PRESIDENT AND CEO LETTER

At Peabody, 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.

Every day, we have the privilege of providing a product that powers basic needs, improves health and longevity, reduces poverty, enables urbanization and supports economies. And as global needs rise, we will continue to offer the key components for affordable, reliable power and steelmaking, while working to advance societal goals to create a future that is not only better, but more sustainable.

This is not a role we take lightly. We believe that our part in creating a sustainable future begins with ensuring we have a sustainable business. And we recognize that a sustainable business is grounded not only in the strength of our financial profile but also our approach to ESG — the environmental, social and governance components that are interwoven throughout our organization.

In recent years, we have seen an increased interest in how companies are incorporating ESG into business practices. Whilst the term “ESG” has evolved over time, Peabody’s commitment to these basic tenets is longstanding, and 2018 was no exception.

Our mining practices focused on safe workplaces, environmental performance and land restoration. We drove partnerships and policy to recognize the importance of coal in electricity generation and steelmaking, and supported the development and deployment of advanced coal technologies to achieve global climate and other environmental objectives. We bolstered our communities, developed employees, engaged with stakeholders and promoted good corporate governance. We also became a signatory to the CEO Action for Diversity & Inclusion™ pledge, and in 2019, we joined the United Nations (UN) Global Compact, which aims to align our strategies and operations with universal principles on human rights, labour, environment and anti-corruption.

These actions are a testament to our emphasis on not only what we do, but how we do it — a mantra our team simply refers to as ‘Coal Done Right.’ Key to this mantra is a spirit of continuous improvement, which includes ongoing refinement of our ESG practices and disclosures. The structure of this year’s report reflects our pursuit to best present this valuable information, with greater focus on our strategy, activities and progress in each of the key areas of ESG.

Although 2018 was not without challenges, I believe we have much to be proud of as we reflect on the year. This is a credit to our employees around the world who strive to uphold our values day in and day out. I believe it is our commitment to positive action that will drive meaningful change, stronger results and substantial long-term value.

Glenn Kellow
President and Chief Executive Officer
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PEABODY AT A GLANCE

23 Mines in the U.S. and Australia
25+ Countries Served
7400 Employees
500 Fortune 500 Company
187 Million Tons Sold
$5.58 Billion in Revenues
$1.38 Billion in Adjusted EBITDA
$1.36 Billion in Free Cash Flow

We offer significant scale, high-quality assets and diversity in geography and products.

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.

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

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

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

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

Integrity
We act in an honest and ethical manner.

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

Adjusted EBITDA and Free Cash Flow are non-GAAP measures. Refer to Peabody’s 2018 Form 10-K for a reconciliation to the nearest GAAP measure.

Note: Tons sold, revenues, Adjusted EBITDA and Free Cash Flow stated for 2018.
Our Stakeholders

Peabody believes that stakeholder engagement is a key part of the way we operate, manage risk and apply continuous improvement across our business. Our outreach initiatives help to identify those areas that are most important to our stakeholders and allow us to better align our organization with various interests to support our long-term objectives.

While our means of engagement differ among stakeholder groups, our goal is consistent — we strive to actively listen, incorporate feedback and build stronger relationships for a better business.

<table>
<thead>
<tr>
<th>STAKEHOLDER</th>
<th>HOW WE ENGAGE, LISTEN AND INFORM</th>
<th>STAKEHOLDER GENERAL AREAS OF INTEREST</th>
</tr>
</thead>
</table>
| Investors and Financial Community                | ● Active outreach to investors and sell-side analysts through conferences, non-deal roadshows, office meetings and video/phone calls and emails  
● ESG and compensation-related presentations, calls and meetings  
● Quarterly earnings release and management conference call  
● Periodic updates via SEC filings, press releases, website and email  
● Access to board members and executive management  
● Annual meeting of stockholders | ● Capital allocation and shareholder returns  
● Debt and liquidity levels  
● Operational performance, including use of technology and advanced mining methods  
● Organizational strategy  
● Disclosures  
● ESG matters  
● Macro and industry factors |
Peabody’s ESG Approach

Peabody provides an essential product within an essential industry.

Our Business

We are focused on three core portfolios — seaborne thermal, seaborne metallurgical and U.S. thermal. Our seaborne thermal coal platform serves growing demand centers and continues to deliver exceptional margins. Our seaborne metallurgical coal business provides an essential product for steelmaking and is targeting a progressive increase in quantity and quality of production over time. And within our U.S. thermal coal platform, we are emphasizing our lowest-cost, highest-margin assets in a low cost fashion to maximize cash generation. We operate from a position of financial strength that provides the opportunity for significant shareholder returns.

Approach to ESG

We recognize that the long-term success of our company goes beyond the income statement and balance sheet. As such, we take a holistic approach to ESG to deliver results and generate value across the cycles. Our approach is centered on three core beliefs, that we should:

● Minimize the environmental footprint of our operations and products;
● Provide substantial benefits to society; and
● Ensure our business strategies and activities best serve the interests of our stakeholders.

ESG Oversight

ESG is integrated into all areas of our business with support and execution from the top down. Our board of directors has ultimate oversight for ESG initiatives, progress and risk assessments, specifically through our Health, Safety, Security and Environmental and our Nominating and Corporate Governance committees. The executive leadership team and senior management champion our practices, and our global workforce turns those good practices into meaningful changes.

Reporting Process

Management believes that a collection of external communication vehicles, including environmental regulatory filings and public notices, U.S. Securities and Exchange Commission filings, the company website, publications and the ESG Report (formerly known as the Corporate and Social Responsibility Report) provide stakeholders a full portrayal of the company’s commitments and progress.

The ESG Report is reviewed by Peabody’s Board of Directors and Executive Leadership Team. All figures in this report are stated in U.S. dollars unless otherwise noted.

2018 ESG Achievements

1. Restored 5,344 acres of coal-mined lands globally in 2018
2. Improved global TRIFR by 22% since 2013
3. Provided $11.5 billion in direct and indirect economic benefits from global operations
4. Earned 7 awards for excellence in safety and environmental performance
5. Named Best ESG-Responsible Mining Company-Global by CFI International
6. Received the Employer of the Year — Energy and Natural Resources award from Corporate LiveWire
7. Part of consortium that successfully advocated for 45Q tax credit to support global environmental goals

ESG Targets

As part of our commitment to continuous improvement, we have set public targets in key areas of our business related to ESG components. These targets include both quantitative and qualitative metrics and are not inclusive of all internal targets established for the company.

1. Reclaim at least one graded acre for each acre of land disturbed due to mining activity.
2. Conserve energy and reduce greenhouse gas intensity at operations where possible through energy efficiency and other leading practices.
3. Continue support for low-emissions projects and partnerships.
4. Protect against work-related fatalities.
5. Improve company’s global Total Recordable Injury Frequency Rate (TRIFR).
6. Successfully integrate Shoal Creek Mine into portfolio, including aligning the operation with Peabody’s safety standards.
7. Actively support inclusion and diversity initiatives.
8. Advance employee capabilities through leader development programs and other opportunities.
9. Expand company and employee engagement in the communities in which we operate.
10. Report on Peabody’s continuous improvement plan as part of our actions to support the UN Global Compact.
11. Achieve a safe return to operations at the North Goonyella Mine.
12. Engage with governments, academia, communities and other stakeholders to support constructive and informed dialogue.

Our ESG targets can be found throughout this report.
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Peabody’s ESG Approach  UN Global Compact and Sustainable Development Goals  Case for Coal

UN GLOBAL COMPACT

In early 2019, Peabody became a signatory to the United Nations Global Compact, the world’s largest global corporate sustainability initiative.

The UN Global Compact provides a universal framework for sustainability in the areas of human rights, labour, environment and anti-corruption.

We endeavor to incorporate the UN Global Compact and its principles in our strategy, culture and operations and will work to support collaborative projects, which advance the broader development goals of the United Nations and are in line with our mission and values.

As part of our participation, we will share our actions to implement the principles and our progress in these key areas annually in our ESG report starting in 2020.

Principles of UN Global Compact

Human Rights

PRINCIPLE 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

PRINCIPLE 2: Make sure that they are not complicit in human rights abuses.

Labour

PRINCIPLE 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

PRINCIPLE 4: The elimination of all forms of forced and compulsory labour;

PRINCIPLE 5: The effective abolition of child labour; and

PRINCIPLE 6: The elimination of discrimination in respect of employment and occupation.

Environments

PRINCIPLE 7: Businesses should support a precautionary approach to environmental challenges;

PRINCIPLE 8: Undertake initiatives to promote greater environmental responsibility; and

PRINCIPLE 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

PRINCIPLE 10: Businesses should work against corruption in all its forms, including extortion and bribery.

SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (SDGs) are a universal agenda with 169 associated targets that provide a framework for economic development, social inclusion and environmental protection in a sustainable manner.

Peabody and our products — thermal coal for electricity generation and metallurgical coal for steelmaking — contribute to and support the SDGs. Our alignment with these SDGs can be found within various sections of this report.

ESG Report Sections

Environment

GOAL 6: Clean Water and Sanitation – Pages 16, 22
GOAL 7: Affordable and Clean Energy – Pages 16, 22-23
GOAL 12: Responsible Consumption and Production – Pages 16, 20-21
GOAL 13: Climate Action – Page 16
GOAL 14: Life Below Water – Page 20
GOAL 15: Life on Land – Pages 18-19

Social

GOAL 1: No Poverty – Pages 24, 32
GOAL 2: Zero Hunger – Pages 24, 32
GOAL 3: Good Health and Well-being – Pages 24, 26-29, 31, 33-35
GOAL 4: Quality Education – Pages 24, 31-34
GOAL 5: Gender Equality – Page 31
GOAL 7: Affordable and Clean Energy – Pages 16, 22-23
GOAL 8: Decent Work and Economic Growth – Pages 24, 29, 31-32
GOAL 9: Industry, Innovation and Infrastructure – Page 24
GOAL 10: Reduced Inequalities – Pages 30-31, 33-34
GOAL 11: Sustainable Cities and Communities – Pages 32, 34

Governance

GOAL 16: Peace, Justice and Strong Institutions – Pages 36, 38, 43-44
GOAL 17: Partnerships for the Goals – Pages 43-44
Peabody believes the story of global energy is not one of good versus evil. It is a tale of the pursuit of two “goods” — affordable, reliable energy and reduced emissions. Maximizing the benefits while minimizing the costs are what so many of us are about every single day.

1) The world uses some 8 billion tons of coal per year. A bit more than one out of every four units of energy in the world comes from coal — and the International Energy Agency (IEA) has noted that this share has actually edged up in the past four decades — and off of a much larger base. For the first time ever in 2018, global coal-fueled generating capacity topped 2,000 gigawatts (GW). That’s a massive 62 percent increase since the year 2000, and each GW can use about 3 million tons of coal per year. Some 300 GW of new coal-fueled generation is under construction in Asia alone — more than the entire existing U.S. coal fleet. More than 40 nations have added coal-fueled generation since 2010. Within the U.S., past years of regulatory burden, financial incentives to switch fuels, and a country-specific shale play have created a secular decline, but coal still fuels over a quarter of electricity generation. During the peak day of the January 2019 polar vortex, coal fueled 37 percent of electricity — more than any other source.

Coal is also essential to original steelmaking, which consumes a billion tonnes of coal each year, and coal provides about 70 percent of the energy to create cement. Electrification of the transportation sector is already having stunning results, with coal again returning as a major fuel of transportation in places such as China with high-speed trains and electric buses, cars and scooters. Life expectancy, educational attainment and income all correlate with per capita electricity use, and more of the world’s electricity is fueled by coal than any other source. Notably, between 1990 and 2010, about 1.7 billion people gained access to electricity. Over the period, for every one person who gained access owing to solar and wind energy, 13 gained access thanks to coal. Simply put, the world plans and needs to use coal for the foreseeable future.
INTRODUCTION

2) Technology has been the proven answer, and we have the opportunity to continue to use technology to drive down emissions.

Step one is to allow the world to access electricity, something lacking by 1 billion people — nearly 15 percent of the world's population.13 Around 3 billion people rely on primitive biomass, which would be some 1,000 times cleaner using coal by electrification.14

Steps can also be taken to improve emissions from existing fossil fuel generation — and the track record there is excellent through low-emissions technologies. Since 1970, U.S. regulated emissions from coal have been reduced 93 percent per megawatt hour — and that is even while coal-based electricity generation has risen about 70 percent.15 The first step of reducing carbon emissions begins with higher efficiency.

Globally, the average efficiency of coal-fueled power plants today is 35 percent. Raising that average by 5 points, to 40 percent, would reduce global emissions by 2 gigatonnes — or the equivalent of India's annual total.17 Positive steps are already being taken. In China, high-efficiency, low-emissions plants comprise 66 percent of the installed capacity.18

It is notable that countries accounting for over half of global coal power emissions, have included advanced coal technologies in their nationally determined contributions under the Paris Agreement.19 Many of the largest coal-consuming countries in the world continue to see a role for coal in a carbon-constrained world.

The coal fleet in Asia is less than 15 years old and can be retrofitted with CCUS. Over 300 GW of the existing coal-fueled power capacity in China alone already meets substantial criteria for being suitable for CCUS retrofit.20

In reality, the world needs greater regulatory clarity around CO2 storage and greater deployment of plants. The technology exists today, though it is only through learning by doing that we optimize project costs to deploy at scale. In addition, there are transformational technologies in the innovation pipeline that promise to reduce costs even further with continued research and development.

In the U.S., we are already seeing a reason for renewed optimism in this field with the passage of the FUTURE Act legislation advancing the 45Q tax credit. Peabody was pleased to be part of a bi-partisan effort supporting its passage.

3) While both market and company-specific factors will still lead to winners and losers, recent industry challenges may paradoxically enable greater financial strength for those that take a contrarian position and remain.

Several major dynamics are at play. The first is environmental activism. Permitting of a mine or a port is likely to bring substantial pushback and delays in production that limit sourcing.

The second dynamic is the turning away from coal by certain global diversified miners and some investors through fossil fuel divestment. This, too, limits sourcing opportunities. The world’s largest mining company’s divestment of much of its thermal coal while still retaining the largest export portfolio of met coal; the world’s second-largest mining company’s complete exit from coal; the world’s largest seaborne thermal coal supplier’s rapid surge then announced capping exit from coal; the world’s largest seaborne thermal coal supplier’s rapid surge then announced capping.

Ironically, though, very little of this impacts the underlying demand of our product, particularly in the busy ports of dozens of Asia-Pacific nations. Again, demand edges up as supply remains tight.

A world that will use coal for many decades more into the future also needs sustainable coal companies more than ever. If you drive first-tier, sustainable companies from coal, then the resulting effects will be negative for multiple stakeholder groups and society as a whole.

The third dynamic is a capex-light world that so many major companies in extractive industries find themselves in, where capital investments run well below both historic levels and current depletion.

Shareholders in a cyclical industry were tired of cash often being wasted on marginal returns in the good times and losses in the bad times. They are calling for far greater discipline in capital allocation with a preference for cash returns to shareholders. A quick analysis of capital investments in the coal industry since the early part of this decade reveals that capex is running less than half its peak level.

The fourth dynamic comes in the form of technical elements that also discourage investments. The move to spot markets and short-term contracts creates the potential for greater volatility and shorter-term decision making.

To complete the thought, the coal industry of course faces multiple challenges. The twist here is that within our challenges may be embedded opportunities.

Those opportunities present themselves for those of us with the wherewithal to remain financially sound, to manage well, to insist on responsible mining, and to encourage advanced technologies to continually reduce emissions.

We believe that coal will remain viable for far longer than some would like — but for far greater good of multiple stakeholders than many might realize.
Our Environmental Approach

Our environmental approach is two-fold with a focus on responsible coal mining and advanced coal use.

Responsible Coal Mining
We begin with a deep appreciation and understanding for the land and communities where we operate. Before any mining activity starts, we complete comprehensive baseline studies of local ecosystems and land uses and incorporate our findings into detailed mine plans aimed at reducing potential impacts from our operations.

As safe mining commences, we use industry leading practices to make the most efficient use of natural resources, while minimizing our environmental footprint. This includes a focus on reducing greenhouse gas intensity, conserving water, advancing recycling and waste management programs, and applying contemporaneous land reclamation to lessen surface disturbance.

Our governing principles for all sites are outlined in our Environmental Policy, which applies to employees, contractors, visitors and vendors at all our sites.

Advanced Coal Use
Our commitment to the environment does not end with our operations. Society has a growing need for energy and a desire to reduce emissions, and we believe both goals can be achieved — not by moving away from coal — but by embracing technology.

As outlined in our Statement on Climate Change, Peabody recognizes that climate change is occurring and that human activity, including the use of fossil fuels, contributes to greenhouse gas emissions. We also recognize that coal is essential to affordable, reliable energy and will continue to play a significant role in the global energy mix for the foreseeable future. Peabody views technology as vital to advancing global climate change solutions, and the company supports advanced coal technologies to drive continuous improvement toward the ultimate goal of near-zero emissions from coal.

Peabody’s continuing actions to address climate change include funding research and participating in key initiatives in low-emissions projects and partnerships such as those already advancing in the U.S., Australia and China. In addition, we engage with governments, academia, communities and other stakeholders to support constructive dialogue and encourage a true “all of the above” energy strategy that recognizes the benefits and limitations of each fuel to meet society’s growing demand.

Target #1
Reclaim at least one graded acre for each acre of land disturbed due to mining activity.
Environmental Approach

Land Restoration

Peabody views land restoration as a vital part of the mining life cycle and 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.

In 2018, Peabody continued to advance our restoration activities, reclaiming 1.4 acres of land for every acre disturbed. In total, we restored 5,344 acres of mined land, which now serve as wildlife habitat, rangeland, hardwood forests, prime farmland, pastoral land and wetlands. In addition, the company established 13 miles of high-quality streams and planted 555,445 trees.

Land and Bond Release

Peabody remains focused on restoring the land and providing assurance for future obligations. The company fully accounts for the projected financial impact of our final coal mine reclamation requirements through our asset retirement obligation on our balance sheet in accordance with Generally Accepted Accounting Principles. In addition to funding every dollar of our 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 Mining and Control Reclamation Act of 1977. As the largest U.S. coal producer, we contribute more annually to the AML fund than any other coal producer.

Our Bear Run Mine in Indiana earned the Good Neighbor Award for successfully working with surrounding landowners and the community while completing mining and reclamation. Recognition was also given for reclamation completed at our former Big Sky Mine in Montana, which features stream channels and wetlands, a sustainable supply of water for livestock and wildlife, and nesting areas for habitat and wildlife.

During the year, Peabody received three of four U.S. Office of Surface Mining Reclamation and Enforcement (OSMRE) awards.

Environmental Accomplishments

Peabody’s leading environmental and land reclamation practices have been awarded more than 130 honors since 2000. In 2018, Peabody was recognized with the Communitas Award for our stewardship of the environment, specifically highlighting our work with the U.S. Fish and Wildlife Service and Indiana Department of Natural Resources to protect the endangered Interior Least Tern bird species and our ongoing reclamation of the Big Creek watershed at our Wild Boar Mine.

In early 2019, Peabody achieved a major environmental milestone at its former Wilkie Creek Mine in Australia with the Department of Environment and Science formally certifying almost 90 hectares of the former mine site as fully rehabilitated. Mining at Wilkie Creek ended in late 2013, and Peabody has rehabilitated 612 hectares of former mined land at the site. The decision recognizes the first section of that area to be certified as safe, stable, self-sustaining and non-polluting.

Peabody understands that mining plays an important, but temporary, role in the life of a region and that the mined land must remain a community and economic asset long after final coal production. As responsible custodians of the land and good neighbors, Peabody implements a progressive rehabilitation approach that starts land rehabilitation well before mine closure. At Wilkie Creek, team members involved in the rehabilitation were not only locals, but also farmers who have worked the land and know what the soil and conditions respond to best.

To date, only a few areas within Queensland have been progressively certified.

Results
We recycle water at our coal preparation plants, truck withdrawn in 2018 was 17 percent less than 2017 levels. Our total water recycled and reused 22,794 megaliters of water. In total in 2018, we recycled and of the water withdrawn by our operations in 2018 was 52 percent. At Peabody, we work to conserve, reuse and recycle water whenever possible. Approximately 48 percent of the company’s waste disposal activities. In total, 15,212,222 kilograms of materials was recycled and reused, or was used for energy recovery. Where needed, Peabody maintains multiple upstream coal waste impoundments and has additional impoundments in various stages of the reclamation process. Our upstream impoundments consist of coarse and fine coal waste materials, which have a relatively lower flowability as compared to finer materials typically found in non-coal tailings dams. Peabody constructs impoundments to comply with best practices and strict regulatory performance criteria. Peabody has also developed its own rigorous standards that require mandatory risk assessments and inspections by independent third-party experts in addition to annual regulatory inspections.

<table>
<thead>
<tr>
<th>Changes in Water and Waste Reporting</th>
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| In 2015, Peabody began reporting on six indicators for water and waste in reference to the Global Reporting Initiative (GRI) framework. Since then, GRI has released new reporting standards for these indicators, which require additional disclosures. We believe it is important to continue to provide metrics on water and waste as core parts of our business, and as such, 2018 data is presented in the same format as prior years. Detailed water and waste reporting by all the management and use of water at Peabody mines follows the regulatory frameworks specific to the countries and regions where they are located. Water Use and Management Coal mining is one of the least water-intensive forms of resource extraction. The U.S. Geological Survey reports that all forms of mining total 1 percent of water withdrawn in the United States compared to agriculture irrigation, which accounts for 37 percent of total withdrawals. Peabody primarily uses water for dust control and coal processing at preparation plants. Water is also used for exploration, coal extraction and land reclamation activities, with minor amounts used for mine location drinking water, showers and equipment maintenance. Water sources for Peabody mines include surface water, such as precipitation and runoff; rivers and streams; ground water; and municipal or purchased water. At Peabody, we work to conserve, reuse and recycle water whenever possible. Approximately 48 percent of the water withdrawn by our operations in 2018 was recycled and reused. In total in 2018, we recycled and reused 22,794 megaliters of water. Our total water withdrawn in 2018 was 17 percent less than 2017 levels. We recycle water at our coal preparation plants, truck washes and coal storage areas, and we strive to use closed loop water circuits at our coal prep plants, with the average plant achieving recycling rates of 73 percent. Each of our mines aligns its water management strategy with the specific challenges of its region. Our operations in more and environments focus on conservation, while mines in humid climates routinely manage surplus water from storms or groundwater and mitigate flood risk. In Australia, our operations must manage excess water during wet cycles and plan for water shortages during dry cycles. All the management and use of water at Peabody mines follows the regulatory frameworks specific to the countries and regions where they are located. Recycling and Waste Management Peabody also employs waste management practices that minimize waste products and maximizes recycling and reuse opportunities. In 2018, recycling, reuse and energy recovery programs accounted for 61 percent of the company’s waste disposal activities. In total, 15,212,222 kilograms of materials was recycled and reused, or was used for energy recovery. Where needed, Peabody maintains multiple upstream coal waste impoundments and has additional impoundments in various stages of the reclamation process. Our upstream impoundments consist of a mix of coarse and fine coal waste materials, which have a relatively lower flowability as compared to finer materials typically found in non-coal tailings dams. Peabody constructs impoundments to comply with best practices and strict regulatory performance criteria. Peabody has also developed its own rigorous standards that require mandatory risk assessments and inspections by independent third-party experts in addition to annual regulatory inspections.

### Pounds of GHG Emitted per Unit Produced

<table>
<thead>
<tr>
<th>Year</th>
<th>Pounds of GHG (includes mine methane emissions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>14.0</td>
</tr>
<tr>
<td>2018</td>
<td>14.7</td>
</tr>
</tbody>
</table>

*Does not include Middlemount JV or Shoal Creek. CMJV included at 100%.

### Greenhouse Gas Intensity and Energy Efficiency

In order to extract the fuel needed for energy, we must use energy, and we are committed to doing so in a responsible manner. We calculate greenhouse gas emissions across all operations in pounds of carbon dioxide equivalent or CO₂e (CO₂, CH₄, and N₂O) per unit of production (raw tons of coal mined and cubic yards of overburden and rehandle). In 2018, Peabody worked with a third-party consultant to re-evaluate the inputs and assumptions used in the calculation of our U.S. greenhouse gas intensity. Based on our evaluation and recommendations from the consultant, Peabody’s greenhouse gas intensity was revised to reflect changes in the company’s inputs and assumptions based on industry guidelines and best practices. While Peabody strives to conserve power and reduce greenhouse gas intensity whenever possible through comprehensive mine planning and engineering, sophisticated technologies and leading operational practices, global 2018 CO₂ emissions rose 5 percent from 2017 levels, primarily related to mining activities in Australia, including increased diesel and electricity consumption at certain surface mines. In the United States, Peabody’s CO₂ emissions remained largely flat with the prior year.

### Peabody Partners to Advance Innovative Coal-to-Oil Technology

In 2018, Peabody entered a new partnership with technology-based startup Arq to advance a process that aims to use coal in oil products. While coal-to-liquids has been demonstrated at scale for decades, Arq’s approach is considerably simpler and targeted to be more cost-competitive than conventional technologies. This partnership represents an opportunity for Peabody to simultaneously improve costs and efficiencies by increasing coal recovery; advance sustainability by reducing our environmental footprint; and expand markets for coal. The process is in early stages with Arq’s first commercial facility in Corbin, Kentucky, currently under construction, and Arq is assessing Peabody sites for the applicability of this innovative technology.
Support for Advanced Coal Technology

Beyond responsible coal mining, Peabody emphasizes responsible coal use through advanced technologies. Since early 2000, we have invested more than $300 million in global partnerships and projects to advance high-efficiency, low-emissions (HELE) and carbon capture, use and storage (CCUS) technologies in the U.S., Australia and China. We also serve in leadership positions and are members of organizations that are focused on technology research, development and deployment, and the appropriate policies to advance these technologies.

Carbon Capture Coalition

Peabody is a participant in the Carbon Capture Coalition, which brings together coal, oil and gas, electric power, ethanol, chemical and energy technology companies, labor unions and national environmental and energy policy organizations in an effort to make CCUS a widely available, cost effective and rapidly scalable technology solution in the U.S. The coalition was a leader in successfully advocating for the 45Q tax credit in the U.S. as pivotal legislation to support global environmental goals. This bipartisan bill aims to reduce costs and barriers to deploy CCUS at scale.

Carbon Capture Leadership Council

Peabody serves on the Carbon Capture Leadership Council, a national effort to catalyze support for carbon capture and elevate it as a priority in the U.S. policy agenda. Council objectives include positioning carbon capture as an essential and equal component of the broader portfolio of low and zero-carbon energy options and encouraging and supporting state officials and stakeholders in efforts to deploy carbon capture and CO2 pipeline infrastructure projects.

Carbon Utilization Research Council

Peabody serves as co-chair of the Carbon Utilization Research Council (CURC), a coalition of fossil fuel producers, electric utilities, equipment manufacturers, technology innovators, and national associations working to identify ways for the U.S. to use low-cost fossil fuels while meeting societal energy needs and goals.

COAL21 Fund

Peabody is a founding member and current board chair of Australia’s $1 billion COAL21 Fund, an industry effort to pursue a collection of low-carbon technologies. To date, Peabody has committed more than A$30 million to the COAL21 Fund, which has directed more than A$300 million to demonstration projects covering CO2 capture, geological storage and methane emissions abatement at operating underground coal mines.24

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 has renewed its funding commitment to the CCCU through 2021.

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 government and other key stakeholders.

National Carbon Capture Center

Peabody is a co-funding partner of the National Carbon Capture Center. Since its creation by the U.S. Department of Energy’s Office of Fossil Energy in 2009, the center has established itself as a world-class, neutral research facility, focused on accelerating the development and commercialization of next-generation carbon capture technologies by giving technology developers engineering support and a power plant host at which they can test their technologies.

Peabody Global Clean Coal Awards

Peabody believes in recognizing the good work being done by others to advance coal technologies. Now in its fifth year, the Peabody Global Clean Coal Leadership Awards highlighted outstanding examples of leadership and innovation among coal-fueled generating plants and projects, with honorees represented from the U.S., China and India. Peabody named top performers in the categories of high-efficiency low-emissions leadership and innovation; high-efficiency and sustainability leadership and innovation; and carbon capture and storage pioneer. The award honorees included:

- Huawei Shenergy Power Generation Co., Ltd — Honored for High-Efficiency, Low-Emissions Leadership and Innovation. The 1,350-megawatt ultra-supercritical coal-fueled generation unit is currently under construction in China and is expected to be among the most efficient coal-fueled generating plants in the world. Plant commissioning is targeted in 2020.
- Nabha Power Limited, a wholly owned subsidiary of Larsen & Toubro — Recognized for High-Efficiency and Sustainability Leadership and Innovation. The 1,400-megawatt power plant in Raipur, Punjab, achieved the best heat rate and auxiliary power consumption in India’s 660-megawatt class for FY 2017 – 2018 and has 100 percent dry fly ash utilization and zero liquid discharge.
- Wyoming Integrated Test Center — Named Carbon Capture and Storage Pioneer. The test center is one of the few research and testing facilities at an operating coal-fired generating plant and offers space for researchers to test CCUS technologies using 20 megawatts of coal-based flue gas. Additional research looks at taking carbon emissions from flue gas and turning it into a marketable commodity. The 2018 recipients reinforced the major environmental benefits that can be achieved using today’s advanced coal-fueled generation technologies as well as the tremendous possibilities for technology in the future.
Our Social Approach

Our social approach is grounded in our belief that not only our products, but our people, are key to a better business and a better society.

Energy is essential to modern living, reduced poverty, longer lives and powerful economies. Within the energy mix, fossil fuels satisfy approximately 80 percent of the world’s primary energy demand. Thermal coal fuels more of the world’s electricity than any other source with advantages in cost, scale and reliability. Thermal coal is also an important source of energy for the global production of cement used in concrete, and metallurgical coal is a required component in new steel production. Together, steel and concrete provide key construction materials for building resilient infrastructure including skyscrapers and communications and transportation systems that support industrialization and urbanization. Simply put, we believe our product is beneficial to society, and our company is valuable to our many stakeholders.

At Peabody, we begin by creating a strong, united workforce with a commitment to safety as a way of life. Safety is our first value and leading measure of excellence, and our governing Safety Principles apply to our employees, contractors, visitors and vendors at our sites, and to any location where an employee is engaged in work activities. We approach safety with both vigilance and humility, understanding that incident-free workplaces can be achieved only by accountability and continuous improvement at all levels of our organization.

We seek a workforce that is comprised of diverse backgrounds, thoughts and experiences. Our company strives to attract and retain the best people, develop their potential and align their skills to important initiatives and activities. We believe in fostering an inclusive work environment built on mutual trust, respect and engagement. And we invest in our employees through health and wellness programs, competitive total rewards and development opportunities. The company’s inclusion programs are formalized in policy and practice and are embedded in our Equal Employment Opportunity policy and our Code of Business Conduct and Ethics.

Empowered employees have the ability to empower others. Across our global platform, we work to improve lives through economic benefits, targeted corporate giving and valuable volunteer hours in support of energy, the environment and those causes most significant to the communities in which we operate.

Target #4
Protect against work-related fatalities.

North Antelope Rochelle Mine
Global Safety Results

In 2018, Peabody reported a global Total Recordable Injury Frequency Rate (TRIFR) of 1.45 per 200,000 hours worked. This compares favorably to coal mining industry averages in both the U.S. and Australia, which totaled 3.7 and 3.2, respectively.25,24

Globally, Peabody decreased its TRIFR for surface operations to 0.84 per 200,000 hours worked in 2018, an improvement from the 0.94 recorded for 2017. The global underground incidence rate for 2018 was 3.35 versus 2.88 in 2017.

Our U.S.-based operations improved 12 percent from 2017 levels with a TRIFR of 1.42. Our Australian operations reported a 2018 incidence rate of 1.59 compared to 1.19 in the prior year.

Several Peabody mines achieved outstanding safety results in 2018. In the U.S., the North Complex, which includes the Caballo and Rawhide mines in Wyoming, had only one reportable injury in 2018. In addition, the North Antelope Rochelle Mine in Wyoming, which is the world’s largest coal mine and employs a workforce of more than 1,200 employees, had a 2018 TRIFR of just 0.5.

In Australia, the Middlemount and Millennium mines had a 2018 TRIFR below 1.0, and the Wilpinjong Mine had a rate of 1.03 for the year.

In 2018, a team member at the Bear Run Mine in Indiana was involved in a truck fire, and five days after the incident, he tragically suffered cardiac arrest and passed away.

The incident was thoroughly investigated to identify the root causes and pass on findings across the operations. Additional safety actions being implemented at Bear Run and other mines include upgrading specifications for hydraulic hoses and improving fire suppression systems in haul trucks, among others.

We continue to take actions across the enterprise that go beyond federal requirements in order to ensure the safety of our employees.

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 (SAWOL) management system sets out a risk-based framework that is the basis for continuous safety and health improvement. SAWOL, which is independently certified under the U.S. National Mining Association’s CORESafety® framework, sets clear expectations for work activity at operations and is designed to foster a safety culture that promotes participation and accountability among employees, contractors, visitors and vendors at sites.

ROLLOUT OF SAFESTART PROGRAM

Our vision is to operate safe and healthy workplaces that are incident free, and a relentless pursuit of this goal continues to fuel improvements across our safety systems, standards and practices. In 2018, we completed the comprehensive roll out of the SafeStart program at all our U.S. mines. The program, which is already in place at many of our Australia operations, encourages greater ongoing personal awareness of potential safety risks and the development of consistent safety habits.

SafeStart complements Peabody’s existing safety management system and offers practical techniques to help employees remain alert to risk both while on the job and when away from the workplace. The program encourages team members to establish self-triggers that will prompt them to stop and think when faced with situations that include potential risks.

The SafeStart program also challenges employees to analyze close calls and small errors to avoid larger incidents, look for patterns that can increase the risk of injury, and then develop habits that promote safety.
SAWOL outlines the requirements to safely manage potential hazards and covers topics ranging from training and emergency management to work procedures and permits. Ultimately, SAWOL details the requirements that Peabody holds itself accountable to as validated through external audits and assurance programs. The program includes performance expectations and timelines to ensure steady progress toward the goal of achieving incident-free workplaces.

Compliance and Regulation

In the U.S., Peabody incurred 2,778 MSHA inspection days across our mines, preparation plants and former active mining sites in 2018. The violation rate per day of inspection was 0.47 in 2018, a 16 percent decrease from 2017. The significant and substantial violation rate per 100 inspection hours was 1.63, down 32 percent from last year.

Mine safety reporting is included in Peabody’s 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.

Safety Accomplishments

Team members from across Peabody’s operations continue to illustrate safety practices that earned global and national recognition in both the U.S. and Australia. The Mines Rescue Team from our Wambo Mine in New South Wales represented Peabody at the 2018 International Mines Rescue Competition held in Ekaterinburg, Russia. The team, which previously took first place at the Australian National Mines Rescue Competition, placed among the top 10 at the international competition. This is the second time in three years that the team has competed in the international event.

Also in 2018, Peabody’s Kayenta Mine in Arizona was honored with a Sentinels of Safety Award from the U.S. National Mining Association for recording the most hours without a lost-time incident in the coal-processing facility category. In addition, Peabody was recognized with a Communitas Award in the Ethical and Environmental Responsibility category for our focus on safety.

Each year, Peabody recognizes top safety performance across our mines with our annual President’s Awards, which honor operations with the lowest TRIFR. We also encourage our employees to develop creative solutions to help make the company’s mines safer through our annual Safety and Health Innovation Awards.

Now in its eighth year, these 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 across the industry. The program is another example of Peabody’s commitment to safety and to fostering the sharing of best practices.

Employee Value Proposition

At Peabody, we offer challenging and meaningful work. We encourage a supportive and inclusive environment where employees are collaborative, knowledgeable, engaged and know that they can count on one another. Creating this type of environment is at the heart of our Employee Value Proposition, or EVP, which helps define why talented, accomplished individuals are attracted to Peabody and why our more than 7,400 employees continue to stay with the company.

We believe retaining a high-quality workforce brings continuity and sustainability to our operations. The typical Peabody employee has nearly 10 years of experience with the company, and approximately two-thirds of all Peabody employees remain employed with the company for more than five years.

About 95 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 at our global headquarters in St. Louis.

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In 2018, Peabody completed the acquisition of the Shoal Creek seaborne metallurgical coal mine in Alabama. As we integrate the operation into our portfolio, Peabody’s safety leaders are working alongside our new Shoal Creek team members to bring the mine’s operations into alignment with Peabody’s standards for safety.

Target #6

Successfully integrate Shoal Creek Mine into portfolio, including aligning the operation with Peabody’s safety standards.

Peabody’s Kayenta Mine was honored with a prestigious Sentinels of Safety Award from the National Mining Association in 2018.
By signing the pledge, we committed to focus on three specific goals: continuing to make our workplaces trusting environments for open exchange and complex conversations about diversity and inclusion; implementing and expanding unconscious bias education; and sharing diversity and inclusion practices with other companies, with the goal of continuous improvement.

As part of this effort, all Peabody employees at the vice president level and above complete an Inclusive Leadership workshop, with a focus on managing more effectively in today’s workplace. Moving forward, all employees will participate in diversity training, an initiative that is part of a three-year roadmap we are developing to outline inclusion and diversity goals across the company.

These development programs are in addition to the ongoing initiatives led by the three Inclusion and Diversity Advisory Boards (IDAB) at Peabody. These boards — representing the U.S. operations, Australia operations and St. Louis corporate headquarters — champion inclusion and diversity efforts and introduce culture-enhancing activities across the company.

In 2018, nearly 17 percent of Peabody’s workforce was racially or ethnically diverse, a number that we are continually working to improve at our mines. Within our U.S. operations, the El Segundo Mine in New Mexico increased its number of minority employees by 6 percent over 2017 levels, and the Gateway North Mine in Illinois increased its minority employees by 2 percent. In addition, three other U.S. mines also increased their number of minority employees in 2018.

**Women in Mining**

Recruiting and retaining women to roles in mining, an industry that has predominantly and historically employed men, is a focus across Peabody’s operations. For instance, at our Wambo Mine in Australia, 40 percent of open-cut operators onboarded during two 2018 hiring events were female. With those additions, the number of females on Wambo’s open-cut operator team increased from 20 to 27 percent.

Women represent 20 percent of our board of directors and 29 percent of our executive leadership team.

In the U.S., the Caballo Mine in Wyoming increased the percentage of its female workforce by 3 percent in 2018. The mine also increased its percentage of minority employees, as well as its number of employees who are veterans and disabled. In addition to Caballo, four other Peabody U.S. mines increased their percentage of female employees in 2018.

Women represent 20 percent of board of directors and 29 percent of our executive leadership team. In addition, women comprise 13 percent of vice president and above roles and nearly 10 percent of our total workforce globally.

**Total Rewards**

Peabody employees are rewarded through a variety of programs, including a competitive salary, benefits package and results-based incentives. In addition, the company offers savings and retirement benefits, paid time off and work flexibility options. In December 2018, Peabody launched a Total Rewards website to provide employees with an up-to-date look at their benefits offerings and various resources to assist employees in understanding and maximizing their rewards.

**Health and Wellness**

Peabody’s emphasis on healthy living is a natural complement to our safety culture. We provide our employees with health care benefits that are competitive within the industry and among the majority of large employers.

In the U.S., we offer a medical plan that can be paired with a health savings account to more fully engage employees in their own health and wellness decisions. Peabody also provides advocacy services and tools to help employees navigate their health care choices and become educated healthcare consumers. In addition, Peabody introduced in 2018 telemedicine services for employees enrolled in our medical plans. In Australia, employees’ universal health care coverage is supplemented with Peabody’s “whole approach” remuneration package.

Globally, Peabody provides a variety of health and wellness programs, including annual preventive care incentives, on-site flu vaccinations, mammography screenings, tobacco cessation coaching, weight loss support, nutritional counseling and a wide variety of tools for other life management issues through our Employee Assistance Program.

**Learning and Development**

Peabody offers a variety of learning events, including mentoring and development programs to aid our employees in their career growth. During the past five years, 22 percent of open positions and 83 percent of director and above positions have been filled by internal candidates through promotions and lateral career development opportunities.

Peabody has offered development programs for managers and supervisors since 2012. These programs are sponsored and facilitated by company leaders, and participants are trained on skills and tools that can be applied immediately in the workplace. Since the launch, 766 employees have completed the program with 69 percent of these participants still actively employed by Peabody.

In 2017, we added a Leader Development Program for directors and above, focused on areas such as increasing strategic leadership skills, building business acumen, improving communication skills and putting the Peabody values into action.
The program also helps leaders create cross-functional relationships with team members from across Peabody’s operations, which promotes diversity of thought, increases knowledge sharing and collaboration across boundaries and enhances innovation. Since the launch, 38 team members have completed the Leader Development Program, with 25 more invited to participate in 2019.

To provide additional development support for all employees, Peabody in July 2018 launched an employee-focused initiative, called #DevelopYou, to encourage team members to take advantage of the development resources available to them as Peabody employees. A range of tools and resources were highlighted, including workshops and webinars on creating meaningful development plans, and employees were encouraged to commit to engage in at least one development activity.

Award-Winning Employer

Peabody’s commitment to being an employer of choice received recognition from global organizations in 2018. We were named “Employer of the Year — Energy & Natural Resources” by United Kingdom-based Corporate LiveWire, which recognized employers for their use of technology, sustainable development and ethical practice. Peabody’s Human Resources team and their business partners received a BEST Award from the Association for Talent Development for the use of talent development as a strategic business tool to get results and achieve enterprise-wide success. In addition, Peabody’s Australia Human Resources team won the Workplace Relations Award from the Australian HR Institute for the Moorvale Mine Direct Engagement Model.

Benefiting our Communities

At Peabody, we provide an essential product that enables economic prosperity and a better quality of life for individuals and communities worldwide. We also are providing employment opportunities, payroll taxes, coal royalties and charitable contributions for the local communities where our employees live and work. Together, with economic activity generated throughout the value chain, we injected $11.5 billion in direct and indirect economic benefits into the communities where we operated in 2018. This consists of $4.4 billion in direct contributions that create jobs and fuel prosperity, including wages, taxes, capital investments and vendor contracts.

In 2018, we distributed $1.4 million in philanthropic funding and scholarships. Our giving is amplified by the donations and volunteer hours generously contributed by our workforce, which are eligible for our charitable match program, allowing us to support the organizations and causes that are important to our employees.

In 2018, Peabody continued a legacy of supporting the United Way of Greater St. Louis. Employees volunteered nearly 250 hours to United Way-supported agencies and pledged funds that surpassed the 2017 United Way campaign by more than $24,000. The United Way of Greater St. Louis funds more than 160 partner agencies that provide one in three area people with critical services.

EMPOWERING WOMEN IN OUR COMMUNITIES

Peabody’s legacy of giving back to communities also includes participation in various organizations and causes. Members of our executive leadership team are active board members of organizations focused on empowering women in our communities.

Amy Schwetz, Peabody’s Executive Vice President and Chief Financial Officer, took on the role of Science, Technology, Engineering and Math (STEM) Chair of the American Heart Association’s St. Louis Go Red for Women initiative, a program designed to increase women’s heart health awareness and serve as a catalyst for change to improve the lives of women around the globe.

The STEM event is about empowering young women to take control of their health, career and business choices and to consider a STEM career that could impact the health of all Americans. Verona Dorch, Peabody’s Executive Vice President, Chief Legal Officer, Government Affairs and Corporate Secretary, serves as a member of the board of directors for Girls Inc. of St. Louis, an organization that provides educational and cultural programs in safe environments for girls that enable them to realize their potential. Nationwide, Girls Inc. affects the lives of approximately 500,000 girls in more than 100 cities annually and has provided educational programs to millions of girls, particularly those in high-risk and under-served areas.

In addition, Verona serves on the board of the United Way of Greater St. Louis, an organization that Peabody has long supported.
Supporting Indigenous Communities

Peabody also is a proud supporter of Indigenous communities where we operate. In the U.S., Peabody’s Kayenta Mine in Arizona continued to provide Navajo Nation and Hopi Tribe youth with scholarships totaling more than $225,000 in 2018.

In addition, Peabody led a coalition to keep the Navajo Generating Station (NGS) and Kayenta Mine operating beyond 2019. Fueled by Peabody’s Kayenta Mine, the Navajo Generating Station (NGS) began operating in 1974. The mine and the power plant are an economic engine, supporting 825 jobs and providing approximately 85 percent of the Hopi Tribe’s annual operating budget and 22 percent of the Navajo Nation’s annual general budget.

Despite aggressive efforts by an unprecedented group of stakeholders including the Navajo Nation, Hopi Tribe, union members, state and federal government officials, regulators and business groups, NGS was unable to transition to new ownership. The power plant is expected to close at the end of 2019, and a sustainability plan is in place to manage the Kayenta Mine closure and reclamation.

In Australia, we have developed programs in consultation with our Traditional Owners to give back to those communities and support economic and community development. We believe the best way we can make a difference is through start-up business development support, traineeships and job placements, apprenticeships and work experience.

In 2017, we signed two agreements with Traditional Owners which provided benefits to groups of Indigenous Australians that included trainee operator and apprentice positions as well as access to business opportunities with our company. Trainees were based at our Moorvale Mine with a cohort successfully graduating to fully-qualified operators in late 2018.

Community Recognition

Our support of local communities in both the U.S. and Australia earned third-party recognition and honors in 2018. Our longstanding involvement with the United Way of Greater St. Louis earned Peabody a Comunitas Award for Excellence in Community Service-Community Partnerships. In addition, our Bear Run Mine in Indiana was honored in 2018 by the National Mining Association with a Good Neighbor Award, recognizing the mine’s high level of community engagement.

In Australia, the Wilpinjong Mine won a Supportive Employer Award for its aid of the Rural Fire Service during bush fires that devastated the mid-western region of New South Wales in February 2017. Peabody volunteers operated fire trucks and provided on-the-ground coordination throughout the fires.

Peabody Charitable Contributions

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<tr>
<th>Category</th>
<th>Amount (Dollars in Thousands)</th>
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<tbody>
<tr>
<td>Art and Culture</td>
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<td>Civic and Public Affairs</td>
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<td>Other</td>
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<td><strong>GRAND TOTAL</strong></td>
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$1.4M Total Charitable Contributions

Peabody President and Chief Executive Officer Glenn Kellow is uniting with other executives from across the U.S. to encourage colleagues, friends and the community to get active.

In 2018, Glenn took part in the American Cancer Society’s Fit2Be Cancer Free 2018 CEOs Challenge, a virtual step-tracking challenge that pits executives from across the country against each other in a friendly competition focused on motivating employees to embrace healthier lifestyles. More than 100 Peabody employees joined Glenn in a walk around downtown St. Louis.

Glenn participated in the challenge once again in 2019, and joined the board of the Missouri-St. Louis chapter of CEOs Against Cancer, an organization that brings together the most influential chief executives with the resources of the American Cancer Society to build public awareness around cancer and empower employees to join the fight against cancer.

CEOs Against Cancer is made up of executives from Fortune 1000 companies as well as other corporations with large national employee bases, an elite group that represents millions of working professionals from diverse industries nationwide.²⁹
Our governance approach provides the framework for how we drive performance and reaches far beyond what we are required to do — to what is right to do. Integrity is a value embedded in our corporate culture and facilitates ethical decision making, allows us to build trust among stakeholders and supports stability within the business.

Our Code of Business Conduct and Ethics guides policies and procedures that in turn shape how we work. These policies and procedures support compliance with local, state, federal and national laws and regulations, including securities requirements to promote the best interest of the enterprise and enhance our reputation as a world-class responsible mining company.

In addition, key governance practices are outlined in our Corporate Governance Guidelines. Our practices include an independent non-executive chairman, annual election of all directors, majority voting in director elections, annual board and committee evaluations, independent board committees, annual “Say-on-Pay” advisory voting, proxy access rights and robust stock ownership guidelines, among others. In addition, our executive compensation program is consistent with best practices, aligns management with shareholders, and incorporates safety and environmental reclamation metrics.

Our approach to corporate governance also focuses on identifying, managing and mitigating risk. Our board of directors oversees an enterprise-wide assessment of risks to appropriately manage and achieve organizational objectives to drive long-term shareholder value.

At Peabody, we routinely engage in open and constructive dialogue with shareholders, governments and industry groups. We believe it is essential for us to participate constructively in the political process and provide recommendations to policymakers on global energy, environmental and economic matters.

Peabody seeks areas of alignment, utilizing a ‘common ground’ approach that advances the use of coal as part of a balanced energy mix, while working to achieve environmental goals through the use of technology.
**Board of Directors**

Peabody is governed by a board of directors that offers experience across multiple global tier-one mining, energy, utilities, equipment and capital markets companies, and nine of the ten directors are independent.

Each board member serves on one or more of five standing committees: Audit; Compensation; Executive; Health, Safety, Security and Environmental; and Nominating and Corporate Governance. Each committee has adopted a formal charter that describes in detail its purpose, organizational structure and responsibilities. The board conducts an annual self-evaluation to determine whether it and its committees are functioning effectively.

Committee charters for Peabody’s Board of Directors can be found at [PeabodyEnergy.com](http://PeabodyEnergy.com).

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 ethics and compliance and safety programs are subject to ongoing evaluation and oversight. The board of directors ensures appropriate corporate governance practices through a dotted-line reporting relationship between management’s ethics and compliance function and the board’s Nominating and Corporate Governance Committee.

**Director Skills**

The following table shows our directors’ specific skills and knowledge that the Nominating and Corporate Governance Committee and board relied upon when determining whether to nominate the individual for election. A particular nominee may possess other valuable skills, knowledge or experience even though they are not indicated below.

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<thead>
<tr>
<th>Competency</th>
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<tbody>
<tr>
<td>CEO Experience</td>
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<tr>
<td>Restructuring Industry/Company</td>
<td>7</td>
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<td>Health, Safety, Environmental</td>
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<td>Human Capital, Organizational Health</td>
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<td>Government, Public Policy</td>
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<tr>
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<tr>
<td>Gender and/or Racial Diversity</td>
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<td>Short Board Tenure</td>
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Peabody is committed to selecting directors who possess a diversity of experience, knowledge and skills to effectively advise management on strategy, monitor our performance and serve the best interest of the company and our shareholders.

In February 2019, Peabody appointed Andrea Bertone to the company’s board of directors. Andrea is the former President of Duke Energy International, where she had executive responsibility for coal, oil and gas as well as hydro assets across a number of countries. She brings to our board extensive experience both in operations and in the energy industry.

Prior to her time at Duke Energy, where she spent 15 years, Andrea was Latin American counsel with Baker & McKenzie. She began her career as an attorney in São Paulo, Brazil.

**ANDREA BERTONE JOINS BOARD OF DIRECTORS**

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LEARNINGS FROM NORTH GOONYELLA

The fire at our North Goonyella Mine in the third quarter of 2018 was a serious incident for our company, and as part of our commitment to corporate accountability, we have released initial learnings based on the company’s comprehensive review of the events.

As a result of the review, we are making changes in systems, processes and training, where warranted, to put into place the improvements needed to successfully move forward from this incident. We will also be contacting other coal companies and industry bodies to further share learnings to strengthen the body of knowledge around underground mine ventilation and fire prevention.

Discussion of Key Initial Learnings

A. Peabody will review ventilation controls and design used during the longwall “take-off” process to minimize the amount of air that enters the longwall panel goaf and interacts with exposed coal remaining within the goaf. Ventilation controls that were put into place in advance of the longwall take-off process may have permitted higher-than-expected volumes of ventilation air to enter the goaf during the longwall take-off process, resulting in oxidation. Gas management and ventilation changes were made in and around the 9 North panel tailgate area in response to elevated levels of methane, which inadvertently intensified the oxidation.

B. Evaluate decision-making processes to address the challenges of remotely managing an underground incident solely from the surface, which can lead to unclear or ambiguous results.

C. Peabody also believes that the system used to monitor and analyze available mine gas data can be improved and better coordinated to identify early stages of oxidation events. Additional training to the appropriate mine personnel will be implemented to recognize fire gas indicators, gas management and spontaneous combustion, and provide an understanding of a mine’s ventilation history, with focus on identifying ventilation trends and key indicators of oxidation and developing heating for longwall mines.

D. Peabody will modify the longwall removal planning process to reduce the number of days to complete the longwall take-off process to allow for earlier commencement of final sealing, incorporating additional contingency planning in the event the target cannot be achieved. The amount of time the North Goonyella mine’s 9 North panel was idle increased the propensity for oxidation to occur in the longwall panel goaf. Peabody will consider additional contingency measures, including installation of pre-drilled holes at the appropriate locations immediately behind the longwall choc line to allow oxygen inhibitors to be injected when longwall advance stops to mitigate against oxidation.

E. Peabody will improve the Sealing Management Plan to provide greater clarity around the required steps for sealing the longwall panel (particularly in relation to how these steps interact and relate to the longwall move and re-installation plan). The improved plan will provide for the allocation of resources to ensure the Sealing Management Plan is followed as described. Peabody will also provide additional training for underground personnel prior to sealing operations commencing.

F. Peabody will hone its system for the management of Trigger Actions Response Plans (TARPs) to provide clearly defined trigger points, clear explanations of actions to be taken if trigger levels are reached, and improved methods, training and communications involving changing TARPs. Application and progression of TARPs during the longwall take-off process varied from that set out in the Sealing Management Plan, and communication of TARPs was found to be inconsistent. TARPs describe actions that must be taken by mine personnel in response to observation of certain conditions or triggers (e.g. gas levels) that deviate from normal. TARPs should clearly define their applicability and the required action items when trigger points are reached.

G. Peabody will review the Principal Hazard Management Plan (PHMP) for Spontaneous Combustion and Emergency Response around the provision of clear and concise guidance in relation to gas readings. The company will also implement a regime for reviewing the PHMP at established intervals and updating as required.

H. Within the Site Incident Management Team (SIMT), Peabody will appoint an independent facilitator whose role will be to assist the SIMT in the decision-making process (rather than the technical aspects of SIMT decisions). The SIMT was comprised primarily of North Goonyella mine management personnel, though various other parties also provided input into the SIMT’s decision making process. At times, it was challenging for the SIMT to coordinate and address differing viewpoints from multiple stakeholders. Although these outside parties each play critical roles in responding to a mine emergency, the varied viewpoints need to be effectively managed and facilitated during an incident.

I. Peabody is taking action to install quickly closable remote ventilation control devices at each mine drift as we progress through the re-ventilation process. In addition, Peabody will evaluate options to remotely isolate portions of the longwall panel to provide an option to quickly close these devices after all personnel have been evacuated from the panel. Peabody’s ability to quickly seal the panel to extinguish the oxidation event before it developed into a fire was impaired once the mine was evacuated and exclusion zones were put in place. Once an oxidation event develops into a spontaneous combustion event, it is difficult to extinguish from the mine surface. The smaller the area of the mine that is sealed from the source of combustion, the less oxygen is available to support it and the quicker it begins to cool, which should facilitate expeditious recovery. These types of devices could be closed by personnel as part of an evacuation sequence, or through remote means. Emergency seals, which can be installed at chute and gate roads at longwall panels, will also be considered as part of an emergency sealing process.

Target #11
Achieve a safe return to operations at the North Goonyella Mine.
**Interruption Strategy**

Corporate Governance Committee. Management and discussed with the Nominating and Reporting summaries are regularly distributed to senior others, the appropriate action, including investigation. who determines, in consultation with management and
director and Associate General Counsel — Compliance, or to contact the company’s chief legal officer, the Director and Associate General Counsel — Compliance, or to contact the company’s chief legal officer, the Director and Associate General Counsel — Compliance. Our Australian and U.S. business units as well as each corporate function evaluate the risks specific to their respective area. Each function develops escalation and action plans for these risks, then monitors changes over time and documents results on area-specific risk registers.

The findings from each area are reported to our ERM Committee, which evaluates the completeness of assessments and the adequacy of action plans and ensures consistency with public disclosures.

**Employee Responsibility**

Peabody informs employees of their obligation to act in a responsible, ethical and constructive manner through workplace communications, online tools and in-person training sessions. Employees are encouraged to report concerns of misconduct directly to their managers, 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.

**Extractive Industry Transparency Initiative**

As a global mining company, Peabody contributes substantial revenues to federal, state and local governments. In 2018, Peabody paid more than $800 million in taxes, royalties and levies 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. We are 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 we operate.

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 U.S. EITI in past years, and in 2018 totaled $222.6 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 2018 totaled $272.7 million.

**Political and Lobbying Activities**

In 2018, Peabody made $698,600 in U.S. corporate political contributions. In addition, $114,000 in political contributions were made by the Peabody’s Political Action Committee (Peabody PAC), a nonpartisan political fund that provides financial support to candidates and is funded entirely through voluntary contributions, primarily from Peabody employees who meet certain eligibility requirements. Peabody’s total U.S. federal lobbying expense for 2018 was approximately $1.65 million, as determined using the Lobbying Disclosure Act method for reporting such expenditures.

Peabody political contributions, 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.

Peabody publicly reports U.S. federal lobbying expenses on a quarterly basis, including the issues lobbied. Our reports are filed under the name of Peabody Investments Corp.

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 2018 based on each state’s lobbying disclosure requirements. Unlike other states, Indiana requires that lobbyist compensation be publicly disclosed, and we reported $60,320 in expenses for fiscal year 2018. In Missouri, Peabody had $104 of reported expenditures for 2018. Expenditures for Arizona totaled $465 in 2018. Illinois had no lobbying expenses.

**Risk Management**

At Peabody, we believe it is fundamental to understand the risks we face, how those risks may evolve over time, and what steps we can take to manage and mitigate those risks relative to our risk tolerance.

Peabody has integrated an Enterprise Risk Management (ERM) process at all levels of the organization. We have developed a standard framework for evaluating risk consequences and likelihood to ensure consistent application and appropriate escalation across the platform.

Our Australian and U.S. business units as well as each corporate function evaluate the risks specific to their respective area. Each function develops escalation and action plans for these risks, then monitors changes over time and documents results on area-specific risk registers.

The findings from each area are reported to our ERM Committee, which evaluates the completeness of assessments and the adequacy of action plans and ensures consistency with public disclosures.

**Results**

**2018 Summary of Payments to U.S. Federal Government (unaudited)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Royalties</td>
<td>$179,762,165</td>
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<tr>
<td>Bonus</td>
<td>$479,716</td>
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<tr>
<td>Rents</td>
<td>$159,744</td>
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<tr>
<td>Abandoned Mine Land Fees</td>
<td>$42,198,405</td>
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<tr>
<td>Department of the Interior - Bureau of Land Management Permit Fees</td>
<td>$25,385</td>
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<td><strong>Total U.S.</strong></td>
<td><strong>$222,625,146</strong></td>
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**2018 Summary of Payments to Queensland and New South Wales Governments**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Royalties</td>
<td>$265,103,875</td>
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<tr>
<td>Mine Safety and Health Levies</td>
<td>$2,920,230</td>
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<tr>
<td>Rent and Administrative Levies</td>
<td>$3,113,510</td>
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<td>Environmental Fees</td>
<td>$1,544,377</td>
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<tr>
<td><strong>Total Queensland and New South Wales</strong></td>
<td><strong>$272,681,992</strong></td>
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*Payments do not include Middlemount JV or Shoal Creek. CMJV included at 100%.*
Industry Groups, Trade Associations and Other Organizations

Peabody is a member of numerous industry groups and trade associations as well as nonprofit organizations that represent the mining industry and business community in discussions led by governments and other stakeholders and help the industry reach consensus on policy issues.

Peabody has been advised by the organizations to which it belongs that approximately $327,010 of the annual dues and other company payments to U.S. industry groups and trade associations in 2018 were used for lobbying expenditures and/or political activities.

Oversight of Political and Lobbying Activities

For the past several years, Peabody 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.

Peabody political and lobbying activities are directed by members of the executive leadership team with oversight from the company’s board of directors and are conducted in accordance with applicable law and corporate policies as well as our Code of Business Conduct.

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.

Stakeholder Engagement

As part of our commitment to transparency and disclosure, we encourage ongoing communication with our stakeholders, including investors, employees, customers, suppliers, governments and industry groups. We seek to strengthen our relationship with these stakeholders through discussions around topics such as our business strategy and priorities, operational updates and our holistic approach to ESG, including executive compensation, among other topics.

Peabody’s stakeholders 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.

For additional details on Peabody’s 2018 political contributions, PAC contributions, lobbying activities and industry groups and trade associations, please visit PeabodyEnergy.com. Peabody’s Corporate Policy on Political Contributions and Corporate Policy on Lobbying Activities can also be found on our website.