

North Antelope Rochelle Mine

PRESIDENT AND CEO LETTER

Peabody's commitment to sustainability underpins our activities today and shapes our strategy for the future.

We operate under a simple premise that we have a significant role to play in the global energy mix. Our thermal products are essential to affordable, reliable energy for developed and emerging countries. Our metallurgical coal creates the steel needed to build foundational infrastructure, support industrialization and drive urbanization. Together, these products fuel powerful economies and a better quality of life.

Our mission is our purpose, and we believe this purpose is only beneficial if it is paired with meaningful action across all environmental, social and governance dimensions.

For Peabody, this action includes concern for the environment by minimizing our greenhouse gas intensity where possible, conserving water, and applying progressive land reclamation across our global operations. It is supporting the transition to a low-carbon economy by participating in focused research and projects and serving as a vocal proponent for advanced coal technologies.

For Peabody, continuous improvement is more than a mindset — it is a relentless pursuit to do better. This pursuit frames how we approach our operational performance, financial priorities and sustainability initiatives to best position our company for the many decades ahead.

Socially, we integrate safety into all aspects of the business and are enriching our culture through enhanced training and development as well as opportunities for improved work-life balance. We also serve as a good corporate citizen through philanthropic giving, employee volunteerism and community engagement.

Within governance, the company promotes best practices and emphasizes personal accountability and integrity. We are also focused on risk management as well as strong disclosure and transparency.

In 2019, we were recognized with substantial environmental, social and governance (ESG) achievements that are a testament to our team as well as an inspiration for continued improvement. The company led its peers in combined ESG disclosure by Institutional Shareholder Services, and Institutional Investor Magazine named Peabody number one for small and mid-cap companies in the metals and mining sector for ESG metrics and corporate governance.

In addition, the company received a prestigious Sentinels of Safety Award from the National Mining Association and had a number of strong finishes in mine rescue competitions in both the U.S. and Australia. Our environmental teams were also recognized with national awards from the Office of Surface Mining Reclamation and Enforcement for reclamation work completed at several mines.

While we can cite many accomplishments, our industry and company are not without its challenges, including heightened divestment pressures. Certain institutional investors and socially responsible funds are enforcing limitations on fossil fuel investments, and an increasing number of pension funds, insurance companies, surety providers and commercial banks are electing to divest from fossil fuels or coal. We believe broad divestment that fails to differentiate among coal companies with sound ESG practices is not the answer.

We instead advocate for constructive engagement and support of responsible miners, who will be needed as long as there is a meaningful market for our products. As such, we have committed to outreach initiatives to help us determine areas that are most important to our stakeholders and strive to incorporate feedback into our longer-term objectives.

We have made much progress in the areas of ESG and believe our differentiation is a strength. We are continuing to manage our risks and identify opportunities for greater disclosure. This includes evaluating appropriate ESG frameworks and working to match resources with growing demands. In fact, we are aligning with international initiatives and have just completed our first full year as a member of the UN Global Compact. Our inaugural Communications on Progress can be found within this report.

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To all our stakeholders — from the customers and communities that depend on our products, to our investors that recognize our potential to create long-term value, to our employees that ultimately drive our success — we thank you for your support as we continue our essential work.



Glenn Kellow
President and
Chief Executive Officer