a foundation of mutual trust and respect and commits to keeping our employees informed through open and transparent communication.
- The company's global inclusion and diversity vision is to maintain a workforce comprised of varied backgrounds while recognizing the power of inclusion and diversity as a competitive advantage to deliver exceptional results.
- Peabody invests in its team members through health and wellness programs, competitive total rewards and professional development opportunities.

Excellence: We are accountable for our own success. We operate cost-competitive mines by applying continuous improvement and technology-driven solutions.

- The Peabody Way guides how we sharpen our competitiveness by leading with safety, increasing productivity, driving innovation, improving costs and measuring performance.
- We operate a global shared services platform that standardizes core processes to leverage best practices and lower costs.
- Peabody's annual Safety and Health Innovation Awards recognize the inventiveness of our global workforce, which inspires safety solutions that may be shared across the company and industry.

Integrity: We act in an honest and ethical manner.

- Peabody is committed to complying with all laws and regulations in its business transactions at all government levels.
- Peabody will continue to carefully review its business practices, policies and safety standards to stay true to its corporate values.
- The board of directors work to ensure that good corporate governance and oversight practices are implemented to promote the best interests of the enterprise.
- We will continue demonstrating transparency and disclosure in environmental, social and governance.

Sustainability: We take responsibility for the environment, benefit our communities and restore the land for generations that follow.

- We see land restoration as an essential part of the mining process, take great pride in the work that we do and have been routinely recognized for these programs.
- The company strives to be highly responsible in environmental stewardship, community outreach and sustainable development, working in partnership with the key stakeholders of the regions and countries where we have operations.
- Peabody implements practices and technologies to minimize energy and water usage.
- We commit to being a strong corporate citizen through philanthropic giving, employee volunteerism and targeted community stakeholder engagement.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

In 2016, the United Nations (UN) set forth a universal agenda with 17 Sustainable Development Goals (SDGs) and 169 associated targets, providing a framework for economic development, social inclusion and environmental protection in a sustainable manner. Peabody and the products the company supplies – thermal and metallurgical coal – contribute to and support many of the SDGs.

Our mission is to create superior value for shareholders as the leading global supplier of coal, which enables economic prosperity and a better quality of life.[SDGs 1, 2, 8] Electricity from thermal coal provides access to affordable, reliable, sustainable and modern energy, helping to meet the world's growing energy needs.[SDG 7] Metallurgical coal is a key ingredient in steelmaking, crucial for building resilient infrastructure like skyscrapers and communications and transportation systems that support industrialization and urbanization.[SDGs 9, 11]

Society has both a growing need for energy and a desire to lower emissions, and we believe technology offers the best common ground approach. Peabody has invested $300 million over the past two decades in global partnerships and projects in Australia, China and the U.S. to deploy today's high-efficiency, low-emissions technologies and advance next-generation carbon capture, use and storage technologies toward the ultimate goal of near-zero emissions from coal.[SDGs 7, 17]

Peabody employs 7,100 people with well-paying, highly skilled jobs. The company invests in its team members through health and wellness programs, competitive total rewards and professional development opportunities.[SDGs 3, 4, 8]

Safety is Peabody's first value and is integrated into all areas of our business. Our extensive Safety a Way of Life management system aligns with and is independently certified under the U.S. National Mining Association's CORESafety® framework, and we foster a safety culture that promotes participation and accountability.[SDG 3]

Sustainability is another core value, and stewardship of the environment and respect for the natural world are central to the way Peabody operates. Our environmental commitments extend from successful land restoration to energy efficiency, to recycling and water use management. Our environmental policies and programs are designed to ensure that coal mining and land end use benefit society and achieve compliance with legal and regulatory requirements. [SDGs 6, 12, 15]

We believe Equal Employment Opportunity is good business. The company's global inclusion and diversity vision is to maintain a workforce comprised of varied backgrounds, while recognizing the power of inclusion and diversity as a competitive advantage to deliver exceptional results. We continue to make strides in attracting and retaining women to the mining industry and focus on Native American and indigenous engagement and employment. Peabody's President and CEO committed to advancing diversity and inclusion in the workplace by signing the CEO Action for Diversity & Inclusion® pledge. [SDGs 5, 10]

Peabody is committed to complying with all laws and regulations in our business transactions at all government levels. Directors, officers and employees must adhere to a Code of Business Conduct and Ethics that is designed to foster ethical decision making, prevent corruption, avoid conflicts of interest, achieve compliance with laws and protect company assets.[SDG 16]

Peabody's values and the chapters of this CSR Report are mapped to the UN SDGs in the Appendix.

SAFETY

We commit to safety and health as a way of life.

Global Safety Results

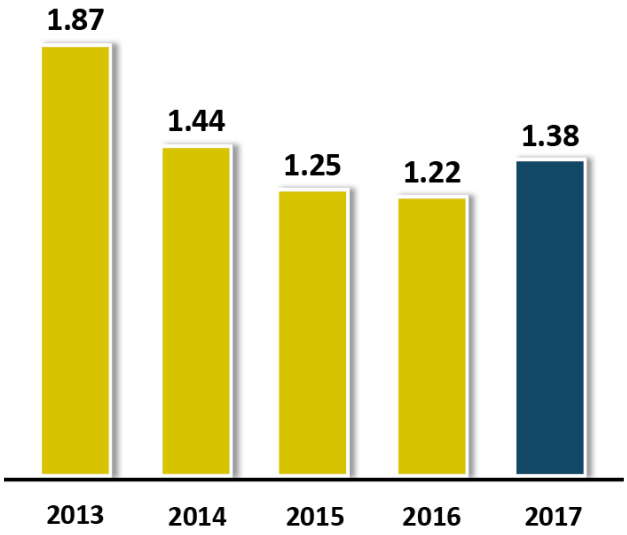
Safety is essential to everything we do at Peabody. Each day, our vision is to operate safe and healthy workplaces that are incident free. As our first value and a leading measure of operational excellence, we approach safety with both vigilance and humility, and we commit to continuously improving our safety and health efforts.

A Journey of Continuous Vigilance to Safety

In 2017, Peabody attained a global 1.38 total recordable injury frequency rate (TRIFR) per 200,000 hours worked, with zero fatalities. We are a safety leader, and our global incidence rate outperforms industry averages in the areas where we have operations – the U.S., and New South Wales and Queensland, Australia.[1]

2017 Peabody Global Safety Rate

TRIFR per 200,000 Hours Worked



From 2013 to 2017, Peabody's global TRIFR has improved 26 percent.

The Australia platform achieved a record safety result of 1.19 TRIFR in 2017, marking an improvement of 17 percent from the prior year, with progress at both underground (1.71 TRIFR) and surface operations (1.06 TRIFR). Moorvale and North Goonyella Mines in Queensland set safety records in 2017 while also setting production records. Wambo Open-Cut, Wambo Underground and Wilpinjong Mines in New South Wales and Moorvale, North Goonyella and Millennium Mines in Queensland all improved safety performance over 2016, with 14 fewer injuries collectively than prior year.

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[1] Peabody 2017 safety data. Peabody calculates total recordable injury frequency rates to include hours worked for employees, temporary workers, on-site contractors and vendors, corporate and regional offices; Mine Safety and Health Administration, Mine Injury and Worktime, Quarterly. U.S. Department of Labor, January - December 2016; Queensland Department of Natural Resources and Mines. "Queensland Mines and Quarries. Safety Performance and Health Report," 1 July 2015 - 30 June 2016; New South Wales Department of Planning and Environment. "Mine Safety Performance Report 2015 - 2016."

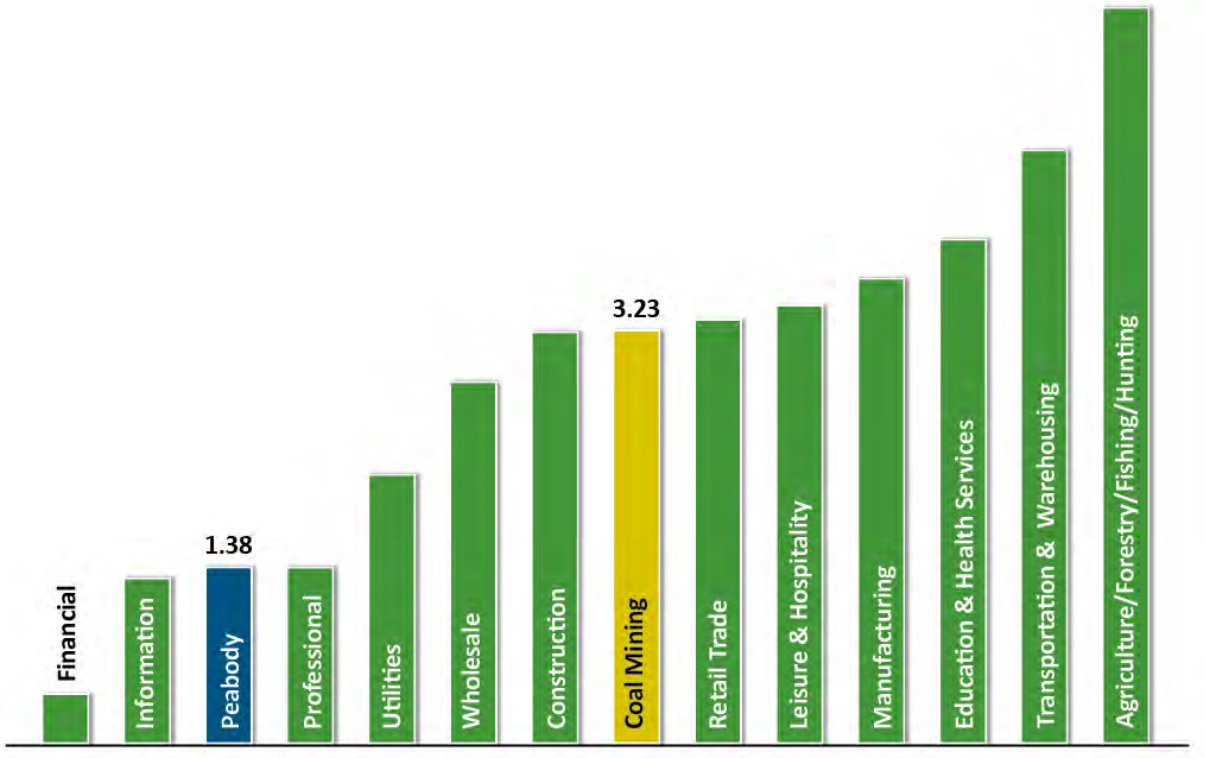
Peabody Americas underground and surface mine TRIFR crept up in 2017 over the prior year, with rates of 3.97 and 0.87, respectively, for a combined TRIFR of 1.61. At Peabody, safety is the number-one focus of every single employee and contractor, integrated into all aspects of business. To drive our goal of eliminating workplace incidents, including injuries, occupational illnesses and property damage, each mine across the Americas has put in place an action plan to improve safety results going forward.

Several Peabody U.S. mines achieved notable safety performances during 2017, with consecutive months of recordable injury-free operations including Kayenta Mine, Ariz. (nine months), Rawhide Mine, Wyo. (eight months), and Twentymile Mine, Colo. (five months). In July 2017, El Segundo Mine, N.M. reached 1 million hours and nearly two years without a reportable injury, a significant milestone.

Every day is a new day when it comes to safety, creating opportunities to make progress on safety systems. In 2017, the company refocused efforts on safety at the mine level and continues to look for ways to eliminate, reduce or mitigate exposure to hazards (see Safety and Health Innovation Awards in the Excellence chapter). It's what team members do today and the next shift that matters, and the company will not be complacent as it strives for incident-free workplaces. Peabody's Safety Principles may be viewed in the Appendix.

Peabody Global TRIFR Compared to Other U.S. Industries

TRIFR per 200,000 Hours Worked



Peabody is a safety leader, with a global incidence rate that is superior to the coal industry average and nearly every major industry sector.[2]

"For all of us at Peabody, health and safety isn't just a statistic. It's something that we commit to as a way of life." ~ Glenn Kellow, President and Chief Executive Officer

[2] *Peabody 2017 safety data. U.S. Bureau of Labor Statistics, 2016 data, (government data lags by one year); Mine Safety and Health Administration, Mine Injury and Worktime, Quarterly. U.S. Department of Labor. January - December 2016.*

Safety a Way of Life

Peabody believes all team members must be empowered with the resources, skills and authority to perform their jobs safely. Peabody's Safety a Way of Life management system (SAWOL) sets out a risk-based framework that is the basis for continuous safety and health improvement. SAWOL aligns with and is independently certified under the U.S. National Mining Association's CORESafety® framework and fosters a safety culture that promotes participation and accountability, applying to our employees, contractors, visitors and vendors at our sites.

SAWOL is structured into 20 elements, each with a set of minimum requirements. The system also refers to 10 specific safety standards and two health standards addressing distinct areas of fatal risk, such as "working at height." The standards establish the context for the most damaging hazards potentially faced in the mining industry and detail requirements that Peabody holds itself accountable to through external audits and assurance programs. Establishing expectations around specific activities helped our company to achieve a global TRIFR that is 57 percent better than the U.S. coal mining industry average.[3] Refer to the Appendix for the Safety a Way of Life framework.

While SAWOL sets clear and consistent expectations for safety and health across the Peabody platform, employees are also encouraged to develop new or improved safety innovations to common or challenging issues. The Peabody Safety and Health Innovation Awards recognize smart inventions, big and small, that improve safety and often introduce cost and time efficiencies, increase productivity and may be mirrored across the company and potentially the industry. Please visit the Excellence chapter for an in-depth look at these safety solutions.

Peabody's Safety a Way of Life was recognized with a Communitas Award for Leadership in Ethical and Environmental Responsibility.

Safety at Work and Away

Safety as an ethos is carried beyond Peabody operations and into communities by our employees. At the Arclar Complex in Illinois, a Human Resources Manager shared a safety contact regarding the public's need to be alert for school bus on- and off-boarding as children returned to school. The mine decided to take the safety contact to an area school to teach children proper precautions. Several Arclar team members dedicated a full day to interactive presentations with Eldorado Elementary School children, sharing Peabody SAWOL tips and fulfilling a practical need in the community.

Peabody Midwest mines hosted "Family Days" throughout 2017 to emphasize SAWOL and showcase operations. At Francisco Mine in Indiana, nearly 400 family members toured the underground operation, preparation plant and rebuild shop. Practicing safe behaviors, while at work and away, becomes part of the DNA for each team member at Peabody.

At some Peabody Midwest operations, the children of team members left a touching mark for their parents to work safely… and to return home safely. These hand prints on a banner are displayed as a visible and daily safety reminder.

[3] *Ibid.*

Bob Flanagan, Senior Engineer-Projects and Derek Launius, Senior Engineer-Environmental share bus safety tips with Eldorado Elementary School children.

MATES in Mining Helps Team Members Help Each Other

As a growing trend of suicide in the Queensland construction industry gained national attention, a MATES in Construction program was established, ultimately intervening to help reduce suicide rates. Given the mining and construction industry's similar demographic of a majority male workforce, the Australian Coal Association Research Project commissioned a study to review mental health specifically in the coal mining industry.

Shane Apps, Safety Manager of Operations-Australia volunteered to serve as an industry monitor for the study. The suicide rate in the mining industry was found be higher than the Australian national average, likely correlating to the male-dominated industry and the cultural tendency that males facing mental illness are perhaps less apt to ask for help, even via a confidential Employee Assistance Program.

Based on the premise that people save people, MATES in Mining was subsequently born and trialed at several mining operations, with Peabody Wambo Mine raising its hand to participate. MATES in Mining is a peer-to-peer program offering different tiers of training for the workforce, from warning sign awareness to the nomination of personnel who serve as specialized suicide prevention support staff.

Sound mental health is recognized as integral to a healthy workplace, and suicide prevention supports Peabody's commitment to risk reduction and protection of our workforce. MATES in Mining chips away at the stigma associated with mental illness, and in 2017 Peabody began implementing the program across its Australian operations, with a crew from Coppabella Mine, Queensland, ranking it as the best training session they ever had.

"The best person to notice somebody is struggling, ask a question and get confided in is a workmate. MATES in Mining is about building an internal community that helps people look after each other." ~ Shane Apps, Safety Manager Operations-Peabody Australia

Compliance and Regulation

Peabody collaborates with the U.S. Mine Safety and Health Administration (MSHA) and other government agencies to identify and test emerging safety technologies. Peabody's engineering, maintenance and purchasing teams also partner with other companies, equipment suppliers and governmental agencies to pursue new technologies that have the potential to improve safety, operating performance and mining capabilities.

In the U.S., Peabody incurred 3,019 MSHA inspection days across our mines, preparation plants and former active mining sites. The violation rate per day of inspection was 0.56 in 2017. The significant and substantial violation rate per 100 inspection hours was 2.41.

Mine safety reporting is included in financial regulatory reports as specified by the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Peabody complies with Securities and Exchange Commission disclosures.

In 2017, Peabody was presented a Mine Safety and Health Technology Innovation Award from the U.S. National Institute for Occupational Safety and Health, in conjunction with the U.S. National Mining Association, for our redesign of seat belt restraints in haul trucks. The award recognizes use of existing technology in new ways to create health and safety benefits.

Safety Awards

Peabody focuses on safety and health every day, 24/7. Every employee and on-site contractor commits to this vision and is accountable for SAWOL, an integrated culture of safety we embrace at work and away.

Peabody recognizes top safety performance across its mines, annually honoring operations with the lowest total recordable injury frequency rates. Twentymile Mine, for the sixth time since 2005, was honored with the Americas platform President's Award for Best Underground Mine Safety Performance, achieving a safety record with a 1.87 TRIFR, representing more than 875,000 hours worked during the year. Twentymile holds the company record for recognition of outstanding safety performance among Peabody's underground operations.

Kayenta Mine won the President's Award for Best Surface Mine Safety Performance in the Americas, achieving a safety record with a 0.68 TRIFR, representing over 875,000 hours worked. Kayenta was also recognized for the most improved safety performance during 2017.

North Goonyella Mine had one of the best performances by an underground mine ever for Peabody Australia. The mine earned the Australia platform President's Award for Best Underground Mine Safety Performance, achieving a safety record with a 1.30 TRIFR, representing more than 920,000 hours worked.

Moorvale Mine achieved the Australia platform President's Award for Best Surface Mine Safety Performance for the second year running, with a TRIFR of 0.48, representing more than 830,000 hours worked.

For the first time, Kayenta Mine won the Peabody Americas platform President's Award for Best Surface Mine Safety Performance during 2017.

Commitment to Mine Safety Shows up at Mine Rescue Competitions

Peabody's Incident Management and Crisis Management Plans are regularly updated to prepare for emergency scenarios. The company's First Response and Mine Rescue Teams (MRT) use highly specialized training to assist in the event of emergencies, even those beyond mine boundaries. The teams regularly earn top honors in safety competitions at the regional, national and international levels. These competitions simulate critical rescue missions that test and hone skills in first aid, search and recovery, firefighting, roof support, ventilation and bench.

MRTs are active across all Peabody operations, and several teams and individuals earned honors in 2017:

- The Wambo Underground MRT from New South Wales won first place at the Australian National Mines Rescue Competition for the second time since 2015 and is headed to the International Mines Rescue Competition in fall 2018.
- The North Goonyella MRT took first place at the Queensland Mines Rescue Service Memorial Cup Competition.
- The Millennium MRT achieved overall winner of the Queensland Northern Region Rescue Challenge. Team member Jo Hamilton was awarded Best Medic and Dallas Hoey Best Team Leader.
- The Wildcat Hills Underground MRT from Illinois took second place at both the Indiana and Harlan County Kentucky Safety Days Mine Rescue Contests.
- Chad Day, Longwall Foreman-Twentymile Mine and MRT Team Captain, achieved second place in the BG-4 Bench at Nationals. Chad scored the same as the national champion on the written examination and apparatus skills test and finished just shy of the winner's scored time.
- Craig Hawkins, Mine Examiner-Gateway North Mine in Illinois, achieved first place at the Harlan County Kentucky Safety Days and Illinois State Benchman Contests and second place at three other competitions.

Eleven Benchman Wins and Counting

Craig Hawkins, Mine Examiner-Gateway North Mine, takes the competitive spirit of safety leadership seriously, having won 11 Benchman contests at mine rescue competitions. Craig began mine rescue in 2008 while working as a Gas Man, participating in a scenario search for gases and contaminants. He transitioned to the role of Benchman, an individual expertly trained to do maintenance and repair on a Biomarine 240R, a 34-pound portable oxygen rebreather that MRTs wear when responding to a mine emergency. The contest involves diagnosing and repairing two breathing apparatuses as well as a knowledge test on 90 complex statements of fact about the device, all while being timed and observed by judges.

Craig Hawkins, Mine Examiner

"I won't quit until I've placed at Nationals."

Calling on the Industry's Best

The Wambo Underground MRT won first place at the Australian National Mines Rescue Competition in 2017, having also won the title in 2015. A spot at Nationals was secured after the team placed first at the Singleton District Underground Mines Rescue Competition, a title the Wambo MRT has claimed for 11 consecutive years. Individuals from the Wambo MRT also tallied up awards at this competition, including Best Captain, Warren Kirk; Best Theory Paper, Mick Millgate; and the Players Player Award, Mitchel Lydon.

The top Australian honor earns the team a stake in the biennial International Mines Rescue Competition, to be held in Russia in September 2018. At the 2016 global competition, the Wambo MRT won the prestigious honor of first place in First Aid and sixth overall. Winning a competition of this caliber demonstrates a strong commitment to Peabody's first value of safety and benefits participants, our company and the mining industry by advancing best practices in emergency preparedness.

Committing to mine rescue competitions requires hours of personal training time on behalf of participants, including strenuous physical and mental exercise. To prepare for the global competition, the Wambo MRT has been honing skills, including at the West Virginia University Academy of Mine Training and the National Mine Safety and Health Academy.

Wambo Underground MRT pictured (in yellow) with West Virginia University representatives (in orange). Back row, left to right: Warren Kirk, Michael "Mick" Millgate, Jarrod Brown and Dave Malone. Front row: Mitchel Lydon, Brendan Goodwin and Kurt Bereza.

"To watch the Wambo MRT perform under pressure gives me tremendous confidence that if the industry ever had to call on them, they really would be calling on the best." ~ Peter Baker, Senior Vice President Underground Operations-Australia

CUSTOMER FOCUS

We provide customers with quality products and excellent service.

Our Customer Commitment

Peabody is the leading global pure-play coal company, with significant scale, high-quality assets and the best people in the business. We have diversity in customers, geography and products, providing thermal coal, one of the world's most affordable, reliable and sustainable sources of modern energy, and metallurgical coal, a key ingredient in steel production.

Right Place, Right Products

Peabody has 23 operations in eight states on two continents. We have a leading position in the most competitive U.S. coal regions, including the Illinois Basin and Powder River Basin (PRB), and our seaborne thermal and metallurgical coal platform in New South Wales and Queensland, Australia, serves higher-growth Asian demand centers.

We serve customers, primarily electricity generators, industrial facilities and steel manufacturers, in more than 25 countries on six continents, and in 2017 sold and shipped 191.5 million tons[1] of metallurgical and thermal coal. On average, Peabody ships more than 20,000 tons of coal every hour of every day to customers around the world.

23 Operations in Eight States on Two Continents

[1] *The term "ton" refers to short or net tons, equal to 2,000 pounds (907.18 kilograms).*

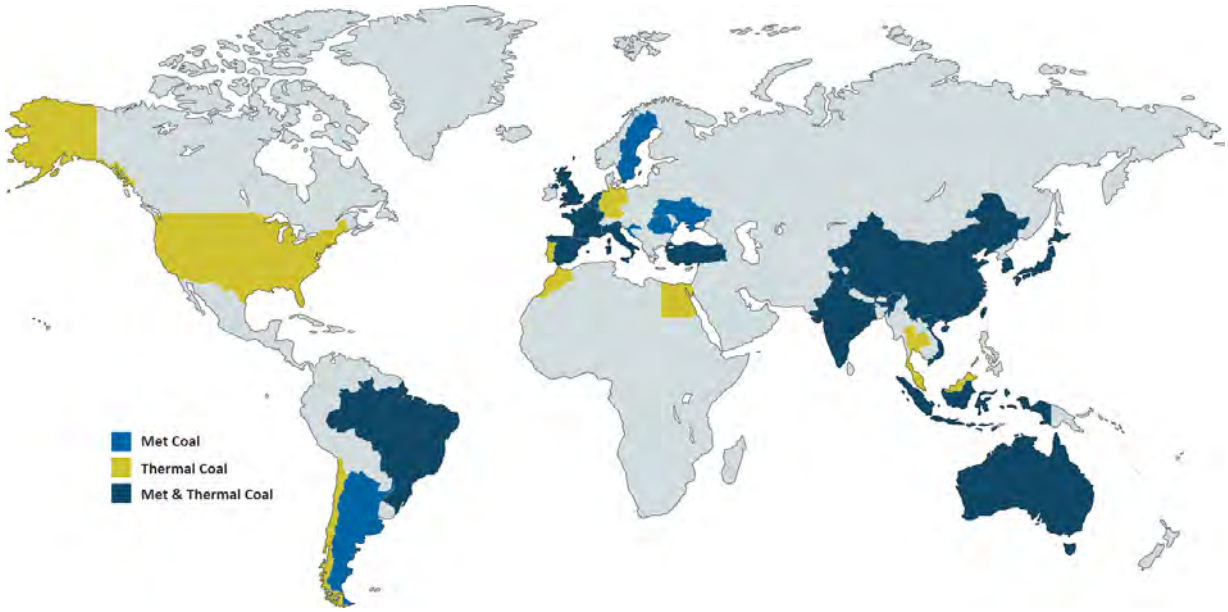
Integrity, Reliability and Service

Integrity. At Peabody, we operate with the utmost regard for our customers, and our business practices have earned the respect of the international coal community. Integrity is one of our company's core values and leads our business ethic.

Reliability. We stand behind our word and our handshake. Our first-class operating platform allows us to be a leading supplier of coal and we partner with customers to meet their needs in an effective and timely manner.

Service. Our teams ensure a customer experience unsurpassed in the industry. With offices in China, Australia, U.S. and the United Kingdom, we deliver a one-stop sales, trading and transportation network with 24-hour industry coverage around the world. And in true customer service fashion, we treat people right and make issues right.

Peabody Serves 25 Countries on Six Continents



Highlighted countries represent global customers served in at least one year between 2015-2017.

Peabody Platform – Leading Positions in the U.S. and Australia

Peabody has nine operations in Australia that provide a range of metallurgical and thermal coal products to serve major Pacific demand centers. Australia is the largest exporter of metallurgical coal in the world and the largest high-heat thermal coal exporter, with modern export infrastructure to support continued volume growth.

Peabody's Australian thermal business sold 19.2 million tons in 2017. Given our portfolio of thermal products and longstanding relationships with customers, we can meet their objectives with confidence. For instance, when an Asian power generator was seeking to rebalance its coal procurement portfolio to improve emissions, Peabody was able to replace the existing cargoes on their books with our high-energy, lower-sulfur coal.

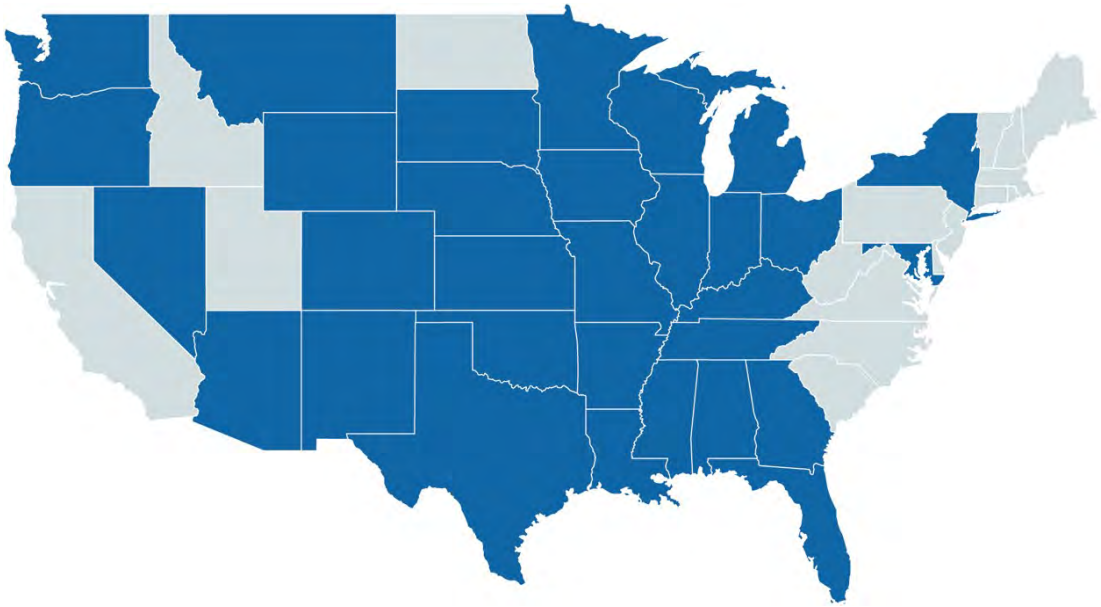
The metallurgical segment shipped 11.7 million tons of coal in 2017 to more than 15 countries, delivering a range of hard coking coal and pulverized coal injection products, including premium coals from our North Goonyella and Coppabella Mines.

In 2017, the ramifications of Cyclone Debbie presented issues like rail outages and port backlogs, holding back shipments of coal. Peabody's Logistical Team led the industry in coming back on line once infrastructure became operational, expediting deliveries of huge volume shipments to follow through on commitments to customers.

Peabody places great importance on ongoing identification of both production and logistical efficiencies to better serve customers. Productivity improvements continue to be seen across operations, in particular at North Goonyella Mine, which achieved record annual production in 2017.

Peabody Americas includes 14 mines covering the PRB, Midwestern and Western Mining Segments, and in 2017 shipped 158.2 million tons of coal to more than 80 customers across the U.S.

Peabody Ships to 31 States, 80-plus Customers and 145-plus Plants



Highlighted states represent U.S. customers served in at least one year between 2015-2017.

Peabody operations in the Midwest Segment provided 18.5 million tons of coal during 2017 and offer a geographic advantage given their proximity to local demand. By combining smaller mines into larger complexes, our company can better compete, accommodating multi-source, multi-destination agreements. Our Illinois Basin operations also provide export opportunities.

Peabody's Western Segment sold 14.7 million tons, with El Segundo Mine and Kayenta Mine offering a reliable supply of coal for regional customers. Twentymile Mine supplies a diverse U.S. base, while also presenting export optionality.

Kayenta Mine is a mine-mouth operation that delivered 6.2 million tons of coal exclusively to the Navajo Generating Station in Arizona, a 2,250-megawatt coal-fueled power plant. Both the mine and generating station are essential to the local economy and are significant employers to the Navajo Nation and Hopi Tribe, providing approximately 845 jobs. Virtually all the hourly workforce at Kayenta Mine is comprised of Native Americans. Historically, the Navajo Generating Station has been among the most efficient coal plants in the Southwest and is consistently among the highest dispatching coal plants in the region.

An Environmental Specialist team member examines reclaimed land at Kayenta Mine, the sole supplier of coal to the Navajo Generating Station.

One Mine – 4.5% of all U.S. Electricity Generation

Peabody is the largest producer and reserve holder in the PRB, supplying 125 million tons of coal to customers in 2017, with export optionality. We run the world's largest coal mine, North Antelope Rochelle Mine (NARM) in Wyoming, which operates between seven and 10 pits – with coal seams that reach up to 80 feet and offer some of the lowest-sulfur coal in North America.

NARM shipped 101.5 million tons, serving more than 50 customers in 21 states and has significant transportation advantages, with two concentric loop tracks that connect with both major railroad joint lines. This one mine fuels about 4.5 percent of all U.S. electricity generation.

LEADERSHIP

We have the courage to lead and do so through inspiration, innovation, collaboration and execution.

Coal Done Right

Energy is essential. It is part of our global economy and an engine of human and environmental progress. Our world needs more modern energy delivered safely, reliably, affordably and cleanly.

Sustainable, Essential, Advanced

Peabody is a leader in sustainable mining, committing to safe workplaces, maximizing productivity and resource recovery and restoring mined lands for generations to follow. The company drives partnerships and policy and works with stakeholders to recognize coal's essential role in electricity generation and steelmaking. Peabody supports greater development and deployment of advanced coal technologies. This is what we call "Coal Done Right."

Peabody's senior leaders are represented on prominent industry and association boards, spearheading advocacy of a technology path for long-term improvement in carbon emissions that will enable the world to use more energy while keeping electricity reliable and affordable. They lend constructive voices through leadership in organizations including the World Coal Association, International Energy Agency's Coal Industry Advisory Board, U.S. National Mining Association, COAL21 Fund, Minerals Council of Australia and Queensland Resources Council.

Peabody's workforce received numerous honors in 2017. For the second consecutive year, the London-based Capital Finance International named Peabody Best ESG – Responsible Mining Company – Global, recognizing the company's excellence in environmental, social and governance standards and performance. The judges commended Peabody noting, "…coal mining in particular benefits from strict adherence to ESG standards. Peabody recognizes its corporate responsibilities better than most – and acts upon them."

Corporate LiveWire named Peabody 2017 Coal Mining Company of the Year, recognizing responsible coal mining and use and highlighting the company as a pioneer in sustainability, noting that Peabody launched its first land reclamation program in the U.S. in 1954, well before modern restoration laws.

The Role of Advanced Coal Technologies in the Future of Energy

Peabody is an industry leader in advocating and collaborating to advance development and deployment of clean coal technologies. There are two core steps toward this goal:

1) Use commercially available high-efficiency, low-emissions (HELE) coal-fueled generation technologies to drive down carbon dioxide (CO_2) levels and regulated emission rates.
2) Advance research and development initiatives as well as policies to improve and commercialize next-generation carbon capture, use and storage (CCUS) technologies, which offer the potential to achieve near-zero emissions from coal-fueled power generation and other industrial processes.

With technology available today, HELE coal-fueled power plants can considerably reduce emissions from power generation. For example, building a supercritical or ultrasupercritical power plant instead of a subcritical plant of the same size can reduce CO_2 emissions by 20 to 30 percent.[1]

[1] *International Energy Agency Clean Coal Centre. "Upgrading the Efficiency of the World's Coal Fleet to Reduce CO_2 Emissions." Barnes, Ian. July 2014.*

State-of-the-art emissions controls can capture 90 to 99[2] percent of regulated emissions from a coal-fueled power plant that provides affordable, reliable power.

HELE coal-fueled power plants are vital to achieving international energy and environmental goals, such as the United Nations Sustainable Development Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all. This goal includes a call for the international community, by 2030, to "enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology."[3]

Many countries, including major coal consumers like China, India and Japan, included HELE coal-fueled power plants in their Nationally Determined Contributions (NDCs) to the Paris Agreement, designating coal as part of their lower-carbon future.[4] These NDCs were submitted by Parties to the Agreement and outline how each Party shall pursue domestic mitigation measures. HELE technology is an important step toward reducing emissions from coal use. Continuing the emissions reduction path and achieving near-zero emissions from coal use for power and other applications will require the development and deployment of CCUS.

Countries That Have Included Clean Coal Technologies in Their Climate Pledges

Countries across the globe will continue to use coal-fueled electricity generation to build vibrant and growing communities. Twenty-four countries have included utilizing clean coal technologies in their climate pledges.

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[2] Environmental Protection Agency. "Emission Control Technologies." www.epa.gov/sites/production/files/2015-07/documents/chapter_5_emission_control_technologies.pdf; U.S. Department of Energy, National Energy Technology Laboratory, Office of Fossil Fuel Energy. "Cost and Performance Baseline for Fossil Energy Plants." Volume 1a: Bituminous Coal (PC) and Natural Gas to Electricity, Revision 3. 6 July 2015.

[3] United Nations: un.org/sustainabledevelopment/energy. Accessed March 2018.

[4] Interim NDC Registry: www4.unfcc.int/ndcregistry/Pages/All.aspx. Accessed March 2018.

Advocating and Collaborating for Technology Advancement

Peabody has invested $300 million over the past two decades in global partnerships and projects in Australia, China and the U.S. to advance HELE and CCUS technologies. We serve in a leadership position and are members of organizations that span the spectrum of technology research, development and deployment, with some directly investing in novel research and others acting as leading advocates for developing incentives necessary for deployment.

Carbon Capture Coalition

Peabody is a participant in the Carbon Capture Coalition, formerly known as the National Enhanced Oil Recovery Initiative (NEORI), which brings together coal, oil and gas, electric power, ethanol, chemical and energy technology companies, labor unions and national environmental and energy policy organizations. Its goal is to make CCUS a widely available, cost effective and rapidly scalable technology solution in the U.S.

NEORI, which launched in 2011, built bipartisan support at the state and federal levels for pragmatic policies to accelerate CCUS and boost U.S. energy infrastructure development, create jobs and reduce CO_2 emissions from both the power and industrial sectors. In February 2018, legislation based on NEORI's policy recommendations to reform and extend the federal Section 45Q tax credit for CO_2 storage passed into law. Building on political support and momentum, the Coalition plans to expand its agenda to attract private investment in carbon capture projects, engage in federal infrastructure policy deliberations to ensure carbon capture and CO_2 pipelines are included, work with state and local officials to support deployment of carbon capture, pipeline infrastructure and CCUS projects, and maintain federal support to bring the next generation of technologies to the marketplace.[5]

Carbon Utilization Research Council

Peabody serves as co-chair of the Carbon Utilization Research Council (CURC), a unique coalition of fossil fuel producers, electric utilities, equipment manufacturers, technology innovators and national associations that represent the power-generating industry and state, university and technology research organizations. Created in 1998, CURC serves as an industry voice and advocate by identifying technology pathways that enable the U.S. to enjoy the benefits of abundant and low-cost fossil fuels in a manner compatible with societal energy needs and goals.

COAL21 Fund

Peabody is a founding member and board chair of Australia's A$1 billion COAL21 Fund, an industry effort to pursue a collection of low-carbon technologies. This world-first, whole-of-industry funding approach is designed to support greenhouse gas abatement and is based on a voluntary levy on coal production. To date, Peabody has committed more than A$30 million to the COAL21 Fund, which has so far directed more than A$300 million to demonstration projects in Queensland, New South Wales and nationally, covering CO_2 capture, geological storage and methane emissions abatement at operating underground coal mines. In 2017, the Australian coal industry announced it plans to commit another A$255 million into cleaner coal research by contributing to COAL21 for another decade.[6]

COAL21's flagship initiative is the Callide Oxyfuel Project in central Queensland, which has successfully demonstrated how oxyfuel and carbon capture technology can be applied to existing power stations to generate electricity from coal with low emissions. Three years of testing under "live" power station conditions showed that the technology is ready for application at full-scale

[5] Carbon Capture Coalition: carboncapturecoalition.org. Accessed February 2018.
[6] The Australian: theaustralian.com.au. "Thermal Miners Pump Another $225m into Clean Coal Research." Chambers, Matt. Accessed August 2017.

commercial power stations and has the potential to reduce CO_2 emissions from coal-fueled power stations by 90 percent or more.[7]

Consortium for Clean Coal Utilization

Peabody is a founding member and board member of the Consortium for Clean Coal Utilization (CCCU), which is a cutting-edge research program focused on advanced coal utilization and carbon capture technologies at the prestigious Washington University in St. Louis. Peabody renewed its funding commitment to the CCCU through 2021.

The CCCU fosters partnerships between universities around the world, industry leaders and government agencies to advance clean coal technologies. Research currently underway at the CCCU is advancing pressurized oxy-combustion technology. If commercialized, this new technology could use coal to create near-zero emissions power at competitive costs.

Global Carbon Capture and Storage Institute

Peabody is a founding member of the Global Carbon Capture and Storage Institute (GCCSI), which was launched in Australia and now serves as an internationally recognized advocate for CCS. GCCSI aims to provide relevant information on the status of CCS and other practical policy advice regarding CCS to governments and other key stakeholders. GCCSI is a leader in capacity building through tailored workshops, conferences, presentations and production of technical reports.

GreenGen

Peabody is on the board of the GreenGen project and is the only non-Chinese equity partner. The GreenGen power plant in Tianjin, China, was one of the first integrated gasification combined cycle power plants in the world and includes a carbon research center. The 250-megawatt gasification unit was commissioned in 2012 and continues operating today.

National Carbon Capture Center

Peabody is a partner of the National Carbon Capture Center (NCCC), a world-class test facility created by the U.S. Department of Energy to "accelerate commercialization of promising, next-generation carbon capture technologies." Managed and operated by Southern Company, the NCCC provides scientists and engineers that are developing novel technologies access to realistic power plant operating conditions and technical support. About 60 technologies being evaluated and refined in more than 100,000 hours of testing at the NCCC have resulted in the costs of carbon capture decreasing by one-third, with additional savings likely. In addition, the NCCC co-founded and chairs the International Test Center Network, a global coalition advancing research and development, collaboration and knowledge sharing of CCUS technologies.

U.S.-China Clean Energy Research Center

Peabody is an active member in the U.S.-China Clean Energy Research Center (CERC). CERC is a research and development (R&D) partnership between the U.S. and China to accelerate the development and deployment of advanced clean energy technologies. Peabody is involved in the Advanced Coal Technology Consortia, which facilitates R&D to advance important clean coal technologies.

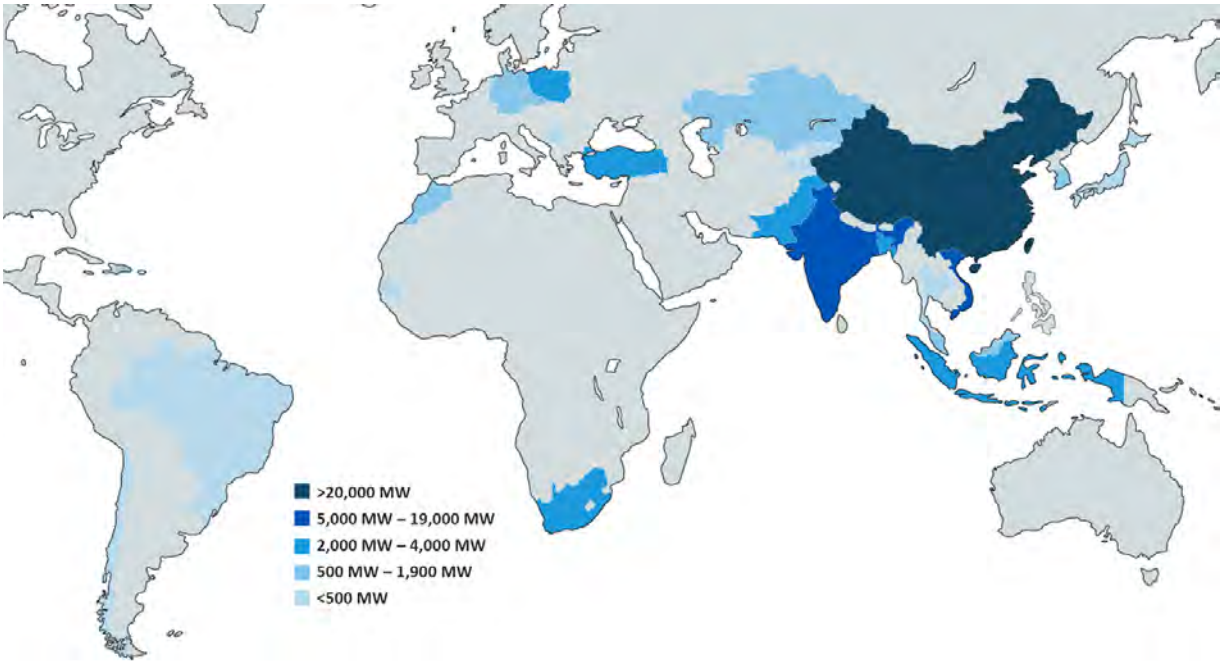
[7] *Callide Oxyfuel Project: callideoxyfuel.com/about/the-project. Accessed February 2018.*

Continued Buildout of Coal-Fueled Generation

Peabody expects coal to play an essential role in the global electricity mix for decades to come. Countries continue buildout of coal capacity due to the affordable, reliable, sustainable and modern energy that coal provides. In fact, since 2010, 46 countries have added over 590 gigawatts of new coal generation capacity, the equivalent of a new coal unit coming on line every three days.[8]

Over the next two years, 110 gigawatts of coal-fueled plant capacity will be constructed across 25 countries on five continents, with nearly 90 percent of plants in the Asia-Pacific region and the majority utilizing HELE technologies.[9] Today's advanced HELE coal technologies deliver major environmental benefits, enabling substantial improvements in air quality by reducing sulfur dioxide (SO_2), nitrogen oxides (NO_x), particulate matter, mercury and other emissions by 90 to 99 percent.[10] In addition, these high-efficiency plants achieve a 20 to 30 percent lower CO_2 profile compared to building a less efficient plant of the same size.[11]

New Coal-Fueled Generation Buildout Totals ~110 GW in 2018 and 2019



[8] *Platts World Electric Power Plant Database. December 2017.*
[9] *Ibid.*
[10] *Environmental Protection Agency. "Emission Control Technologies." www.epa.gov/sites/production/files/2015-07/documents/chapter_5_emission_control_technologies.pdf; U.S. Department of Energy, National Energy Technology Laboratory, Office of Fossil Fuel Energy. "Cost and Performance Baseline for Fossil Energy Plants." Volume 1a: Bituminous Coal (PC) and Natural Gas to Electricity, Revision 3. 6 July 2015.*
[11] *International Energy Agency Clean Coal Centre. "Upgrading the Efficiency of the World's Coal Fleet to Reduce CO2 Emissions." Barnes, Ian. July 2014.*

A Common Ground Approach

When it comes to energy, the question should not be whether we use coal, but how we use it. Central to the growing global dialogue around energy and the environment is the need to maintain a reliable, affordable baseload supply of power. A look at world energy shows coal is a vital component of the energy mix; 37 percent of the world's electricity is fueled by coal, the most of any single fuel type.[12]

Society has both a growing need for energy – and a desire to lower emissions. Coal offers a Common Ground approach through the combination of innovation and supportive policies.

The world has seen the rapid development and deployment of clean coal technologies. Since 1970, coal-based electricity generation in the U.S. has increased about 70 percent, while regulated power plant emissions have decreased 93 percent per megawatt hour.[13] Given appropriate research and development support and deployment incentives, clean coal technologies have been advanced, yielding a suite of options to dramatically reduce emissions from coal use.

Peabody believes that next-generation carbon capture must be brought to commercial readiness to transition toward energy from coal that is near-zero emissions. While it is clear that achieving a low-carbon future comes at a very high price, that price soars higher if carbon capture is not deployed. Government studies have shown that the costs of achieving the goals of global climate agreements could more than double without the inclusion of carbon capture, and researchers have stated that excluding carbon capture from the mix increases the median estimated mitigation costs from about 2 percent of GDP annually to 5 percent of GDP.[14]

Technologies Offer Best Common Ground Approach

As the United Nations Conference of the Parties took place in Bonn, Germany, in November 2017, Holly Krutka, Vice President Coal Generation and Emissions Technology, spoke on a panel that was sponsored by the U.S. Government. The presentation reinforced Peabody's vision of emissions reductions through advocating for the deployment of technology, including HELE coal-fueled generation technologies and CCUS. Technology will lead to a future of energy security, economic progress and environmental solutions.

Holly Krutka, Vice President of Coal Generation and Emissions Technologies

"How does society square the interests of a world in which leaders have identified a goal of reducing greenhouse gas emissions, even as global coal demand is strong and scores of new coal-fueled generating plants continue to be built every year?

Technologies offer the best common ground approach, with the widest appeal and greatest chance of meeting the world's many energy demands and emission-reduction goals."

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[12] *International Energy Agency. World Energy Outlook 2017.*

[13] *Energy Information Administration. Electric Power Monthly. February 2018; Environmental Protection Agency. National Emissions Inventory, Air Pollutant Emissions Trends Data, 1970 - 2017, Fuel Combustion Electric Utilities. March 2018.*

[14] *IPCC, 2014: Summary for Policymakers. In: Climate Change 2014: Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Edenhofer, O., R. Pichs-Madruga, Y. Sokona, E. Farahani, S. Kadner, K. Seyboth, A. Adler, I. Baum, S. Brunner, P. Eickemeier, B. Kriemann, J. Savolainen, S. Schlömer, C. von Stechow, T. Zwickel and J.C. Minx (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA; Volker Krey et. al, "Getting From Here to There – Energy Technology Transformation Pathways in the EMF27 Scenarios." December 2013.*

Investment Principles for Best-in-Class Coal Companies

Recognizing that environmental, social and governance transparency and disclosure is increasingly important to investors, we have advanced principles to provide portfolio managers, banks and governance committees a means of comparing coal company investments.

Coal is expected to be an essential source of global electricity generation and steelmaking for many decades to come. Today's clean coal technologies are capable of reducing sulfur dioxide, nitrogen oxides, particulate matter, mercury and other emissions by 90 to 99 percent, enabling substantial improvement in air quality, even as coal use has greatly increased. High-efficiency, low-emissions plants reduce carbon dioxide emission rates by 20 to 30 percent compared to a less efficient plant of the same size. Longer-term investments in next-generation carbon capture, use and storage technologies are necessary to transition to the ultimate goal of near-zero emissions from coal.

With energy being vital to life, and future energy needs heavily reliant on coal, we submit that investors consider the following principles to assess whether their target investment companies meet the vast majority of the following standards consistent with best-in-class coal companies. View the Investment Principles Questionnaire in the Appendix and Peabody's self-assessment of alignment to the Investment Principles at PeabodyEnergy.com.

Sustainable Mining

- Operate safe workplaces, commit to continuous improvement in safety and health practices and performance, and establish safety as a top priority principle.
- Maximize resource recovery.
- Seek ongoing improvement in environmental performance.
- Disclose which mines provide mountaintop-removal-free production.
- Commit to restoring mined lands for generations that follow.
- Respect human rights and indigenous people who are potentially impacted by mining activities.

Essential for Electricity and Steelmaking

- Drive partnerships and policy and work with stakeholders to recognize coal's essential role in electricity generation and steelmaking.
- Engage with government, academia and other stakeholders to address major energy challenges.

Advanced Coal Technologies

- Support greater development and deployment of advanced coal technologies and next-generation carbon capture, use and storage technologies.
- Support and drive policies to achieve the goal of near-zero emissions in the world's next-generation coal-based electricity generation fleet.

Peabody Global Clean Coal Leadership Awards

The fourth annual Peabody Global Clean Coal Leadership Awards recognized innovation in clean coal technologies among leading examples of coal-fueled generating plants, with winners from the U.S., China, Japan and India. Honors are based on the best environmental performance for reducing key criteria emission rates and CO_2. Categories include leadership in reducing SO_2 and NO_x, and in improving efficiency as measured by heat rate, which results in a lower carbon footprint. In addition, Peabody recognized a new coal plant and an industry pioneer advancing carbon capture and storage technologies. A distinguished panel of international experts in HELE and carbon capture technologies selected the award recipients following a comprehensive review process.

Dynegy's Duck Creek Power Station: Honored for SO_2 Leadership and Performance. The 425-megawatt Duck Creek plant operates in Canton, Ill., and virtually eliminated SO_2 emissions. The SO_2 achievement is attributed to the wet flue-gas desulfurization technology paired with low-sulfur Powder River Basin coal.

Shenergy Company Limited's Shanghai Waigaoqiao No. 3 Power Generation Co., LTD: Honored for NO_x Leadership and Performance and Heat Rate Leadership and Performance. The 2,000-megawatt (two units x 1,000 megawatt) Waigaoqiao No. 3 Power Generation plant located in Shanghai has one of the lowest global NO_x emissions profiles at 0.11 pounds per megawatt hour. The power plant's heat rate of 8,141 Btu per kilowatt hour is among the best in the world.

Russell Ray, Chief Editor Power Engineering Magazine and Bryan Galli, Group Executive and Chief Marketing Officer-Peabody, present two awards to Shi Min, General Manager of Shanghai Waigaoqiao No. 3 Power Generation Co., LTD.

Waigaoqiao No. 3 was designed to achieve high-efficiency operation and the plant's operators have made retrofit improvements to further boost the annual average net efficiency to as high as 44.5 percent, lower heating value (LHV).

Kyushu Electric Power Company Inc.'s Matsuura Power Station No. 2: Honored for New Coal Plant Leadership and Innovation. The 1,000-megawatt ultrasupercritical plant located in Matsuura, Japan, is currently under construction and expected to come on line in 2019. It is designed to have an efficiency of over 45 percent, LHV, which will make it one of the most efficient coal-fueled power plants in the world, reducing CO_2 and regulated emissions.

U.S. Department of Energy's National Carbon Capture Center, managed and operated by Southern Company: Honored as Carbon Capture and Storage Pioneer. The National Carbon Capture Center in Wilsonville, Ala., is a world-class neutral test facility working to advance technologies to reduce greenhouse gas emissions from coal- and natural gas-based power plants. The center works with third-party technology developers to bridge the gap between laboratory research and large-scale demonstrations. In addition, the National Carbon Capture Center chairs the International Test Center Network to accelerate research, development and deployment of carbon capture technologies.

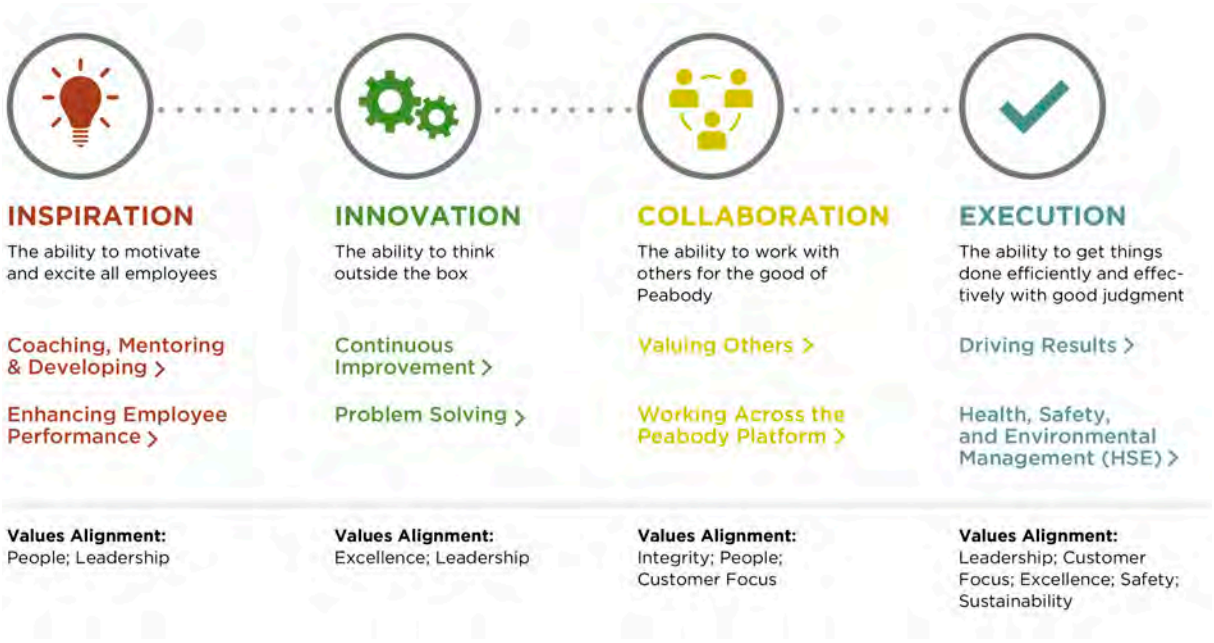
Nabha Power Limited, a wholly owned subsidiary of Larsen & Toubro: Recognized with an Honorable Mention in the Heat Rate Leadership and Performance category. The 1,400-megawatt power plant in Rajpura, Punjab, is among the most efficient supercritical plants in India, and in 2016 notably achieved its lowest auxiliary power consumption of 5.2 percent at 77 percent plant load. In addition, the plant implemented several environmental controls, including Mitsubishi Advanced Combustion Technology burners for NO_x emissions reduction, 100 percent washed coal, a zero-water discharge system and utilization of 100 percent of its dry fly ash on a sustainable basis.

Living Our Values

Peabody's core values – safety, customer focus, leadership, people, excellence, integrity and sustainability – are more than just words. They reflect who we are and what we believe and guide our daily actions and business decisions.

Peabody values complement the company's leadership pillars: inspiration, innovation, collaboration and execution. Given their importance in guiding behavior, Director and above employees will be required in 2018 to integrate values into goal setting and performance review discussions.

Learn more about our talented workforce in the People chapter.



"It is not enough that Peabody values are on a company wall or our website. Our values come alive through each of us demonstrating them in what we do each day and in how we work together." ~ Janette Hewson, Vice President Government Relations and General Counsel-Australia

PEOPLE

We offer an inclusive work environment and engage, recognize and develop employees.

Peabody's People

We are a coal company and proud of it. The Peabody team of 7,100 talented individuals works 24/7 across the U.S., Australia, Europe and Asia to provide energy and infrastructure for people around the globe. We lead through our values, and we value the talented men and women who are essential to our success.

The New Peabody

Events and actions changed Peabody in many positive ways during 2017, with each team member playing an important role in the company's transformation as we navigated a complex restructuring process. In April 2017, a group of employees at all levels of the organization from across our business stepped on the podium to ring the bell at the New York Stock Exchange, representing a fresh start for Peabody. Together we have achieved a number of accomplishments and remain grateful for the day-to-day contributions of our teams that drive our success.

On April 4, 2017, Peabody's Executive Leadership Team was joined by team members across our global platform to ring the opening bell when new Peabody equity began trading on the New York Stock Exchange using our iconic ticker symbol, BTU.

"I love working with my fellow employees. We're all working hard and working for our families." ~ Josh Knight, Head Surveyor-Midwest U.S. Arclar Complex (pictured front row, second from right)

Peabody Employee Value Proposition

The typical Peabody employee has nearly 10 years of experience with the company. About 94 percent of our team members work for mine operations in the U.S. or Australia or for regional offices in Brisbane, London and Beijing, while the remaining are employed with corporate global headquarters based in St. Louis, Mo.

Peabody believes we have the best team in the industry. Our workforce strategy is to attract and retain the best people, develop their full potential and align their talents to create competitive advantage. We offer employment that is challenging and meaningful in an industry that responsibly serves global stakeholders, including many in the communities where we operate. We encourage a supportive and inclusive environment where employees are collaborative, knowledgeable, engaged and know that they can count on one another.

Peabody routinely gathers valuable feedback from existing, prospective and former employees to determine what is important in their career, work environment, compensation and benefits. Peabody's reorganization in 2017 presented a unique opportunity to gain insight into our Employee Value Proposition, helping us to re-evaluate strategies around attracting, engaging and retaining talent.

Rewarding employees for their performance and contributions is a key component of this strategy. Upon emergence, to celebrate a new and exciting phase in Peabody's history, team members were granted restricted stock units in recognition of their tremendous contribution to the company during an especially challenging time. Our vision was that employees at all levels of the organization would become shareholders of the new company.

Learning and Development

Employees value a company that affords them opportunities to grow, develop and advance. Peabody offers a variety of training, mentoring and development programs to aid employees in their career growth.

During the past five years, 86 percent of open positions at Peabody were filled by internal candidates, split between promotions and lateral career development opportunities.

Manager and Supervisor Development Programs have been offered at Peabody since 2012, taking 600-plus employees through graduation, with 73 percent still actively employed. The programs are sponsored and co-facilitated by company leaders and are designed to build leadership skills and reinforce our core values for our base of future leaders. In 2017, more than 94 percent of participants stated they were satisfied with the program's content and greater than 95 percent agree the program will help them in career development.

In 2017, a series of Reinforcement and Re-engagement workshops aimed at re-acquainting leadership teams and past graduates of the programs were delivered at 10 Americas locations and headquarters. Site leadership teams gathered to discuss the program's benefits to their operation, and graduates attended a session to revisit program materials.

A Leader Development Program for Vice President and above employees was piloted in 2017 to enhance leadership development for senior-level team members of the organization. The program complements the curriculum of the Manager and Supervisor Program and increases the likelihood of senior leaders supporting the development of their teams through enhanced communication skills, business acumen and leading through the Peabody values. All participants agreed the program both increased their strategic leadership skills and improved their communication skills. Leader Development programming will next be rolled out to Director-level team members.

Global Inclusion and Diversity

An inclusive and diverse work environment continues to be a focus for Peabody, and the company strives to maintain a global workforce that is representative of many backgrounds. Company inclusion programs are formalized in policy and practice and are embedded in the Equal Employment Opportunity policy and the Code of Business Conduct and Ethics.

Glenn Kellow, President and Chief Executive Officer, signed a CEO Action for Diversity & Inclusion® pledge to advance diversity and inclusion in the workplace. More than 400 CEOs of the world's leading companies have joined in this commitment. Glenn also participated with company leaders in a St. Louis business Inclusion and Diversity Summit in 2017, sharing insights on the impact and value of a diverse workforce.

In the U.S., 16 percent of the Peabody workforce is racially or ethnically diverse. The company also recognizes the competitive value of a diverse supplier base, and Peabody seeks to develop a strong supplier network within the industry. Peabody's spend with minority suppliers in the U.S. during 2017 totaled $23 million, representing a 10 percent increase from the prior year.

Peabody's Inclusion and Diversity Advisory Board (IDAB) is led by two female executives, Amy Schwetz, Executive Vice President and Chief Financial Officer, and Verona Dorch, Executive Vice President, Chief Legal Officer, Government Affairs and Corporate Secretary. In 2017, Verona was named among the Most Powerful Women in Business and among the Most Powerful Executives in Corporate America by Black Enterprise magazine. The IDAB champions inclusion efforts and introduces culture-enhancing and mining-promotion activities to support business goals.

Recruiting women to roles in mining, an industry that has predominantly and historically employed men, is a focus for Peabody across its mining sites and administrative offices. Overall, women hold 15 percent of Vice President and above roles for the company and 10 percent of the global workforce.

The Queensland Resources Council and Women in Mining and Resources Queensland annually host International Women's Day events to recognize exceptional women in the resources sector. Across several of Peabody's operations, International Women's Day is observed by bringing team members together for networking and celebration. George Schuller, President-Australia, and Connie de Santana, Senior Vice President of Finance and Administration-Australia, hosted a panel on gender parity, with industry guests in attendance including Middlemount Coal, Billiton Mitsubishi Alliance, Glencore, Anglo American and Thiess.

A Women in Mining International Women's Day breakfast was held in Moranbah, Queensland, and sponsored by Peabody, with several team members in attendance.

In New South Wales, Peabody sponsored the first Women in Mining networking event in Mudgee, to promote diversity across the coal, silver and gold resource industries and attract women to the field. The New South Wales Women in Mining Awards annually recognize outstanding females in the coal industry, and Peabody's Hana Newbury, Diesel Mechanic-Wilpinjong Mine, was named Outstanding Tradeswomen. Hana's path to the mining industry began with automotive and metal work courses in school. Upon receiving her degree, she sought opportunity to work as a diesel mechanic apprentice. In the field since 2010, Hana is also an active member of the Wilpinjong Mine Rescue Team. Stephanie Gelland, Human Resources Manager-Metropolitan Mine, was named runner-up in the Gender Diversity category.

Hana Newbury, left, was named Outstanding Tradeswoman at the New South Wales Women in Mining Awards.

"I'm humbled by the role these two women are playing in inspiring young women to pursue opportunities in mining and Australia resources that they may not have considered, due to gender stereotypes." ~ George Schuller, President-Australia

Growing a Pipeline of Talent

Peabody is focused on growing a pipeline of diverse talent in the tech industry and has joined a cohort of St. Louis companies that are determined to address the challenges of recruiting a skilled workforce.

Through a partnership with NPower, a nonprofit that creates an alternative fast track to digital careers for military veterans and young adults, Peabody hosted a talented NPower intern, Austin Everett, who was successfully converted to a full-time contractor in 2017. Lina Young, Senior Vice President and Chief Information Officer, serves on the regional board of NPower.

Austin Everett, On-Site Information Technology Support

"I'm grateful to NPower for setting me on this career path and to Peabody for continuing to invest in me and enhance my skills."

Native American and Indigenous Employment and Engagement

Peabody has a deep respect for cultural heritage and collaborates with local indigenous communities at our operations. Native Americans comprised 94 percent of the workforce and held more than 75 percent of mine management, administration and supervisory jobs during 2017 at Kayenta Mine, which operates on Navajo Nation and Hopi Tribe lands.

Peabody Burton Mine is located in the Bowen Basin region of Queensland, where two Traditional Owner groups, the Barada Barna and the Wiri, have worked closely alongside Peabody for over a decade, ensuring their cultural values are upheld. In 2017, Peabody signed two Native Title agreements with the Traditional Owners relating to Burton, which provide benefits to the groups including Trainee, Operator and Apprentice positions as well as access to business opportunities with Peabody at our other Bowen Basin operations. The agreements recognize a longstanding relationship with the Traditional Owners, which has created avenues for skills development and employment for the greater good of both the traditional custodians of the land on which we operate and for Peabody.

Upon completion of the traineeships, Barada Barna trainees will be automatically transferred to full-time operator roles with Peabody “on their traditional country.” Peabody also continues to work with the Wiri group to grow their business portfolio to support greater access to opportunities with the company.

Assessment Centers form another component of the Peabody recruitment and selection process of indigenous and non-indigenous populations. Centers are used in conjunction with our technical selection criteria to short list candidates for interviews. The assessment activities focus on behaviors like communication and problem solving and have been designed to give full and equal consideration to the gender and cultural diversity within the candidate pool.

Left: Brearna Brown and Ben Isaacs from the Barada Barna were recruited to Moorvale Mine as Trainee Production Operators. Right: George Schuller, President-Australia (pictured far right), signs a Native Title agreement with Greg Brown from the Barada Barna (pictured shaking hands).

Health and Wellness

Peabody employees are supported with health care benefits that are competitive within the industry and the majority of large employers.

Our health care benefits program is designed to empower employees and their families to invest in their health and well-being while managing their care to ensure the best services are coupled with smart spending. It is the right thing to do for employees and enables Peabody to manage medical costs to sustain future programs.

In 2017, Peabody took steps to streamline our medical plan options in the U.S., offering one plan that can be paired with a health savings account to pay for eligible health care expenses. In Australia, employees' universal health care coverage is supplemented with Peabody's "whole approach" remuneration package.

Peabody offers advocacy services and tools that help employees navigate their health care benefits as educated consumers. An employee may access resources that assist them in finding professionals to make sense of medical treatment options, compare costs before having a procedure and solve billing issues.

The company also provides a variety of health and wellness programs, with site-specific initiatives including on-site flu vaccinations, mammography screenings, tobacco cessation programs, an Employee Assistance Program and dietary and exercise coaching.

Crew members at North Antelope Rochelle Mine in Wyoming.

EXCELLENCE

We are accountable for our own success. We operate cost-competitive mines by applying continuous improvement and technology-driven solutions.

The Peabody Way

The Peabody Way is our philosophy and practice centered on improving how we operate, with a goal of driving best practice and standardization across the business. We rely on an outstanding workforce to demonstrate excellence in what we do and how we do it. With a keen eye on continuous improvement, we sharpen our competitiveness by leading with safety, increasing productivity, driving innovation, improving costs and measuring performance.

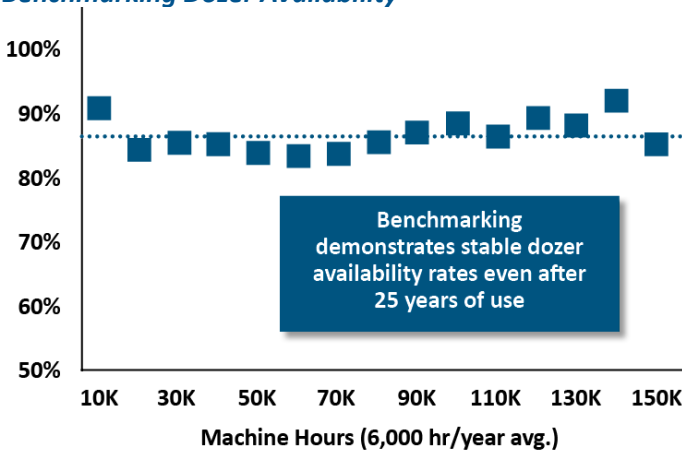
Continuous Improvement Across the Global Platform

Peabody believes significant value can be achieved at each step of the mining and marketing process. 2017 showed that approaching continuous improvement as a deliberate and integrated endeavor, where we look at technologies and techniques within the mining sector and other industries to drive advancements, produces results.

Continuous improvement strategies at Peabody operations have resulted in process and production improvements. For example, by optimizing overburden removal technologies, production efficiencies and cost savings have been achieved. Technology that uses a 3-D drone to profile the surface before cast blasting has improved efficiency 10 percentage points since 2015 at North Antelope Rochelle Mine (NARM), equating to nearly $5.4 million in cost savings.

A benchmarking system to compare ourselves internally and against the coal industry and other industries has helped to sustain equipment availability. The chart shows dozer availability at Peabody U.S. operations. Using a sophisticated system for maintenance and asset management, including equipment rebuilds, has increased planned work on equipment and resulted in minimized breakdowns. In fact, 25-year-old dozers now boast availability rates identical to equipment that is brand new, greatly boosting returns while reducing capital expenditures.

Benchmarking Dozer Availability



Benchmarking dozer availability, combined with core competencies around major rebuilds and superior maintenance, demonstrates sustained equipment availability over multiple years of use, which results in significant cost savings.

Benchmarking individual team members has proven to raise awareness and elevate overall team performance. After a detailed scorecard to compare equipment operator proficiency was developed and tested at a Peabody Australia mine, a 30 percent improvement in the overburden removal rate on primary machines was demonstrated.

Benchmarking works to identify issues, and then targeted training programs are developed to increase individual productivity. The scorecard has since been introduced to shovel operators at NARM, where individual operator results are tied directly to employee incentive compensation and the goal is to ultimately raise productivity of the entire operation.

Transferring leading practices across the company showcases the Peabody Way. Margin ranking is a data tool that uses systematic drilling to unveil and capture analytics regarding reserves information by assigning a value to each coal block. The technique was first implemented at a Peabody Australia operation and has now been put into practice across several Americas operations. In 2017, margin ranking enabled the identification and successful access of a valuable block of coal reserves that existed above a natural gas pipeline.

Maximizing Equipment Utilization, Transforming the Way We Deploy Capital

Throughout 2017, Peabody leveraged equipment rebuilds and repairs, optimized equipment maintenance monitoring and modified procurement strategies. These practices enabled a recapitalization of the fleet and added capacity in a cost-effective way.

Peabody's Columbia Rebuild Center (Columbia), based in Francisco, Ind., serves the Americas operations through full equipment rebuilds and repairs, assembly and component rebuilds and equipment core management. The facility boasts 22 highly skilled maintenance technicians across the spectrum of repair skills – welding, electrical, hydraulic and mechanical – and a lean support staff that lends critical technical expertise, maintenance planning and project management functions to Peabody sites, allowing them to maximize equipment utilization and achieve higher reliability.

When NARM purchased a used Cat 854 loader, the machine required light refurbishment and was sent to Columbia for repairs prior to being shipped to the mine site. By performing the work in-house, it is completed at a significantly lower cost and often at higher quality than by utilizing third-party shops. Columbia also refurbishes previously idled equipment, including harvesting and repairing key components from machines that are then supplied for active equipment at operations. Safety upgrades and adherence to rigorous safety standards are ensured.

The implementation of a condition-based monitoring system, which provides real-time visibility into mining operations, has helped improve equipment reliability and extend the productivity and life of equipment. Enhanced analytics detect minor maintenance issues – before they become major – so that maintenance is executed even before recommended standards. When this process is applied across the global fleet, significant cost savings may be achieved. For instance, the expected manufacturer life of a haul truck engine is around 20,000 hours. In 2017, NARM had six engines operating above 40,000 hours. At an average replacement cost of $500,000 per engine, estimated savings are nearly $3 million.

"Gently used" major mining equipment has also been seamlessly integrated into Peabody's fleet. Seventeen pieces of equipment were added for $24 million in 2017, saving around $75 million relative to new equipment pricing. Purchasing minimally used equipment brings opportunity for enhanced efficiency – by idling less-efficient equipment – and can increase productivity and volumes. For example, at NARM some of the 240-ton capacity rental fleet was replaced with 320-ton capacity trucks that enable more units per employee hour.

Project Excellence

Project Excellence is Peabody Australia's cost and productivity improvement plan that has driven initiatives critical to the platform's sustainability without compromising safety, achieving 2017 savings of about $130 million. The platform boasted its best-ever safety performance and reclaimed more than 1,200 acres of land. Since 2012, Peabody has made significant improvements to our Australian cost structure, resulting in more than $900 million in savings from the platform.

A key focus for Peabody coal handling preparation plants is resource optimization through recovery increases. During 2017, focus was placed on reducing fine coal loss, specifically in the froth flotation and product drying circuits. Metallurgical coal recovery improvements have resulted in up to 3.5 percent yield gains at North Goonyella Coal Handling Preparation Plant, equivalent to more than $15 million per year.

Enterprise Optimization software was introduced at Coppabella and Moorvale to optimize the blend from the two mines, enabling production teams to enhance margins over the short and medium term while ensuring coal blends for the different pulverized coal injection products meet customer specifications. The implemented processing and blending strategies resulted in an incremental savings of $3 million for 2017.

The Australia platform is also focusing on optimizing production performance of equipment in service. The Australian Process Group has established the Production Analytics Centre of Excellence (PACE) to automate the evaluation of real-time data and to proactively identify events to prevent production failure. PACE utilizes a range of emerging technologies to notify operations of any detrimental equipment or metallurgical conditions while also guiding operators in immediate corrections via mobile devices. PACE complements Peabody's asset management focus, helping to extend the cost-effective service life of major mining and processing equipment.

Investing in Culture Reaps Rewards at North Goonyella

A focus on improving culture and doing business better lifted the North Goonyella Underground Mine to new records for performance in safety, production and panel development in 2017. Safety results included a total recordable injury frequency rate of 1.30, 49 percent better than the mine's 2016 safety performance. A maintenance program implemented more than two years ago has improved availability of equipment like conveyors, and the shift from longwall top coal caving to conventional longwall mining resulted in higher production levels. North Goonyella's new production record ousted their 2012 record by better than 13 percent. Finally, the mine had its greatest advance ever for a single panel – 6,726 yards, besting 5,974 yards in 2010 and reducing panel move times from 48 hours to 30 hours. The team also mined through the shear zone without incident.

"We're seeing the culmination of efforts this team has made to change how North Goonyella operates." ~ Peter Baker, Senior Vice President Underground Operations-Australia

Peabody People – Innovators, Inventors

Peabody Safety and Health Innovation Awards prompt employees and contractors to collaborate, develop and execute risk reduction ideas. In 2017, nearly 30 original ideas and inventions were submitted by Peabody's global workforce, resulting in a three-way tie and additional category winners, and showcasing how team members exemplify the Peabody Way. Peabody people – engineers, haul truck operators, roof bolters, production technicians and others – are creators, innovators and leaders, changing the mining industry for the better.

First Place Tie and Most Transferable

Shop personnel at Millennium Mine noted that routine maintenance of blowing or scraping dust out of collectors or cabinets on haul trucks could present a potential health risk due to respirable dust becoming airborne. To mitigate risk, the team modified a Liebherr T282C haul truck air filter box to allow better access with an industrial vacuum unit capable of handling heavily compacted fine dirt and mud. The vacuum unit is also successful in cleaning HV cabinets on other model haul truck fleets and heavy earth moving mobile equipment.

Cleaning with an industrial vacuum allows the task to be carried out with minimal exposure to dust.

First Place Tie

Two-point, non-retracting seat belts are currently found in many pieces of mining equipment at Peabody. Yet, even while an operator is restrained with this traditional lap belt system, unforeseen events like sudden jolts, dramatic truck load shifts and rare rollovers create potential for injury, often with little to no warning.

To better restrain drivers in truck seats, Peabody's Somerville Complex launched an effort to find a solution, identifying a Schroth-manufactured auto-retracting, three-point seatbelt system. The system had never been utilized in mining machinery before, requiring the mine to bring in an engineer to develop a bracket that would attach to a truck seat, enabling the three-point-harness to function correctly. As the Schroth test site for mining in the Americas, the system was tested several times at Somerville and was ultimately installed in eight Peabody haul trucks.

A Schroth auto-retracting, three-point seatbelt system in a CAT 785 truck.

Peabody's goal is to replace all two-point systems in its equipment with a three-point harness system, providing additional safety for every service vehicle operator. Somerville contacted several seat manufacturers and ultimately sourced Bostram Seats to work with Schroth in creating a system for equipment retrofits.

An updated three-point safety belt system earned Peabody recognition for using existing technology in a new way by the U.S. National Institute for Occupational Safety and Health, in conjunction with the U.S. National Mining Association.

First Place Tie

At North Goonyella Underground Mine, crews desired a means of safely and continuously installing supplementary roof support bolts in the conveyor belt roadway of the longwall panel while it was producing coal. Because of the conveyor belt, installing roof support bolts required erecting scaffolding above the operating conveyor to reach the full span of the roadway roof. When one section was finished, bolting equipment had to be taken down from the scaffolding, the scaffolding dismantled, and everything manually moved along the conveyor to be re-erected at the next position.

A mobile bolting platform, pictured, enables continuous operation of the conveyor belt and minimal disruption to production at the longwall face.

The process was inefficient, posed a manual handling risk, and disrupted continuous operation of the conveyor belt as well as production at the longwall face. A solution involved designing and building a mobile platform that can easily move along above the conveyor belt without significant disruption to operation. The unit is modifiable to suit any floor-mounted conveyor structure and is controlled by a friction winch and fitted with a secondary fail-safe brake system. Benefits of the innovation include significantly reducing conveyor belt disruption, improving safety, using less labor, and creating savings due to improved installation rates.

Most Cost-Effective Safety Solution

At Twentymile Mine, to ensure roof support, I-beam arches must be placed firmly against roof tunnel liners to close voids. These 16-foot beams were previously manually lifted and installed by six or more employees, posing potential risks associated with pinch points, back and shoulder strain and entering red zones.

The Twentymile team used their recycled scrap metal to design and fabricate an I-Beam Arch Lifter (IBAL) on site, resulting in an installation process that is far less labor intensive and much safer. The IBAL is comprised of a steel platform with a rest for an I-beam arch, as well as fork holes for stabilization and transport. To install, a scoop inserts forks under the IBAL, and then a uniloader from the opposite side picks up and places an I-beam arch on it. The uniloader then exits so that a spotter, avoiding red zones, can guide the I-beam arch to be lifted and set to the roof.

Most Effective Safety Solution

At NARM, mine impoundments require regular surveying to verify each reservoir's storage capacity is adequate to hold runoff from a potential 10-year/24-hour major storm event. Failure to adequately contain runoff could result in discharge of improperly treated water, damage to the integrity of – or even failure of – an embankment, and potential regulatory action. Until recently, impoundment surveys involved portage of a heavy aluminum boat and required two people to float the reservoir while one served in a safety role on shore. Measurement of the impoundment bottom was done by rowing a grid across the pond and periodically extending a rod over the side until the reservoir bottom was contacted. The process was inefficient, posed potential safety risks and collected insufficient data due to the limited number of reservoir depth points that could be measured.

To minimize risk, reduce labor and eliminate time-consuming maintenance, NARM implemented the use of HyDrone technology. This survey system is a one-man, echo-sounding catamaran unit that is lightweight and portable, operated by either a remote control or a laptop connected through a telemetry link. Data gathered from the system is precise and reliable, resulting in accurate impoundment capacity calculations. The HyDrone is applicable at all Peabody operations where surveying water body depths is required.

A HyDrone at NARM is an example of a safety enhancement that was added preemptive of a potential injury. Bryan Hansen, Environmental Engineer-NARM and School Creek Mine, remotely operates a HyDrone from land, virtually eliminating risk associated with drowning.

Most Original

The process of washing coal results in a byproduct of fine refuse material, called tailings, which is transferred and stored in surface mine areas that have been mined out. In Australia, as part of the rehabilitation process, tailings are required to be capped with earth material so that the land may ultimately be restored as grassland capable of supporting grazing activities. At times, however, unpredictable foundation stability of tailings may make it difficult for standard earthmoving equipment to be adequately supported during the capping process.

At Wilkie Creek Mine in Queensland, currently in rehabilitation, team members created a solution to cover tailings by modifying an existing agricultural silt scoop and tethering it to two dozers. The process involves pulling earth material over the tailings surface using a back-and-forth dozer methodology that ensures the earthmoving equipment remains on stable foundation.

Fabrication of the dozers to improve project efficiency and safety included adding tow eyes, a flexible support arm to help manage cable slack, mesh screen to provide operator protection and cameras for operator-assisted vision of the cable during operation. This type of capping system has not been used previously in the industry and is easily transferrable and adaptable to suit various conditions.

To efficiently and safely cover a tailings surface, an excavator scoops earth material into an agricultural silt scoop, which is attached by cable to both a return dozer (bottom left) and lead dozer (top right). The scoop is then towed forward and backward from the loading area to the dump point, allowing dirt to be slid out over the surface.

Peabody Business Services Focuses on Operational Excellence

As technology advances, customer expectations grow and cost pressures remain, the work of Peabody Business Services (PBS), a global shared services team, continues to uncover opportunities to focus on operational excellence and financial discipline. PBS efficiently and effectively processes core business services for Peabody employees, vendors and customers to ultimately deliver scalable, value-oriented service to the business.

Lina Young, Senior Vice President, Chief Information Officer and head of Peabody Business Services and her team are focused on delivering great customer service and becoming a scalable strategic lever of Peabody's operating model by providing high-volume, transactional and value-add services to the corporation and business units. Lina was named Gateway to Innovation's Technology Leader of the Year Award in 2017, a designation given to an individual in the St. Louis region who has achieved notable success in leading change, increasing productivity and effectively managing and executing business and information technology strategies.

The Gateway to Innovation Award for Lina Young (pictured second from left) is a credit to the PBS cross-functional team, pictured here, who leverage technology and standardize processes across the Peabody global platform.

INTEGRITY

We act in an honest and ethical manner.

Corporate Governance

Our commitment to operating with integrity is a foundational tenet of Peabody's core values, to do what's right, every time, all the time.

Board of Directors

Peabody is governed by a board of directors consisting of nine members as of March 31, 2018. Our board of directors offers experience across multiple global tier-one mining, energy, utilities, equipment and capital markets companies, and eight of the nine directors are independent. The board appoints and oversees the Chief Executive Officer and other officers who are charged with the conduct of the company's business. Directors have full access to officers and employees of the company and its affiliates.

Board members serve on five standing committees: Audit; Compensation; Executive; Health, Safety, Security and Environmental; and Nominating and Corporate Governance. Each has adopted a formal charter that describes in detail its purpose, organizational structure and responsibilities.

Corporate Governance and Compliance

The board operates under a set of governance principles covering such issues as board and management roles and responsibilities, board composition and director qualifications, election procedures, meeting procedures, committee functions, director orientation and continuing education, management evaluation and succession, and overall corporate compliance and safety standards.

Peabody's corporate governance program is subject to ongoing evaluation and oversight. The board of directors ensures appropriate corporate governance practices through a dotted-line reporting relationship between the board's compliance function and the board's Nominating and Corporate Governance Committee.

A list of Peabody Corporate Governance Practices and Principles is included in the Appendix.

Code of Business Conduct and Ethics

Directors, officers and employees must adhere to a Code of Business Conduct and Ethics (the Code) that is designed to foster ethical decision making, prevent corruption, avoid conflicts of interest, achieve compliance with laws and protect company assets. The Code also helps maintain Peabody's reputation as a world-class company.

Training and Communications

Peabody informs employees of the obligation to act in a responsible, ethical and constructive manner through workplace communications and training sessions. All employees are required to complete annual training and provide certification of compliance with the Code. Potential issues or concerns that could violate the Code are investigated and escalated to the board, as appropriate.

Peabody's shareholders, customers, employees and the public can communicate directly with the board of directors by submitting written comments to the Chairman, Peabody, Peabody Plaza, 701 Market St., St. Louis, Mo., 63101. These written communications are forwarded to board members and reviewed by the full board whenever appropriate.

The company also has established procedures for the receipt, retention and investigation of reported violations of the Code. Employees who have concerns about business practices are asked to raise their concerns directly to their management, Human Resources representatives, the Chief Legal Officer, the Director and Associate General Counsel-Compliance, or to contact the company's confidential and anonymous Tell Peabody hotline. Reports to the hotline are managed by the company's Director and Associate General Counsel-Compliance who determines, in consultation with management and others, the appropriate action, including investigation. Report summaries are regularly distributed to senior management and discussed with the Nominating and Corporate Governance Committee.

Peabody continues to supplement its risk management assessment process to ensure that all significant legal and compliance risks affecting its businesses have been identified and that appropriate training programs and policies are in place. Key corporate compliance and governance information and documents are accessible on PeabodyEnergy.com.

Transparency and Disclosures

While environmental, social and governance transparency and disclosure is becoming part of a larger discussion within the financial community, Peabody has been committed to these tenets for decades.

As a global mining company, Peabody contributes substantial revenues to federal, state and local governments, and in 2017 paid more than $0.9 billion in taxes, royalties, levies and fees to governments in the U.S. and Australia. This amount includes the voluntary disclosure of payments consistent with the Extractive Industry Transparency Initiative (EITI), a global standard to promote the open and accountable management of extractive resources. Peabody is committed to transparent and accurate accounting of our payments made to governments, and the company respects and complies with all applicable laws and regulations wherever it operates.

Although the U.S. Department of the Interior made the decision in November 2017 to withdraw the U.S. as an EITI implementing country, Peabody continues to voluntarily disclose payments and to promote standards for open and accountable management of natural resources. A summary of payments to the U.S. federal government mirrors data collected by USEITI in past years, and in 2017 totaled $234.3 million. While Australia has been a supporter of EITI and announced their intention to apply for membership, it is not yet an implementing country. Peabody is nonetheless voluntarily disclosing royalty and other mining-related payments made to the New South Wales and Queensland governments, which in 2017 totaled $240.1 million. Peabody Payments Consistent with the EITI may be found in the Appendix.

Peabody ranks in the top 30th percentile for environmental disclosures and top 40th percentile for social disclosures in the energy industry according to the 2018 Institutional Shareholder Services Environmental and Social QualityScore.

Political and Lobbying Activities

When it comes to creating a sustainable energy future, fuel choices and policies matter. We believe it is essential for us to participate constructively and responsibly in the political process and provide recommendations to policymakers for global energy, environmental and economic policies. Peabody is particularly focused on advancing the use of coal as part of a balanced energy mix, to provide abundant, reliable, low-cost electricity to help meet the world's growing demand.

Peabody political and lobbying activities are directed by the executive leadership team with oversight from the company's board of directors and are conducted in accordance with applicable law, the Code, corporate policy on political contributions and corporate policy on lobbying activities. Links to these policies may be found on PeabodyEnergy.com.

All financial contributions adhere to federal, state and local laws regarding contribution limits on amount and source criteria and reporting requirements. No contribution will be made in anticipation of, in recognition of, or in return for an official act by the recipient of the contribution.

Peabody political contributions, Political Action Committee (Peabody PAC) and U.S. lobbying expenditures are a matter of public record, and the most current information is available through the Federal Election Commission, state campaign finance report, and the U.S. Senate and U.S. House of Representatives.

All political spending reflects Peabody or the Peabody PAC's overall business interests and not those of individual officers or directors. For the past several years, the Peabody PAC has actively worked to expand our support to candidates on both sides of the political aisle. Peabody recognizes that political candidates, office holders, industry groups and trade associations may support positions that align with some of our interests but conflict with other interests. In these instances, the company bases involvement on those areas of agreement that it believes will bring about good public policy.

Oversight by the Board of Directors

As part of its oversight role, the Nominating and Corporate Governance Committee of the board of directors annually reviews recipients and amounts of political contributions made by Peabody and the Peabody PAC (to the extent permitted by law), as well as information regarding lobbying expenditures, industry group and trade association participation and grassroots lobbying expenditures.

Peabody Contributions to Candidates, Committees and Political Organizations

Although U.S. federal law prohibits companies from contributing to candidates for federal office, many states allow corporate contributions to state and local candidates, committees and political organizations. The company's board of directors has authorized Peabody to contribute to state and local candidates for public office, political committees and political parties, and for other political purposes, subject to any legal limitations and applicable reporting requirements. Peabody political contributions must be reviewed and approved by Peabody's Executive Vice President, Chief Legal Officer, Government Affairs and Corporate Secretary and Senior Vice President of Global Government Affairs.

In 2017, Peabody made $272,000 in U.S. corporate political contributions. An itemized list of 2017 Peabody political contributions may be found at PeabodyEnergy.com.

Peabody Political Action Committee (Peabody PAC)

Peabody has established a separate segregated fund under U.S. federal law – the Peabody PAC, which is a nonpartisan political fund that provides financial support to candidates.

The Peabody PAC is funded entirely through voluntary contributions, primarily from Peabody employees who meet certain eligibility requirements. By law and Peabody PAC bylaws, Peabody is prohibited from favoring or disadvantaging any person by reason of the amount of his or her contribution or the decision not to contribute to the Peabody PAC. Coercive Peabody PAC solicitations are strictly prohibited. Employees will not be reimbursed directly or through compensation increases for personal political contributions or expenses.

The Peabody PAC is governed by a board, with the PAC Chairman appointed by Peabody's President and Chief Executive Officer, and that board approves all Peabody PAC contributions. In 2017, the Peabody PAC made $59,600 in U.S. political contributions. An itemized list of 2017 Peabody PAC contributions may be found at PeabodyEnergy.com.

Lobbying

Peabody tracks proposed legislation and engages with governments around the world to advocate policies that protect affordable energy and ensure coal's continued role as part of a balanced global energy mix. We actively lobby the U.S. Congress and state legislatures on a number of important public policy issues, such as access to resources, taxes, energy policy, trade and environmental legislative and regulatory policy. From time to time, Peabody also participates in grassroots lobbying with respect to legislation affecting our business.

In accordance with the Lobbying Disclosure Act, we publicly report our U.S. federal lobbying expenses on a quarterly basis, including the issues lobbied. Our reports are filed under the name of Peabody Investments Corp. The quarterly lobbying disclosures available on the U.S. Senate's website disclose lobbying expenses for each calendar quarter rounded to the nearest $10,000, as required by the filing instructions. These reports reflect that Peabody's total U.S. federal lobbying expense for 2017 was approximately $1.5 million, as determined using the Lobbying Disclosure Act method for reporting such expenditures.

Where required, Peabody files similar periodic reports with state agencies, reflecting state lobbying activities. Peabody filed lobbying disclosure reports in Arizona, Illinois, Indiana and Wyoming in 2017 based on each state's lobbying disclosure requirements. Unlike other states, Indiana requires that lobbyist compensation be publicly disclosed, and we reported $74,913 in expenses for fiscal year 2017. All other states we reported in had no lobbying expenses. In Missouri, the reporting requirement is the responsibility of the state official, and there were no reported expenditures for Peabody in 2017.

Industry Groups, Trade Associations and Other Organizations

Peabody is a member of numerous industry groups and trade associations as well as nonprofit organizations focused on public policy issues. The company works with these organizations because they represent the mining industry and business community in discussions led by governments and other stakeholders, and they help the industry reach consensus on policy issues.

A complete list of Industry Groups, Trade Associations and Other Organizations in which Peabody has membership and to which the company paid annual dues or other payments of $10,000 or more in 2017 may be found in the Appendix.

Peabody has been advised by the organizations to which it belongs that approximately $377,450 of the annual dues and other company payments to U.S. industry groups and trade associations in 2017 were used for lobbying expenditures and/or political activities, and an itemized list may be found at PeabodyEnergy.com.

Broad-Based Coalition Seeks Common Ground Technology Solutions

Peabody played a leadership role in a broad and diverse coalition that included energy industry companies, environmental groups, labor organizations and others to support a bipartisan bill that aims to reduce the costs and barriers for carbon capture, use and storage (CCUS) through deployment.

For decades, Peabody has been a leading voice in building awareness for coal as part of a balanced energy portfolio and in advocating for clean coal technologies to minimize the environmental footprint from coal use. To foster our common ground approach, we work with government, academia and other stakeholders in both the public and private spheres to promote an all-of-the-above energy strategy that advances high-efficiency, low-emissions (HELE) and CCUS technologies, both of which are needed to achieve the goal of increasingly low-carbon energy systems.

The 45Q CCUS tax credit was originally passed in 2008 and provided $10/metric ton for CO_2 used for enhanced oil recovery and $20/metric ton for CO_2 injected into saline storage. However, for many reasons including uncertainty, insufficient financial incentives and a relatively low cap of 75 million metric tons of CO_2, the initial credit did little to advance CCUS in the U.S. Although the initial passage of the tax credit was an important milestone, stakeholders knew that more would be needed.

A diverse group called the National Enhanced Oil Recovery Initiative was formed (now called the Carbon Capture Coalition) to collaborate and reach across the political aisle to advocate for improvement and expansion of the 45Q tax credit. Whether a lawmaker was interested primarily in jobs, energy security or reducing emissions, various coalition members articulated the benefits of 45Q. By the time the bill, called The FUTURE Act, reached the Senate floor, one quarter of U.S. Senators were co-sponsors. On Feb. 9, 2018, the tax credit expansion was passed into law.

Highlights of the tax credit expansion:

- $35/metric ton CO_2 for enhanced oil recovery
- $50/metric ton CO_2 for saline aquifer storage
- 12-year window for receiving tax credits
- Construction must begin by Jan. 1, 2024
- Minimum capture rate: 500,000 metric tons per year for power plants and 100,000 tons per year for industry
- Transferrable, which means that nonprofits like cooperatives can use the tax credit

Contributing to the expansion of 45Q is an example of bipartisan, multi-stakeholder success, and Peabody looks forward to continuing efforts to advance this important technology as part of our common ground approach.

SUSTAINABILITY

We take responsibility for the environment, benefit our communities and restore the land for generations that follow.

Environmental Excellence

Peabody's sustainability approach begins with respect and responsibility for the land and the communities where we operate. Stewardship of the environment – from successful land reclamation to energy efficiency, to recycling and water use management – is designed to ensure that coal mining and land end use benefit society.

Leading Practices in Land Restoration

In 2017, Peabody restored 5,145 acres of mined lands into wildlife habitat, rangeland, hardwood forests, prime farmland, pastoral land and wetlands. This includes 890 acres of forested area, 30 acres of wetlands, approximately eight miles of high-quality streams and planting 647,600 trees.

Peabody views land reclamation as an essential part of the mining process. Over the past decade, Peabody has spent $189 million to restore more than 46,000 acres of land across its global operations. In the U.S., during the past 10 years, the company has contributed more than $513 million to the Abandoned Mine Land Reclamation Program, which was intended for the reclamation of lands mined before the Surface Mine and Control Reclamation Act of 1977.

Commitment to Environmental Stewardship

Peabody continued its restoration activities at active and closed sites during 2017, reclaiming 1.4 acres of land for every acre disturbed. A commitment to environmental stewardship and land reclamation across the global platform are core to how Peabody operates, and an environmental reclamation metric is included in the long-term incentive award for Peabody's senior leadership team.

Seth Puls, Engineering and Environmental Manager, observes a soybean crop that was grown to prove successful productivity of reclaimed prime farmland at Cottage Grove Mine in Illinois.

Peabody Environmental Policy

We are the world's leading pure-play coal company, producing thermal and metallurgical coal. Throughout the life cycle of our operations we take responsibility for the environment, benefit our communities and restore the land for generations that follow.

Globally, Peabody supports the current technology to deploy high-efficiency, low-emissions (HELE) power stations and investment in next-generation carbon capture and storage (CCS) technologies over time to transition to the ultimate goal of near-zero emissions from coal-fueled power.

The following governing principles apply to our employees, contractors, visitors and vendors at our sites and support Peabody's alignment with Sustainable Development practices:

- Management has the overall accountability for environmental management and for regular review of environmental performance;
- Progressively rehabilitate/reclaim, monitor and maintain areas disturbed by mining to ensure the post-mine land use, landform and environmental outcomes are achieved;
- Identify, monitor and manage risks and opportunities during all mining life cycle phases and continuously improve environmental stewardship;
- Appropriate environmental objectives are developed, and applicable performance indicators are publicly reported;
- Any employee has the authority to stop and challenge activities that could result in unauthorized environmental impact;
- Comply with applicable environmental standards, rules and procedures, relevant jurisdictional laws and regulations;
- Engage with interested and affected stakeholders;
- Efficient use and responsible procurement of resources is undertaken;
- Conservation of energy and reduction in greenhouse gas intensity at our operations through energy efficiency and other leading practices.

Midwest environmental team members inspect reclamation at Wild Boar Mine in Indiana. The rows in the foreground were planted with a mechanical tree planter to establish a forested buffer along the shallow water impoundment in the background, which was constructed to attract wildlife.

Peabody Position on Energy and Climate Change

Peabody believes that coal is a key contributor to affordable, reliable energy, and that fossil fuels will continue to play a significant role in the global energy mix. The company also recognizes that these fuels contribute to greenhouse gas emissions, and concern regarding these emissions has become part of the global political, societal and regulatory landscape in which we operate.

Energy is foundational for individuals and economies and must be abundant, reliable and inexpensive to meet society's growing demand. Access to such energy is critical to meet basic needs, improve living standards, reduce poverty, enable urbanization and strengthen economies. In addition, access to low-cost energy is correlated with human development indicators such as increased life expectancy, education and economic development.

Within the energy mix, fossil fuels are essential and satisfy approximately 80 percent of the world's primary energy demand. Coal plays a fundamental role in generating electricity and is a required component in new steel production.

Our approach to using the world's coal resources is grounded in the need to achieve the three-part goal of energy security, economic progress and environmental solutions through the application of advanced technologies.

The world needs to embrace a true all-of-the-above energy strategy that recognizes the benefits and limitations for each fuel. Coal's advantages include a track record of reliability and scalability, affordability and security of supply.

Regarding emissions progress for coal, this begins with deployment of high-efficiency, low-emissions (HELE) power stations using technology that is available today. Longer-term investments in next-generation carbon capture, use and storage (CCUS) technologies are necessary to transition to the ultimate goal of near-zero emissions from coal-fueled power.

HELE and CCUS technologies must be part of the solution to achieve goals of substantial reductions in greenhouse gas emissions. As such, they should be eligible to receive public funding from national and international sources. In addition, CCUS must receive policy parity with all low-emission sources of energy and further public investments in research and development are necessary.

Peabody will continue to reduce our carbon footprint and promote the development and deployment of low-carbon technologies by:

- Conserving energy and reducing greenhouse gas intensity at our operations when possible through energy efficiency and other best practices;
- Funding research and key initiatives in low-emissions projects and partnerships such as those already advancing in the U.S., Australia and China;
- Playing a leadership role in the development of public policies related to energy and the environment;
- Engaging with governments, academia, communities and other stakeholders to support constructive and informed dialogue; and
- Building awareness and support to eliminate energy poverty, increase access to low-cost electricity and improve emissions through advanced clean coal technologies.

Environmental Oversight and Compliance

Peabody management has overall accountability for environmental management and for regular review of environmental performance. Before any mining activity starts, environmental initiatives at Peabody begin with end land use in mind. Peabody practices contemporaneous land reclamation, which minimizes the amount of surface disturbance. Detailed assessments include comprehensive baseline studies of local ecosystems and land uses and their impacts. The company engages where possible with local stakeholders to understand and incorporate social, cultural and traditional values and community needs in mine planning.

All active mining operations are inspected by various federal, state and local government agencies at least once per month in the U.S. and regularly in Australia. Peabody goes beyond these requirements by performing periodic environmental reviews at all operations, which include an assessment of current processes and provide opportunities for sharing best management practices across the company's global platform.

Environmental reporting for six water and waste indicators in reference to the Global Reporting Initiative (GRI) framework continued in 2017. The GRI framework for sustainability reporting includes reporting guidelines, sector guidance and other resources that enable greater organizational transparency and accountability.

To incorporate local needs into post-mine land use, Peabody worked with neighbors of the closed Wilkie Creek Mine to fence a rehabilitated backfilled pit, creating paddocks and establishing watering requirements for 50 Black Angus weaner cattle.

2017 Environmental Accomplishments

Peabody's environmental responsibility, reclamation and remediation efforts have been recognized with 100 honors since 2000. When it comes to the environment, we act in a sustainable manner because it is both good business and the right thing to do. Examples of our leading practices in land rehabilitation are featured throughout this chapter, including notable achievements of team members.

Wild Boar Mine was presented with the 2017 Indiana Excellence in Mining and Reclamation Award for restoring the Barren Fork Pit and enhancing wildlife habitat in the predominately forested areas. Innovative techniques at Wild Boar included reusing materials removed during mining. Logs, brush and rock became repurposed materials, providing stream flow control and riparian habitat structures.

2017 Environmental Honors

Indiana Excellence in Mining and Reclamation Award – Wild Boar Mine

Interstate Mining Compact Commission National Reclamation Awards, Honorable Mention – Viking Mine-Knox Pit

Vance "Pat" Wiram Award for Innovation in Reclamation and Mining Technology – Richard Williams, Permits Specialist-Wild Boar Mine

New South Wales Minerals Council Mining Health, Safety, Environment and Community Awards Runner-Up – Wilpinjong Mine

Communitas Award for Leadership in Ethical and Environmental Responsibility, Sustainability – Peabody Reclamation

In 2017, the Somerville Mine reclamation team in Indiana completed restoration activities at Viking Mine-Knox Pit, which was recognized with Honorable Mention for reclamation by the Interstate Mining Compact Commission. 2017 work resulted in a final reclamation bond release of nearly 600 acres. Restoration activities included rehabilitation of partially reclaimed coal refuse areas from a previous owner, and Peabody completed the work on the adjacent land as a good neighbor effort to improve the water quality and environment in the local area.

Enhanced reclamation efforts at Viking Mine-Knox Pit resulted in improved water quality for downstream riparian and aquatic habitat. The land is now used as pasture and cropland by local landowners.

Rich Williams, Permits Specialist-Wild Boar Mine, has worked in mining and reclamation in Indiana for nearly three decades developing many innovative techniques. For the past 13 years, he has focused on stream and wetland restoration for Peabody, overseeing restoration of more than 360,000 feet of streams and 619 acres of wetlands and has directed the enhancement of 113 acres of existing wetlands and 61 acres of existing stream buffer areas.

In 2017, Rich was honored with the Vance “Pat” Wiram Award for Innovation in Reclamation and Mining Technology. Rich shares his passion and expertise in restoration techniques with the coal industry by presenting at workshops, providing training and participating in research.

Rich Williams, performing an as-built survey of reconstructed Smith Fork Creek at Somerville Mine.

A Collaboration for Conservation in the Powder River Basin

In 2017, the Office of Surface Mining Reclamation and Enforcement presented the Good Neighbor Award to the Thunder Basin Grasslands Prairie Ecosystem Association (Association), recognizing Peabody and four other member companies for successfully working with the surrounding land owners and communities while completing mining and reclamation. The Association is a nonprofit organization dedicated to a responsible, science-based approach to long-term management of members' lands, and Peabody is a founding member.

Over recent decades, Wyoming agricultural and coal-producing industries have collaborated on conservation measures in the Powder River Basin (PRB). Association members have developed a regional conservation strategy for long-term stewardship of wildlife and other natural resources through voluntary, privately led collaborative efforts. Peabody's Wyoming mines continue to be active members and leaders within the Association, and since its founding Peabody has invested dollars, expertise and resources to support the Association's goals. In 2017, we allocated funds to map black-tailed prairie dogs in the Thunder Basin National Grasslands.

Paul Griswold, Senior Environmental Technician (center), delivers a reclamation seminar on sage brush planting techniques to state and federal agencies and local ranchers at Peabody PRB Mines.

Innovation in Stream Mitigation

Peabody primarily uses natural channel design for its stream mitigation efforts in the Midwest, a technique where streams are designed to utilize a broad floodplain for energy dissipation during flooding. Fairly frequent out-of-bank stream flows that inundate the floodplains end up transforming the ground into wetland conditions that help filter water, reduce erosion and provide an environmental lift compared to pre-existing conditions – a welcome bonus that further enhances stream mitigation projects.

Rehabilitation technique includes planting a forested riparian zone adjacent to the streams in the floodplains and upland slopes. The trees are conducive to growing in wetland conditions, but are subject to predation by animals like rabbit, deer and voles. Voles can damage trees by burrowing next to them and eating them by the root. Natural predators like raptors, owls, hawks and eagles will actively reduce vole populations if enough perching habitat exists, so Peabody has installed raptor perches along streams and within wetlands to combat vole populations. The perches are constructed by utilizing whole trees harvested prior to mining, providing a more natural look, and help to ensure success of the riparian zone and wetland mitigation.

A constructed raptor perch to reduce vole populations promotes success of a reclaimed stream at Farmersburg Mine. The floodplain adjacent to this meandering stream has since been introduced to herbaceous vegetation and hard-mast bottomland tree seedlings.

Environmental Restoration and Bond Release

Peabody aims to commence restoration of the landscape as soon as land becomes available, to create a safe, stable and sustainable landform that benefits generations to follow. Reclamation is undertaken on a progressive basis with consultation between the environmental, technical services and production teams. In any given year, land reclamation activities can vary due to production, weather conditions and other unforeseen factors. As a result, Peabody restores varying quantities of farmland, pastureland, rangeland, forest, wetlands and wildlife habitat.

Peabody remains focused on restoring the land and providing assurances for future obligations. The company fully accounts for the projected financial impact of its final coal mine reclamation requirements through its asset retirement obligation on its balance sheet in accordance with Generally Accepted Accounting Principles. In addition to funding every dollar of its coal mine restoration, Peabody pays tens of millions of dollars each year to the Abandoned Mine Land (AML) Reclamation Program for the reclamation of lands mined before the U.S. Surface Mine and Control Reclamation Act of 1977. As the largest U.S. coal producer, Peabody contributes more annually to the AML fund than any other coal company.

In the U.S., bonds are released on a broad array of Peabody properties and fluctuate depending on mining and reclamation needs in a given period, and 2,733 acres were fully released in 2017. Peabody reduced its calculated bond liability by $304 million over the past year. Peabody U.S. operations and sites replaced all of its existing self-bonding for coal mine reclamation requirements with third-party bonding facilities in 2017.

In Australia, Peabody is required to provide appropriate forms of financial assurances to meet its reclamation liability, which is calculated based on each mine's maximum disturbance area for a specified period and reviewed on a regular basis. Peabody worked with insurers to develop and secure third-party surety bonding for all of its Australian reclamation liabilities as of March 2018. Peabody's practice of ongoing progressive reclamation supports timely reduction of its reclamation liabilities.

Environmental Outreach Extends to Wildlife and Habitat Conservation

Peabody's commitment to environmental stewardship during 2017 resulted in 1,242 total acres of land rehabilitated across our Queensland and New South Wales mines. Mining activities may occupy lands that are home to a variety of species, and our environmental responsibility includes purposeful efforts to enhance vital habitat.

Wilpinjong Mine, in consultation with New South Wales and federal governments, developed a strategy to protect and conserve more than 2,700 acres of land, incorporating native vegetation to achieve biodiversity outcomes that include the protection of threatened ecological endangered communities.

Peabody mined land will be rehabilitated to three vegetation types to establish habitat and support conservation efforts for the Regent Honeyeater (Xanthomyza Phrygia), a federally listed, critically endangered bird species in Australia. To meet the new rehabilitation objective, the mine is testing various innovative techniques, including controlled burning and herbicide application, to change the species composition so that native species germination is promoted. Wilpinjong monitors the

The Regent Honeyeater is a critically endangered bird and has become a flagship species for Australian conservation efforts. Peabody will contribute hundreds of thousands of dollars to the Australian government to support the Regent Honeyeater recovery plan captive breeding and release programs.

trial areas to assess the response in species composition and condition, as well as ground cover and state of soil.

Wilpinjong Mine achieved runner-up in the Environmental Excellence category at the New South Wales Minerals Council Mining Health, Safety, Environment and Community Awards, where the mine was recognized for its approach to rehabilitation.

Across the Americas platform, 3,903 acres were reclaimed in 2017. A big game survey at North Antelope Rochelle Mine (NARM) property was conducted in early 2018, revealing more than 150 elk utilizing reclaimed lands, the highest number ever recorded. With the expanse of reclaimed land at NARM, elk now use the land year-round, including for rearing their young. The spring survey also documented seven black-tailed prairie dog colonies. The largest colony measured over 23 acres, demonstrating habitat suitability and ecological function to support recolonization by this species. During the 2017 nesting season, 85 pairs of raptors successfully fledged 148 young at Peabody mines in the PRB.

Annual wildlife and environmental monitoring, from small animals to large ungulates, indicates the reclamation at NARM continues to be successful. In fact, as coal production has increased over the last 30 years, wildlife numbers at NARM have remained at or above historical numbers.

Having the correct native vegetation species and large areas of reclaimed land creates suitable habitat for elk, mule deer and pronghorn antelope herds year-round. Left: Pronghorn are plentiful in Wyoming and utilize the habitat in and around the NARM permit area. Right: A young red-tailed hawk fledged from a nest located on Caballo Mine. Hawks live and hunt on all Peabody PRB Mines.

Greenhouse Gas Intensity and Energy Efficiency

Mining energy requires energy, a paradox that presents a challenge and an opportunity. Peabody is focused on conserving power and reducing greenhouse gas intensity whenever possible through continual improvements in mine planning and engineering, use of advanced technologies and operational leading practices.

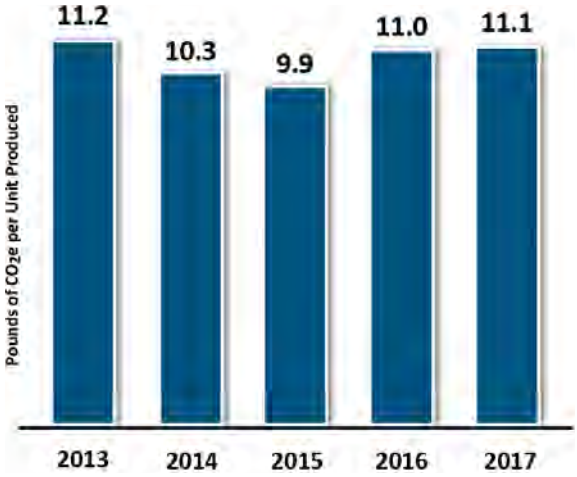
Peabody measures greenhouse gas emissions at our operations in pounds of carbon dioxide equivalent or CO_2e (CO_2, CH_4 and N_2O) per unit of production (raw tons of coal mined and cubic yards of overburden moved). Over the past five years, Peabody's greenhouse gas intensity across our global operations has declined slightly from 11.2 CO_2e per unit in 2013 to 11.1 CO_2e in 2017.

Peabody accelerated land reclamation activities in 2016 and 2017, and fuel was used to operate reclamation equipment that moved earth to return land back to its original state. Because reclamation activities are not counted as "units of production," our 2016 and 2017 greenhouse gas intensity calculations show an uptick from 2015 levels.

At underground mines in the United States, the company measures and reports greenhouse gas emissions to the Environmental Protection Agency. Each underground mine collects a representative monthly sample at each location where mine air is released into the atmosphere for laboratory analysis of the methane content. When the sample is taken, the air quantity, temperature, barometric pressure and humidity is measured so that calculation of emissions can be completed for reporting.

Pounds of GHG Emitted (CO_2, CH_4 and N_2O) per Unit Produced

Including Mine Methane Emissions



In 2017, greenhouse gas intensity across Peabody global operations was 11.1 CO_2e per unit.

Global Reporting Initiative

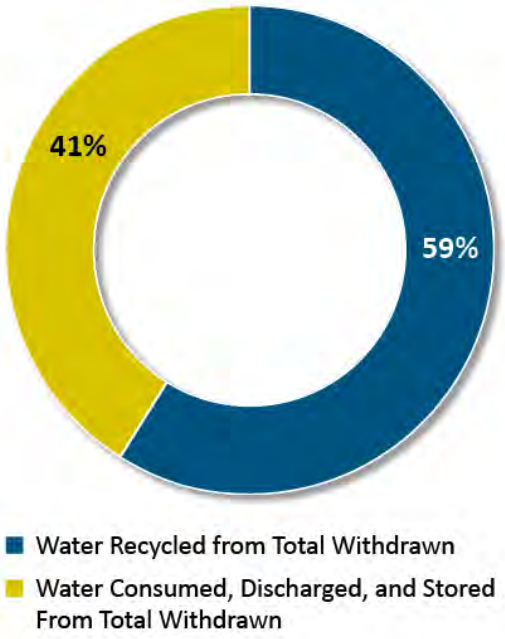
In 2017, Peabody continued environmental reporting for six indicators in reference to the Global Reporting Initiative (GRI) framework: water withdrawal by source; water sources significantly affected by withdrawal of water; percentage and total volume of water recycled and reused; water discharged by quality and destination; water sources significantly affected by discharge of water; and weight of waste by type and disposal method.

Water Use and Management

Peabody is focused on conserving water by pursuing sustainable coal mining practices everywhere the company operates. Coal mining is one of the least water-intensive forms of resource extraction. The U.S. Geological Survey reports that all forms of mining cumulatively withdrew 1 percent of water consumed in the U.S., with coal mining comprising less than 1 percent of that total. In contrast, agriculture irrigation withdrawals account for 38 percent of total freshwater withdrawals.[1]

In 2017, water sources for Peabody mines included surface water (precipitation and runoff, rivers and streams, external surface water storages), ground water and municipal or purchased water. Primary water uses are for dust control and coal preparation plants. Water is also used for exploration, mining and land reclamation, with minor amounts used for mine location drinking water, showers and equipment maintenance.

Percent Water Recycled of Total Withdrawn Globally



Peabody is committed to pursuing opportunities to reduce, reuse and recycle water whenever possible, and approximately 59 percent of total water withdrawn in 2017 was recycled and reused. Operational needs resulted in increased water withdrawals during 2017, and Peabody recycled and reused 33,548 megaliters of water.

Examples of recycling and reuse at Peabody operations include recycling water at coal preparation plants, truck washes and coal storage areas. Peabody strives to use closed loop water circuits at coal preparation plants with the average preparation plants achieving 73 percent recycling rates.

Water use and recycling varies by region, method of mining, equipment used and local availability. Operations in more arid environments consume less water and focus on conservation while mining operations in humid climates routinely manage surplus water from storms or groundwater and mitigate flood risk. In Australia, operations must manage excess water during wet cycles and plan for water shortages during dry cycles. The management and use of water at Peabody mines is done under extensive regulatory frameworks specific to the countries and regions where operations are located.

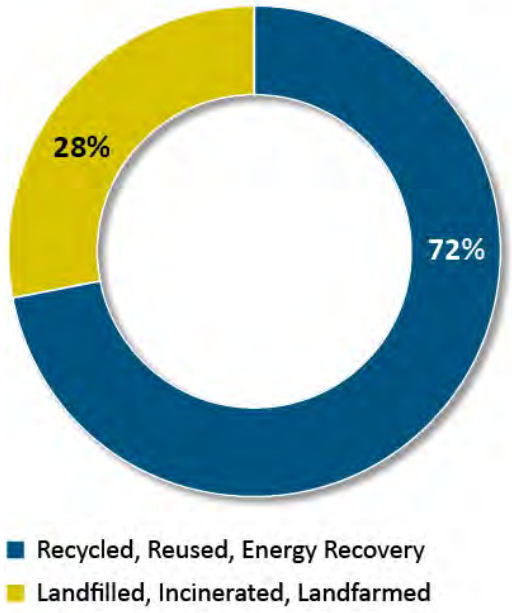
[1] *Estimated Use of Water in the U.S. in 2005, 2009, U.S. Geological Survey, Circular: 1344, Figure 1, Total Water Withdrawals by Category, Page 5.; Estimated Use of Water in the U.S. in 2010, 2014, U.S. Geological Survey, Circular: 1405, Page 56.*

Recycling and Waste Management

Peabody's waste management strategy incorporates a variety of environmentally responsible practices that address regulatory requirements and sustainability initiatives. The company starts with the principle of overarching efficiency in all aspects of its business, which maximizes the utilization of necessary resources and ultimately leads to a decreased need for recycling and reuse. Materials that are no longer usable are then recycled.

In 2017, recycling, reuse and energy recovery programs accounted for 72 percent of the company's waste disposal activities. 15,929,185 kilograms of material was recycled and reused, and an additional 7,144,579 kilograms of material was used for energy recovery. Recycled materials included batteries, steel, used oil filters, used oil, lighting products, computers and electronics, antifreeze, small vehicle tires and paper waste. Materials used in energy recovery including used oil, washer solvents and used grease.

Recycled/Reused/Energy Recovery vs. Landfilled/Incinerated/Landfarmed



Global Reporting Initiative definitions and schedules are available in the Appendix.

A final-cut lake at Cottage Grove Mine shows wetland mitigation improvements tying into a natural stream corridor.

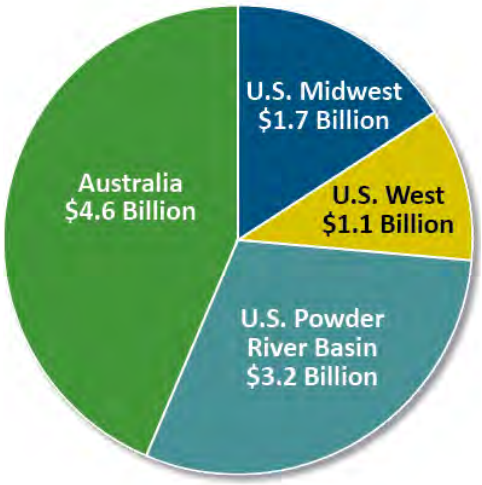
Economic Impact and Community Investment

Across its global operations, Peabody works to improve lives through economic opportunities and charitable giving programs. Peabody provides direct and indirect economic benefits, philanthropic and in-kind support, and valuable employee volunteer hours for local communities.

Peabody provides tangible economic benefit through use of our product, employment opportunities, payroll taxes, coal royalties and charitable contributions. Together with economic activity generated throughout the value chain, we injected $10.6 billion in direct and indirect economic benefits into the local communities where we operated during 2017. This consists of $4.1 billion in direct contributions that create jobs and fuel prosperity, including wages, taxes, philanthropy, capital investments and vendor contracts.

The coal industry returns significant benefits to the economy. Every dollar of output generates another one to two dollars in the economy. The coal industry offers some of the highest-paid and highest-skilled positions in many communities, and every job supports another two to three jobs in the economy.[2]

Peabody's 2017 Total Economic Benefits, by Region



Peabody global operations created $10.6 billion in total economic benefits during 2017, a $900 million increase over the prior year.

Community Outreach

Peabody continued to be supportive of its local communities through outreach and charitable contributions. In 2017, $1.4 million in philanthropic funding and scholarships were distributed, amplified by employee charitable donations and volunteer hours that were submitted for the company's charitable match programs.

In 2017, team members at Peabody corporate headquarters continued a legacy of supporting United Way of Greater St. Louis, which funds more than 160 member agencies that provide one in three area people with critical social services. A Fall Fridays paid-time-off volunteer program benefits United Way agencies, and the company matches employee contributions to United Way. And for a nominal monthly donation, "Jeans Day for United Way" allows casual dress at work.

Peabody Charitable Contributions

Dollars in Thousands	
Arts and Culture	$116
Civic and Public Affairs	$163
Community and Economic Development	$73
Disaster Relief	$45
Education: K-12	$7
Employee Matching Gift Programs	$273
Energy and Mining Education	$81
Environmental	$28
Health and Social Services	$157
Higher Education	$14
Scholarships	$239
Technology Research	$200
Other	$11
Grand Total	**$1,407**

Peabody collates its giving data based on program areas as defined by the Committee Encouraging Corporate Philanthropy, with the addition of areas of focus specific to our company.

Our long-standing support of United Way of Greater St. Louis earned Peabody a 2018 Communitas Award for Excellence in Community Service – Community Partnership.

[2] *National Mining Association. "The Economic Contribution of U.S. Mining (2015 Update)." September 2016.*

Fall Fridays Team Members Making a Difference

Fall Fridays inspire Peabody employees to step away from work and be of service to area nonprofits. In 2017, St. Louis headquarter participants volunteered for projects that would have otherwise incurred overhead for agencies.

At the International Institute of St. Louis' REAP Urban Farm, Peabody helped transform part of a vacant city block to farmland and during a second outing built a greenhouse. REAP will help New Americans achieve greater financial independence by farming and selling produce, provide farm-to-table fresh food for families and revitalize the neighborhood.

Team members work to transfer dirt to garden beds and assemble a greenhouse at REAP Urban Farm in St. Louis. The land enables New Americans to learn agricultural skills required to grow crops in Missouri and the completed project will enhance a dilapidated city block.

Team members from Peabody's Inclusion and Diversity Board celebrate a day of giving back after volunteering at the Harvey Kornblum Food Pantry, located in a suburb of St. Louis.

One Mine, Many Impacts

Bear Run Mine in Sullivan County, Ind., is the largest surface mine in the eastern U.S. In 2017, the mine employed about 600 team members and sold 7.3 million tons of coal, serving customers of electric co-ops and utilities far beyond the region to provide power for millions of Indiana residents.

Bear Run's commitment to its surrounding communities continues to set the standard for being a good neighbor through its proactive approach to reclamation, sustained community outreach and valuable economic contribution. In 2017, Bear Run's direct and indirect economic impact was approximately $625 million for the region. Over the past three years, the mine's reclamation activity totaled nearly 1,500 acres, with 1.3 acres reclaimed for every acre disturbed.

Strong relationships with land owners and local organizations are viewed as vital to the health of the mine and the community. The team members at Bear Run take a personal, hands-on approach to giving back. The Coal Miner's Christmas fundraiser at Bear Run entered its seventh year in 2017, and since inception has helped nearly 350 area school children celebrate the holidays. A remarkable $70,000 – every dollar from employee donations – has been raised to purchase gifts and necessities for kids.

The mine's talented workforce consistently lends skills-based volunteering to area organizations. Bear Run electricians have provided pro bono improvements to update the electrical system at the area's Dugger Coal Museum. And over the last two years, mine employees have rallied to assist in a complete refurbishment of the Pleasantville Gymnasium. Men and women have contributed labor for interior repairs, created signage, built a scoreboard, repaired electrical and heating systems, and operated mine machinery for construction of a new parking lot.

The mine has also donated more than $40,000 to install a new gym roof and purchase a backup generator and man lift that will assist with maintenance. Pleasantville Gym, once shuttered and in complete disrepair, is now an anchor of community activity, from basketball games to concerts to receptions.

Left: Bear Run employees planted trees on Pleasantville Gym grounds during Arbor Day. The gym is in use year-round, and as an added benefit for area residents provides emergency shelter and electricity during power outages with a backup generator from Peabody. Right: Bear Run employees have donated $70,000 to create holiday memories for nearly 350 area school children.

"This gym brought life to the township. We could not have done this without Bear Run Mine." ~ Lonnie Todd, Pleasantville, Ind., Township Trustee

Peabody's approach to the communities surrounding the company's mining operations includes an intentional emphasis on forming genuine and lasting relationships. From sponsorships that promote civic pride and vitality, to critical donations toward life-saving rescue equipment, to encouraging feedback from locals during community information sessions and mine tours, an improved public understanding of and appreciation for coal use and coal mining is the result.

In Arizona, Kayenta Mine continues to support Navajo Nation and Hopi Tribe youth through scholarships, totaling nearly $240,000 in 2017. At Peabody's Colorado operations, the Moffat and Routt County United Ways were recipients of more than $70,000 in employee and company donations following an annual fundraising campaign.

One of Peabody's perennial social causes in Australia is support for the Leukemia Foundation through employee fundraising challenges, including participating in "The World's Greatest Shave." In 2017, the Brisbane office was joined by several Peabody operations, which together raised nearly $48,000. The Coppabella Moorvale Joint Venture was recognized as the highest fundraising site in all of Queensland, raising almost $20,000 of the Peabody total. Since commencing support in 2006 for the Leukemia Foundation, Peabody has raised $196,000.

Team members from Wambo Open-Cut and Wambo Underground Mines conducted several fundraisers for the World's Greatest Shave event, with numerous brave employees going all in for the cause.

Employees in Action

At Peabody, we are proud of team members who make giving back to the community or advancing a cause part of their life's work.

In a major commitment of support to Variety Australia – The Children's Charity, three Peabody team members embarked on a 2,485-mile surf and turf rally or "bash" through western Queensland. All rally vehicles were required to be at least 30 years old, so the Peabody team, Hi-Vis, spent eight months overhauling a 1969 HT Holden sedan before setting out. "Hi-vis" orange paint provided a reminder that the coal mining industry is focused on safety and brings many benefits to Queensland.

During the bash, team Hi-Vis visited a dozen schools and raised more than $8,500 in donations for Variety Australia, which supports ill, disadvantaged and special needs children.

Peabody employees Ian Wallace and Shane Apps of team Hi-Vis (pictured left to right) stand proudly with a 1969 HT Holden sedan. Ian, Shane and Andrew Foley (not pictured) helped transform the auto into a hi-vis orange fundraising machine for Variety Australia – The Children's Charity during its annual bash through Queensland. The event raised nearly $850,000 during 2017.

By day, Rhonda Pour is an Information Technology Training Specialist for Peabody's headquarters in St. Louis, responsible for helping employees across the company learn new technology applications and software. Most evenings and weekends, Rhonda can be found devoting her time to the American Cancer Society (ACS), directing fundraising events, advocating for cancer issues and making a positive impact on the organization's many volunteers and staff.

Rhonda was recognized by the ACS as a recipient of the 2017 St. George National Award, one of the organization's most prestigious volunteer honors. She was one of only 23 recipients named across the U.S.

In the midst of volunteering, Rhonda was diagnosed with the disease for which she was fighting so hard to find a cure. Today she is a five-year thyroid cancer survivor.

Rhonda Pour, Information Technology Training Specialist

"I promised that I would always do what I could to make a difference and someday help find a cure. I now proudly wear my purple survivor shirt and walk during the survivor lap at Relay for Life events."

APPENDIX - UN SDGS

Mapping to the United Nations Sustainable Development Goals

In 2016, the United Nations (UN) set forth a universal agenda with 17 Sustainable Development Goals (SDGs) and 169 associated targets, providing a framework for economic development, social inclusion and environmental protection in a sustainable manner. Peabody has mapped chapters of this report to the UN SDGs to demonstrate how our company and the products it supplies – thermal and metallurgical coal – contribute to and support many of the goals.

Peabody's Values and CSR Report Chapters	UN Sustainable Development Goals
Safety	3 Good health and well-being
Customer Focus	1 No poverty 2 Zero hunger 7 Affordable and clean energy 8 Decent work and economic growth 9 Industry, innovation and infrastructure 11 Sustainable cities and communities
Leadership	7 Affordable and clean energy 9 Industry, innovation and infrastructure 12 Responsible consumption and production 17 Partnership for the goals
People	3 Good health and well-being 4 Quality education 5 Gender equality 8 Decent work and economic growth 10 Reduced inequalities
Excellence	3 Good health and well-being 8 Decent work and economic growth
Integrity	1 No poverty 2 Zero hunger 5 Gender equality 10 Reduced inequalities 16 Peace, justice and strong institutions 17 Partnership for the goals
Sustainability	1 No poverty 2 Zero hunger 4 Quality education 6 Clean water and sanitation 7 Affordable and clean energy 8 Decent work and economic growth 11 Sustainable cities and communities 12 Responsible consumption and production 15 Life on land

APPENDIX - SAFETY

We commit to safety and health as a way of life.

Safety Principles

Our vision is to operate safe and healthy workplaces that are incident free. Safety is Peabody's first value that is integrated into all areas of our business. Our goal is to eliminate all workplace incidents, including injuries, occupational illnesses and property damage.

The following governing principles apply to our employees, contractors, visitors and vendors at our sites, and to any location where an employee is engaged in work activities:

- Management has the overall accountability for safety and health, the promotion of risk management, and the sharing of learnings across the organization;
- Everyone is responsible for their own safety and health, their preparation for and fitness for work, as well as caring for their co-workers;
- Everyone will be provided training and equipment to perform their jobs in a safe and healthy manner;
- Everyone has the authority to stop and challenge unsafe activities;
- Everyone must comply with established safety and health rules (including lifesaving rules), laws and regulations;
- Open, honest and effective safety and health incident investigation and communication is essential;
- Safety and health efforts must be maintained and continuously improved;
- Successes will be celebrated, and desirable behaviors recognized and reinforced.

Safety a Way of Life Management System

Our Safety a Way of Life (SAWOL) management system, which aligns with and is independently certified under the National Mining Association's CORESafety® framework, has been designed to set clear and consistent expectations for safety and health across our business through the categories of leadership and organization, safety and health risk management, and assurance. These competencies are further defined in 20 modules, which include performance expectations and timelines to ensure steady progress toward the goal of achieving incident-free workplaces.

Peabody's approach to managing safety and health is outlined in the SAWOL management system.

APPENDIX - LEADERSHIP

We have the courage to lead and do so through inspiration, innovation, collaboration and execution.

Investment Principles Questionnaire

The following questionnaire is intended to assist investors in assessing whether their target companies meet the vast majority of the following standards consistent with Investment Principles for Best-in-Class Coal Companies.

Sustainable Mining

- Operate safe workplaces, commit to continuous improvement in safety and health practices and performance, and establish safety as a top priority principle.
    - Does the company have a statement in its Corporate Social Responsibility Report committing to the goal of an incident-free workplace?
    - Is the company a participant in the U.S. National Mining Association's CORESafety® program?
    - Is the company's annual total recordable injury frequency rate below the industry average?

- Maximize resource recovery.
    - Does the company have a statement in its Corporate Social Responsibility Report committing to reasonable steps to maximize resource recovery?

- Seek ongoing improvement in environmental performance.
    - Does the company document its environmental activities in its Corporate Social Responsibility Report?
    - Does the company have water management and recycling programs?
    - Does the company have fuel efficiency and energy efficiency programs?
    - Has the company continuously improved its greenhouse gas emissions intensity?
    - Does the company define its position on climate change and carbon dioxide?
    - Does the company have a comprehensive recycling program?
    - Has the company been acknowledged by independent third parties for environmental performance?

- Disclose which mines provide mountaintop-removal-free production.
    - Does the company disclose coal production from its mines as mountaintop-removal-free in the U.S.?

- Commit to restoring mined lands for generations that follow.
    - Does the company provide a statement that commits to good stewardship of mined lands through reclamation practices in its Corporate Social Responsibility Report?
    - Does the company state the acres of reclaimed and disturbed lands in its Corporate Social Responsibility Report?
    - Does the company collaborate with peers, academic institutions, governments and other stakeholders on projects, both domestically and internationally, to share best practices?

- Respect human rights and indigenous people who are potentially impacted by mining activities.
    - Does the company support fundamental principles of human rights?
    - Does the company have programs to support local employment and engagement with indigenous people?

Essential for Electricity and Steelmaking

- Drive partnerships and policy and work with stakeholders to recognize coal's essential role in electricity generation and steelmaking.
    - Does the company publicly support the need for universal access to modern electricity in company statements, speeches and presentations, and written comments?
    - Does the company engage with governments to promote policies to increase energy access as well as resilient infrastructure?
    - Does the company serve in leadership roles in associations that promote access to modern electricity and resilient infrastructure?

- Engage with government, academia and other stakeholders to address major energy challenges.
    - Does the company engage with government officials and their staff to find solutions to energy challenges?
    - Does the company disclose its political and lobbying activities?
    - Does the company provide leadership to academic institutions and trade associations to address major energy challenges?

Advanced Coal Technologies

- Support greater development and deployment of advanced coal technologies and next-generation carbon capture, use and storage technologies.
    - Does the company invest in advanced coal technologies and next-generation carbon capture, use and storage technologies?
    - Does the company serve in a leadership capacity in associations that support advanced coal technologies?

- Support and drive policies to achieve the goal of near-zero emissions in the world's next-generation coal-based electricity generation fleet.
    - Does the company publicly support driving toward near-zero emissions in its Corporate Social Responsibility Report?
    - Does the company engage with governments, industry and other stakeholders to promote policy parity for advanced coal technologies?

APPENDIX - INTEGRITY

We act in an honest and ethical manner.

Corporate Governance Practices and Principles

The Peabody board of directors operates under a set of governance principles covering such issues as board and management roles and responsibilities, board composition and director qualifications, election procedures, meeting procedures, committee functions, director orientation and continuing education, management evaluation and succession, and overall corporate compliance and safety standards.

Peabody's governance practices include the following:

- At least a majority of the company's directors must meet the criteria for independence established by the New York Stock Exchange. The independence of each director is reviewed at least annually and at other times when a change in circumstances could potentially impact a director's independence.
- The company's articles of incorporation provide for the annual election of directors, and the company's bylaws provide for majority voting in uncontested director elections.
- The Audit, Compensation, Nominating and Corporate Governance, and Health, Safety, Security and Environmental Committees are comprised entirely of independent directors.
- Non-management directors meet in executive sessions without management.
- The board and its committees conduct annual performance reviews to evaluate whether they are functioning effectively and to determine what actions, if any, could improve their performance.
- Each director participates in an orientation program shortly after his or her election, and each director is required to attend, at company expense, an appropriate continuing education program at least once every three years.
- The board and committees have the authority to hire independent legal, financial and other advisors without consulting or obtaining the advance approval of any officer.
- There are three members of the Audit Committee, and the board has determined each of them to be "financial experts" for purposes of Securities and Exchange Commission rules.
- The Audit Committee must pre-approve all audit and non-audit services performed by the company's independent registered public accounting firm to ensure that such services do not impair that firm's independence.
- Directors may not serve on more than four other public company boards.
- Directors are required to submit their resignation to the board for consideration following a job change, failure to satisfy our Code of Business Conduct and Ethics or a change in circumstances that adversely affects his or her capacity to serve as a director.
- Directors may not stand for election or be appointed to fill vacant or newly created board positions after reaching age 75.
- The company has adopted a "clawback" provision that allows the board, at its discretion, to require that current or former executive officers reimburse the company for all or any portion of cash or equity-based compensation under certain circumstances following an accounting restatement by the company.
- The company has adopted and disclosed stock ownership requirements for executive officers and directors.
- The company prohibits directors, officers and employees from entering into hedging transactions involving Peabody stock and also prohibits them from holding our common stock in a margin account as collateral for a margin loan or otherwise pledging our common stock as collateral for a loan.

Peabody Payments Consistent with the Extractive Industries Transparency Initiative (EITI)

In 2017, Peabody contributed a total of more than $0.9 billion in taxes, royalties, levies and fees to federal, state and local governments in the U.S. and Australia. This amount includes federal, state and Navajo Nation/Hopi Tribe royalties; ad valorem tax; federal coal excise tax; federal reclamation tax; state severance tax; sales and use taxes; property taxes; and employer/payroll taxes.

Peabody contributions of more than $0.9 billion in taxes, royalties, levies and fees includes the voluntary disclosures of payments consistent with the Extractive Industry Transparency Initiative (EITI), a global standard to promote the open and accountable management of extractive resources. The table below breaks out specific company payments to U.S. and Australian governments in 2017, mirroring data collected by USEITI in past years.

Peabody Payments to Governments in U.S. and Australia Consistent with the Extractive Industries Transparency Initiative (EITI)

Summary of Payments to U.S. Federal Government - 2017
(unaudited)

Department of the Interior – Office of Natural Resources Revenue	
Royalties	$191,387,098
Bonus	$479,716
Rents	$153,766
Department of the Interior – Office of Surface Mining Reclamation and Enforcement	
Abandoned Mine Land Fees	$42,272,420
Department of the Interior – Bureau of Land Management	
Permit Fees	$56,018
Total U.S.	**$234,349,018**

Summary of Payments to Queensland and New South Wales Governments - 2017
In $US (unaudited)

Royalties	$232,543,388
Mine Safety and Health Levies	$2,727,280
Rent and Administrative Levies	$3,340,203
Environmental Fees	$1,512,219
Total Queensland and New South Wales	**$240,123,090**

Industry Groups, Trade Associations and Other Organizations

Peabody is a member of numerous industry groups and trade associations as well as nonprofit organizations focused on public policy issues. The company works with these organizations because they represent the mining industry and business community in discussions led by governments and other stakeholders, and they help the industry reach consensus on policy issues.

The following is a listing of organizations in which Peabody has membership and to which the company paid annual dues or other payments of $10,000 or more in 2017:

U.S.

- American Coalition for Clean Coal Electricity
- American Australian Association
- American Legislative Exchange Council
- Arizona Mining Association
- Balanced Energy for Arkansas
- Balanced Energy for Texas
- Business Roundtable
- Campbell County Chamber of Commerce
- Campbell County Economic Development
- Carbon Utilization Research Council
- Colorado Mining Association
- Downtown STL
- Illinois Coal Association
- Illinois Manufacturers' Association
- Indiana Coal Council
- International Energy Agency Coal Industry Advisory Board
- Missouri Chamber of Commerce
- National Coal Council
- National Mining Association
- New Mexico Mining Association
- St. Louis Regional Chamber
- U.S. Chamber of Commerce
- U.S.-ASEAN Business Council
- World Coal Association
- Wyoming Taxpayers Association

Australia

- Australian Coal Association Low Emission Technologies Coal21 Fund
- Australian Coal Association Research Program
- Fitzroy Basin Association
- Minerals Council of Australia
- New South Wales Minerals Council
- Queensland Resources Council

APPENDIX - SUSTAINABILITY

We take responsibility for the environment, benefit our communities and restore the land for generations that follow.

Global Reporting Initiative

Data is reported using the metric system – megaliters (ML) and kilograms (Kg) – and is reported in reference to the Global Reporting Initiative (GRI) framework.

Section G4-EN8: Total Water Withdrawal by Source: The sum of water drawn into the boundaries of the organization from all sources including surface water, groundwater, rainwater and municipal water supply for any use over the course of the reporting period.

G4-EN8 Total Water Withdrawal by Source

Total Surface Water Withdrawal	36,992 ML
Total Ground Water Withdrawal	18,678 ML
Total Municipal/Purchased Water Withdrawal	1,472 ML
Total Water Withdrawal	**57,142 ML**

Section G4-EN9: Water Sources Significantly Affected by Withdrawal of Water: Withdrawals that account for an average of 5 percent or more of the annual average volume of water body; withdrawals that are known to or are likely to have significant impacts as determined by recognized professionals; withdrawals from water bodies recognized to be particularly sensitive based on relative size, function, or status as rare, threatened or endangered system; any withdrawal from a wetland listed in the Ramsar Convention or other proclaimed conservation area; water sources having a high biodiversity value; water sources identified as having high value or importance to local communities and indigenous peoples.

For 2017, one water body was identified as being significantly affected by the withdrawal of water. The stream is located in Wyoming and affected by mining operations at North Antelope Rochelle Mine. The stream is designated as Class IIIb Warm Water Non-Game Fishery waters by the state of Wyoming and is not designated as having a high biodiversity value. Withdrawals are done in accordance with permit requirements. The water withdrawn from Porcupine Creek represents 0.05 percent of water withdrawals at the mine. The withdrawal serves two purposes: to control water inflow into active operations and for dust control. Once mining in this area of Porcupine Creek is completed, the creek will be restored and natural flows reestablished.

G4-EN9: Total Water Sources Significantly Affected by Withdrawal of Water

Porcupine Creek (Wyoming)	4 ML
Total Water Sources Significantly Affected by Withdrawal of Water	**4 ML**
Total Surface Water Withdrawal	36,992 ML

Section G4-EN10: Percentage and Total Volume of Water Recycled and Reused: The act of processing water and waste water through another cycle before discharge to final treatment and discharge to the environment.

G4-EN10: Percentage and Total Volume of Water Recycled and Reused

Total Water Withdrawal	57,142 ML
Total Water Recycled/Reused	33,548 ML
Percentage Water Recycled/Reused	**59%**

Section G4-EN22: Total Water Discharge by Quality and Destination: Sum of water effluents discharged over the course of the reporting period to subsurface waters, surface waters, sewers that lead to rivers, oceans, lakes, wetlands, treatment facilities and groundwater.

G4-EN22: Total Water Discharge by Quality and Destination

Total Water Discharged to Surface Water (Rivers and Streams)	21,287 ML
Total Water Transferred to Third Party for Reuse	0 ML
Total Water Discharged	**21,287 ML**

Section G4-EN26: Water Sources Significantly Affected by Discharge of Water: Discharges that account for an average of 5 percent or more of the annual average volume of water body; withdrawals that are known to or are likely to have significant impacts as determined by recognized professionals; withdrawals from water bodies recognized to be particularly sensitive based on relative size, function, or status as rare, threatened or endangered system; any discharge to a wetland listed in the Ramsar Convention or other proclaimed conservation area; water sources having a high biodiversity value; water sources identified as having high value or importance to local communities and indigenous peoples.

G4-EN26: Total Water Sources Significantly Affected by Discharge of Water

Porcupine Creek (Wyoming)	140 ML
Foidel Creek (Colorado)	479 ML
Total Water Sources Significantly Affected by Discharge of Water	**619 ML**

For 2017, two water bodies were identified as being significantly affected by the volume of water discharged to the water body. Porcupine Creek receives discharge from North Antelope Rochelle Mine in Wyoming and Foidel Creek receives discharge from Twentymile Mine in Colorado. Discharges are monitored for water quality and meet applicable water quality standards. Neither stream was identified as having high biodiversity value. Once mining is completed, natural flow conditions will be restored.

Two streams were identified that discharge to waters that are part of protected areas. In New South Wales, Australia, Metropolitan Mine discharges to a tributary stream of the Hacking River. Downstream of the mine, the Hacking River flows through the Royal National Park. The biodiversity of the Hacking River flowing through the Royal National Park is assumed to be high as the park represents a protected area. In Indiana, Francisco Mine withdraws water from and discharges to the Patoka River which is included in the Patoka River National Wildlife Refuge. All discharges were done in accordance with regulatory requirements.

2017 Water Data

Total Water Withdrawal by Source (EN8)	57,142 ML
Total Surface Water Withdrawal (EN8)	36,992 ML
Total Water Sources Significantly Affected by Withdrawal of Water (EN9)	4 ML
Total Ground Water Withdrawal (EN8)	18,678 ML
Total Municipal/Purchased Water Withdrawal (EN8)	1,472 ML
Total Water Discharged (EN22)	21,287 ML
Total Water Discharged to Surface Water (EN22)	21,287 ML
Total Water Sources Significantly Affected by Discharge of Water (EN26)	619 ML
Total Water Transferred to Third Party for Reuse (EN22)	0 ML
Total Volume of Water Recycled and Reused (EN10)	33,548 ML
Percentage of Water Recycled and Reused (EN10)	59%

Biodiversity: GRI Indicators G4-EN9 and G4-EN26 contain a component to describe the biodiversity of the water bodies from which water is withdrawn (EN9) or discharged (EN26). Biodiversity can be measured using quantitative indicators, but no single unified approach exists. Resources from federal, state and nongovernmental organizations were reviewed to identify streams with high biodiversity criteria. For example, state water quality standards include terms such as Limited Use, Outstanding National Resource Water, Outstanding State Resource Water (or equivalent designations) with specific water bodies identified in the State Water Quality Standards. These water bodies would be afforded additional protection by state agencies. Peabody does not directly discharge or withdraw water from any water bodies identified in State Water Quality standards with these designations. After reviewing the aforementioned literature, Peabody concludes that none of the streams that the mines directly discharge to or withdraw from are identified as having high biodiversity value.

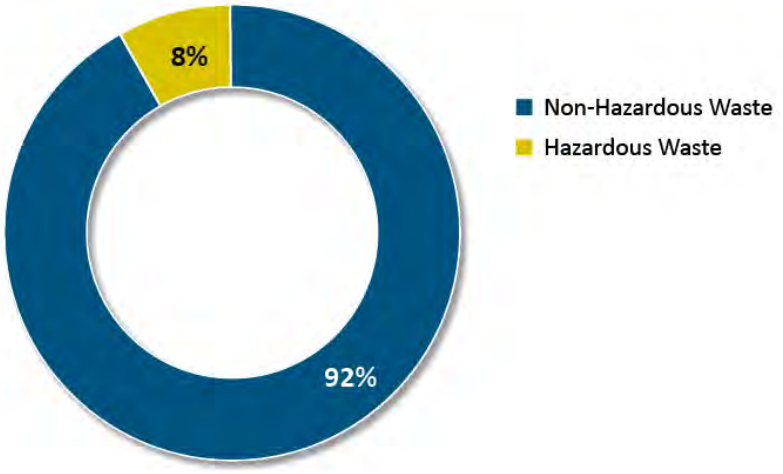
There are currently no requirements to measure biodiversity of water bodies from which water is withdrawn or discharged in the coal mining permit process or required environmental water monitoring requirements. Instead, water quality standards are used to ensure the water discharged from coal mines meets the designated uses of the water body receiving discharges. Routine monitoring of discharges from 2017 shows that water quality was typically of equal or better quality than the receiving stream. Receiving streams' designated uses include drinking water supply, irrigation, livestock and aquatic habitat. In 2017, all water Peabody discharged to rivers and streams – ranging from perennial to ephemeral – was regulated and met site-specific water quality standards established for the receiving stream.

Section G4-EN23: Total Weight of Waste by Type and Disposal Method: GRI 4 defines two waste types: hazardous waste and non-hazardous waste. The waste types are defined by regulatory definitions from where the waste is generated. Definitions of hazardous and non-hazardous waste used in this report are consistent with the two countries and eight states in which Peabody mines.

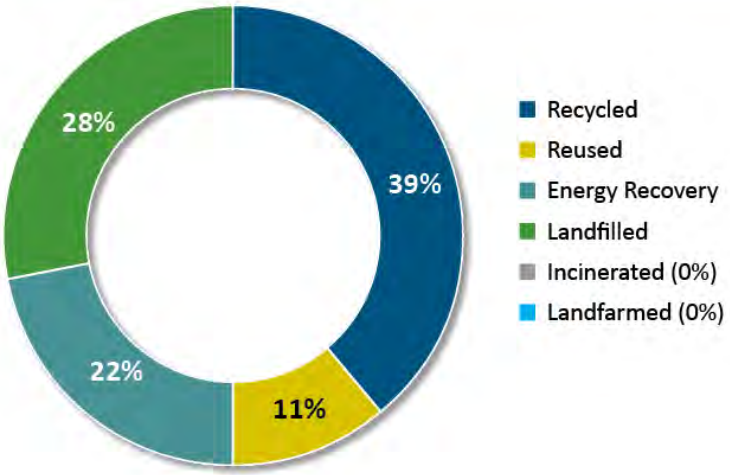
Waste reporting under GRI is done by totaling the waste types by disposal method. GRI disposal methods include reuse, recycling, composting, energy recovery, incineration, landfill, etc.

The following charts and table summarize disposal methods for waste in 2017.

Waste by Type



Total Waste by Disposal Method



GRI G4-EN23 Total Weight of Waste by Type and Disposal Method

Total Hazardous Waste Reused	0 Kg
Total Hazardous Waste Recycled	1,900,475 Kg
Total Hazardous Waste Composted	0 Kg
Total Hazardous Waste Energy Recovered	393,543 Kg
Total Hazardous Waste Incinerated	307 Kg
Total Hazardous Waste Landfilled	335,152 Kg
Total Hazardous Waste Landfarmed	0 Kg
Total Other Hazardous Waste	0 Kg
Total Non-Hazardous Waste Reused	3,465,610 Kg
Total Non-Hazardous Waste Recycled	10,563,100 Kg
Total Non-Hazardous Waste Composted	0 Kg
Total Non-Hazardous Waste Energy Recovered	6,751,036 Kg
Total Non-Hazardous Waste Incinerated	13,210 Kg
Total Non-Hazardous Waste Landfilled	8,790,792 Kg
Total Non-Hazardous Waste Landfarmed	0 Kg
Total Other Non-Hazardous Waste	0 Kg

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