

PEOPLE

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

Peabody People

Peabody believes that we have the best workforce in the industry, and we value the talented men and women who are essential to our success. The company seeks an empowered and collaborative workplace that is built upon a foundation of mutual trust and respect, and we commit to keeping our employees informed through open and transparent communication.

Peabody employs approximately 6,700 people in the U.S., Australia, Europe and Asia. About 94 percent of Peabody's employees work at mine operations or regional offices in Beijing, Brisbane and London, while the remaining workforce is based in St. Louis, Missouri, the company's global headquarters. The typical Peabody employee has more than 10 years of experience with the company.



Peabody's St. Louis employees, celebrating the company's successful emergence from U.S. Chapter 11 protection and "The New BTU" listing on the New York Stock Exchange on April 4, 2017.

An Empowered Workforce

Peabody's mission and values are foundational to who we are, how we act and what we do, driving decision-making and actions at every level. In an effort to seek targeted feedback and measure progress in living our values and improving organizational culture, the company conducted a brief "culture pulse survey" of employees in April 2016, followed by focus groups that involved more than 150 employees in 17 sessions. Cultural improvements were identified in 11 of 12 areas measured. The needle on organizational communication progressed 71 percent over the prior year and was significantly higher than the median result benchmarked against 172 other companies in various industries, with the greatest improvements found in providing communication that promotes discussion. Participants noted improvements in decision-making that help empower employees, a leadership team that is viewed as more open and flexible, and continued strong collaboration between the company's various segments.

As a result of the survey, each function identified multiple action items. The Corporate Finance team created a committee to explore offering a more flexible work environment as well as a mentoring program to expose those early in their career to different areas of finance. The Information Technology and Peabody Business Services functions offered managers a class on development planning so they could help their employees create improved talent development plans that focus on career paths, stretch goals and cross-training opportunities.

Global Inclusion and Diversity

Peabody values the power of inclusion and diversity as a competitive advantage to deliver exceptional business results, and the company works to maintain a global workforce that represents many diverse backgrounds. Company inclusion programs are formalized in policy and practice and are embedded in the Equal Employment Opportunity policy and the Code of Business Conduct and Ethics.

Peabody is committed to increasing representation of diverse employees throughout our operations. We work to recruit and retain a high performance workforce that is representative of our diverse global business platform, to contribute to and engage with the communities where we operate, and to position Peabody to reflect and respond to a global customer base. In the U.S., 15 percent of our workforce is racially or ethnically diverse. We also recognize the competitive value of a diverse supplier base, and we seek to develop a strong supplier network within the industry. Our spend with minority suppliers in the U.S. during 2016 totaled more than \$21 million.

Women in Leadership

Dr. Heather Wilson, who served as a Peabody board of director member from 2013 to 2017, was confirmed by the U.S. Senate as Secretary of the Air Force in May 2017. She is one of the first female graduates of the U.S. Air Force Academy, a Rhodes Scholar, a former member of U.S. Congress and currently serves as President of the South Dakota School of Mines and Technology.

Savoy magazine, a publication that celebrates leaders in African American culture, recognized Verona Dorch, Peabody's Executive Vice President, Chief Legal Officer, Government Affairs and Corporate Secretary, among the Most Influential Women in Corporate America for her accomplishments. Verona joined Peabody in 2015 and serves as an associate of the International Energy Agency Coal Industry Advisory Board, a faculty member for the Association of Corporate Counsel's Executive Leadership Institute and a de Tocqueville Society member of United Way of Greater St. Louis. Verona has also been recognized as one of the Most Powerful Women in Business by Black Enterprise magazine.



Left: Dr. Heather Wilson. Right: Verona Dorch, shown mentoring at a speed networking event hosted at Peabody's St. Louis office to support the American Red Cross Society of Women Leaders. "I believe in using ambition for the greater good by helping more women and minorities achieve senior roles and by being involved in organizations that made a difference in my life," says Verona.

Peabody maintains an active Global Inclusion and Diversity Advisory Board (IDAB), currently led by two female executives. Each of Peabody's business units has an IDAB group of employees that promote inclusion efforts and often introduce culture-enhancing and mining-promotion activities to support business goals. In 2016, the Australian IDAB established a regional subcommittee to focus on grassroots workforce engagement. In the Americas, an IDAB member helped to spearhead the creation of recruitment ads that ran in regions near Peabody's Midwest mines, with the intention of appealing to potential female applicants.

Recruitment of key mining talent remains a priority for Peabody, and targeting female applicants for all positions is a focus. Overall, women hold 13 percent of Vice President and above roles for the company and 10 percent of the global workforce is represented by women. In Australia, women comprise 38 percent of the leadership team and 19 percent of the salaried workforce, and recruitment practices now include the targeted sourcing of female applicants for advertised positions when the applicant pool for a position is exclusively male.

Peabody welcomes a diversity of experiences and ideas to enhance the work environment and encourages women to explore a career in the mining industry.

Mentoring and Networking

Recognition and support of women in the mining industry is important to Peabody across its operations. In 2016, a pilot mentoring program was initiated globally to pair women early in their career with a seasoned male or female leader. The two embark on a mutually beneficial relationship where the mentee continues to grow in her leadership skills and work toward specific development goals, while the mentor is able to hone skills and share knowledge. Mentees also participate in networking and knowledge-share activities as a group. The program is part of Peabody's development philosophy and serves as a cost-effective development tool and an organizational culture enhancer. In Australia, it will be rolled out to employees who completed the platform's Graduate Program.

In Australia, networking opportunities for women are communicated in weekly bulletins, and events are commonly attended by groups of employees. In some cases, high-performing females are supported in their transfer to different areas of the business, boosting retention and diversifying their skill set. In 2016, over 20 percent of internal transfers or promotions were women.

Peabody is represented on the Minerals Council of Australia Workforce Gender Diversity Reference Group and various Women in Mining organizations, and Peabody employees at all levels are commonly recognized for their outstanding accomplishments in the industry. Natalie Banham, a Human Resources Specialist who started with Peabody in 2010 in the Graduate Rotation Program, was a 2016 finalist in the Queensland Resources Council Women in Mining Awards in the category of Exceptional Young Woman in Queensland Resources.

Coaching Leaders and Changing Perspectives

Lina Young, Senior Vice President of Peabody Business Services and Chief Information Officer, was paired in two mentoring relationships, one with Katherine Gullic, Accounting Manager at Wildcat Hills Mine in Illinois. While the geography between the two is great, mentoring has given Lina a closer view of the challenges and opportunities individuals are presented with when working in Peabody's regions. "The program provides time to build a relationship," says Lina. "Valuable new connections are being made with the next generation of Peabody leaders at corporate and in the regions."

For Katherine, having a mentor grants opportunity to "build relationships within the company, outside of individuals you see on a daily basis," which she views as important. "I also work at a site where the majority of employees are male," she said, "so the program has provided me with a female mentor who understands my perspective."



Katherine Gullic



Natalie Banham's path at Peabody included work at various sites, including as the first on-site Human Resource Representative at Metropolitan Mine. In 2013, she was selected as the winner of the Australian Human Resources Institute Dave Ulrich Human Resources Rising Star of the Year award.

Queensland Resources Council Chief Executive Ian Macfarlane stated that diversity across its workforce is key to the resource sector's ongoing success, where presently women comprise just over 15 percent of Queensland's total resources workforce.

"These awards, presented annually since 2006 on International Women's Day, play an important role in recognising our leading women and diversity champions, while providing role models and ambassadors for our sector," said Macfarlane in a release announcing finalists.

Tribal and Indigenous Employment and Engagement

Peabody has a deep respect for cultural heritage and works with local indigenous communities at a number of our mines. In 2016, Native Americans comprised 93 percent of our workforce and held more than 76 percent of the mine management, administration and supervisory jobs at the company's Kayenta Mine in Arizona, which operates on Navajo and Hopi lands.

In Australia, Peabody is committed to identifying employment and business opportunities for Indigenous Australians, with a focus on Traditional Owners within our operational areas. Assessment centers form one component of our recruitment and selection process. These centers are used in conjunction with our technical selection criteria to short-list candidates for interviews. The assessment activities focus on behaviors like communication and problem solving and have been designed to give full and equal consideration to the gender and cultural diversity within our candidate pool.

We also work closely with Aboriginal communities to protect cultural heritage and rehabilitate the lands on which we operate. Strong working relationships develop during cultural heritage inspections and committee meetings, archaeological excavations and the relocation and development of "keeping places" for culturally significant objects, and training and induction programs for cultural awareness and cultural heritage management are conducted throughout our company.

All of Peabody's Australian mines have agreements that provide employment opportunities for local indigenous populations. To improve recruitment and retention strategies, employees were given the opportunity in 2016 to self-report on their heritage. Results have provided valuable baseline data on workforce demographics that will serve to enhance reporting capabilities and mentoring opportunities and ideally contribute to recruiting and maintaining a more diverse workforce.

Employee Development and Training

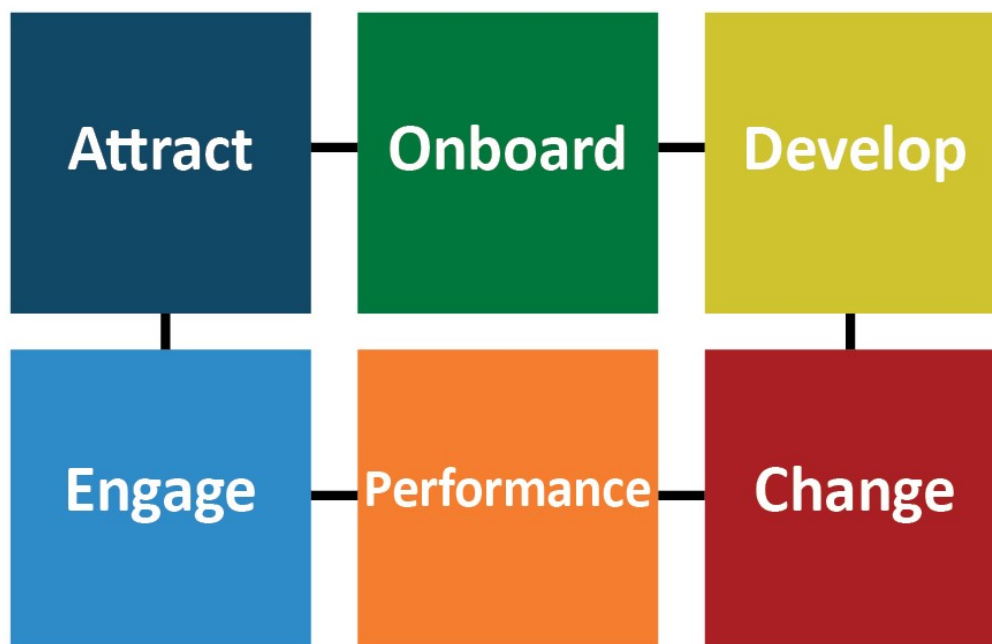
Our People value highlights the importance of creating an inclusive work environment that engages, recognizes and develops employees. Opportunities for career development and training programs support professional growth and foster an empowered and collaborative workforce that values safety, continuous improvement, innovation and creativity.

Learning and Development Programs

Peabody's global Leadership Development Program for supervisors and managers works to enhance employees' leadership capabilities in safety and continuous improvement. The four-month program is sponsored and facilitated by company leaders, and its cohorts are trained on skills and tools that can be applied immediately in the workplace. Through the course, employees have generated ideas and implemented projects resulting in meaningful continuous improvement initiatives and cost

savings. A post-program review of graduates showed improvements in 11 of 13 of Peabody's leadership competencies. A majority of participants feel more confident as leaders as a result of the program and report they continue to focus on their development and apply program concepts one year after graduation.

In 2016, Peabody's Human Resources function designed an online Manager Toolkit to help people managers build and lead effective teams while enhancing their own leadership development. Its content is reflective of career stages and professional development, starting with attracting, onboarding, developing and engaging employees, and then focusing on continuous improvement by driving performance and supporting employees in adapting to and affecting change in the workplace.



Clicking on the corresponding section of Peabody's online Manager Toolkit unlocks resources for employee and manager development throughout the many phases of the employee lifecycle.

Retaining and developing Peabody's technical talent is also critical to the company's success. In Australia, development programs take place at both operations and corporate locations. A fully structured two-year Graduate Development Program is offered, which provides the opportunity to experience work at each mine while building relationships. Over the course of the program, graduates are rotated across different sites, allowing greater exposure to our mining operations.

In 2016, the company invested \$2 million in its four-year Australian Apprenticeship Program, which ensures participating individuals are trained and "job ready" when a position becomes available on site. Peabody's Australian Vacation Program continues to support students looking for valuable work experience to complement their discipline of study. The 12-week vocational program is popular among students studying mining, process and mechanical engineering, environmental, human resources, geology and accounting during regularly scheduled seasonal breaks. Unpaid work experience programs at our operations also give students the ability to "job shadow" professionals to gain a better understanding of their work.

From Issue to Innovation

Jon Halverson, a Drill and Blast Supervisor at North Antelope Rochelle Mine (NARM), was one of 76 employees to complete Peabody's Leadership Development Program in 2016. During the course, Jon zeroed in on reducing coal loss from over-drilling, an investigation that began with a safety concern and resulted in safety improvements, enhanced communication, production efficiencies and dramatic cost savings.

After a drill tipped on its side at NARM, attention was drawn to the coal underneath. It was observed that the coal was uneven, requiring extensive maneuvering to drill it, and that significant coal loss was occurring.

"If coal is really rough, something is happening to cause it, and it usually means coal is getting wasted," says Jon. This prompted him to review drilling practices and dragline bucket operations, and a snowball effect between the issues that contributed to coal loss.

At NARM, cast drills were over-drilling holes down into the top of coal. So when a cast shot was detonated, the top of coal would be fragmented or shot off. And because the highwall was too hard for a dragline to dig, the dragline bucket would be dragged across the top of coal, resulting in a fair share of coal getting thrown into the spoil pile instead of loaded into trains.

To solve the issue, top of coal needed to be made smooth, and through Jon's investigation, changes have been made. Drillers now drill to an optimal design depth, and quality control tools include a map that designates drill holes and associated operator names to ensure accountability. Cast drilling patterns were also changed to eliminate over-drilling of holes and prevent hard digging for draglines. The results are evident: "If the top of coal is not shot and is left hard, then it is a lot smoother, and there is more coal to ship because it's not in the spoil pile."

At NARM, top of coal has improved immensely, coal recovery and dragline production have gone up, and most importantly, safety incidents have gone down. According to Jon, "People feel more comfortable doing their job. We are still working on it and continually trying to improve our results and maximize the benefits for the company. With a few minor changes and some good conversations, we are saving revenue now."

"I wouldn't have these opportunities to explore ideas and projects if it wasn't for the Learning and Development Program I was involved in," says Jon. "My team leader at the mine also went through the course and has been influential for me. It is very inspiring when a team leader wants me to succeed as well."



A comparison of "rough coal" (left), which contributed to coal loss and safety risks, and "smooth coal" (center) in the same pit. Top of coal is now a priority that needs to be addressed before mining operations begin at Peabody's surface mines, thanks to Jon Halverson's (right) investigation.

Health and Wellness

Peabody employees are supported with health care benefits that are competitive within the industry and the majority of large employers. Our goal is to improve the health and wellness of employees by managing medical plan costs to ensure the company can sustain future programs and by focusing on prevention and physical fitness to encourage a healthier workforce.

In 2016, Peabody's Arclar Complex in Illinois launched a fitness program that offers convenient, on-site access to cardio and strength-training equipment, giving employees more opportunity to monitor their overall health. In response to an employee survey that revealed a variety of musculoskeletal discomforts, an early intervention program was introduced. Circumventing potential occupational or non-occupational injuries at the early stage of onset is key to preventing injury, so the program includes an intervention specialist who provides prevention tips and treatment for minor musculoskeletal irritations, as well as relevant safety tips for mine crews.

In the U.S., Peabody offers a variety of health programs and initiatives. Well-baby checkups, dental cleanings, vaccinations and annual physical exams are 100 percent covered, and a \$150 incentive for both employees and their covered spouses who complete an annual physical exam is offered, with 40 percent of eligible U.S. candidates utilizing this program during 2016. Mammography screenings and free worksite flu shots are available, and employees may also elect to receive the flu vaccine from a network pharmacy or their doctor. Health club and Weight Watchers® membership reimbursements encourage a healthy lifestyle, while a tobacco cessation program offers counseling and nicotine replacement therapy. The "Healthy Smiles, Healthy Lives" dental program provides pregnant women and employees with certain medical conditions extra preventive dental exams and cleanings. Additional benefits as part of a comprehensive wellness package are available to U.S. employees including:

- Employee Assistance Program that provides counseling and comprehensive life management services;
- Short- and long-term disability coverage;
- Life insurance;
- Accidental death and dismemberment coverage;
- Business travel accident coverage;
- Adoption assistance to help offset expenses;
- Tax-free flexible spending accounts (FSA);
- Tax-free health savings account (HSA) with an annual contribution from Peabody; and
- 401K match program.

Peabody offers other employee benefits, including vacation and holidays, tuition assistance, philanthropic matching of employee charitable donations and "Dollars for Doers" volunteer hours, and an off-site team volunteer program at the St. Louis office.

In Australia, employees' universal health care coverage is supplemented with Peabody's "whole approach" remuneration package, which also includes an Employee Assistance Program that benefits employees and their families from a health and wellness and social and financial aspect. Site-specific initiatives include worksite flu shots, skin cancer checks, tobacco-cessation programs, dietary and exercise information and coaching, mental health promotion and men's health programs.



Peabody employees focus on health and wellness initiatives outside of work. Across all our sites, many individuals are involved in sporting initiatives or help to sponsor events for community wellness. In 2016, a group from Wilpinjong Mine participated in the inaugural Coal Mines Cup at the Mudjee Running Festival, receiving first place honors and raising funds for local disability services provider, Lifeskills.