

# SUSTAINABILITY

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

## Environmental Excellence

Stewardship of the environment and respect for the natural world are core to the way Peabody operates. Our environmental commitments extend from successful land restoration to energy efficiency, to recycling and water use management. Our environmental policies and programs are designed to ensure that coal mining and land end use benefit society and achieve compliance with legal and regulatory requirements.

Peabody, like many responsible coal producers, views land restoration as an imperative part of the mining process. In 2016, the company restored 6,450 acres of mined lands into rangeland, wildlife habitat, hardwood forests, prime farmland and wetlands, including 1,220 acres of forested area, 52 acres of wetlands and more than 10 miles of high-quality streams. In addition, Peabody planted 752,635 trees, 70 percent more than the prior year.

Over the past decade, Peabody has spent \$177 million to restore over 49,000 acres of land and has contributed more than \$530 million to the Abandoned Mine Lands program, which was intended for the reclamation of lands mined before the Surface Mine and Control Reclamation Act (SMCRA) of 1977.

***Peabody accelerated its restoration activities at active and closed sites, reclaiming approximately 80 percent more land than what was disturbed during 2016.***

In 2016, Peabody continued implementation of environmental reporting for six indicators in accordance with the Global Reporting Initiative (GRI). The GRI framework for sustainability reporting includes reporting guidelines, sector guidance and other resources that enable greater organizational transparency and accountability.

## Peabody Position on Energy and Climate Change

Peabody believes that coal is a key contributor to affordable, reliable energy, and that fossil fuels will continue to play a significant role in the global energy mix.<sup>1</sup> The company also recognizes that these fuels contribute to greenhouse gas emissions, and concern regarding these emissions has become part of the global political, societal and regulatory landscape in which we operate.

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

Within the energy mix, fossil fuels are essential and satisfy approximately 80 percent of the world's primary energy demand.<sup>2</sup> Coal plays a fundamental role in generating electricity and is a required component in new steel production.

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

<sup>1</sup> Wood Mackenzie, "Energy View to 2035," March 2017.

<sup>2</sup> International Energy Agency, World Energy Outlook, 2016.

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

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

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

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

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

## Environmental Compliance and Oversight

Environmental initiatives begin with assessments that are conducted before any mining activity starts and include comprehensive baseline studies of local ecosystems and land uses. Detailed post-mining plans are researched, designed and approved through state and federal agencies. Contemporaneous land restoration provides for the minimal amount of surface disturbance, and ongoing monitoring and dialogue with regulators allow the company to measure results and adjust to changing conditions.

All active operations are inspected by various federal, state and local government agencies at least once per month in the U.S. and regularly in Australia. Peabody goes beyond these requirements by performing regular environmental reviews at all operations that include an assessment of current processes and provide opportunities for sharing best management practices among the various sites. Reviews also verify compliance with applicable laws and permits, provide recommendations to improve current practices and ensure that Peabody’s workforce is trained to adhere to mandatory procedures and updates to regulatory requirements and permit stipulations.

Building lasting alliances in communities where the company operates is accomplished through Peabody’s well-trained and experienced team that supports global operations in the U.S. and Australia. Before mining, the company engages where possible with local stakeholders to understand and incorporate social, cultural and traditional values and community needs in mine planning. Committees and other partnerships enable the company to promptly return mined lands to the original or an agreed upon final land use.

## Verifying Vegetation Success at U.S. Operations

Vegetation is an important ecological component of post-mining land use and is achieved through revegetation during the restoration process. For Peabody's U.S. mines, demonstrating successful revegetation by measuring vegetation cover, production, shrub density and species diversity/composition is an important indicator and required regulatory step in obtaining approval of final reclamation success and bond release from federal and state authorities.

Each of Peabody's mines has specific vegetation criteria, and operations must meet or exceed the requirements of the Surface Mining Control and Reclamation Act. Due to the complexity of vegetation sampling and the magnitude of reclaimed areas, Peabody works closely with regulators to determine and agree on sampling plans, evaluation methods and coordination of efforts to collect results.

2016 marked the largest sampling project to ever be conducted at Peabody's U.S. Western operations, and is one of many planned to demonstrate successful vegetation in accordance with federal and state approved plans. Despite site-specific challenges ranging from drought conditions to changes in livestock grazing plans, more than 18,000 acres of reclaimed land was sampled and analyzed, and over 1,800 samples were collected.



*Revegetation sampling at Peabody's Wyoming, Colorado, Arizona and New Mexico operations in 2016 will continue in collaboration with federal and state regulators to evaluate data and demonstrate revegetation success for final bond release.*

## 2016 Environmental Achievements

When it comes to the environment, Peabody acts in a sustainable manner because it is both good business and the right thing to do. Peabody's environmental restoration and remediation efforts have been recognized with 69 environmental honors over the last 10 years. In 2016, Peabody was recognized for environmental leadership and earned the following honors:

The London-based Capital Finance International named Peabody "2016 Best ESG – Responsible Mining Company – Global," recognizing the company's excellence in environmental, social and governance standards and performance. Judges credited Peabody as being a "pioneer in the move toward sustainable business practice."

Peabody was awarded the highest honor presented by the Indiana Society of Mining Reclamation with a 2016 Excellence in Mining and Reclamation Award for an ecological approach to restoration at the former Viking Mine-Knox Pit. The honor recognizes efforts to reclaim prime farmland and wildlife habitat, improve stream water quality and enhance riparian and aquatic habitat. The work at Viking included reclaiming pre-SMCRA refuse areas that were left in the mine lease area by a previous owner, which improved stream water quality.

The Colorado Mining Association, the Colorado Division of Reclamation Mining & Safety and the Colorado Mined Land Reclamation Board recognized Peabody's Sage Creek Mine for achieving Phase III bond release by completing reclamation of more than 1,000 acres. Top honors were also bestowed on a Peabody reclaimed mine, Seneca II, for our efforts in restoring all of the land the company has mined since operations commenced in 1968, achieving full Phase III bond release. Seneca II and Yoast Mine also gained recognition for innovative practices for the development and use of a Geographic Information System to assist in tracking bond release.

### Environmental Leading Practices in Land Restoration and Bond Release

The company conducts extensive planning well in advance of mining, and lands are restored contemporaneously as mining proceeds. In any given year, land reclamation activities can vary due to production, weather conditions and other unforeseen factors. As a result, in any one year Peabody restores varying quantities of farmland, pastureland, rangeland, forest, wetlands and wildlife habitat.

*In 2016, Peabody's successful land stewardship achieved 1.8 acres of reclamation for every acre disturbed in mining activities.*

The company funds every dollar of its coal mine restoration and pays tens of millions of dollars each year to a fund for the reclamation of lands mined before the Surface Mine and Control Reclamation Act of 1977. Peabody remains focused on restoring the land and providing assurances for future obligations. Bonds are released on a broad array of properties and fluctuate depending on mining and reclamation needs in a given period. In 2016, the company fully released 7,320 acres from bond and reduced its calculated bond liability by \$300 million.

Peabody aims to commence restoration of the post-mine landscape as soon as land becomes available and to create a safe, stable, non-polluting and sustainable landform that benefits generations to follow and is undertaken on a progressive basis with consultation between the environmental, technical services and production teams.

### Land Restoration in the Americas

The company is committed to implementing environmental leading practices across our global platform. Our work at Big Creek in Warrick County, Indiana, demonstrates this commitment. A long history of mining has occurred in the Big Creek Watershed dating back to the 1940s, including active mining operations today. In an effort to mitigate the cumulative impacts to the watershed, Peabody reclaimed over a half mile reach of the existing dredged and straightened Big Creek channel in 2016 and additional restoration is planned for 2017. The goal of the project is to reestablish a hydrologic

connection with the historic floodplain and to develop stable habitat. The project marks Peabody's first implementation of toe wood structure in a channel, a method that incorporates live, native woody material along an outside stream bank. The live cuttings grow quickly and develop dense roots to promote bank stability, and the submerged matrix of logs, roots, branches, brush and soil create and enhance fish habitat and food chains while assisting stream stability.



*Willow tree cuttings were installed as toe wood in three locations along the restored stream channel to provide high-level habitat for both aquatic and terrestrial fauna. Here, woody material purposefully protrudes along the outside bend of the Big Creek channel.*

## Land as Beautiful as Before

Reclaimed coal mine lands are amazing to behold. "You'll never even know we were here when we're done," says Mary DeRudder, an equipment operator who is part of the Powder River Basin operations and reclamation team that works to restore land at North Antelope Rochelle Mine (NARM), the world's largest coal mine. "It's a pretty neat feeling doing something that will restore land to how it was before. I'm pretty proud of what I do."

The care taken to restore mined lands at NARM and all of Peabody's operations is remarkable, embedded in our values, and leaves a lasting legacy. "All the work is top-notch. You can see the land is just as beautiful as before," says Mary.



*Left: Mary DeRudder, Powder River Basin equipment operator and 30-year mining veteran. Right: Peabody employees survey reclaimed land outside of Peabody's North Antelope Rochelle Mine in Wyoming's Powder River Basin, which has shipped over 2 billion tons of coal.*

## Land Rehabilitation in Australia

In Australia, Peabody's commitment to land rehabilitation continued during 2016, with 1,564 acres rehabilitated across our Queensland and New South Wales mines.

Land rehabilitation programs utilize different methodologies, depending on the land type and desired post-mine land outcomes. For Peabody's Queensland operations, which are located in the central part of the state, only a small window of opportunity exists for rehabilitation practices involving seed germination, the wet season. But this season brings rainfall deluges that can damage rehabilitation before vegetation even has opportunity to establish and provide a protective cover. To compensate, the Environment team at the Moorvale and Coppabella sites install water management structures like contour banks, spine drains and sediment basins, which help with drainage. The team also utilizes topsoil, which provides a growth medium for the seeds, and deep ripping, which ensures maximum water retention over the seed to encourage germination and strike. Rehabilitation plans don't end there, however. Maintenance of drainage structures, cleaning sediment basins and contouring banks will occur for a few years before finally removing them when the landform is stable. Upkeep of the established rehabilitation area may also be required, involving cultivating and reseeding if the seed strike is not efficient. This remediation phase of land rehabilitation is necessary to ensure the final product is one that Peabody can proudly hand back to surrounding land users.

**Draining**



**Reseeding**



**Monitoring**



*In 2016, rehabilitation and remediation programs across Moorvale and Coppabella Mines totaled 899 acres and were shared with members of Queensland's Department of Environment and Heritage Protection who stated it was "invaluable" to their understanding of the rehabilitation process.*

During 2016, Australia continued an extensive rehabilitation monitoring program aimed at measuring reclamation success across the company's operations. The monitoring helps the sites understand what, if any, maintenance and management requirements are needed, ensuring the rehabilitation is of a standard to meet success criteria. In Queensland, approximately 4,450 acres of reclamation aged from 12 months to over 15 years were monitored during 2016, and 16 reference sites to compare rehabilitation progress were established and monitored.

Throughout 2016, an environmental compliance framework continued to be refined by the organization. The framework tracks environmental corrective and preventative actions, metrics to enable collection, storage and analysis of sustainability data for internal and external reporting requirements, an integrated incident reporting system and the tracking of legislative changes. Internal compliance assessments are undertaken at all sites on a biennial basis.

Australia also established an environmental risk management committee in 2016 to provide governance oversight for environmental business risks and opportunities such as water management, coal waste and mine closures. The committee is tasked with ensuring a consistent approach is taken



*A number of Peabody's Australian operations imported topsoil ameliorants, like manure and bio-solids, to assist with providing necessary organic material for improved soil structure and rehabilitation success. Here, cover crop is plowed into topsoil at Wilpinjong.*

in the management of these issues, while encouraging continuous improvement. One committee outcome was the endorsement of the mine closure guideline, an initiative created by Peabody that outlines activities and projects that must be completed at each point in a mine's life and that promotes integrated mine planning and improving environmental, social and financial outcomes.

Effective stakeholder consultation is an important component of the closure guideline. Wilkie Creek, which ceased operations in 2013, is currently implementing its closure plan. During 2016, a stakeholder workshop that included a mine and rehabilitated landform tour was held at Wilkie Creek, allowing neighbors, land holders, government representatives, mining industry and alliance groups to learn about the closure and relinquishment process, and to generate feedback on post-mining land uses and landforms proposed for the mine. More stakeholder engagement activities are proposed for 2017.

Progressive rehabilitation at Wilkie Creek was fully completed in 2016, totaling 1,426 acres – 100 percent of available land. A recent demonstration at the former mine site enabled a grazer to successfully rotate 70-plus cattle from her drought-affected property to the rehabilitated land, showcasing the suitability of the proposed final land use, grazing.



*The success of introducing cattle to Wilkie Creek's rehabilitation will be measured using Peabody Australia's rehabilitation monitoring guideline. Cattle are shown grazing over some of nearly 608 acres on a backfilled void area of the mine site. Additional areas for grazing will be established during 2017.*

## Environmental Outreach in the Community

Peabody continually works with its local communities to incorporate regional needs into mine planning, collaborating with local landowners, business interests and civic groups so that shared environmental objectives are achieved.

The Wyoming Department of Agriculture recognized Thunder Basin Grasslands Prairie Ecosystem Association (TBGPEA) in 2016 with its excellence in agriculture award for contributing to research in the Thunder Basin Grasslands. Peabody is a founding member of TBGPEA and participates through the organization by contributing financial support and data toward research into issues that influence our restoration program success, such as control of non-native invasive plants, sagebrush reclamation, wildlife/livestock interactions and wildfire reclamation, so that we and others may devise solutions for managing large landscapes for multiple ecosystem benefits.

At Peabody's Kayenta Mine, which operates on a remote highland plateau in northeast Arizona called the Black Mesa, home to the Navajo and Hopi reservations, immense focus is placed on community outreach to the tribes. Peabody has supplied the local communities with clean water since the company began operations there, maintaining two public water stands that provide a free source of potable water for residents and livestock. The Navajo Nation, through an Infrastructure Committee, elected to direct funds received from Peabody toward the Manyules Waterline Project.

The waterline distribution system broke ground in the summer of 2016 and will provide the necessary infrastructure to create a healthy foundation for the Navajo community for years to come. Upon completion, the approximately \$21 million system is expected to serve more than 180 homes in the surrounding community. Phase one, slated for completion in summer 2017, will place over 17 miles of waterline to 41 homes.



*Construction of the waterline is being done by Navajo Engineering Construction Authority, a tribal enterprise that competes for projects on the Navajo Nation. Some terrain is rocky, while other expanses are easier to navigate, since project design allowed for movement through Peabody's reclaimed areas.*

## Conservation of Wildlife

Because Peabody's mining activities may have the potential to occupy lands that are home to a variety of wildlife species, the company works in close collaboration with departments of natural resources and conservancy organizations to incorporate local needs into mine planning and post-mine land use, and to improve, replace and enhance vital wildlife habitat.

In Australia, conservation and care for wildlife and animals often involves supporting community groups. The Mudgee region, near Peabody's Wilpinjong Mine in New South Wales, is a very strong Angus cattle breeding district. The 18<sup>th</sup> annual Peabody Mudgee Angus Breeders Sale saw buying competition for more than 1,000 head, and Peabody's sponsorship showcased the steps the company takes to stabilize and improve the land and support district producers through wild dog and fox control, extra fencing and water facilities.

In the community of Singleton, near Peabody's Wambo Mine in New South Wales, Wildlife Aid Inc. has taken in many local animals that have been rescued by mine employees. A baby kangaroo was found with a puncture wound to its forehead and was rescued by Wambo employees and nursed to good health by Wildlife Aid workers. After 2 ½ years of care, "Jordy" grew to a healthy stage and was eventually released in 2016 to join wild kangaroos in the bush.



*Wambo Mine employees have rescued many joeys, birds and reptiles over the years. Here, a joey named "Jordy" is shown being nursed to health by a Wildlife Aid volunteer after being rescued by mine employees. "Without the assistance of Peabody employees and staff, there are many young joeys that would never be given a chance," said Di Paice of Wildlife Aid.*



In 2014, backwaters from the flooding Patoka River in Gibson County, Indiana, inundated a 92-acre final cut impoundment located on the reclaimed Francisco surface mine, which is just south of the river. Flood waters drowned vegetation established along the shoreline, leaving a barren to sparsely vegetated shore, but creating ideal nesting habitat for the Interior Least Tern, a small bird with a defined nesting season whose conservation status is considered endangered due to loss of suitable habitat.

After observing the Least Tern at the impoundment, Peabody worked with the U.S. Fish and Wildlife Service and the Indiana Department of Natural Resources to protect the species by initiating surveys to confirm nesting activity, which resulted in the development and implementation of a Least Tern Protection and Enhancement Plan. The plan includes signage identifying Least Tern nesting areas and limits activities during nesting season. Weekly surveys identify nesting sites and follow Least Tern activity, and a long-term plan establishes low-profile islands in the final cut impoundment, which will provide long-term nesting habitat compatible with the approved post-mine land use of the adjacent shoreline. An annual report of the survey results is also provided to the U.S. Fish and Wildlife Service and the Indiana Department of Natural Resources.



*Least Tern nesting occurs from May through August. The birds are not migratory and use the established area for nesting and fishing. Up to 35 adult Least Terns with 25 nests and 18 fledglings were counted over the course of year at the reclaimed Francisco Mine, and the birds have since been observed nesting in other areas of the mine site.*



*Elk herd at the El Segundo complex in New Mexico take advantage of recently reclaimed areas of the mine. The elk prefer to graze on new vegetation consisting of grasses and shrub shoots and do not have to compete with domestic livestock on permitted areas.*

## Greenhouse Gas Intensity and Energy Efficiency

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

### Greenhouse Gas Intensity

Peabody measures greenhouse gas emissions at our operations in pounds of carbon dioxide equivalent or CO<sub>2</sub>e (CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O) per unit of production (raw tons of coal mined and cubic yards of overburden moved). In 2016, greenhouse gas intensity across our global operations was 9.8 CO<sub>2</sub>e per unit, marking several consecutive years of a reduction in emissions levels.

### Measurement and Mitigation

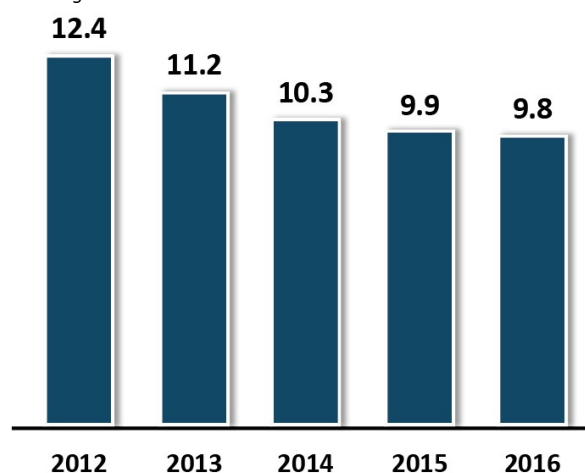
For years, Peabody's U.S. operations voluntarily reported greenhouse gas intensity in pounds of CO<sub>2</sub>e per unit produced using U.S. Department of Energy (DOE) requirements under Section 1605(b) of the Energy Policy Act of 1992. Although the DOE program has since been suspended, the company continues to employ many of the same measurement factors.

At underground mines, the company monitors and reports greenhouse gas emissions to the Environmental Protection Agency by collecting air samples and performing data analysis. Each underground mine collects a monthly sample at each mine shaft or portal for laboratory testing of methane.

To perform a full emissions analysis, air quantity, temperature, barometric pressure and humidity are also captured. In addition, emissions from stationary equipment such as propane-based heaters are evaluated. From 2015 to 2016, the greenhouse gas emissions from ventilation and stationary sources for all Peabody underground mines, reported as CO<sub>2</sub>e, had a net decrease of 21 percent. The improvement comes on top of emission declines made in prior years, achieved in part by sealing previously mined areas and reducing or eliminating propane heat for office use.

### Pounds of GHG Emitted (CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O) per Unit Produced

*Including Mine Methane Emissions*



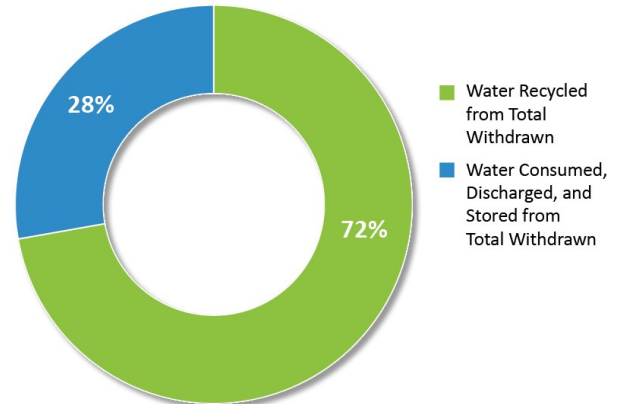
## Global Reporting Initiative

In 2016, Peabody continued to report per the Global Reporting Initiative (GRI) framework for six specific indicators for water and waste: water withdrawals by source (surface water, groundwater, purchased water); water source significantly affected by withdrawal of water; percentage and total volume of water recycled and reused; total water discharged; water sources significantly affected by discharge; total weight of waste by type (hazardous waste/nonhazardous waste) and disposal method (landfilled, recycled, energy recovery, incinerated).

## Water Use and Management

Peabody is focused on conserving water by pursuing sustainable coal mining practices everywhere the company operates. Coal mining is one of the least water intensive forms of resource extraction. The U.S. Geological Survey (USGS) reports that all forms of mining cumulatively withdrew 1 percent of water consumed in the U.S., with coal mining comprising less than 1 percent of that total.<sup>3</sup> In contrast, agriculture irrigation withdrawals account for 38 percent of total freshwater withdrawals according to the latest USGS 2010 report (published in 2014).

**Percent Water Recycled of Total Withdrawn Globally**



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

In 2016, water sources for Peabody mines included surface water (precipitation and runoff, rivers and streams, external surface water storages), ground water and municipal/purchased water. The primary water uses are for dust control and coal preparation plants. Minor amounts of water are used for mine location drinking water supply and sanitary purposes such as showers and equipment maintenance.

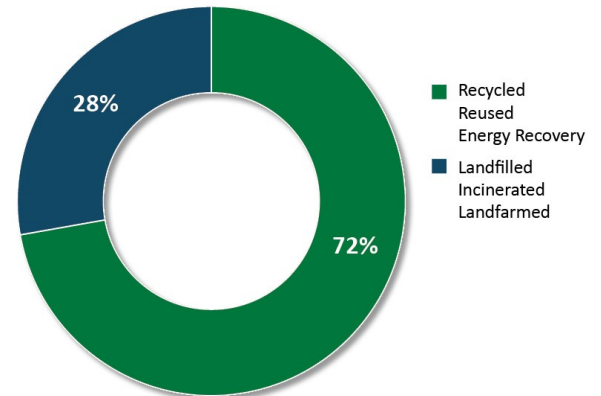
Peabody is committed to pursuing opportunities to reduce, reuse and recycle water whenever possible and about 72 percent of total water withdrawn, 30,816 megaliters, was recycled and reused in 2016. Examples of recycling and reuse at Peabody operations include the recycling of water at coal preparation plants, truck washes and coal storage areas. Peabody strives to use closed loop water circuits at coal preparation plants with the average preparation plants achieving 73 percent recycling rates.

<sup>3</sup> *Estimated Use of Water in the United States in 2005, 2009, United States Geological Survey, Circular: 1344, Figure 1, Total Water Withdrawals by Category, Page 5.; Estimated Use of Water in the United States in 2010, 2014, United States Geological Survey, Circular: 1405, Page 56.*

## Recycling and Waste Management

Peabody's waste management strategy incorporates a variety of environmentally responsible practices that address regulatory requirements and sustainability practices. 37,800,801 kilograms of material was recycled and reused, and 2,159,084 kilograms of material was used for energy recovery in 2016. Recycled materials included batteries, steel, used oil filters, used oil, lighting products, computers and electronics, antifreeze, small vehicle tires and paper waste, as well as an increase in scrap steel from reclamation activities. Materials used in energy recovery included used oil, washer solvents and used grease. In 2016, recycling, reuse and energy recovery accounted for 72 percent of waste-disposal activities.

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



*This riffle is located in a reclaimed stream at Peabody's Somerville Mine in southwestern Indiana. A riffle is a wide, shallow area in a stream channel and is biologically important to aquatic life. This photo captures an engineered structure, which contributes to channel stability while providing habitat and refuge for aquatic life. The top of the stream banks are planted with trees and other plants to provide sediment control, bank stability, and habitat and travel corridors for various species of birds and animals. Stream substrates include non-toxic rock, which provides habitat and spawning ground for invertebrates and fish. In most small streams, riffles support the main food base for the fish community. They also increase surface turbulence, thus enhancing dissolved O<sub>2</sub> levels below the riffle.*

## Economic Impact and Community Outreach

Across our global operations, Peabody works to improve lives and livelihoods in our communities through economic opportunities and our charitable giving programs. The company provides tangible economic benefits through its product, employment, payroll taxes, coal royalties and charitable contributions. Peabody also generates economic activity in other industries through the purchases it makes and from the wages its vendors pay their respective employees.

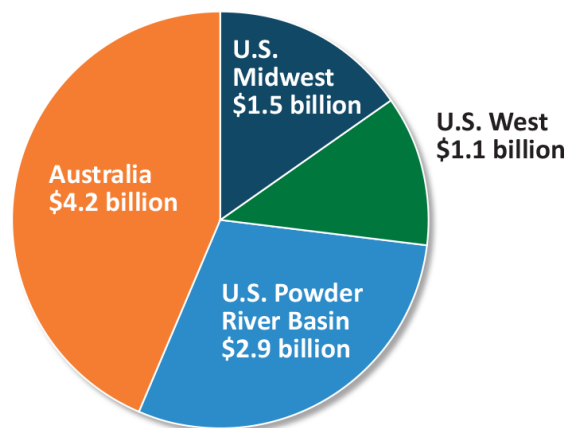
The coal industry returns significant benefits to the economy. Every dollar of output generates another one to two dollars in the economy. The coal industry offers some of the highest-paid and highest-skilled positions in many communities, and every job supports another two to three jobs in the economy.<sup>4</sup> In 2016, Peabody injected \$9.7 billion in direct and indirect economic benefits into the local, state and provincial communities where we operate. This consists of \$3.7 billion in direct contributions that create jobs and fuel prosperity, including wages, taxes, philanthropy, capital investments and vendor contracts.

Throughout 2016, even amidst a difficult industry backdrop and the company's filing of Chapter 11 bankruptcy, Peabody continued its legacy of supporting communities through outreach and charitable giving, with more than \$1.2 million in philanthropic funding and scholarships directed primarily in and near the areas where the company has operations. Since 2010, Peabody has provided more than \$39 million in direct philanthropic support and through charitable matching of employees' philanthropic donations and volunteer hours.

### Community Outreach and Employee Engagement

In 2016, Peabody committed to maintaining its world headquarters in the city of St. Louis, Missouri, by extending its lease through 2023, and its corporate office employees played an integral part in sustaining partnerships with select nonprofit agencies across the greater metropolitan region.

### Peabody's 2016 Total Economic Benefits, by Region



Peabody's operations created \$9.7 billion in total economic benefits globally in 2016.

### Peabody Charitable Contributions

Dollars in Thousands	
Arts and Culture	\$174
Civic and Public Affairs	\$125
Community and Economic Development	\$80
Disaster Relief	\$37
Education: K-12	\$13
Employee Matching Gift Programs	\$107
Energy and Mining Education	\$173
Environmental	\$6
Health and Social Services	\$248
Higher Education	\$3
Other	\$1
Scholarships	\$235
<b>Grand Total</b>	<b>\$1,202</b>

Peabody provided \$1.2 million in philanthropic gifts and scholarships during 2016. Even during challenging times, the company continues its strong tradition of lifting communities in unique and important ways. Peabody collates its giving data based on program areas as defined by the Committee Encouraging Corporate Philanthropy, with the addition of areas of focus specific to our company.

<sup>4</sup> National Mining Association Economic Analysis, 2016.

Community outreach is valued as an ongoing endeavor at Peabody, and for employees based out of St. Louis, fall launches a meaningful season of giving back. Both the company and its employees support an annual campaign to fund United Way of Greater St. Louis, which in turn helps sustain more than 170 area nonprofits. Over the past five years, even with a smaller employee population at Corporate, Peabody's campaign has remained a strong tradition, raising more than \$3.7 million to help people in need.

"Fall Fridays" during September have galvanized employees to step away from work and provide service and energy to several United Way agencies. Sixty-eight participants lent a day assisting with tasks like yard work, sanitizing play areas, stocking food pantries, washing windows and even converting typed books to braille. In 2016, the experience produced the equivalent of \$6,400 worth of "volunteer labor" for projects that would have otherwise incurred overhead for the agencies. "Jeans Day for United Way" also continues to attract employees; since 2012, donating just \$10 a month to dress casual for the cause has produced \$157,000 in charitable giving.

### Getting Creative for a Cause

In November, men from Peabody's St. Louis and United Kingdom coal trade offices got creative for a cause, joining the international Movember campaign to raise funds and awareness for men's top health concerns, from prostate and testicular cancers to suicide prevention. Several teams of employees joined in a "moustache madness" fundraiser, resulting in creative facial hair configurations and building camaraderie and competition to produce over \$6,700 for the Movember Foundation.



*Along with raising funds for the Movember Foundation, the St. Louis employees' "Most Creative Facial Hair" contest may have raised some eyebrows. Here, men and women alike pose for team "mug shots."*



*"Rise and Shine for Heat" collected upwards of \$300,000 across the St. Louis community to support those in need of utility assistance.*

Peabody supports organizations whose client-service missions align with our company's advocacy for accessible, affordable energy. In partnership with Heat Up St. Louis, a nonprofit whose programs help seniors, disabled and low-income families with heating and cooling bills, Peabody volunteers joined a communitywide fundraiser to collect donations from customers and passersby outside Hardee's restaurants. For more than five years, our employees have braved the winter chill to participate in "Rise and Shine for Heat."

In addition, to ring in the winter holidays, hundreds of toys were donated by St. Louis employees to support Toys for Tots, and nonperishable food items and proceeds from the sale of used office supplies and furniture were collected for St. Patrick Center, an agency in downtown St. Louis helping to combat homelessness.

In Australia, Peabody's outreach takes a multi-faceted approach to supporting populations closest to the company's operations. From sponsorships that promote civic pride and vitality, to critical donations toward life-saving rescue equipment, to encouraging transparent feedback from locals during community information sessions and mine tours, a very intentional emphasis is placed on forming genuine and lasting relationships. The result is an improved public understanding of and appreciation for coal use and coal mining as well as employees who are committed to giving back.

Many areas near Peabody's mines are considered remote, making rapid medical assistance more difficult. To alleviate this issue, a mutually beneficial relationship between our mines and surrounding communities is evidenced through support for local rescue services. In New South Wales, a team of Wambo Mine employees helped to raise funds for a rescue helicopter service at the Hunter Valley Coal Festival. Wilpinjong Mine assisted the Mudgee Volunteer Rescue Squad, which is required to be self-reliant and doesn't receive government funding, with critical support in the form of a \$10,000 grant directed toward the acquisition of Jaws of Life equipment. And Peabody has been a long-term supporter of Central Queensland Rescue, a community helicopter provider for residents, workers and visitors in Central Queensland, including Peabody's Bowen Basin employees. Since 2009, Peabody has donated nearly \$315,000 to cover operational expenses of the chopper, which undertakes hundreds of rescues each year.



Left: The Central Queensland Rescue community helicopter marked 20 years of service in 2016. Right: Jaws of Life rescue tools were purchased with a \$10,000 grant from the Wilpinjong Mine to the Mudgee Volunteer Rescue Squad.

Near Wollar, New South Wales, dozens of Wilpinjong Mine employees volunteer for the Cooks Gap rural fire service, whose recruits respond to ravaging bushfires that can plague the region. Becoming a brigade member requires a significant investment of time, including testing and training, and when a bushfire breaks out, skills are put to work during extreme and potentially life-threatening conditions. When a fire threatened Wollar and pastoral holdings northeast of the community of Mudgee, 37 Peabody employees were called upon to provide round-the-clock relief efforts. Our employees and partners directly fought the blaze, assisted in relocating 400 head of cattle as danger approached and prepared meals for brigade members from food provided by Wilpinjong Mine. Peabody also loaned the mine's fire truck and a grader and water cart to help bring the bushfire under control.



*Peabody recognizes that employees who are registered volunteers with firefighting services may need to fulfill community service obligations, and therefore the Community Services Leave Policy for our Australian operations was enhanced in 2016 to provide up to two weeks paid leave per year to accommodate employee service.*

Our Australian operations are in tune with the cultural values of communities, including recognizing and celebrating heritage and cultural milestones. Each year near Wilpinjong Mine, the Gulgong community of New South Wales that was settled in the late 1800s by Chinese entrepreneurs commemorates its Chinese heritage through a festival sponsored by Peabody. We also continue our longstanding sponsorship of the Queensland Youth Orchestra, a partnership that brings high caliber young performers to regional schools in the Bowen Basin to inspire the next generation of young musicians.

For 10 years, Peabody's Bowen Basin operations have been working alongside two Traditional Owner groups, the Barada Barna and the Wiri, to ensure their cultural values are upheld in the region. In 2016, three native title decisions made during a federal court hearing in Moranbah gave the Barada Barna and the Wiri people control over nearly 3,233 square kilometers of land and waters in the Bowen Basin. The decisions were a significant milestone for the groups and the culmination of nearly eight years of legal hearings and court proceedings, serving to vindicate their traditional ownership of the country and lock in this relationship between the groups and the State of Queensland in perpetuity, to the exclusion of all other claims. The Native Title determinations cement Peabody's relationship with the groups and the enduring agreements, which provide for employment and business development opportunities at our operations.

In the Americas, our employees continue to step up to support their communities. At the Arclar Complex in Illinois, comprised of the Cottage Grove Mine, Wildcat Hills Mine and Central Preparation Plant, employees hold an annual Thanksgiving holiday food drive to collect items for regional families in need. Bear Run Mine in Indiana holds an employee fundraiser all year long to support their "Coal Miner's Christmas," a community outreach project that mine employees began in 2011 to purchase presents for area school children whose families are financially distressed. Mine volunteers shop and wrap gifts as a team-building exercise. Since its launch, the mine has raised nearly \$57,000 and gifted to 285 children from Sullivan County schools.



*Peabody's Midwest U.S. mines are steadfast in their outreach to area families. Left: Employees from the Arclar Complex in Illinois gave back during the American Thanksgiving holiday by collecting food for people in need. Right: Bear Run Mine has been helping make the holidays special for area school kids for six years, with each deserving child receiving around \$200 in gifts, all purchased and wrapped by mine employees.*

In Colorado, Twentymile Mine has supported the Routt County and Moffat County United Ways for more than 10 years, turning employees' good intentions into even greater impact through matching philanthropic pledges. Sixty-eight employees pledged nearly \$40,000 to the respective United Ways in 2016, and with the company's match, the total doubled. United Way organizations in these counties seek to advance community impact in the areas of education, income stability and healthy lives, and Peabody's support provides critical resources to advance the common good for communities near the mine.

***"When we support United Way through a donation or volunteering, we help those who are less fortunate or who may be going through a period of crisis, and we strengthen the entire community," says Scott Harrell, Human Resources Director for Colorado operations.***



Twentymile also supports Leadership Steamboat each year by providing mine tours and education sessions to the public and remains a member of the Steamboat Springs and Moffat County Chambers of Commerce. In Steamboat, that membership includes sponsorship of several summertime community events where the mine has the opportunity to promote greater understanding of coal and the coal industry.

At Kayenta Mine, outreach often includes in-kind services performed by mine employees, from delivery of water for livestock, to maintaining roads for local families, to equipment maintenance for local tribal chapters. The mine is a strong contributor to the tribes, injecting \$430 million in direct and indirect economic benefits during 2016, including \$235,000 in scholarships to Navajo and Hopi youth.

## Putting Energy into a Cure

At several of Peabody's operations, employees have for years rallied in an effort to bring awareness to breast cancer. In Australia, Wilpinjong Mine participated in the first-ever "Pink Up Mudgee" campaign in 2016, which aimed to turn much of the nearby town pink during breast cancer awareness month. Mine employees purchased pink hard hats to raise more than \$10,000 for the cause.

In an annual tradition in St. Louis, employees – including breast cancer survivors – took to downtown streets with friends and families to "Put Energy into the Cure" during the Susan G. Komen Race for the Cure®, which raises funds for breast cancer research.



"Pink Up Mudgee" raised funds and employee spirits. Wilpinjong Mine, which painted a dozer pink to support the initiative, was one of 280 businesses to participate and became a finalist in the Team Effort awards category.