

SAFETY

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

Global Safety Results

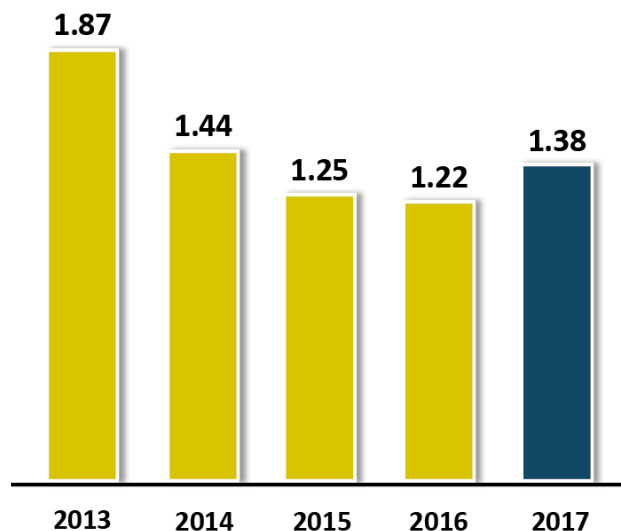
Safety is essential to everything we do at Peabody. Each day, our vision is to operate safe and healthy workplaces that are incident free. As our first value and a leading measure of operational excellence, we approach safety with both vigilance and humility, and we commit to continuously improving our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

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."

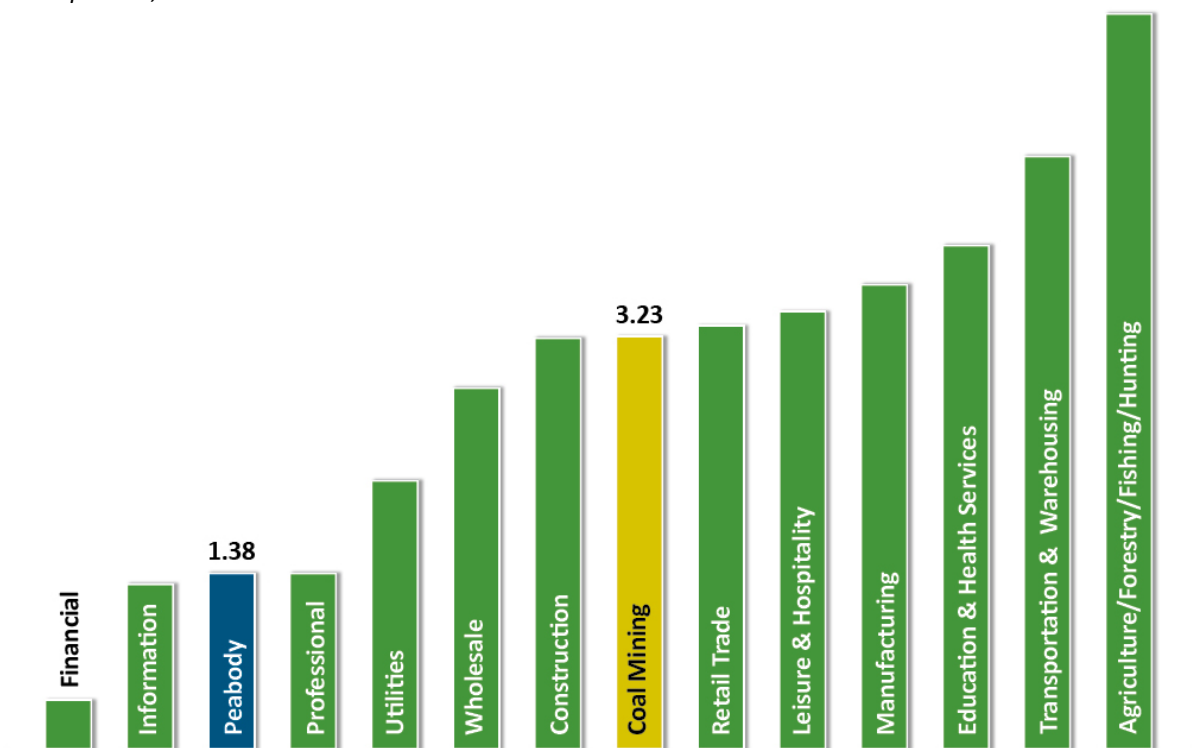
Peabody Americas underground and surface mine TRIFR crept up in 2017 over the prior year, with rates of 3.97 and 0.87, respectively, for a combined TRIFR of 1.61. At Peabody, safety is the number-one focus of every single employee and contractor, integrated into all aspects of business. To drive our 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 to 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