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.

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.

2014 Results

During the past year, Peabody Energy:

- Set a record global safety incidence rate, driven by a 36 percent improvement in Australia.
- Increased U.S. productivity 7 percent and Australian productivity 20 percent, achieving the lowest operating costs per ton since 2010, globally.
- Advanced a global coal advocacy campaign aimed at building awareness and support to eliminate energy poverty, increase access to low-cost electricity and improve emissions through advanced clean coal technologies.
- Created more than $22 billion in direct and indirect economic benefits globally.
- Earned more than 10 awards for safety, financial performance, environmental excellence and social responsibility, including the Platts 2014 Global Energy Company of the Year award.
- Restored 4,335 acres of mined lands into rangeland, wildlife habitat, hardwood forests, prime farmland and wetlands. This includes more than 280 acres of forested area, 12 acres of ponds and lakes, 40 acres of marshes and wetlands and approximately four miles of high-quality streams. The company also planted approximately 253,000 trees.
- Marked the fifth consecutive year with a reduction in total greenhouse gas emissions per unit produced across global operations; reduced emissions in Australia by more than 500,000 tonnes of carbon dioxide equivalent (CO₂e).
- Contributed $6.4 million in charitable donations to improve our local communities.
- Recycled or reused 11,906,495 kilograms of material including batteries, steel, used oil filters, used oil, lighting products, computers and electronics, antifreeze, small vehicle tires and paper waste.
- Recycled and reused 25,301 megaliters of water.

Documents posted at PeabodyEnergy.com include the company’s mission statement, safety vision and policies that support the company’s goals of social responsibility and sustainable development.

¹ National Mining Association analysis of IMPLAN model, IMPLAN Group, LLC, IMPLAN Systems.
Peabody Energy’s Reporting Process

Management believes that a collection of external communications vehicles, including the annual report, environmental regulatory filings and public notices, SEC filings, website, publications and the Corporate and Social Responsibility Report give stakeholders a full portrayal the company’s commitments and progress.

Peabody Energy’s Corporate and Social Responsibility Report provides information regarding responsibilities that, by design, are not as thoroughly discussed in other communication vehicles.

In compiling this report, Peabody reviewed Global Reporting Initiative (GRI) guidelines and focused on phasing in six specific indicators covering water and waste reporting. This report is reviewed by the Health, Safety, Security and Environmental Committee and the Nominating and Corporate Governance Committee of the Peabody Energy board of directors. The board and the company’s executive team are committed to advancing best practices in corporate and social responsibility.
To Our Stakeholders:

Early in my life I was taught that how one succeeds is just as important as what one does. As I take the helm of this 132-year-old company, never has this been more evident than now.

• Regarding our industry, we are careful to discuss both the “Why Coal” story as well as the “How Coal” narrative.

• Within Peabody, we not only refreshed our mission statement in 2014 to better articulate what we do, but we also discussed each of our values as a demonstration of how we go about our business.

• For each employee, we emphasize not only goal accomplishments each year, but also behavior consistency with each of our four leadership pillars: Inspiration, Collaboration, Innovation and Execution.

Coal fuels 40 percent of global electricity and represents a basic ingredient for the world’s steel supplies. Peabody is the world’s largest private-sector coal company. We accomplish this every day by living our mission of creating superior value for shareholders as the leading global supplier of coal, which enables economic prosperity and a better quality of life.

We are proud to be a global leader in sustainable mining, energy access and clean coal solutions. Peabody advocates three key approaches that are essential to 21st century coal:

• First, responsible mining that puts safety and environmental stewardship first and emphasizes best practices to continually improve productivity and maximize resource recovery;

• Next, expanding awareness to eliminate global energy poverty and ensure all people have access to reliable, low-cost electricity using technology-based solutions; and

• Third, advancing a vision of continued environmental improvement working toward the goal of electricity from coal that is virtually free of emissions.

Peabody’s coal products serve electric generating units and steel producers in more than 25 countries on six continents.

Peabody’s commitment to corporate and social responsibility is longstanding. Some highlights of our accomplishments include:

Public Responsibility: We continue to advocate for a technology-based approach to accomplish the world’s energy, economic and environmental goals. Advanced clean coal technologies available today are essential to accelerating the global transition to low-carbon, high-efficiency energy systems.

Economic and Corporate Responsibility: In 2014, Peabody provided more than $22 billion in economic benefits to the communities in which we operate, including nearly $5.4 billion in direct contributions through wages, taxes, royalty payments and capital investments. We donated millions of dollars for the betterment of our local communities in 2014 and have invested hundreds of millions of dollars over the years in clean coal partnerships in the United States, China and Australia toward the ultimate goal of near-zero emissions from coal.
Employee Responsibility: Safety is Peabody’s first value and integrated into all aspects of our business. In 2014, we recorded the safest year in our 132-year history. Additionally, we continue to strengthen our employee volunteerism, diversity and health and wellness programs.

Environmental Responsibility: 2014 marked another year of achievement in successful land stewardship as we restored 4,335 acres of mined lands into rangeland, wildlife habitat, hardwood forests, prime farmland and wetlands. Total greenhouse gas emissions and greenhouse gas intensity continued to decrease for the fifth consecutive year, as measured in pounds of carbon dioxide equivalent (CO₂e).

As we look ahead, our energy solutions will continue to drive progress toward a rise in global living standards, strong economies and a clean environment.

Coal is enjoying its largest share of global energy since 1970, representing 30 percent of global energy use. It is a competitive fuel source for growing economies and is expected to become the world’s largest energy source in coming years. In fact, the International Energy Agency estimates global coal use will account for more than 40 percent of global electricity growth in 2030 – well above that of any other fuel source.

All of us share the same basic desire to make the world cleaner, healthier and more energy secure. All forms of energy are needed to address global energy needs, and 21st century coal is essential to increasing access to low-cost electricity, using today’s clean coal technologies to improve emissions. Peabody takes great pride working to fuel the world’s energy, which is essential to sustain life and grow economies.

I would like to thank the 8,300 Peabody employees who have helped make this report possible by working each day to fulfill our mission. It was this team that allowed Peabody Energy to be named Energy Company of the Year at the 2014 Global Energy Awards. I would also like to thank our community partners and our hundreds of customers around the world who understand the essential nature of the fundamental product we provide.

Glenn Kellow
President and Chief Executive Officer
Improved our global safety incidence rate to a new record driven by a 36% improvement in Australia.

Reduced greenhouse gas intensity by 8% worldwide as measured in pounds of carbon dioxide equivalent (CO₂e) per unit of production.

Named Energy Company of the Year at the 2014 Global Energy Awards.
Provided more than $22 billion in global economic benefits

Contributed nearly $6.4 million in charitable donations to improve our local communities

Restored 4,335 acres into forests, prime farmland and wetlands; approximately four miles of high-quality streams and planted approximately 253,000 trees
Every day, the company’s best and brightest safely and sustainably work to deliver coal for electricity generation and steel production, benefiting the world and supporting our communities. Year after year, our operations are the catalyst for economic growth. In 2014, Peabody operations injected more than $22 billion into local, state and provincial economies around the world. This includes $5.4 billion in direct contributions, including wages, taxes, capital investments and vendor contracts and millions of dollars in philanthropic donations.

**Empowering Life**

In a world where 75 million people are moving to cities each year, urbanization and modernization are driving enormous long-term energy growth. Securing affordable energy access in the face of increasing global demand is vital.

**Coal Advances Energy Access**

Everyone in the world deserves to live as well as those in developed nations. Yet half way through the second decade of the 21st century, electricity deprivation remains widespread. Half the world’s 7 billion people awaken each day without modern energy in their lives. As many as 1.2 billion children are caught in this difficult cycle. Simple needs like running water, preserving food and lighting homes are what matter most to these families.

In the Economic and Corporate Responsibility section, you will find more information on:

- Empowering Life
- Global Partnership and Charitable Giving
- Corporate Governance
- Code of Business Conduct and Ethics
- 2015 Objectives

Peabody is working to advance clean energy solutions from coal to achieve higher global living standards, a stronger economy and a better environment.

Modern energy has been called the “golden thread” that connects economic growth, increased social equity and an environment that allows the world to prosper. Peabody Energy works to advance clean energy solutions from coal that enable people and economies to thrive.
Billions in India, South Asia and other developing regions rely on burning primitive biomass in their homes as a matter of daily survival. The prevailing view: “If there is no fire in the house, it is not a house.” Yet this lifeline for daily survival is the harbinger of early disease and even death. By some estimates, breathing fumes from common indoor fires has the same debilitating effects as exposure to 400 cigarettes each hour.1 Devastating illness results. Lives are lost prematurely. An astounding 4 million people die each year from the effects of this indoor smoke, which represents the fourth-leading cause of death in the world.2

For billions, achieving proper access to low-cost energy would foster better, longer, healthier lives, with higher education and income levels. This is demonstrated by the correlation between energy access and improvement in the U.N. Human Development Index.

Proper energy access is an issue also faced by mature, industrialized economies like the United States and Australia, where families on low or fixed incomes struggle making ends meet to pay for increasing energy costs. Tens of millions are forced to make the terrible choice between putting food on the table or paying for power, a choice no one should ever face.

Peabody’s “Advanced Energy for Life” campaign seeks to shine a light on these critical issues, recognizing the vital need for access to low-cost electricity and the essential role for technology-led solutions in meeting the world’s energy, economic and environmental goals.

**Coal Advances Economic Growth**

*Coal has been the world’s fastest-growing major fuel over the past decade*3 and *is set to surpass oil as the world’s largest energy source as early as 2018.*4

There is a near-perfect correlation between expanding coal use and growing economies, demonstrated by the rapid rise in the world’s use of coal that mirrors growth in gross domestic product (GDP). Around the world, use of coal-fueled electricity has soared 350 percent since 1970, with a similar increase in world GDP. Coal fuels 40 percent5 of global power, and it’s no surprise that the nations with the lowest electricity costs enjoy the strongest economies.

Urbanization, modernization and industrialization are driving long-term electricity growth. By 2030, energy demand is expected to rise 33 percent,6 electricity demand will rise 60 percent,7 coal demand will rise nearly 50 percent and the world’s GDP will grow at least 75 percent.8

Billions of people are migrating to urban centers searching for improved quality of life and greater access to services. The United Nations forecasts that cities will grow by more than 75 million people annually through 2020.9 As people increasingly move to cities, they will need apartments, appliances and automobiles that require steel to manufacture and energy to run.

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1 Barbara Fraser, “Killer Cookstoves: Indoor Smoke Deadly in Poor Countries; Cleaner Stoves Elusive,” Environmental Health News, July 2012.
4 Wood Mackenzie.
In China and India, urban populations are expected to increase by some 27 million people every year over the next decade. These two economies are driving a significant build-out of coal-fueled electricity plants. In the next three years, coal demand is projected to expand by some 450 million tonnes, with China and India responsible for nearly 80 percent of this growth.

Emerging Asian nations continue turning to coal, capitalizing on coal’s advantages of availability and scale over natural gas and renewables. In the past 20 years, more than 800 million people gained access to electricity from coal, a ratio of 13:1 versus wind and solar.

In the United States, coal is expected to fuel nearly 40 percent of electricity by 2017. Coal consumption from the low-cost southern Powder River and Illinois basins is expected to increase as natural gas prices recover, demand from other regions is displaced, and expected coal retirements are offset by higher plant utilization rates. Peabody is well positioned to serve this demand with a leading presence in both regions.

The strongest economies enjoy the lowest energy prices, which is also true in the United States, where the states that use the most coal enjoy the lowest-cost electricity.

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**Low-Cost Electricity In America Correlates With States That Use Coal**

**Retail Cost Per Kilowatt Hours (kWh) and Percent of Generation From Coal**

<table>
<thead>
<tr>
<th>State</th>
<th>2014 Retail Cost Per kWh</th>
<th>Coal Generation %</th>
</tr>
</thead>
<tbody>
<tr>
<td>MA</td>
<td>15.3¢</td>
<td>5%</td>
</tr>
<tr>
<td>CT</td>
<td>17.0¢</td>
<td>3%</td>
</tr>
<tr>
<td>NH</td>
<td>15.3¢</td>
<td>7%</td>
</tr>
<tr>
<td>RI</td>
<td>15.6¢</td>
<td>0%</td>
</tr>
<tr>
<td>NJ</td>
<td>11.3¢</td>
<td>4%</td>
</tr>
<tr>
<td>VT</td>
<td>14.6¢</td>
<td>0%</td>
</tr>
<tr>
<td>MD</td>
<td>12.1¢</td>
<td>47%</td>
</tr>
<tr>
<td>DE</td>
<td>11.3¢</td>
<td>13%</td>
</tr>
<tr>
<td>DC</td>
<td>12.2¢</td>
<td>0%</td>
</tr>
</tbody>
</table>


*The 10 states that use the highest percentage of coal enjoy electricity rates that are 40 percent less than the cost in states that rely the most on other fuels.*

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**Economic Strength Based On Low-Cost Energy**

<table>
<thead>
<tr>
<th>Residential Power Rate (cents/kWh)</th>
<th>Real Economic Growth % (2007-2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>5%</td>
</tr>
<tr>
<td>Japan</td>
<td>10%</td>
</tr>
<tr>
<td>Australia</td>
<td>20%</td>
</tr>
<tr>
<td>Germany</td>
<td>30%</td>
</tr>
<tr>
<td>Italy</td>
<td>40%</td>
</tr>
<tr>
<td>EU</td>
<td>50%</td>
</tr>
<tr>
<td>China</td>
<td>60%</td>
</tr>
<tr>
<td>India</td>
<td>70%</td>
</tr>
<tr>
<td>Brazil</td>
<td>80%</td>
</tr>
<tr>
<td>Russia</td>
<td>90%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Sources: United States Energy Information Administration; A Smarter Planet; National Energy Regulator of South Africa; Cain et al.; EUROSTAT; University of Kentucky, February 2012, Report Summary: The Effects of Energy Prices on State GDP and Employment.*

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14 Peabody Energy, Global Energy Analytics.
Coal Advances Environmental Solutions

The goal of affordable energy goes hand-in-hand with our environmental goals. Technology-led solutions from coal must play a critical role in meeting these long-term needs.

Technology has always been the solution to achieve our environmental goals. Clean coal technologies, which include high-efficiency supercritical coal plants combined with emission control technologies, provide the path to a low-carbon global economy, delivering affordable and reliable power with a significantly lower environmental footprint.

In the United States, new high-efficiency coal-fueled power plants minimize emissions and reduce the carbon dioxide emission rate by up to 25 percent compared to the oldest plants in the fleet. Worldwide, these technologies are in broad use with more than 600 gigawatts in operation or under construction. China leads this effort, representing well over half the world’s advanced fleet.

Globally, one new 500 megawatt coal plant is being brought on line every three days, and the majority of this power is being developed as high-efficiency supercritical and ultra-supercritical generation that delivers low emissions, continuing to advance the world’s environmental goals.

Longer term, leadership is required to advance carbon capture, use and storage to scale toward the ultimate goal of coal-fueled power that is virtually free of emissions.

For more information about clean coal solutions, please refer to the Public Responsibility Section of this report.

“Advanced Energy for Life”

Clean coal technologies can help fuel the world’s energy needs and accelerate a transition to low-carbon energy systems.

Peabody Energy has long held the belief that we can put people first by putting energy first. Through “Advanced Energy for Life,” Peabody works to improve understanding and drive actions and policies that will extend lives, build economies, and improve the environment using technology-based solutions.

Peabody offers a five-point policy plan to help alleviate energy poverty and improve the environment. Key elements include:

1. Recognizing the tremendous impact of energy policy on all citizens and the importance of keeping energy available, reliable and affordable;
2. Embracing a true “all of the above” energy strategy that recognizes all quantifiable benefits and limitations for each fuel alternative;
3. Supporting continued investment in clean coal technologies to minimize emissions and drive down costs. For coal, this includes supercritical technologies with advanced emissions controls for all new coal plants as the standard;
4. Promoting development bank funding to expand broad electricity access in emerging markets; and
5. Accelerating development of next-generation carbon capture and storage utilization technologies that will achieve large emission reductions toward the ultimate goal of near-zero emissions from coal.

Peabody continues to advance a technology path to accelerate the transition to low-carbon, high-efficiency energy systems to power developing and developed nations. Advancing social and economic progress to alleviate energy inequality is the task for all global leaders and should be our first order of priority.

Without adequate electricity access, almost 3 billion people burn wood, residues and other wastes in open fires and rudimentary stoves to cook food and warm dwellings. Women and children disproportionately shoulder this burden, resulting in a global crisis and human tragedy that is preventable.
Investing in Coal and Fossil Fuels

During a time of heightened discussion about the world’s use of fossil fuels, Peabody Energy has called on industry to embrace sustainable mining, energy access and clean coal solutions.

Peabody is recognized globally for its stewardship, and the company’s record of leadership delivering modern energy and protecting the environment spans its history. Peabody committed to restore mined lands through “Operation Green Earth” long before regulations were enacted that required it. The company also is engaged in a number of global partnerships and projects to deploy today’s clean coal technologies and advance next-generation solutions toward the ultimate goal of near-zero emissions from coal-fueled power plants.

Activist calls to move away from use of coal, oil and natural gas would leave families in the dark by turning away access to modern, affordable energy that powers longer, healthier lives. A world without fossil fuels also would destroy the hope of a better future for billions who lack proper electricity right now.

Calls to divest from fossil fuels are wholly symbolic and political, and the symbolism itself is misguided. Fossil fuels are the backbone of the world’s energy supply, providing about 82 percent of global energy.\(^\text{15}\) Coal leads the way powering the most electricity of any fuel. Each day, hundreds of millions of people around the world wake up to the benefits of coal-fueled electricity, which help them live longer and better lives. Everyone, no matter where they live in the world, should have the right to energy access and the ability to enjoy the same quality of life as those in the developed world. It is at best dubious and at worst immoral to take actions that consign billions to energy poverty.

Coal fuels more than 40 percent of the world’s electricity and is the lowest cost power source of any major fuel. It is easy to transport, offers tremendous energy security and represents 55 percent of global energy resources.\(^\text{16}\) Coal is set to surpass oil as the world’s largest energy source in coming years and has been the world’s fastest-growing major fuel this past decade.\(^\text{17}\)

Wind and solar together provided 1 percent of the world’s energy in 2014 and forecasts suggest these sources will contribute less than 2 percent to the world’s energy by 2030.\(^\text{18}\)

Given its abundance, availability and low cost, coal is essential for the world’s energy supply and a powerful solution to create proper electricity access for billions who lack it.

Global Partnership and Charitable Giving

Peabody believes good neighbor practices say something fundamental about who we are and what matters to us, individually and collectively. Across our global operations, we work to sustain a social license to operate through world-class safety and social responsibility practices that empower communities around the world. In our local communities, outreach takes the shape of employee volunteerism and fundraising, corporate philanthropic giving, sponsorships, and stakeholder engagement activities.

In 2014, Peabody injected more than $22 billion\(^\text{19}\) into local, state, and provincial economies around the world. This involves $5.4 billion in direct contributions that create jobs and fuel prosperity, including wages, taxes, philanthropy, capital investments and vendor contracts.

Peabody Energy 2014 Total Economic Benefits

Peabody’s operations created more than $22 billion in total economic benefits globally in 2014.

\(^\text{17}\) BP Statistical Review of World Energy, 2014; Wood Mackenzie.
\(^\text{19}\) National Mining Association analysis of IMPLAN model, IMPLAN Group, LLC, IMPLAN Systems.
Peabody seeks to share its success with communities where the company operates. 2014 charitable contributions were focused on education, including $440,000 for Navajo and Hopi youth scholarships; health and human services, including robust campaigns to support regional United Way agencies; and community and economic development, with a new commitment made toward a renovation of the St. Louis Gateway Arch grounds to recognize the historic monument’s 50-year anniversary in 2015.

Peabody and its St. Louis area employees have donated nearly $4.6 million to the United Way since 2010, and since introducing “Jeans Day Fridays” in 2012, employees have raised an additional $96,000 to dress casual for the cause.

With a focus on community vibrancy and fostering a cleaner, greener, better place to live, Peabody supported St. Louis’ 250th anniversary by underwriting the purchase of 250,000 seedlings to be planted throughout the city during 2014. And to further its investment in the city’s urban core, Peabody formalized a major commitment to CityArchRiver2015, a nonprofit organization that is spearheading the transformation of the historic Gateway Arch grounds as the region prepares to celebrate the monument’s 50th year in 2015. Peabody’s St. Louis headquarters building is fortunate to sit directly in the thoroughfare to the Arch.

Through partnerships with select universities, Peabody continues its investments in research and development in advanced 21st century coal mining. In 2014, Peabody entered a further agreement with Washington University in St. Louis to be a lead sponsor of the university’s Consortium for Clean Coal Utilization, a major center for advancing the clean utilization of coal. Peabody was an inaugural supporter of the consortium, which has been performing advanced coal research since 2008. Funds from Peabody also support an Advanced Coal Technology Laboratory at the University of Wyoming’s Energy Innovation Center.

2014 also marked Peabody’s third year of sponsoring “Homers for Health,” which benefits SSM Cardinal Glennon Children’s Medical Center in St. Louis and has resulted in $1.7 million being raised to help sick and injured children. The community wide fundraising program saw a number of Peabody’s employees participate in a home run derby with area school children who were able to bat with St. Louis Cardinals baseball players serving as co-chairs of the campaign.

### Community in Australia

Peabody’s community outreach program also takes the shape of engagement and dialogue with communities closest to the company’s operations. In Australia, targeted and frequent communication with stakeholders has led to greater coal literacy among residents as well as an enhanced co-existence of communities with the mining industry. Landholder Open Days provide opportunities for local landowners and mine neighbors to visit Peabody’s operations and meet with leadership while enjoying guided site tours and exploring land restoration practices. Similarly, the Wilpinjong and Wambo mines hold frequent community information sessions, enabling the broader community to convene with mine management for unscripted Q&A sessions. And the Wambo, Wilpinjong and Metropolitan mines deliver mining operation information
Australia also supports environmental awareness programs at schools near its mining operations. The Metropolitan Mine continued its fifth year of an environmental program at Helensburgh State School, where Peabody employees teach students and staff environmentally sustainable principles through creating, monitoring and improving their own native plant, sensory, vegetable, herb and bug gardens. And Peabody’s Moorvale Mine was converted to a “classroom for a day” when students and teachers from Valkyrie State School visited the mine to view where rehabilitation would be undertaken. The class began nurturing hundreds of native Australian tree seedlings in 2013 and will ultimately plant the trees on the mine’s reclaimed land with the support of Peabody’s environmental team.

Community in the Americas

Throughout Peabody’s U.S. mining operations, employees have stepped up to support their communities through a variety of activities. For more than 10 years, employees at Peabody’s Twentymile Mine in Colorado have generously ensured the less fortunate are not forgotten during the holiday season by partnering with Toys for Tots and supporting two senior living facilities with gifts and meals. Peabody’s Bear Run Mine in Indiana via formalized Community Consultative Committee meetings, with representatives comprised of local interest groups and councils as well as interested community members. Peabody is also a key industry participant in the Upper Hunter Mining Dialogue, initiated in 2011 in response to community concerns about cumulative impacts of the mining industry to Hunter Valley communities in Queensland. The dialogue has resulted in constructive outcomes, including a “Grazing Study” project that examines the grazing of cattle on rehabilitated mining land. And at the Burton Mine, the site environmental team is working with area landholders to establish a grazing trial on rehabilitated parts of that mine.

The company’s Australia-based charitable gift program boasts flagship sponsorship of the Queensland Youth Orchestra and has provided nearly $300,000 over seven years to enable young musicians from Brisbane to travel and perform throughout the region, including to Peabody’s mining communities to provide cultural enrichment. Peabody

Dozens of brave and fun-loving Peabody Australia employees participated in the international “Movember” campaign, which encourages growing a moustache to bring attention to prostate cancer.

Employee volunteers participated in a community beautification project with Brightside St. Louis to create a flower garden at a highly-trafficked intersection in celebration of St. Louis’ semiquincentennial.
invested financial and human resources in a historic neighborhood gymnasium, funding essential roof construction and providing workers and equipment from the mine to assist with dirt work and repairs. The venue will reopen after 50 years of sitting idle, and in addition to serving as a gathering place for youth and community, the local economy will see a boost as the venue is used to host regional activities. Employees from Peabody’s Powder River Basin operations leveraged their passion for health to enhance community wellness by fundraising for and participating in the Shoe Shuffle Fun Run, where proceeds were used to purchase running shoes for socially disadvantaged students to participate in an annual student track meet held in Gillette, Wyoming.

At Peabody’s Kayenta Mine, which operates on a highland plateau in northeast Arizona that is home to both the Navajo Nation and Hopi Tribe, outreach often takes the shape of in-kind services, from delivery of water for livestock to moving earth for local families to equipment maintenance for local tribal chapters. The mine also donated items to upgrade electrical lines at the Hopi Three Canyon Ranch, and provided gravel for a new parking area at the Tuba City Regional Health Care facility. Peabody operates on these tribal lands through lease agreements with the respective tribes. The company creates hundreds of local jobs and has injected $3.6 billion into tribal economies since operations began, including $9.8 million in scholarships and $1.154 billion in tribal payments. In 2014, Peabody provided $440,000 in scholarships to Navajo and Hopi youth.

Finally, just as the United Way is viewed as a vital community service institution in Peabody’s headquarters city, Peabody’s Powder River Basin and Twentymile operations and employees support their surrounding United Ways through yearly giving campaigns, contributing more than $157,000 combined toward health and humanitarian services during 2014. Peabody’s Leaders in Education program also reaches from corporate headquarters into many of the company’s U.S. operations. Developed in 2009, the program honors dedicated K-12 education professionals who inspire and motivate students. Honorees are selected anonymously by regional committees of top educators, business leaders and community volunteers and receive an unrestricted $1,000 award. Every school year, in each of the regions where the program operates, a single honoree is distinguished from all the awardees as the Educator of the Year and receives an additional $5,000 gift. Nearly 100 educators were recognized during the 2013-14 school year, and the program reached more than 1,700 schools in 44 different counties, with a student and staff population of 1.2 million.

Empowering Employees to Give Back

Peabody’s employees embrace community outreach in unique ways, focusing efforts on causes dear to their hearts. Many participate in the company’s charitable match and “dollars for doers” programs, which provide company philanthropic funds to qualified nonprofit agencies based on either the employee’s personal charitable gift or personal time volunteered with the organization. Across all of Peabody’s operations, employees join forces in grassroots fundraising campaigns. Oftentimes, these endeavors take the shape of athletic fundraising events, where the challenge becomes an extension of Peabody’s health and wellness mission, in that a healthy community benefits everyone. For example, a cohort of Peabody’s European employees competed in the National Three Peaks Challenge, a 24-hour foot race to ascend and descend the three highest peaks in Scotland, England and Wales, raising thousands of dollars for a charity that supports merchant seafarers and their families. From Peabody’s St. Louis...
These tenets are foundational and never change, even as we continuously evaluate and adjust governance practices to reflect the high standards of our stakeholders.

The people of Peabody are proud of the way we do business. For more than 130 years, Peabody employees have understood that the best way to provide value for our stakeholders is by staying true to the company’s mission, which is prominently displayed in office locations and throughout mining locations: “...to create superior value for shareholders as the leading global supplier of coal, which enables economic prosperity and a better quality of life.” Peabody’s enduring mission and embedded values give our work meaning and provide the foundation for all of our activities.

Corporate Governance Ratings

Peabody’s corporate governance program is robust, extensive and subject to ongoing evaluation by independent, third-party rating agencies.

The board reviews the company’s corporate governance practices at least annually to ensure they continue to reflect best practices and promote the best interests of shareholders. During this process, the board solicits input from leading governance advisors who are independent of management. The board also considers views expressed by third parties, including independent governance ratings agencies.

The board periodically evaluates these protections with assistance from outside experts to confirm that they continue to provide significant benefits and serve the best interests of shareholders.

Board of Directors

Peabody is governed by a board of directors consisting of 12 members as of March 31, 2015. Ten members of the board are independent under New York Stock Exchange (NYSE) rules. The board of directors appoints and oversees the Chief Executive Officer (CEO) and other officers who are charged with the conduct of the company’s business. Directors have full access to officers and employees of the company and its affiliates.

Additional director biographies and compensation details are featured in Peabody’s annual proxy statement. The board has appointed five standing committees from among its members to assist it in carrying out its obligations. These include the Audit Committee; Compensation Committee; Executive Committee; Health, Safety, Security and Environmental Committee; and Nominating and Corporate Governance Committee. Each standing committee has adopted a formal charter that describes in detail its purpose, organizational structure and responsibilities.

Corporate Governance

Sound corporate governance is integral to everything we do at Peabody. Responsible conduct, honesty and integrity are essential to the long-term viability of the company.

office, dozens of employees and their families cycled and walked to help raise funds for cancer research in partnership with Pedal the Cause and Susan G. Komen Race for the Cure, two communitywide events that have become premiere opportunities for team building and team fundraising. The St. Louis Pedal the Cause team “adopted” a pediatric cancer patient this year through the Ride for a Child program, and built a lasting relationship with him and his family through care packages and a special visit to a St. Louis Cardinals game.

At Peabody’s Australian operations, men and women alike participated in the company’s self-defined Men’s Health Month during November. Awareness and fundraising campaigns were centered around mental health, smoking cessation, knowing risk indicator numbers, and cancer.

Peabody is a proud sponsor of the Queensland Youth Orchestra, which encourages music appreciation for young musicians ages 10 to 23. Through Peabody’s sponsorship the musicians are able to travel and perform throughout the region, including to Peabody mining communities.
The board has established a robust Lead Independent Director role.

Non-management directors meet at each board meeting in executive session without management.

The board and its committees conduct annual performance reviews to evaluate whether they are functioning effectively and to determine what actions, if any, could improve their performance.

Each director participates in an orientation program shortly after his or her election, and each director is required to attend, at company expense, an appropriate continuing education program at least once every three years.

The board and each committee has the authority to hire independent legal, financial and other advisors without consulting or obtaining the advance approval of any officer.

Three of the four members of the Audit Committee have been determined by the board to be an “Audit Committee financial expert” for purposes of the Securities and Exchange Commission’s (SEC) rules relating to audit committees.

The Audit Committee must pre-approve all audit and non-audit services performed by the company’s independent registered public accounting firm to ensure that such services do not impair that firm’s independence.

Directors may not serve on more than four other public company boards.

Directors are required to submit their resignation to the board for consideration following a job change, failure to satisfy our Code of Business Conduct and Ethics or a change in circumstances that adversely affects his or her capacity to serve as a director.

Directors may not stand for election or be appointed to fill vacant or newly created board positions after reaching age 75.

The company has adopted a “claw back” provision that allows the board, at its discretion, to require that current or former executive officers reimburse the company for all or any portion of cash or equity-based compensation under certain circumstances following an accounting restatement by the company.

The company has adopted and disclosed stock ownership requirements for executive officers and directors.

Corporate Governance Principles

The board of directors 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, and management evaluation and succession. Peabody governance practices include the following:

- At least a majority of the company’s directors must meet the criteria for independence established by the NYSE. The independence of each director is reviewed at least annually and at other times when a change in circumstances could potentially impact a director’s independence.

- The company’s articles of incorporation provide for the annual election of directors, and the company’s bylaws provide for majority voting in uncontested director elections.

- The Audit, Compensation, Health, Safety, Security and Environmental and Nominating and Corporate Governance Committees are comprised entirely of independent directors.

Team Peabody joined more than 30,000 participants at the 2014 Susan G. Komen Race for the Cure in St. Louis to help fund a cure for breast cancer.
The company also has established procedures for the receipt, retention and investigation of reported violations of the Code of Business Conduct and Ethics. Employees who have concerns about business practices are asked to raise their concerns to their supervisors or human resources representatives.

If this type of communication is not a viable option based on the nature of the issue, the company has established a third-party hotline called Tell Peabody that allows for confidential and anonymous communication of potential concerns. These are reported to the company’s chief compliance officer, who determines the appropriate action, including investigation. Report summaries are routinely distributed to senior management and discussed with the Nominating and Corporate Governance Committee.

Peabody ensures that key corporate compliance and governance information and documents are accessible to shareholders and other stakeholders on PeabodyEnergy.com and in the company’s annual proxy statement.

To ensure legal and ethical compliance, regular training sessions are conducted at appropriate levels on a variety of topics, including safety, environmental laws, antitrust and competition laws, anti-bribery and corruption laws, securities and insider trading laws, equal employment opportunity matters, and discrimination and sexual harassment laws. Peabody also maintains robust corporate compliance policies and approval processes that are updated regularly and communicated throughout the organization.

The company has formalized existing relationships between Law, Compliance and Ethics, Internal Audit, Risk, Supply Chain, Human Resources and Corporate Security through the creation of a Compliance Committee comprised of senior management representatives from each area. Key oversight areas for the Compliance Committee are: compliance and ethics, internal audit, risk and enterprise risk management.

Peabody’s current compliance program incorporates many effective elements. Still, the company’s executive leadership believes this is an area that requires continuous attention. Peabody continues to supplement its risk management assessment to ensure that all significant legal risks affecting its businesses have been identified, and that appropriate training programs and policies are in place to mitigate those risks and detect violations.
2015 Economic and Corporate Responsibility Objectives

- Peabody will continue advancing the value of clean coal technologies to help fuel the world’s energy needs while providing solutions that enable the world to achieve its important energy, economic and environmental goals.

- Peabody will support the regions surrounding our operations through community outreach, sponsorships, philanthropic contributions and employee volunteerism.

- Peabody will continue to carefully review corporate governance developments in order to maintain compliance with applicable laws and regulations and adopt best practices.

- Peabody will advance its succession planning and talent development management programs.

- Peabody will continue to evaluate and monitor changes to corporate governance and executive compensation trends and implement best practices.
In the Public Responsibility section, you will find more information on:
- Clean Coal Technologies
- Next-Generation Technologies and Near-Zero Emissions
- Coal Conversion Technologies
- 21st Century Coal’s Role in the Future of Energy
- Political and Lobbying Activities
- 2015 Objectives

The global march toward energy access, urbanization and modernization is the driving force behind long-term electricity growth, which will remain urgent for the foreseeable future. The world increasingly demands more energy delivered in a way that is safe, reliable, affordable and clean.

Innovative technologies allow more coal to be used more cleanly to help satisfy growing energy needs and drive a transition toward low-carbon economies. Longer term, continued research and investment in next-generation carbon capture use and storage (CCUS) technologies would move us toward the ultimate goal of coal-fueled power that is virtually free of emissions.

**Clean Coal Technologies Achieve Dramatic Environmental Improvement**

Coal delivers the lowest-cost electricity of any major fuel and represents a remarkable environmental success story. The U.S. Congress defined the term “clean coal technologies” a quarter century ago, and these technologies are broadly used in the United States and around the world, making coal-fueled power plants significantly cleaner than ever before. Clean coal technologies describe high-efficiency supercritical technology as well as the collection of technologies that reduce key power plant emissions of sulfur dioxide, nitrogen oxides, particulates and mercury.

The United States is proof that today’s emission controls drive meaningful environmental improvements. Since 1970, coal used for electricity has increased 165 percent, as gross domestic product more than doubled and key emission...
rates per kilowatt hour decreased 90 percent.1 State-of-the-art technologies reduce key emissions by using lime or limestone-based solutions to scrub sulfur dioxide, advanced coal burners and catalysts to reduce nitrogen oxides, and electrically charged plates for fabric filters to remove particulates. Utilities have invested more than $125 billion in these technologies in recent decades.2

Upgrading the world’s coal fleet with technologies available today would deliver a 90 percent improvement in sulfur dioxide and nitrogen oxides and remove 99 percent of particulates compared to plants without emission controls.3 Doing so with high-efficiency supercritical technologies also could achieve a carbon dioxide (CO₂) emission rate that is 25 percent below the oldest U.S. plants. Significant CO₂ reductions can be achieved through efficiency gains even before CO₂ removal technologies are deployed. Supercritical and ultra-supercritical technologies operate at higher temperatures and pressures and therefore achieve greater efficiencies than conventional units. This leads to significant reduction of CO₂ and other emission rates. Ultra-supercritical technology improves efficiency over conventional coal-fueled plants and has been advanced in the United States, China, Denmark, Germany, Japan and other nations. The International Energy Agency (IEA) analysis shows that if CCUS is removed from the list of options to reduce emissions in the electricity sector, the capital investments required to meet the same emissions constraint increases by 40 percent.4

Greater deployment of clean coal technologies will continue to achieve dramatic environmental improvement as the industry pursues next-generation technologies toward the ultimate goal of coal-fueled power with near-zero emissions.

Near-Zero Emissions and Low-Carbon Projects

Peabody is a leader in sustainable mining, energy access, and clean coal solutions, advancing low-emissions, low-carbon projects and partnerships in the United States, China and Australia.

China Initiatives

GreenGen

The GreenGen power plant and carbon research center in Tianjin, China, commissioned its first 250 megawatt gasification unit in 2012. In later phases of development, GreenGen is expected to increase generation to 650 megawatts and to capture CO₂ for enhanced oil recovery in the nearby Dagang oil field. At full build, GreenGen would be among the world’s largest near-zero emissions coal plants. It is a global model, and Peabody is the only non-Chinese equity partner.

China and United States Energy Cooperation Program

Peabody is a founding member and the co-chair of the U.S.-China Energy Cooperation Program (ECP), which includes Fortune 500 companies pursuing clean coal technology development and clean energy projects in coordination with key government agencies of both countries. The U.S. Department of Energy (DOE) and Chinese National Energy Administration (NEA) are coordinating agencies. Participants are advancing a variety of projects, including coal-based power generation with carbon capture storage and use, smart power grid development and clean transportation.

3  American Coalition for Clean Coal Electricity website, “Clean Coal Technologies.”
United States Initiatives

FutureGen, Illinois

Peabody is a founding member of the FutureGen Alliance, a consortium of coal producers, coal users, and coal equipment suppliers cooperating with the U.S. DOE to develop the first fully integrated carbon capture and large-scale geologic CO₂ storage project in the world.

In early 2015, the Obama Administration suspended development funding. Peabody, along with many industry leaders and members of Congress, has called on the Administration to reverse its position, emphasizing the damaging effects of pulling the plug on $1 billion committed to America's signature near-zero emissions power project at such a critical time for these investments.

Prairie State, Illinois

Peabody maintains a 5 percent equity stake in the Prairie State Energy Campus in southern Illinois, one of the largest high-efficiency supercritical coal plants built in the past quarter century. The plant has operated at full capacity since late 2012, and is among the cleanest coal-fueled plants in the nation, with an emissions rate that is 75 percent below the U.S. power plant average. Sound long-term forecasts show electricity costs from Prairie State will be extremely competitive with other fuels during the anticipated 30-year life of the facility. Prairie State has the lowest fuel and operating costs of any coal plant in the United States. Fueling the campus costs just over $1 per million British thermal units, well below the price of natural gas. Additionally, Prairie State's mine-mouth design offers energy security.

Consortium for Clean Coal Utilization, St. Louis

Peabody is a founding member of the consortium, which is advancing coal and energy research at Washington University in St. Louis. The center is testing advanced oxy-coal combustion concepts and use of CO₂ to grow certain species of algae. As part of the International Center for Advanced Renewable Energy and Sustainability, the consortium belongs to a partnership of universities, industry leaders and foundations advancing clean coal technologies.

Plains CO₂ Reduction (PCOR) Partnership

Peabody is a member of the partnership, which is a multi-year collaboration of more than 80 U.S. and Canadian stakeholders laying the groundwork for practical and environmentally sound CO₂ sequestration projects in the heartland of North America. Led by the Energy & Environmental Research Center (EERC) at the University of North Dakota, Peabody seeks to raise awareness of CO₂ sequestration in areas including the Powder River Basin in Wyoming and the upper Midwest.

Carbon Sequestration Leadership Forum (CSLF)

The CSLF is a ministerial-level international climate change initiative that is focused on development of cost-effective technologies for the separation and capture of CO₂ for transport and long-term safe storage. Peabody is a stakeholder in this forum, which also includes 22 member countries and the European Commission.

Australia Initiatives

COAL21 Fund, Canberra

Peabody is a founding member of Australia's $1 billion COAL21 Fund, an industry effort to pursue a collection of low-carbon technologies. This world-first, whole-industry funding approach is designed to support greenhouse gas abatement and is based on a voluntary levy on coal production. To date, Peabody has committed more than $18 million to the COAL21 Fund.

COAL21 was established in 2006 to help finance the pre-commercial demonstration work needed for key technologies, including research on CO₂ capture and storage. COAL21’s flagship initiative is the Callide Oxyfuel Project in central Queensland, which is testing how carbon capture technology can be applied to a coal-fired power station to generate low-emission electricity.

Global Carbon Capture and Storage Institute, Canberra

Peabody is a founding member of the Global Carbon Capture and Storage Institute (GCCSI), which has a mission of accelerating the development, demonstration and deployment of CCS. The institute has a number of strategic partners, including international governments, global corporations, small companies, research bodies and non-governmental organizations. All are committed to CCS as an integral part of a low-carbon future. There are 22 carbon capture and storage projects in operation or construction globally, and the IEA initially called for at least 100 projects by 2020.
21st Century Coal’s Role in the Future of Energy

In 2014, Peabody released a report titled, 21st Century Coal’s Role in the Future of Energy. It presents a holistic view of coal mining and use, and reflects Peabody’s belief that any global conversation centered on energy policy, economic growth and environmental advancement must address how safe, productive and technologically advanced coal mining and use can meet these shared objectives. The report also presents the company’s views on carbon management and coal mining and use in the 21st century.

Peabody believes safe, environmentally responsible, high-technology coal mining and power generation offer the most secure, available and cost-competitive means to meet the energy needs of growing nations, while supporting a transition to a low-carbon economy.

As much as half the world’s population lacks adequate access to energy and billions more will require energy in the next two decades as the population expands. Peabody’s report calls energy inequality a “global challenge with deep environmental, human health and economic consequences.”

Coal has been the world’s fastest growing major fuel this century and today comprises more than 30 percent of global energy use – its highest share since 1970. Global industrialization and urbanization trends are driving this growth.

“The question is not whether the world will use more coal, but how nations can use more coal, more cleanly,” according to the report. 21st century coal technologies provide a clear path forward given global demographics and growing need.

As we look ahead, the world’s energy solutions should drive progress toward a rise in global living standards, strong economies and a clean environment.


U.S. Environmental Protection Agency’s (EPA) Proposed Power Plant Regulations

The U.S. Administration has developed a proposal to regulate CO₂ emissions from new and existing power plants, which is the subject of broad national debate. Multiple studies show the proposal would drive up energy costs and harm the economy for no significant environmental benefit.

Coal Conversion Technologies

Securing a sustainable energy future is a worldwide concern at a time when energy resources remain centered in unstable regions, subject to cartels to control price and supply, or are too small to produce meaningful baseload power. Affordable, easily transported and energy-dense, coal is the world’s most widely available fossil fuel resource. Coal’s versatility is a core advantage, as coal conversion technologies allow coal to be transformed into multiple high-value forms of energy.

Several nations including the United States, China, India, South Korea, and South Africa are implementing projects to convert coal to higher value products such as diesel and jet fuels, substitute natural gas, methanol, ammonia and many others. China is leading this expansion, prompted by expensive and unstable oil and gas imports and rapidly rising demand. Coal-to-chemical conversion is currently one of the fastest-growing uses for coal in China.
Peabody believes society can achieve its important environmental goals through technology and continuous emission improvement, but opposes any rules that will increase electricity costs, hurt families and businesses and put electric reliability at risk.

The proposed rule is just that, a proposal, and it is opposed by members of Congress, governors, attorneys general, business associations, citizen groups and many others. The proposal also faces a number of legal challenges by multiple stakeholders, including states and industry, which believe the agency has acted outside the bounds of the law.

The EPA is forcing its carbon agenda at a time when more than half of Americans have said only a $20 increase in their monthly utility bills would create hardship and more than 100 million people qualify for energy assistance. These policies will hurt the poor, working class, elderly, minorities, and business and manufacturing the most.

One study by Energy Ventures Analysis concluded that the collection of proposed rules would increase electricity and natural gas costs by $680 per household, 35 percent more in 2020 compared to 2012. Many conclude the proposal would create “all pain for no gain.” The EPA itself says the proposal is an “investment opportunity,” and not about “pollution control.” And even if the proposed rules were implemented, the average global temperature would be reduced by less than two-one-hundredths of a degree.

In the United States, 2014 was the most expensive year ever for electricity, and record power prices are continuing in 2015 even at a time when costs for coal and gas are relatively low. Society should not mandate artificial carbon caps, carbon taxes or renewable mandates that will hurt people and cripple economies for negligible environmental benefit.

Global Climate Treaty Opposed by Senate

As the Administration attempts to lead the United States and the entire world toward a carbon treaty, society can learn valuable lessons where such efforts have turned energy and economies upside down. Consider Australia, which elected a new government with a mandate to repeal the carbon tax. The tax created an astounding $20 million a day economic burden. Europe, which embraced the world’s first cap and trade system, also saw power prices soar. Spain’s residential power prices are two-and-a-half times higher than in the United States, and Germany’s residential power prices are three times higher than in the United States.

The Administration cannot enter into any climate agreement without Senate approval, and the Senate clearly is not in favor of proposals that impose harmful mandates or disproportionate impacts on the U.S. economy.

A Path for Environmental Improvement

Peabody proposes a far better path to address concerns about carbon by using “supercritical” generation equipped with state-of-the-art emission controls. This technology is being deployed and achieves ultra low emissions, including a carbon dioxide emission rate that is 25 percent below the oldest U.S. plants. These highly efficient, commercial technologies are essential to accelerate the transition to low-carbon, high-efficiency energy systems around the world.

Longer term, next-generation carbon capture use and storage (CCUS) technologies should be prioritized for commercialization along with development of a clear legal and regulatory path. CCUS should enjoy the same incentives as all energy sources.

Political and Lobbying Activities

Given Peabody’s global role as a leader in the coal industry, we believe it is essential for us to participate constructively and responsibly in the political process to help shape the proper framework for global energy, environmental and economic policies. We are particularly focused on advancing the worldwide use of coal as the only energy resource that can be deployed at scale in a sustainable manner to eradicate energy poverty and elevate the living standard of the human community to that enjoyed by the developed world.
Peabody’s political and lobbying activities are directed by our executive leadership team with oversight from Peabody’s board of directors and are conducted in accordance with applicable law, our Code of Business Conduct and Ethics, our corporate policy on political contributions and our corporate policy on lobbying activities. Links to these policies can be found under the “Corporate Responsibility” tab on the home page of PeabodyEnergy.com. All financial contributions adhere to federal, state and local laws regarding contribution limits on amount and source criteria and reporting requirements. No contribution will be made in anticipation of, in recognition of, or in return for an official act by the recipient of the contribution.

Political contributions by Peabody and the Peabody Energy Corporation Political Action Committee (Peabody PAC) and Peabody’s U.S. lobbying expenditures are a matter of public record, and the most current information is available to interested parties through sources such as the Federal Election Commission, state campaign finance report and the U.S. Senate and U.S. House of Representatives.

All political spending reflects Peabody’s or the Peabody PAC’s overall business interests, and not those of individual officers or directors. We recognize that political candidates, office holders and industry groups and trade associations may support positions that align with some of our interests, but conflict with other interests. In these instances, we base our involvement on those areas of mutual agreement that we believe will bring the greatest benefit to Peabody.

Oversight by the Board of Directors

As part of its oversight role, the Nominating and Corporate Governance Committee of our board of directors reviews – at least annually – Peabody’s political contributions, lobbying expenditures, industry group and trade association participation and grassroots lobbying activity. The committee is provided with detailed information about the recipients and amounts of political contributions made by Peabody (to the extent permitted by law) and the Peabody PAC, as well as information regarding lobbying expenditures, industry group and trade association participation and grassroots lobbying expenditures.

Harvard Constitutional Law Professor Calls for Withdrawal of EPA Carbon Rule

Laurence H. Tribe, professor of constitutional law at Harvard Law School and the Carl M. Loeb University Professor at Harvard University, has called for withdrawal of the U.S. Environmental Protection Agency’s (EPA) proposed rule to regulate carbon emissions for existing power plants. In comments submitted to the EPA on Dec. 1, 2014, Tribe said the EPA is reaching beyond its constitutional authority and is acting outside the bounds of the law. Tribe was retained by Peabody Energy to provide an independent analysis of the proposed EPA rule as a scholar of constitutional law.

“The EPA’s actions serve as a breathtaking example of executive overreach and an assertion of power beyond the agency’s authority,” said Tribe, a mentor to President Barack Obama. “The proposed rule lacks legal basis. It also represents an improper attempt by the EPA unilaterally to remake a portion of the American economy on the basis of a hitherto obscure provision of the Clean Air Act, which is a fatally flawed interpretation.”

Tribe’s comments consist of four major arguments:

1. The proposed rule reverses decades of bipartisan federal policy emphasizing and encouraging increased use of domestic coal to achieve U.S. energy independence, reduce imported foreign oil for electricity generation, and provide reliable and affordable electricity;

2. It raises serious constitutional questions, specifically regarding the separation of powers;

3. It violates Fifth Amendment due process by reneging on previous support for coal plants by creating reliance interests with no gain on climate change, as the EPA admits; and

4. It violates structural limits on EPA authority and conflicts with state agencies currently exercising authority over electricity regulation.
Peabody’s Participation in Extractive Industries Transparency Initiative (EITI)

Peabody Energy is committed to the highest standards of business conduct wherever we operate. One international program that encourages such standards of conduct is the Extractive Industries Transparency Initiative (EITI), which is designed to improve transparency around payments to governments for the extraction of mineral resources. Companies and governments participating in EITI separately report payments and revenues, respectively, allowing EITI to reconcile any differences, leading to enhanced public trust and improved social license to operate. The United States is an EITI candidate country and Peabody is a member of the U.S. EITI Multi-Stakeholder Group, which is overseeing U.S. implementation of the EITI.

Peabody Contributions to Candidates, Committees and Political Organizations

Although U.S. federal law prohibits companies from contributing to candidates for federal office, many states allow corporate contributions to state and local candidates, committees and political organizations. The company’s board of directors has authorized Peabody to contribute to state and local candidates for public office, political committees and political parties, and for other political purposes, subject to any legal limitations and applicable reporting requirements. Peabody makes political contributions when we determine doing so to be in the best interests of the company. These contributions require the approval of Peabody’s Senior Vice President – Government Affairs and Executive Vice President – Law, Chief Legal Officer and Secretary.

In 2014, Peabody made $241,600 in U.S. corporate political contributions. A link to an itemized list of the 2014 Peabody contributions can be found under the “Corporate Responsibility” tab on the home page of PeabodyEnergy.com.

Peabody Political Action Committee (PAC)

Peabody has established a separate segregated fund under federal law – the Peabody PAC. The Peabody PAC is a nonpartisan political fund that provides financial support to candidates and office holders whose views correspond with the interests of Peabody. The Peabody PAC is funded entirely through voluntary contributions from eligible contributors, primarily from Peabody employees who meet certain eligibility requirements. By law, Peabody is prohibited from favoring or disadvantaging any person by reason of the amount of his or her contribution or the decision not to contribute to the Peabody PAC; coercive Peabody PAC solicitations are strictly prohibited. Employees will not be reimbursed directly or through compensation increases for personal political contributions or expenses.

The Peabody PAC is governed by a board appointed by Peabody’s Chairman and Chief Executive Officer, and that board approves all Peabody PAC contributions.

In 2014, the Peabody PAC made $89,000 in U.S. political contributions.

A link to an itemized list of the 2014 Peabody PAC contributions can be found under the “Corporate Responsibility” tab on the home page of PeabodyEnergy.com.
Lobbying

Peabody tracks proposed legislation and engages with governments around the world to advocate our positions on policies that impact our business. We actively lobby the U.S. Congress and state legislatures on a number of important public policy issues, such as access to resources, taxes, energy policy, trade, and environmental legislative and regulatory policy. From time to time, Peabody also participates in grassroots lobbying with respect to legislation affecting our business.

Pursuant to the Lobbying Disclosure Act, we publicly report our U.S. federal lobbying expenses on a quarterly basis, including the issues lobbied. This reporting is accessible to the general public on the U.S. Senate’s website at Senate.gov. 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.

The quarterly lobbying disclosures available on the U.S. Senate’s website disclose lobbying expenses for each calendar quarter rounded to the nearest $10,000, as required by the instructions for filing the reports. These reports reflect that Peabody’s total U.S. federal lobbying expense for 2014 was approximately $2.4 million, as determined using the Lobbying Disclosure Act method for reporting such expenditures. A link to Peabody’s 2014 Lobbying Disclosure Act reports can be found under the “Corporate Responsibility” tab on the home page of PeabodyEnergy.com.

Peabody filed lobbying disclosure reports in the states of Arizona, Indiana, Kentucky and Missouri in 2014 based on each state’s lobbying disclosure requirements. In Arizona, we had $366 in reportable lobbying expenses and in Missouri we had $398 in reportable lobbying expenses. Unlike other states, Indiana and Kentucky require that lobbyist compensation be publicly reported, and therefore the amount reported is much larger than other states. We reported $45,802 in lobbying expenses in Indiana and $60,090 in lobbying expenses in Kentucky.

Industry Groups, Trade Associations and Other Organizations

Peabody is a member of numerous industry groups and trade associations, as well as nonprofit organizations focused on public policy issues. We work with these organizations because they represent the mining industry and business community in debates led by governments and other stakeholders and they help the industry reach consensus on policy issues.

The following is a listing of organizations in which we are members and to which we paid annual dues or other payments of $10,000 or more in 2014:

**United States**
- American Australian Association
- American Coalition for Clean Coal Electricity (ACCCE)
- American Legislative Exchange Council
- American Tort Reform Association
- Arizona Mining Association
- Associated Industries of Missouri
- Balanced Energy for Arkansas
- Balanced Energy for Texas
- Business Council
- Business Roundtable
- Campbell County Chamber of Commerce (WY)
- Campbell County Economic Development Corporation (WY)
- Coal Industry Advisory Board
- Coal Utilization Research Council
- Coloradans for Natural Resources
- Colorado Mining Association
- The Conference Board
- Gasification Technologies Council
- Illinois Chamber of Commerce
- Illinois Coal Association
- Illinois Manufacturers Association
- Indiana Coal Council
- Industrial Energy Consumers of America
- Meridian International Center
- Missouri Chamber of Commerce
- National Association of Manufacturers
- National Center for Asia Pacific Economic Cooperation (APEC)
- National Coal Council
- National Mining Association
- New Mexico Mining Association
- North American Carbon Capture & Storage Association
- Partnership for Downtown St. Louis
Peabody has been advised that approximately $700,000 of the annual dues and other company payments to U.S. industry groups and trade associations in 2014 were used for lobbying expenditures and/or political activities. A link to an itemized list of U.S. industry group and trade association annual dues and other payments used for lobbying expenditures and/or political activities for those organizations whose total annual dues and other payments were $10,000 or more in 2014 can be found under the “Corporate Responsibility” tab on the home page of PeabodyEnergy.com.
2015 Public Responsibility Objectives

- Peabody will continue to invest in innovative technologies, including carbon capture and storage, that allow more coal to be used more cleanly to help satisfy growing energy needs and drive a transition toward low-carbon economies.

- The company will continue to seek and partner with other companies and organizations working to develop sustainable mining, energy access and clean coal solutions by advancing low-emissions, low-carbon projects and partnerships in the United States, China, Australia and around the world.

- Peabody will continue to be a leader in the Extractive Industries Transparency Initiative (EITI) and will support efforts to further provide transparency to stakeholders regarding our commitment to safe and sustainable mining and ethics compliance.

- Peabody will continue to advocate for greater use of coal to help combat global energy poverty, increase access to low-cost electricity, and improve emissions using advanced technologies.
Within the Employee Responsibility section, you will find more about:

- Global Safety Results
- Emergency Preparedness
- Safety Achievements and Business Unit Initiatives
- Employee Relations
- Global Inclusion and Diversity
- Workforce Planning
- Employee Development
- Health and Wellness
- 2015 Objectives

Throughout 2014, Peabody Energy provided an empowered and collaborative environment for its more than 8,300 employees across the globe, with a culture grounded in its mission and values.

Core to Peabody’s mission are health and safety, and safety is our leading measure of operational excellence. The company has an intense focus on achieving zero incidents of any kind, operating safe workplaces without injuries, occupational illnesses, property damage or near misses. 2014 marked the safest year in Peabody’s history, with its Australian operations achieving a 36 percent incidence rate improvement over 2013. Two of Peabody’s operations achieved an incident-free year. The company also furthered its inclusion and diversity focus through advisory boards in its respective business units and expanded its pool of diverse suppliers.
Safety is Peabody’s first value and is integrated into all areas of our business. We believe it is our responsibility to provide a safe and healthy work environment, and our goal is to provide a workplace that is incident free. We seek to achieve this goal by:

- Setting clear expectations about safe work practices, and training employees and contractors in those practices;
- Holding ourselves and others accountable for a safe and healthy work environment;
- Modeling and reinforcing behaviors that support health and safety best practices and Peabody values;
- Promoting processes to identify and manage risks;
- Transparently reporting and investigating incidents and losses to develop effective corrective actions to prevent recurrence; and
- Seeking ways to continually improve our safety and health standards and culture.

We believe personal accountability is key and expect every employee to commit to our safety goals and governing principles. All employees are held accountable for their own safety and the safety of other employees.

In 2014, Peabody Set A Global Safety Record

<table>
<thead>
<tr>
<th>Incidence Rate Per 200,000 Hours Worked</th>
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<tbody>
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<td>Americas</td>
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<tr>
<td>2012: 1.19</td>
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</tr>
<tr>
<td>2014: 1.44</td>
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</tbody>
</table>

In 2014, Peabody’s global safety incidence rate improved to a new record, driven by a 36 percent improvement in the company’s Australian operations.

Peabody statistics for 2012 and 2013 exclude joint ventures, discontinued operations, office-based employees and contractors in the United States. 2014 data includes joint ventures where Peabody has a 50 percent stake or greater, all employees and contractors at all Peabody locations.
In terms of reportable incidents, 2014 was a record year, representing a nearly 15 percent improvement from 2013. Peabody’s total recordable injury frequency rate (TRIFR) of 1.44 represents the number of injuries that occurred for each of 200,000 hours worked. Aligning with our value for people, we calculated for the revised metric in 2014 to include all employees, contractors and visitors at all of our global locations. Peabody’s Australian business unit helped drive our performance, reporting a 2014 incidence rate of 1.71, a substantial improvement over the previous year.

Worldwide, Peabody’s surface mines realized a 1.08 incidence rate, an improvement over the 2013 rate of 1.10. The Cottage Grove Mine in the United States and the Burton Mine in Australia led the company’s global safety performance with zero reportable incidents in 2014. Peabody’s underground mines achieved a 3.02 incidence rate in 2014, comparing favorably to 2013 results of 3.68.

Peabody earned broad recognition for safety leadership and performance in 2014. In Australia, Millennium Mine won the Australian Mining Prospect Awards Coal Mine of the Year, recognizing its production and safety performance in 2014. Metropolitan Mine was also selected as a finalist. In the United States, Cottage Grove Mine was recognized by the Illinois Department of Natural Resources with the Best Injury Frequency Rate for a surface mine. Twentymile Mine won the Colorado Excellence in Safety Award and five Colorado Mining Association Safety Innovation Awards. Lee Ranch Mine and El Segundo Mine were recognized with New Mexico Safe Operator of the Year awards for non-producing and large coal mines, respectively. Rawhide Mine was recognized as the Safest Small Mine in Wyoming.

Global Safety Approach

Peabody believes all of its employees must be empowered with the resources, skills and authority to perform their jobs safely. Every meeting across the company begins with a “safety contact” – a lesson learned or observation about safe behavior. Safety audits and observations are a standard best practice at all locations, and evaluations of employee performance and compensation are aligned with safety. Our Safety A Way of Life Management System has been designed to set clear and consistent expectations for safety and health across our business; it aligns to the National Mining Association’s (NMA) CORESafety® framework and encompasses three fundamental areas: leadership and organization, safety and health risk management, and assurance. The CORESafety® initiative aims to improve mine safety within the industry by taking a risk-based approach.

Emergency Preparedness

The company’s Incident Management and Crisis Management Plans are regularly reviewed, updated and aligned across the global organization, and Peabody’s volunteer mine rescue and first aid teams rank among the world’s best. These men and women use their highly specialized training to assist in emergencies at operations and far beyond mine boundaries. Employees regularly drill and compete in regional, national and international events designed to test first aid, search and recovery, firefighting, roof support and ventilation skills, earning top honors.
Peabody’s Emergency Response Teams (ERT), which are tested in mock emergency scenarios during competitions, performed well in 2014. Craig Hawkins from the Gateway Mine in Illinois earned first place in the bench contest at the Indiana Mine Rescue Competition. The Twentymile Mine team earned first place at the Price, Utah and Delta, Colorado Mine Rescue Competitions. And the team from North Antelope Rochelle Mine earned first place at the 34th International Mine Rescue Competition in Gillette, Wyoming.

In Australia, a strong safety culture is evident through ERT participation. Wilpinjong Mine’s ERT has grown to 40 members, making it one of the largest fully-trained teams in Australia. Moorvale Mine recruited 14 new members to their ERT, establishing full Peabody rescue capability. And the Wambo Mine rescue team emerged for the eighth consecutive time as the overall winner at the Hunter Valley Underground Mines Rescue Competition.

### Safety Achievements and Business Unit Initiatives

Continuing our focus on innovation and operational excellence, Peabody’s fifth annual Safety Innovation Awards honored the company’s best safety methods and inventions. In 2014, operations presented an array of solutions, with six earning awards:

- **Best overall**: Metropolitan Mine’s shuttle car infrared detection system, which uses infrared cameras to detect heat signals from miners that alert the vehicle operator, helping to reduce the likelihood of person-equipment contact.
- **Second place overall**: Wilpinjong Mine’s conveyer feed stemming bucket, an innovation designed to eliminate person-to-equipment contact at a surface mine. The innovation is transferable and has considerable additional benefits, such as improved productivity of hole loading and elimination of stemming waste.
- **Third place overall and most transferable**: El Segundo Mine’s hinged light pole, which allows maintenance employees to safely work at heights when changing light bulbs and light fixtures. This innovation was noted for its collaborative creation and its transferability across the company to reduce fall hazards.
- **Fourth place overall**: Burton Mine’s inner bead breaker for rear tire maintenance on their CAT 797 F haul trucks. The new tool allows operators to stand five meters away and avoid the line of fire as the tool safely breaks the inner bead.
- **Most cost effective**: Kayenta Mine’s idler roller changing tool, which cost just $350 and was entirely employee designed.
- **Most original idea**: Twentymile Mine’s vertical belt winding modification lowers the risk of runaway belts and dramatically reduces the lift height required. The concept was considered the most original idea, with no other winders of the same kind currently known.

### Safety in the Americas

Peabody’s 2014 Americas incidence rate was 1.28, an increase over the 2013 incidence rate of 1.00. In the United States, the company recorded 2,302 MSHA inspection days across multiple mines, preparation plants and former active mining sites. The violation rate per day of inspection was 0.63, compared to 0.57 in the prior year. The significant and substantial violation rate per 100 inspector hours was 2.23 compared to 2.15 in 2013.

Several operations in Peabody’s U.S. portfolio achieved especially distinguished safety performance. Bear Run Mine in Indiana achieved more than one million man hours
over 2013, with an incidence rate of 1.38. And Twentymile Mine in Colorado achieved a 1.03 incidence rate, earning the President’s Award for a third consecutive year and for the fifth time since 2005.

Each Peabody Americas operation employs a Mine Safety and Health Team to routinely review mine incidents and reportable injuries. They evaluate near misses, help develop preventive measures, communicate findings to the workforce and work to ensure best practices are in use. These teams include both management and hourly employees who represent multiple shifts and work crews. Teams also recommend job process improvements, and they identify and share safety best practices companywide. Supporting these efforts is the company’s centralized, cross-functional Central Safety and Health Team, which is responsible for setting benchmarks and developing safety initiatives, processes and programs. Audits and observations also continue to be standard best practice.

In 2014, we continued the process of drawing upon the Operational Risk Management expertise of universities in Australia and Canada for the development of Safety Risk Registers for our U.S. operations.

As part of the company’s CORESafety® initiative, Risk Register Workshops were conducted across all Americas operations in 2014, supporting companywide efforts to identify low likelihood events that could result in a high consequence incident. Events are identified and controls are listed and evaluated for effectiveness based on a Workplace Risk Assessment and Control process. With controls in place, each potential event is ranked by probability and consequences of occurrence through the Risk Matrix; then actions are developed to address highest ranking events. Risk Registers were a large focus in 2014 as a proactive approach to managing high risk, high consequence tasks.

**Safety in Australia**

Peabody Energy’s Australian business unit reported a 2014 incidence rate of 1.71, a significant improvement from the prior year rate of 2.69. This marks seven consecutive years of improved performance. Both Australia’s surface and underground mines achieved incidence rate improvements from 2013, at 27 percent and 28 percent, respectively.

Peabody’s Millennium Mine won the Australian Mining Prospect Awards Coal Mine of the Year, recognizing its production and safety performance, and the Metropolitan Mine was selected as a finalist.

During 2014, the Australian Safety Leadership Team and Corporate Safety Committee actively led and participated in safety improvement efforts for Australian operations.
The implementation of the SafeStart® program, which heightens awareness of safe behaviors and peer-to-peer observations, was successfully completed at Metropolitan and Millennium mines, and the commitment has been made to roll this out to all Australian operations, with the vast majority of sites planning to implement in 2015. Commitments were also made to install the GE Underground Collision Avoidance Management System at Wambo Mine, and to install the Safemine Proximity Detection System at Burton Mine following a successful trial at Millennium Mine.

Safety programs included a clever campaign to reduce hand injuries, which made up 40 percent of all recordable incidents at Australian operations in 2013. “Look After Your Pinkies” was launched to target zero hand injuries during the month of June, while also raising funds for the National Breast Cancer Foundation. Pink gloves replaced existing gloves in site vending machines and for each site that achieved zero hand injuries the company donated $1,000 to the charity. The pink glove campaign ran across nine sites, with eight achieving a hand injury-free month. It ultimately contributed to a reduction of hand injuries from 70 in 2013 to 23 in 2014, and raised $22,000 for breast cancer research based on site and employee donations.

Another campaign focused on reducing the number of mobile equipment fires on all diesel-powered machines resulted in 15 fewer significant fires than the prior year. A reduction in high potential vehicle collisions also occurred due to the trial and implementation of proximity detection systems, segregating large mobile equipment from smaller equipment, installing center berms, and ensuring the workforce remains diligent to mine road transport safety rules.

Employees at the Twentymile Mine in Colorado earned the President’s Safety Award for a third consecutive year for achieving the company’s best U.S. safety performance for underground operations.

Reductions in injury numbers and proactive management of injuries have helped Peabody Energy Australia realize a 12 percent reduction in the worker’s compensation premium rate, which equates to $3 million in annual insurance premium reduction.

Several Australian operations delivered superior safety performance in 2014. Employees at the Burton, Metropolitan, Millennium, Wambo and Wilpinjong mines and the Exploration Team all improved performance dramatically over 2013, and notably, the Moorvale Mine achieved improvements as the company converted from contractor to owner-operator status in 2014.

Peabody’s Chairman’s Award for Safety Excellence was awarded to the Burton Mine workforce in Queensland, which achieved a zero incidence rate. Burton also boasted the Australian platform’s safest operation overall, as well as the safest open-cut mine. The Metropolitan Mine in New South Wales delivered an incidence rate of 1.54, making it the safest underground mine. In addition, the Exploration Team in Queensland significantly improved its rate in 2014 by achieving zero incidents. All three sites were recognized with Peabody’s President’s Safety Award.

Compliance and Regulation

As part of our efforts, we collaborate with the U.S. Mine Safety and Health Administration (MSHA) and other government agencies to identify and test emerging safety technologies. We also partner with other companies and certain governmental agencies to pursue new technologies that have the potential to improve our safety performance and provide better safety protection for employees. We are currently exploring, implementing or using leading technology to assist with proximity detection and fatigue monitoring.
In a 2013-14 annual report, the Queensland Deputy Director-General Mine Safety and Health Acting Commissioner noted that there had been two Queensland fatalities for the year out of 16 across the national mining industry, and that there was a disproportionate representation of contractors in fatal accident statistics. He reminded the industry that the safe management of contractors as well as mine employees is one of the key obligations under Queensland’s mine safety and health legislation. In a similar annual report, New South Wales authorities noted that there was one fatality in the metalliferous underground sector and two fatalities in each of the coal surface and underground sectors.

Peabody’s Total Reportable Injury (TRI) rate for 2014 was considerably better than the Queensland and New South Wales coal industry averages within the 2013-14 fiscal year.

Employee Relations

Peabody fosters a spirit of collaboration and innovation, offering employees career growth opportunities and financial rewards linked to the company’s safety, operational and financial performance.
Peabody offers some of the highest-paid and highest-skilled positions available in the communities where the company operates. According to the National Mining Association, in 2013 the average wage for a U.S. coal miner was $82,058 a year, compared to the average U.S. worker, who earned $49,700. As of November 2014, those employed in the mining industry had the highest Full-Time Adult Average Weekly Ordinary Time Earnings in Australia at $2,495.

**Employee Demographics and Organizational Changes**

Peabody employed more than 8,300 people in the United States, Australia, China, Europe, India, Mongolia, Singapore and Indonesia as of December 31, 2014.

In May 2014, Peabody closed the Viking Mine in Daviess County, Indiana, an operation formerly owned by Black Beauty Coal. The closure was based on mining out of the operation’s reserves of high-sulfur steam coal and affected around 110 positions, with nearly all displaced workers being offered employment at other Peabody Midwest mines.

Members of Peabody’s leadership team and Wilpinjong Mine staff show off their pink gloves as part of the site’s “Look After Your Pinkies” campaign. Peabody’s Australian operations launched the campaign to create awareness on reducing hand injuries while also raising funds for the National Breast Cancer Foundation.

In late 2013, the United Mine Workers of America Local 1924 ratified a new six-year agreement that is effective for represented employees at Peabody’s Kayenta Mine in Arizona, an operation that supplies fuel to the Navajo Generating Station in Page, Arizona, and creates more than $117 million in annual direct economic benefits to tribal communities. Nearly 92 percent of the workforce at Kayenta is Native American. Final contract details were concluded in 2014, and the agreement has provisions that will allow for efficiency improvements and includes wage increases and enhancements for a variety of benefit programs.

The typical Peabody employee has 8.9 years of tenure. The company maintains a 91.6 percent voluntary retention rate through excellence in safety, strong leadership development initiatives and competitive compensation. Approximately 94 percent of Peabody Energy global employees worked at mine operations or at regional offices in 2014, while the remaining workforce is based at Peabody’s global corporate headquarters in St. Louis, Missouri.

**Global Inclusion and Diversity**

The company’s global inclusion and diversity vision is to maintain a global workforce comprised of varied backgrounds, while recognizing the power of inclusion and

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1. Annual Coal Mining Wages vs. All Industries, 2014, National Mining Association.
diversity as a competitive advantage to deliver exceptional results. Company inclusion programs are formalized in policy and practice. They are embedded in the Equal Employment Opportunity policy and Code of Business Conduct and Ethics. Over the past several years, Peabody’s Global Inclusion and Diversity Advisory Board (IDAB), which is led by Executive Vice President and Chief Technical Officer Jeane Hull and Senior Vice President Carlton Adams, has evolved to include advisory boards in Peabody’s business units. These groups work to communicate and implement the company’s strategies on promoting an inclusive culture, recruiting and retaining a high performance workforce, utilizing diverse suppliers, positioning Peabody to respond to a diverse global customer base, and engaging with our diverse operating communities.

For instance, in 2014, the Americas business unit established technical scholarship programs in East St. Louis to identify and develop maintenance talent for the Gateway Mine near Coulterville, Illinois, and identified positions in each of its mining regions that are appropriate for disabled persons to perform based on the essential functions of the job, with or without reasonable accommodation.

Peabody’s Burton Mine was awarded the 2014 President’s Safety Award and Chairman’s Award for Safety Excellence for their outstanding achievement of zero reportable incidents earning the honor as the safest surface mine for the company’s Australian operations.

In 2014, Peabody’s Australia IDAB was established with a stated purpose to support the business unit in meeting performance goals by enhancing workplace culture. Lunch and learns, quarterly employee town halls, small gatherings spearheaded by leadership, and partnership with organizations like the New South Wales Minerals Council “Women in Mining Awards” provide employees opportunities to convene and discuss current diversity topics. In response to a national conversation about bullying and harassment, the Australian corporate office offered informational sessions on anti-bullying and harassment inside and outside the workplace, to coincide with National Anti-Bullying Day 2014. The workshops will be rolled out to all Australian employees and implemented in other Peabody sites during 2015.

The Asia IDAB steering committee identified cross training opportunities for different functional teams to understand the coal market and Peabody’s business strategy, including sending select employees to learn about Peabody’s business development activities in China.

At corporate headquarters, IDAB has supported the introduction of Conversations About Coal, which are sessions for employees of all levels to interact with senior management. In addition, they held various employee engagement events throughout the year on topics including self-defense, international travel safety and a recipe exchange and potluck among employees.
An estimated 72 percent of Peabody Energy’s global workforce is union-free. Among hourly employees, approximately 39 percent were represented by organized labor unions during 2014, an increase of 9 percent over 2013 due primarily to owner-operator conversions at the company’s Australia operations and to headcount decreases in the United States. Peabody believes all employees have the right to choose for themselves and to speak for themselves about working conditions and compensation issues.

From 2012 to 2014, the company has seen a 12 percent increase in its U.S. minority workforce, with minorities comprising about 15.7 percent. The number of women employed by Peabody Australia increased 45 percent from 2013 to 2014, and 11 percent of Australian “managers and above” are female. In Peabody’s corporate office in Brisbane, Australia, women at all levels of the organization comprise 38 percent of the workforce, and in 2014 the number of women on the headquarters management team expanded to more than 50 percent. During 2014, the percentage of women represented in Peabody’s global workforce and the percent of women in “director and above” roles at its global headquarters in St. Louis was approximately 10.3 percent and 16.8 percent, respectively. The company remains committed to improving its diverse workforce, with a focus on gender and race. Two women are currently represented on Peabody’s board of directors, and Peabody actively fosters and mentors female leadership. In 2014, Alice Sila, a Metropolitan Mine Mining Engineer, was recognized with the New South Wales Mining Rising Star Award for exceptional achievements by a woman working in the New South Wales mining industry for one to five years.

Peabody Energy Employees By Region

<table>
<thead>
<tr>
<th>Employee Distribution as of Dec. 31 Per Each Respective Year</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>8,332</td>
<td>8,285</td>
<td>8,237</td>
</tr>
<tr>
<td>Non-Union Employees</td>
<td>72%</td>
<td>75%</td>
<td>80%</td>
</tr>
<tr>
<td>Union Employees</td>
<td>28%</td>
<td>25%</td>
<td>20%</td>
</tr>
<tr>
<td>Surface Headcount</td>
<td>72%</td>
<td>72%</td>
<td>66%</td>
</tr>
<tr>
<td>Underground Headcount</td>
<td>28%</td>
<td>28%</td>
<td>34%</td>
</tr>
<tr>
<td>Salaried</td>
<td>28%</td>
<td>29%</td>
<td>31%</td>
</tr>
<tr>
<td>Hourly</td>
<td>72%</td>
<td>71%</td>
<td>69%</td>
</tr>
</tbody>
</table>

An employee at the company’s headquarters in St. Louis learns how to properly use a fire extinguisher through a digital simulation at Peabody’s Second Annual Safety and Health Day.

Peabody continues to commit resources to improving our access to qualified, diverse candidates. For example, the company is represented on the Minerals Council of Australia Workforce Gender Diversity Reference Group and Women in Mining organizations, has a leadership role with the American Association of Blacks in Energy and is represented on the boards of supplier diversity and other inclusion-focused organizations. In 2014, approximately 13.7 percent of global new hires were women, a nearly 2 percent increase over 2013, and 29.5 percent of new hires in the United States were minorities, a nearly 7 percent increase over 2013.

Australia’s Moorvale Mine owner-operator conversion in 2014 provided the ability to recruit a diverse and engaged workforce. Each new Moorvale employee completed an off-site one-week orientation program, with participation by senior management and specific presentations on diversity. There were a total of 204 employees, targeting 20 percent female employees and 2 percent indigenous employees. Currently, the Moorvale workforce stands at nearly 16 percent women, and of the production operations specifically, more than 17 percent are women. Trainees make up 11 percent of the workforce, and of these, 48 percent are women.
Peabody has a deep respect for local cultural heritages and works with local native communities at a number of our mines in the United States and Australia. In 2014, our Kayenta Mine in Arizona created more than 460 skilled jobs, and Native Americans comprise 91.8 percent of the workforce and hold more than 70 percent of the mine management, administration and supervisory jobs.

In the Southwest, as part of the reclamation process, Peabody is required to plant 5 percent of reclaimed land with up to 40 species of cultural significance to the Native American tribes of the region, including juniper, pinyon, sage and others. These plants are used for making dyes for wool, for religious ceremonies and for medicinal purposes by the local residents. Peabody strives to ensure that plants are established and sustainable after the mining activities have ceased. Greg Jones, a Peabody Environmental Scientist, works with a native plant company to harvest seeds locally from cultural plants, which are then shipped to a greenhouse in Montana where the seeds germinate and develop into seedlings. From there, the seedlings are sent back to Arizona to be hand planted on reclaimed land. This unique program – the only one of its kind in the coal mining industry – has received numerous national and international awards and has been shared with many scientists and reclamation practitioners from around the world who come to the Black Mesa to learn techniques for replicating its success.

In Australia, Peabody works closely with local aboriginal communities to protect and restore the lands on which we operate. Through honest and open lines of communication, Peabody has established respectful and strong working relationships with these traditional owners. During 2014, we continued to develop these relationships by way of cultural heritage inspections and committee meetings, archaeological excavations, and salvage and relocation of culturally significant objects. Peabody is also 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 such as communication and problem solving and have been designed to give full and equal consideration to the gender and cultural diversity within our candidate pool. Training and induction programs for cultural awareness and cultural heritage management are conducted throughout our company. At Wilpinjong Mine, the Native Title Agreement provides employment opportunities for local indigenous Australians. These native employees provide cultural awareness training to all employees and contractors.

**Supplier Diversity**

Peabody recognizes the competitive value of a diverse supplier base and seeks to develop the strongest supplier network in the industry. The company aggressively pursues contracts with qualified minority- and women-owned enterprises, especially in areas such as staffing, tools, mine services, welding, security, electrical services, information technology and radio communications. From 2007 to 2014, the company increased spending with minority businesses by an annual growth rate of approximately 15 percent.

In 2014, Peabody saw its diverse supplier spend rebound by more than 20 percent. Women- and minority-owned suppliers were integral to Peabody’s success in achieving significant cost savings in 2014 and helping the company drive down costs on office supplies and other products across U.S. operations. Various programs were led by supply chain management team members to partner with diverse suppliers in the United States. One key initiative in 2014 involved increasing our spend by 35 percent with a woman-owned business that provided staffing to our Midwest operations.

In the United States, Peabody remains active with diverse organizations including the Northwest Mountain Supplier Development Council and the St. Louis Minority Business Council. Peabody’s supplier diversity efforts were recognized for the third time as the company was named the MidStates (formerly Indiana) Minority Supplier Development Council’s Regional Corporation of the Year.

**Workforce Planning**

Planning for the workforce of the future is a business imperative in all industries and is especially urgent in the energy and mining sector. A significant proportion of the skilled working population is nearing retirement across the industry, and loss of this experienced workforce poses an operational challenge in an essential area of the global economy. As of Dec. 31, 2014, approximately 35 percent of the global workforce was age 50 or older, a 1 percent increase from 2013. The 50-and-older bracket accounted for 42 percent of all U.S. employees and 21 percent of international-based employees.

**Employee Development**

Peabody works to create an empowered and collaborative workplace on a foundation of mutual trust and respect – a workplace that values safety, continuous improvement,
innovation and creativity. The company also strives to give employees opportunities for career development, supporting both professional and personal growth.

The work in talent management is guided by two important values at Peabody: People and Leadership. The People value highlights the importance of creating an inclusive work environment that engages, recognizes and develops employees. The Leadership value helps prepare leaders so that they have the skills to lead courageously as outlined in the company's four leadership pillars - Inspiration, Innovation, Collaboration and Execution.

Leadership competencies are skills and behaviors that contribute to superior performance. Peabody has defined leadership attributes that are distinctive to the company and create a competitive advantage. These are featured in a Leadership Competency Model, which aligns with the company's four leadership pillars. The model and pillars assist employees across all levels to better understand expectations and support company efforts to identify and develop a new generation of Peabody leaders.

Each leadership pillar is comprised of core competencies and behavioral descriptions based on six employee leadership levels. The behaviors outlined complement the current performance management process by providing greater guidance around what is expected of leaders by level. While performance goals define what Peabody seeks to accomplish, the Leadership Competency Model provides employees with greater insight into how best to execute the goals.

Technical Talent Learning and Development

Peabody customizes training by role and offers skills and safety instruction for a variety of mining positions. All new hires participate in an orientation session, all regional employees benefit from extensive safety training, and new miners and technicians receive operations instruction.

In the Americas, the Western Training Center serves employees in the Powder River Basin, Colorado, Arizona, New Mexico, Indiana and Illinois. Training is offered in two primary areas: technical maintenance courses, from welding to hydraulics to electrical certification; and operations courses, including shovel, dozer, dragline, truck and grader. Courses are mobile, so training can occur at any western U.S. location and can be customized to meet site specific needs.

In Australia, training takes place at both the mine site and in corporate offices. In 2014, approximately 8,000 employee training hours were achieved, including internal instruction on organizational development and external training related to role-specific technical development. More than $4 million was invested in Australia’s apprenticeship program, and $2.9 million in its graduate program.

Manager and Supervisor Development Programs

The global leadership development program for supervisors and managers is a six-month process that helps employees identify specific strengths and areas for improvement. In 2014, over 100 supervisors and managers completed the program. Many of the program’s development activities generated ideas that not only increased efficiency, but also resulted in dramatic cost savings. For example, one participant utilized new skills gained to enlist support from key stakeholders to implement changes. The project is currently in the implementation phase and is projected to have net benefits equal to $1.7 million annually.

In addition to cost savings, the company has seen increases of 6.5 percent and 7 percent in the competency ratings of managers and supervisors, respectively, after completion of the program. Most participants also reported they have a greater understanding of the importance of continued development.
Technical Talent Retention and Development

Retaining and developing Peabody’s technically skilled talent is critical to the company’s success.

In 2014, efforts focused around four objectives: design a career “lattice” structure that includes an engineering and technical sciences path for technical specialists at all levels; develop criteria by level to differentiate performance and technical skills requirements from leadership capability expectations; establish consistent global titling standards; and create a framework and tools for career development planning. Leaders from the geology and environmental groups worked closely with the project team to deliver all four objectives.

In 2015, efforts will be focused on implementing the deliverables with the two pilot groups of geology and environmental and developing a plan to initiate similar efforts with other technical specialty areas.

Health and Wellness

Peabody employees and retirees are supported with comprehensive health care benefits that are competitive within the industry and with the majority of large employers.

Peabody’s health care strategy is designed to benefit employees who seriously engage to improve and/or maintain their health. Employees will continue to have a choice of affordable and comprehensive health care plan options. Changes to existing programs will further encourage employees to actively improve, manage and maintain their health. However, those who decide not to engage will face increased costs and will not be eligible for the most competitive plan choice.

The primary objectives of Peabody’s health care strategy are to improve the health and wellness of employees and manage medical plan costs to ensure the company can sustain future programs. The company’s health care strategy incorporates the following three levers to help achieve these goals:

- Manage workforce health to ensure efficient use of care and spending;
- Manage plan costs through benefit plan redesign; and
- Manage plan costs through maximizing vendor relationships and creating efficiencies.

Wellness Programs

Employee wellness programs at Peabody begin with an emphasis on prevention and physical fitness and encourage employees to invest in their health and wellness.

Employees receive incentives for regularly seeking preventive care and building relationships with their primary care physicians. In the United States, the company provides employees and covered spouses $150 each upon the completion of a physical examination. In 2014, 61 percent of employees and covered spouses participated in this program. Peabody also provides a tobacco cessation program in the United States that includes counseling along with over-the-counter nicotine replacement therapy, and the company’s Healthy Smiles/Healthy Lives program provides extra preventive dental exams and cleanings during the year.

U.S. wellness offerings include annual worksite flu shots, reimbursement for health club and Weight Watchers memberships in the United States, and reminders of preventive services and additional educational materials.

In Australia, employees’ universal health care coverage is supplemented with Peabody’s “whole approach” remuneration package that includes benefits to assist employees and their families from a health and wellness, social and financial aspect, including an Employee Assistance Program, benefits for employees working in remote locations, and competitive health insurance rates. The package provides flexibility to attract different demographics and assists in keeping employees safe and healthy during and outside of work hours.

Non-Health Care Benefits

Employees also benefit from:

- An Employee Assistance Program that provides counseling and comprehensive life management services
- Adoption assistance to help offset expenses
- Short- and long-term disability coverage
- Life insurance
- Accidental death and dismemberment coverage
- Business travel accident coverage
- Tax-free health care and dependent care reimbursement accounts
- Tuition assistance
- Employee stock purchase plans
- Global matching gifts and employee volunteer programs
- Vacation and holidays
2015 Employee Responsibility Objectives

• Peabody continues to pursue a goal of operating safe workplaces that are incident free.

• The company will conduct internal audits against its safety standards as well as develop specific safety and health standards to address key hazards in our organization.

• The company will continue to explore best practices in technological solutions, behavioral based approaches and human error reduction.

• Peabody will review, monitor and counsel the Peabody Energy board of directors with respect to companywide succession planning and talent management initiatives and changes to executive compensation requirements and best practices.

• The company will continue to identify and develop a high-caliber management team to lead our employees, and this management team will be included in succession planning across the enterprise.

• Peabody will cascade targeted leadership development programming to director levels and below, enhancing online learning, completing high-level assessments, and continuing signature manager- and front-line supervisor programs.

• Peabody will continue to develop cross-cultural awareness and programs that will enable the growth of our production platform in the fastest-growing coal markets in the world.

• Peabody will enhance the technical and talent base across the platform through structured development planning, career paths, engagement of key stakeholders, local hiring, and rotational assignments.

• Peabody will leverage technology to enhance employee communications and engagement.

• Peabody will leverage its global online goal setting and performance management system to align individual actions with strategic business objectives and provide visibility and accountability related to performance expectations.
Successful land stewardship is a critical component of Peabody Energy’s social license to operate, and 2014 marked another year of achievement. The company restored 4,335 acres of mined lands, including rangeland, wildlife habitat, hardwood forests, prime farmland and wetlands including more than 280 acres of forested area, 12 acres of ponds and lakes, 40 acres of marshes and wetlands and approximately four miles of high-quality streams. In addition, Peabody planted approximately 253,000 trees.

Robust energy efficiency and waste reduction initiatives also characterize Peabody’s approach to environmental responsibility. Total greenhouse gas emissions and greenhouse gas intensity continued a five-year downward trend, falling from 11.2 to 10.3 pounds of carbon dioxide equivalent (CO₂e) per unit of coal produced from 2013 to 2014, representing an 8 percent reduction compared to 2013 levels.

Every day, Peabody demonstrates respect for the natural world and builds upon an award-winning legacy of environmental stewardship.

Respect and responsibility for the land and communities where we operate are core to Peabody Energy’s approach to environmental sustainability.

In the Environmental Responsibility section, you will find more information on:

• Environmental Compliance and Oversight
• 2014 Environmental Achievements
• Land Restoration and Bond Release
• Greenhouse Gas Intensity and Energy Efficiency
• Global Reporting Initiative
• Recycling and Waste Management
• Water Use and Management
• 2015 Objectives
Peabody expanded our commitment to the environment this year on a global scale. In 2014, Peabody began implementation of environmental reporting for six indicators in accordance with the Global Reporting Initiative (GRI). GRI is a leading organization in the sustainability field and developed a framework for sustainability reporting that is widely used around the world. The framework includes the reporting guidelines, sector guidance and other resources that enable greater organizational transparency and accountability.

### Environmental Compliance and Oversight

Peabody's environmental policies and programs are designed to ensure that coal mining and coal use benefit society, enhance the company's environmental leadership and assure compliance with regulatory requirements. Environmental initiatives begin with environmental impact assessments; these 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 allows the company to measure results and adjust to changing conditions.

Building lasting alliances in communities where the company operates also is essential. Before mining, the company meets 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 rapidly return mined lands to productive community use. A highly trained and experienced environmental team supports Peabody's global operations in the United States and Australia.

Our rigorous environmental management system involves regular internal environmental review of air, soil, water, wildlife, vegetation and other natural resources at Peabody operations. Peabody submits the results of monitoring or inspections for review by regulatory agencies, and, in the United States, these findings are made available to the general public. Some of these outcomes also are publicly available in Australia. In addition, each active operation is inspected and audited by various federal, state and local government agencies at least once per month in the United States and regularly in Australia. Peabody's workforce is trained to adhere to required and appropriate procedures and updates to regulatory requirements and permit stipulations are communicated routinely and broadly.

A major measure of environmental compliance in the United States is the Notice of Violation (NOV). Regulators use the NOV to identify an issue and require corrective action within a defined time period. Peabody reduced the number of violations in 2014 by 44 percent compared to prior year.

### 2014 Environmental Achievements

The company was recognized for environmental leadership and earned multiple honors in 2014.

- **Award for Excellence in Coal Reclamation.** Yoast Mine was honored by the Colorado Division of Reclamation Mining and Safety and the Colorado Mining Association for the drainage repair and restoration performed following record precipitation in 2011. The team redesigned and reconstructed the drainages to ensure stability in the event of extreme runoff. The award honored Peabody for the drainage repair performed that went above and beyond statutory requirements to ensure future sustainability and protection of resources.

A team of Peabody engineers were recognized for reconstructing damaged portions of the drainages at the reclaimed former Yoast Mine, and adding additional rock to supplement the permit design requirements to ensure the drainages remain stable. The area is subjected to heavy winter snowpack and high-intensity thunderstorms in the summer, which makes reclamation difficult.
• **2014 New Mexico Excellence in Reclamation Award.** El Segundo Mine was awarded the 2014 Excellence in Reclamation Award for incorporating geomorphic principles into contemporaneous reclamation.

• **Environmental Stewardship with Special Recognition from the Colorado Division of Reclamation Mining and Safety and the Colorado Mining Association (CMA).** This honor was presented to Peabody’s Twentymile Mine for “developing programs that serve as a model for incorporation by local communities or adoption by other mine operators,” according to a release by CMA.

• **Interstate Mining Compact Commission National Reclamation Awards Honorable Mention.** Peabody Midwest Mining and United Minerals Company, LLC teams were awarded by the Interstate Mining Compact Commission National Reclamation Awards Honorable Mention for their use of geomorphic reclamation techniques and re-establishment of wildlife and forest habitat at the Somerville East Mine reclamation area.

**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 restoration strategies can vary due to production, weather conditions, and other unforeseen factors. As a result, Peabody restores varying quantities of farmland, pastureland, rangeland, forest, wetlands and wildlife habitat.

Peabody continues to standardize environmental management and reporting best practices. An SAP-based Environmental Compliance System has been implemented globally, enhancing the collection, reporting and analysis of environmental data.

In 2014, we restored 4,335 acres and fully released approximately 1,920 acres from bond. In addition, 280 acres of forested land, 12 acres of water bodies and 40 acres of wetlands were reclaimed across Peabody’s global operations. Peabody also planted approximately 253,000 trees. Bonds were released on a broad array of properties and fluctuate depending on mining and restoration needs in a given period. Government agencies granted a release of a total of $28.5 million in Peabody’s U.S. bond liability in 2014.

**Environmental Best Practices in Land Restoration**

Peabody is committed to implementing environmental best practices across our global platform. The company’s work in New Mexico and Australia offers examples.

With average precipitation of 8 inches in New Mexico, often in just a few strong storms, reclamation can present a number of challenges. El Segundo Mine, located near Grants, New Mexico, overcame the challenges by implementing practices that prevented erosion and created stable watersheds. For the company’s efforts, El Segundo was awarded the 2014 New Mexico Excellence in Reclamation Award. The award recognized Peabody for “the use of geomorphic reclamation methods contemporaneously with mining operations,” according to a release from the State of New Mexico Energy, Minerals and Natural Resources Department.

In Australia, rehabilitation of 105 hectares at Wilkie Creek Mine continued throughout 2014. Two pits were backfilled to prevent flooding risks. By backfilling and rehabilitating the final pit, Wilkie Creek has improved the post-mine land use opportunities for this site, as well as minimized any potential future environmental impacts. It is planned that the areas will be returned to a post-mine land use of grazing.

**Environmental Outreach in the Community**

Peabody actively engages with stakeholders to incorporate local needs into mine planning and ensure that we manage operations respectfully and sustainably. One example of that is the company’s work in Mongolia. Known as the land of the eternal blue sky, Mongolia lost more than 20 percent of its livestock during the course of a...
terribly cold and snowy winter in 2009-10. One way to mitigate the dangers of such a winter is to grow and harvest hay. Unfortunately, most Mongolian herders and their local governments do not have the resources needed for harvesting the necessary amounts of hay.

As part of the company’s good neighbor efforts, Peabody stepped in to help the residents near the reclaimed Ereen Mine by helping purchase a hay baler for community use. At a ceremony in late August 2014, the hay baler was presented to local officials and the reclaimed land that had once been the site of Ereen Mine was returned to local control. The reclaimed Ereen Mine provides a potable water well, agricultural land and wildlife habitat. It is all a result of Peabody’s efforts to actively engage with stakeholders and incorporate local needs into mine planning and closure to ensure that we manage operations respectfully and sustainably.

**Concern for Wildlife**

The greater sage-grouse is a bird native to sagebrush country in the western United States, including the area around Peabody’s North Antelope Rochelle Mine (NARM). The sage-grouse is considered a candidate species for the endangered species list.

Peabody is working to improve, replace and enhance sage-grouse habitat through the reclamation efforts at NARM by planting big sagebrush, the sage-grouse’s staple shrub for food and habitat. Successfully growing sagebrush is challenging. Specific environmental factors such as moisture, sunlight and a freezing-and-thawing sequence, plus precise seed placement, are necessary for the plant to grow successfully.

Despite the challenges, NARM’s reclamation team has successfully seeded sagebrush on more than 3,300 acres, and counting, while Peabody’s other western mines have worked to provide habitat for other varieties of grouse specific to each location.

**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 best practices.
Investing in Efficiency to Limit Greenhouse Gas Intensity

Peabody has made marked progress toward reducing the release of greenhouse gasses at our operations, as measured by emissions in pounds of carbon dioxide equivalent or CO2e (CO2, CH4 and N2O) per units of production (raw tons of coal mined and cubic yards of overburden moved).

With surface coal seams reaching greater depths in many regions, the energy needed to recover a ton of coal is rising. Nevertheless in 2014, Peabody reported a continued decline in emissions levels – marking five consecutive years with a reduction in total greenhouse gas emissions per unit produced across global operations.

Importantly, the company was able to increase units of coal produced and yet still maintain an overall reduction in greenhouse gas intensity, from 11.2 to 10.3 pounds per unit. Although total greenhouse emissions may increase as a mine expands due to methane liberated from coal, greenhouse gas intensity measures can result in flat or declining emissions on a per-ton-of-production basis as a result of conscious energy efficiency initiatives. Measuring emissions on a per-unit basis results in a more accurate picture of the emissions profiles of mines at different stages of development. Peabody’s greenhouse gas management begins before mine development, continues during overburden and coal removal and is finalized during post-mine reclamation.

Greenhouse Measurement and Mitigation in Australia

Peabody’s operations in Australia reported an emissions reduction in 2014 of approximately greater than 500,000 tonnes of CO2e, or 16 percent, compared to 2013. Peabody submits governmental reports that are available to the public outlining detailed greenhouse and energy emissions rates as required by the National Greenhouse and Energy Reporting Act of 2007 and makes this report available at PeabodyEnergy.com.

Peabody continued its refinements of an improved gas drainage program at North Goonyella Mine. Methane that was formerly “free vented” is now “flared,” thereby reducing greenhouse gas emissions. In addition, through research and modeling, Peabody is more accurately reporting emissions at Wambo Mine.

Measurement and Mitigation in the Americas

For several years, Peabody’s U.S. operations voluntarily reported greenhouse gas intensity in pounds of CO2e 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.

While measuring and mitigating methane is an area of focus, the U.S. Environmental Protection Agency (EPA) in its Mandatory Reporting Rule notes that there is no universally accepted, reliable and feasible formula methodology at U.S. surface mines.

At underground mines, the company monitors and reports greenhouse gas emissions to the EPA by collecting air samples and performing data analysis. Each underground mine collects a monthly “bag” 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.
Peabody continues to implement emissions reduction activities at underground mines by sealing off old workings and upgrading ventilation systems in an effort to reduce methane emissions at operations. Combined with numerous fuel conservation and energy-efficiency efforts, these actions have enabled the company to continue to develop new and expanded operations and still be successful at reducing greenhouse emissions rates.

**Actions to Improve Energy Efficiency**

In the United States, diesel fuel use declined at the company’s Powder River Basin, Colorado, and Midwestern operations. For the U.S. operations, 2014 diesel fuel intensity declined 15 percent from 2013. Overall, the company’s electricity use intensity was 689 kilocalories (kcal) per unit of production, representing a 13 percent efficiency improvement from 2013 levels.

**Supporting Positive Changes in Carbon Policy**

In 2014, Australia repealed its Carbon Tax, which had imposed an estimated $15.4 billion\(^1\) in damages to Australia’s economy and added $11 million\(^2\) to Australian household power bills every day since its 2012 introduction.

Led by Prime Minister Tony Abbott, the government’s decision to repeal the Carbon Tax is a lesson in leadership for the modern world: Australia has rejected policies that made energy scarce and expensive and has chosen to put its people first. The repeal of this tax is now expected to save the typical Australian family more than $550 a year.\(^3\)

Peabody had engaged with the Australian government since the introduction of the tax to impress upon policymakers that it would harm households and businesses for negligible environmental gain. On repealing the Carbon Tax, Prime Minister Abbott said: “Today, the tax that you voted to get rid of is finally gone. A useless, destructive tax which damaged jobs, which hurt families’ cost of living and which didn’t actually help the environment is finally gone.”

Australia’s economic development has closely mirrored the development of its coal sector and today, coal is Australia’s second-largest export, essential for jobs and economic strength.

Each year, Australia’s coal sector contributes nearly $43 billion to the economy.\(^4\)

Affordable energy – largely fueled by advanced coal generation – is a fundamental building block for a healthy economy. Peabody believes the better path to achieve our energy, economic and environmental goals is use of today’s supercritical technologies that can reduce the carbon dioxide emissions rate by as much as 25 percent versus older plants.

These technologies are essential to accelerate the transition to low-carbon, high-efficiency energy systems globally. The world can achieve enormous environmental improvement with these technologies right now as we work to commercialize next-generation technology for carbon capture, storage and use.

**Global Reporting Initiative**

In 2013, Peabody committed to implementing the GRI Framework for six specific indicators covering water and waste. For 2014, Peabody focused on the following environmental indicators including: water withdrawals, water discharges, water recycling, waste disposal and recycling, and identification of water bodies significantly affected by withdrawals and discharges.

**Recycling and Waste Management**

Peabody’s waste management strategy incorporates a variety of environmentally responsible practices that address regulatory requirements and sustainability practices. In 2014, 11,906,495 kilograms of material was recycled and reused, and 2,629,371 kilograms of material was used for energy recovery. Recycled materials included batteries, steel, used oil filters, used oil, lighting products, computers and electronics, antifreeze, small vehicle tires and paper waste. Materials used in energy recovery included used oil, washer solvents and used grease. In 2014, recycling, reuse, and energy recovery accounted for 69 percent of waste disposal activities.

Data for the GRI waste indicators reported are in accordance with the GRI Sustainability Reporting Framework and are summarized in the following charts. They are reported using the metric system per GRI guidance.

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\(^1\) The Honorable Greg Hunt MP Minister for the Environment, Carbon Tax Savings Going to Consumers, Media Release


\(^3\) The Honorable Greg Hunt MP Minister for the Environment, Carbon Tax Savings Going to Consumers, Media Release

Waste generation intensity compares the amount of waste generated to production units. Less than 0.018 kilograms of waste is generated per production unit as shown in the graph below.

### Water Use and Management

Data from the GRI water indicators selected for reporting in accordance with the GRI Sustainability Reporting Framework are summarized in the following tables and charts. Data is reported using the metric system per GRI guidance.

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 United States, with coal comprising less than 1 percent of that total. In contrast, agriculture irrigation withdrawals account for 38 percent of total freshwater withdrawals and 61 percent of total freshwater withdrawals excluding thermoelectric power according to the USGS 2010 report (published in 2014).

Water is used for exploration, mining, processing, land restoration 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 operations is done under extensive regulatory frameworks specific to the countries and regions where operations are located.

In 2014, water sources for Peabody mines included: surface water (precipitation and runoff, rivers and streams, external surface water storages), ground water and municipal/purchased water. Results are reported in megaliters (ML) per the GRI guidance. Minor amounts of water are used for sanitary purposes such as showers, and equipment maintenance and coal preparation. The overwhelming use of water at Peabody's operations is for dust control. In addition to aqueous solutions of calcium chloride, magnesium chloride and lignin sulfonate, water is used to suppress dust on roadways.

Water withdrawal intensity compares the amount of water withdrawn per production unit mined. A production unit is a measure of the total amount of material mined at each site and is defined as Run of Mine (ROM) tons + Total Cubic Yards.

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1. 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.
Twentymile Mine Initiates Comprehensive Recycling Program

At Peabody Energy’s Twentymile Mine in northwest Colorado, trash containers were historically filled with cardboard boxes and pallets.

Chris Burkett, the Twentymile Conveyance Manager, led an effort to install a compactor that helps to minimize waste volumes and manage recyclable materials.

In the past year, Twentymile has recycled more than 270 metric tons of wood products, mostly consisting of wooden pallets that were formerly buried in the landfill, including 20 metric tons of cardboard and paper.

“Like any business, mining generates refuse. This effort does a service to the environment and the local community by reducing the volume of materials taken to our local landfill,” Burkett said.

Examples and amounts of materials Peabody (including Twentymile) recycled as a company in 2014 include:

<table>
<thead>
<tr>
<th>Material</th>
<th>Kilograms</th>
<th>Metric Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used Oil</td>
<td>5,529,416</td>
<td>5,529</td>
</tr>
<tr>
<td>Used Solvent</td>
<td>11,876</td>
<td>12</td>
</tr>
<tr>
<td>Used Antifreeze</td>
<td>171,158</td>
<td>171</td>
</tr>
<tr>
<td>Used Oil Filters</td>
<td>229,169</td>
<td>229</td>
</tr>
<tr>
<td>Used Grease</td>
<td>116,372</td>
<td>116</td>
</tr>
<tr>
<td>Tires</td>
<td>1,992,635</td>
<td>1,993</td>
</tr>
<tr>
<td>Used Batteries</td>
<td>155,767</td>
<td>156</td>
</tr>
<tr>
<td>Scrap Metal</td>
<td>5,633,538</td>
<td>5,634</td>
</tr>
</tbody>
</table>

The Twentymile Mine recycling facility processed more than 1 million pounds of recyclable material in 2014.
Peabody is committed to pursuing opportunities to reduce, reuse and recycle water whenever possible. 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 several preparation plants achieving better than 70 percent recycling rates. In addition to recycling water, Peabody transferred 584.2 ML water to an adjacent coal mine for reuse.

In 2014, any water Peabody discharged to rivers and streams, ranging from perennial to ephemeral, was regulated and met site-specific water quality standards established for the receiving stream. Standards compliance is verified by routine monitoring. Routine monitoring of discharges from 2014 shows that water quality was typically of equal or better quality than the receiving stream. Receiving streams’ designated uses include drinking water supply, irrigation, livestock and aquatic habitat. Failure to comply with permitted discharge requirements can result in regulatory actions including fines and revocation of the discharge permit.

**Water Withdrawal Intensity**

Water withdrawal intensity compares the amount of water withdrawn per production unit mined. A production unit is a measure of the total amount of material mined at each site and is defined as Run of Mine (ROM) tons + Total Cubic Yards. The primary water uses are coal preparation and dust control.

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### Water Intensity

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liters per Production Unit</td>
<td>34.02</td>
<td>37.49</td>
</tr>
</tbody>
</table>

Note: 2013 water withdrawals used slightly different metrics than GRI defined metrics.

### Percent Water Recycled Of Total Withdrawn Globally

- Water Recycled From Total Withdrawn: 41%
- Water Consumed, Discharged and Stored From Total Withdrawn: 59%
Australian Mines Improve Water Management

Wilpinjong Mine completed the successful installation of 10 new skid mounted flow meters linked to the Coal Handling and Preparation Plant’s (CHPP) Supervisory Control and Data Acquisition (SCADA) system in 2014. These meters allow the continuous recording of water transfers within the water management system, which assists the mine in understanding the site’s water use.

Millennium Mine completed the replacement of existing mechanical flow meters and installation of new electromagnetic flow meters within the Millennium Mine and Red Mountain Joint Venture (RMJV) CHPP Integrated Water Management System, significantly improving water transfer measurements within the Integrated Water Management System and aiding in the management of limited water resources for efficient operations.

Coppabella Mine designed a series of sprays using recycled water along the run of mine (ROM) haul road to create a mist curtain to minimize the dust from the haul road entering the workshop area.

2015 Environmental Responsibility Objectives

- The company will strive to be highly responsible in environmental stewardship, community outreach and sustainable development, working in partnership with key stakeholders.
- The company will continue to explore, develop and implement practices that minimize water use and provide for water reuse and recycling. Peabody will continue reporting specific to Global Reporting Initiative (GRI) water reporting guidelines (G4-EN8, G4-EN9, G4-EN10, G4-EN22 and G4-EN26) and the GRI waste reporting guideline G4-EN23.
- Peabody will continue to adhere to the highest ethical standards in all environmental practices and interactions with regulators and communities.
- The company will continue to develop and implement best practices to increase biological diversity on managed lands.
- Peabody will continue to train its workforce concerning required and best environmental practices and routinely communicate new or changed regulatory requirements and permit stipulations to assure compliance.
- Peabody will continue to explore practices and technologies to minimize energy usage.
- The company will seek to minimize material waste through an emphasis on recycling and efficiencies, and Peabody will continue to evaluate environmental impacts for all special and hazardous materials prior to purchase.
Global Reporting Initiative Appendix

Section G4-EN23: Total Weight of Waste by Type and Disposal Method: GRI 4 defines two waste types: hazardous waste and non-hazardous waste. The waste types are defined by regulatory definitions from where the waste is generated. Definitions of hazardous and non-hazardous waste used in this reporting are consistent with the two countries and eight states in which Peabody Energy mines.

Waste reporting under GRI is done by totaling the waste types by disposal method. GRI disposal methods include reuse, recycling, composting, energy recovery, incineration, landfill, etc.

The following charts summarize disposal methods for waste in 2014.

### Waste By Type

- **Hazardous Waste Kilograms**: 3,713,937
- **Non-Hazardous Waste Kilograms**: 17,435,714

### Total Waste By Disposal Method

- **Total Recycled**: 56.14%
- **Total Reused**: 0%
- **Total Energy Recovery**: 12.43%
- **Total Incineration**: 8.59%
- **Total Landfilled**: 21.97%
- **Total Landfarmed**: 0.71%

### Hazardous Waste By Disposal Method

- **Recycled**: 0%
- **Incinerated**: 46%
- **Landfilled**: 54%

*Represents 125 kg of hazardous waste that was disposed of in landfills in 2014.*
### GRI G4-EN23 Waste By Disposal Method

<table>
<thead>
<tr>
<th>Wastewater Disposal Method</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Hazardous Waste Reused</td>
<td>0 Kg</td>
</tr>
<tr>
<td>Total Hazardous Waste Recycled</td>
<td>1,997,041 Kg</td>
</tr>
<tr>
<td>Total Hazardous Waste Composted</td>
<td>0 Kg</td>
</tr>
<tr>
<td>Total Hazardous Waste Energy Recovered</td>
<td>0 Kg</td>
</tr>
<tr>
<td>Total Hazardous Waste Incinerated</td>
<td>1,716,771 Kg</td>
</tr>
<tr>
<td>Total Hazardous Waste Landfilled</td>
<td>125 Kg</td>
</tr>
<tr>
<td>Total Non-Hazardous Waste Incinerated</td>
<td>99,854 Kg</td>
</tr>
<tr>
<td>Total Non-Hazardous Waste Landfarmed</td>
<td>4,646,307 Kg</td>
</tr>
<tr>
<td>Total Other Hazardous Waste</td>
<td>0 Kg</td>
</tr>
<tr>
<td>Total Non-Hazardous Waste Reused</td>
<td>33,514 Kg</td>
</tr>
<tr>
<td>Total Non-Hazardous Waste Recycling</td>
<td>9,875,940 Kg</td>
</tr>
<tr>
<td>Total Non-Hazardous Waste Composted</td>
<td>0 Kg</td>
</tr>
<tr>
<td>Total Non-Hazardous Waste Energy Recovered</td>
<td>2,629,371 Kg</td>
</tr>
<tr>
<td>Total Non-Hazardous Waste Incinerated</td>
<td>2,033,314 Kg</td>
</tr>
<tr>
<td>Total Non-Hazardous Waste Landfarmed</td>
<td>150,728 Kg</td>
</tr>
</tbody>
</table>

### G4-EN8 Total Water Withdrawn By Source

<table>
<thead>
<tr>
<th>Source</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Withdrawn Surface Water</td>
<td>30,402 ML</td>
</tr>
<tr>
<td>Total Withdrawn Ground Water</td>
<td>10,809 ML</td>
</tr>
<tr>
<td>Total Withdrawn Municipal/Purchased Water</td>
<td>2,033 ML</td>
</tr>
<tr>
<td>Total Water Withdrawn</td>
<td>43,244 ML</td>
</tr>
</tbody>
</table>

### G4-EN9: Water Sources Significantly Affected by Withdrawal of Water

Withdrawals that account for an average of 5 percent or more of the annual average volume of water body; withdrawals that are known to or likely to have significant impacts as determined by recognized professionals; withdrawals from water bodies recognized to be particularly sensitive based on relative size, function, or status as rare, threatened, or endangered system; any withdrawal from a wetland listed in the Ramsar Convention or other proclaimed conservation area; water source has high biodiversity value; water source identified as having high value or importance to local communities and indigenous peoples.

For 2014, two withdrawals were identified as being significant based on the 5 percent of annual withdrawal criteria. Significance based on biodiversity values were not evaluated in 2014, but will be included in reporting for 2015.

### G4-EN10: Percentage and Total Volume of Water Recycled and Reused

The act of processing water and waste water through another cycle before discharge to final treatment and discharge to the environment.

### G4-EN22: Total Water Discharge by Quality and Destination

Sum of water effluents discharged over the course of the reporting period to subsurface waters, surface waters, sewers that lead to rivers, oceans, lakes, wetlands, treatment facilities, and groundwater.

### Section G4-EN32: Total Water Discharge By Quality And Destination

- Total Water Discharged to Surface Water (Rivers and Streams) 29,012 ML
- Total Water Transferred to Third Party 584 ML
- Total Discharged 29,596 ML
Section G4-EN26: Water Sources Significantly Affected by Discharge of Water:
Discharges that account for an average of 5 percent or more of the annual average volume of water body; withdrawals that are known to or likely to have significant impacts as determined by recognized professionals; withdrawals from water bodies recognized to be particularly sensitive based on relative size, function, or status as rare, threatened, or endangered system; any discharge to a wetland listed in the Ramsar Convention or other proclaimed conservation area; water source has high biodiversity value; water source identified as having high value or importance to local communities and indigenous peoples.

G4-EN26: Water Sources Significantly Affected By Discharge Of Water

<table>
<thead>
<tr>
<th>Source</th>
<th>Value (ML)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Porcupine Creek (Wyoming)</td>
<td>5</td>
</tr>
<tr>
<td>Foidal Creek (Wyoming)</td>
<td>6</td>
</tr>
<tr>
<td>Total Withdrawn Significantly Affected</td>
<td>11</td>
</tr>
</tbody>
</table>

Water Data

<table>
<thead>
<tr>
<th>Category</th>
<th>Value (ML)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Water Withdrawn</td>
<td>43,244</td>
</tr>
<tr>
<td>Total Water Withdrawn Surface Water (EN8)</td>
<td>30,402</td>
</tr>
<tr>
<td>Total Water Withdrawn Surface Water Significant (EN9)</td>
<td>11</td>
</tr>
<tr>
<td>Total Water Withdrawn Ground Water (EN8)</td>
<td>10,809</td>
</tr>
<tr>
<td>Total Water Withdrawn Municipal/Purchased Water (EN9)</td>
<td>2,033</td>
</tr>
<tr>
<td>Total Water Discharged (EN22)</td>
<td>29,596</td>
</tr>
<tr>
<td>Total Water Discharged Surface Water (EN22)</td>
<td>29,012</td>
</tr>
<tr>
<td>Total Water Discharged Surface Water Significant (EN26)</td>
<td>267</td>
</tr>
<tr>
<td>Total Water Transferred to Third Party for Reuse (EN22)</td>
<td>584</td>
</tr>
<tr>
<td>Total Volume of Water Recycled and Reused (EN10)</td>
<td>25,301</td>
</tr>
<tr>
<td>Percentage of Water Recycled and Reused (EN10)</td>
<td>59%</td>
</tr>
</tbody>
</table>
A reclaimed stream flows at Peabody’s Wild Boar Mine in Indiana.