SAFETY

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We commit to safety and health as a way of life.

Global Safety Results

At Peabody, safety is our first value and a leading measure of operational excellence. Our vision is to operate safe and healthy workplaces that are incident free. Every employee commits to this vision and is accountable for what we call "Safety a Way of Life," an intense culture of safety we embrace at work and away.

Peabody actively involves employees in developing approaches to prevent incidents and improve record keeping, reporting and accident investigations. In addition, the company emphasizes strong communications and continuous improvement of our safety practices. For a full list of our <u>safety principles</u> please see the Appendix.

In 2015, Peabody set a new company global safety record with a 1.25 safety incidence rate per 200,000 hours worked, a 13 percent improvement from the prior year. Peabody's Australian

In 2015, Peabody Set a Global Safety Record



Peabody's global safety rate improved 13 percent to a new record for the company in 2015.

business unit helped drive our performance with a 26 percent improvement rate.

Worldwide, Peabody's surface mines realized an incidence rate of 1.01, an 8 percent improvement over the 2014 rate of 1.10. The Wild Boar Mine in the United States led the company's global safety performance with zero reportable incidents in 2015. Peabody's underground mines achieved an incidence rate of 2.43 in 2015, comparing favorably to 2014 results of 3.02. Overall, Peabody's safety rates compare favorably with industry averages in both the United States and Australia, and we continue to strive for best-in-class performance in the industry.

Along with safety, Peabody also works to ensure the health and well-being of our employees. To learn more about our competitive health offerings please see our <u>People section</u>.



Source: Peabody 2015 safety data; U.S. Department of Labor, Occupational Safety and Health Administration, 2014 data; Mine Safety and Health Administration, 2014 data.

Working at Peabody is safer than most U.S. industries, based on incidence rates. Peabody is a safety leader, with a global incidence rate that is superior to the coal industry average and nearly every major industry sector.

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 interactions and audits 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 (SAWOL) Management System, which aligns to the National Mining Association's (NMA) CORESafety[®] framework, has been designed to set clear and consistent expectations for safety and health across our business through the categories of leadership and organization, safety and health risk management, and assurance. In anticipation of third-party certification in 2016, the company conducted internal site-based audits against the SAWOL Management System standard consistent with a continuous improvement approach this past year. Please refer to the Appendix for the full <u>SAWOL chart</u>.

Safety in the Americas

While Peabody's Americas operations achieved a notable safety incidence rate of 1.32, tragically a fatality occurred at the Gateway Mine in Southern Illinois. In June 2015, a fellow employee lost his life while performing pre-shift inspections at the mine. He was a 35-year mining veteran, and more importantly a father, son and friend to many. The loss was deeply felt by employees at Gateway and around the world. Peabody conducted a thorough investigation in cooperation with federal and state officials, which resulted in additional safety actions being implemented throughout the company. We also renewed our focus on identifying and preventing high-consequence events that can lead to fatalities.

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SAFETY

CUSTOME FOCUS

LEADERSHIP

PEOPLE

EXCELLENCE

INTEGRITY

SUSTAINABILITY

Each Peabody Americas operation has a Mine Safety and Health Team to routinely review mine incidents and reportable injuries. These teams include both management and hourly employees who represent multiple shifts and work crews. They are tasked with evaluating near misses, helping develop preventive measures, communicating findings to the workforce and ensuring best practices are applied. Supporting these efforts is the company's centralized, cross-functional Central Safety and Health Team, which is responsible for establishing benchmarks, developing safety initiatives, and introducing a robust regimen of safety audits and observations that enforce the highest standards. The company continues to update its internal safety reporting, embracing more comprehensive standards for contractors, managed sites and offices.

The company recognizes operations that achieved distinguished safety results and honored two Americas operations this past year. Peabody's Wild Boar Mine in Indiana earned three awards for its outstanding safety achievements, including the CEO Safety Excellence Award for achieving zero reportable incidents in 2015, along with the President's Award for Best Surface Mine Safety Performance and Most Improved Safety Performance among Peabody's U.S. operations. Additionally, Peabody's Francisco Mine in Indiana earned the President's Award for Best Underground Mine Safety Performance in 2015 with a 1.45 safety incidence rate per 200,000 hours worked. The company's operations were also recognized by external organizations for outstanding safety achievements, including Peabody's Cottage Grove Mine in Illinois, which was honored by the Illinois Department of Natural Resources with the 2015 Best Injury Frequency Rate for the Illinois Large Surface Mine Division. Additionally, Peabody's Bear Run Mine in Indiana won the fourth quarter Southern Indiana Holmes Safety Association Award for lowest reportable injury rate for a large surface mine.

Safety in Australia

Peabody Energy's Australian business unit reported a 2015 incidence rate of 1.26, a 26 percent improvement from the prior year. This marks eight consecutive years of improved performance.

During 2015, the Australian Safety Leadership Team led and participated in safety improvement efforts across Australian operations. The team held safety meetings focused on sharing best practices and reviewing safety improvement strategies. The rollout of the SafeStart[®] program, which focuses on the reduction in human error through the use of critical error reduction techniques, continued throughout the year. A commitment was also made to install the SAFEmine[™] Proximity Detection System at Millennium Mine following a successful trial at Burton Mine. The underground proximity detection initiative is awaiting underground coal mine certification in both Queensland and New South Wales and the promising technologies continue to be evaluated.

Additionally, Peabody honored its Australian operations for their commitment to safety excellence in 2015. Middlemount Mine in Queensland achieved the Australian platform's President's Award for Best Surface Mine Safety Performance, as well as the safest surface mine with a leading practice incidence rate of 0.39. The Metropolitan Mine in New South Wales delivered an incidence rate of 1.45, making it the safest underground Peabody mine in Australia for the second year in a row, earning the President's Award for Best Underground Mine Safety Performance.

Compliance and Regulation

Peabody collaborates with 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.

SAFETY	Mine safety reporting is included in financial regulatory reports as specified by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), and Peabody complies with Securities and Exchange Commission (SEC) disclosure issues.
CUSTOMER FOCUS	In the United States, the company recorded 2,589 Mine Safety and Health Administration (MSHA) inspection days across its mines, preparation plants and former active mining sites. The violation rate per day of inspection was 0.55 in 2015, compared to 0.61 the prior year, representing a 10 percent improvement.
	Supplier Safety
PEOPLE	Peabody recognizes the competitive value of a diverse supplier base and seeks to develop a strong supplier network within the industry.
EXCELLENCE	We partner with our contractors to ensure a safe and productive work environment. Our Contractor Safety and Health Management system provides governing standards to ensure that services provided to Peabody comply with our policies and do not expose vendors to
INTEGRITY	unacceptable risk. We also utilize contractor qualification and management tools to ensure that each contractor's safety statistics meet our required standards and that every employee utilized
SUSTAINABILITY	by a contractor on any of our sites is properly trained for the work they will be performing. Our Life Saving or Cardinal Rules – a set of safety principles first developed for Peabody's Australian platform and now being used across our entire global platform – were developed to ensure the ultimate safety of all individuals and are required to be followed by anyone working on our sites.

Emergency Preparedness

The company's Incident Management and Crisis Management Plans are regularly reviewed, updated and aligned across the global organization and Peabody's mine rescue and first response 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 train 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 2015.

- Twentymile Mine achieved two awards from the Colorado Mine Rescue Association for Best in State for Mine Rescue and Best in State for Mine Rescue and First Aid;
- Wildcat Hills Mine was honored as Best in State at the Illinois Mine Rescue Competition and Best in Company for Mine Rescue;
- Craig Hawkins from Gateway Mine earned first place in the bench contest at the Illinois Mine Safety and Rescue Skills Competition;
- Jeff Cook, James Francis, Allen Jaramillo, Teddy Gonzales, Rex Good, Salomon Molina and Charles Ortega from El Segundo Mine in New Mexico were recognized as "Life Savers" by the Joseph A. Holmes Safety Association; and
- Peabody's North Antelope Rochelle Mine in Wyoming earned first place in the International Mine Rescue Competition at the 29th Elko Safety Olympiad.

SAFETY	In Australia, a strong safety culture is evident through ERT participation.
CUSTOMER FOCUS	 The North Goonyella Mine Rescue team took third place in the Queensland Mines Rescue Service
LEADERSHIP	Memorial Cup.
PEOPLE	The Wambo Undergound team continued its annual success in the Hunter Valley
EXCELLENCE	Underground Mines Rescue Competition and won the Australian National Mines Rescue competition in
INTEGRITY	October 2015 – a first for Peabody's Australian
SUSTAINABILITY	platform. They will go on to represent Australia in the International Mines Rescue Competition to be held in



2015 marked the ninth consecutive win for Peabody's Wambo ERT team at the Hunter Valley competition. The team also won the Australian Mines Rescue competition and will represent Australia in the 2016 International Mines Rescue Competition in Canada.

Safety Achievements

Continuing our focus on innovation and operational excellence, Peabody's sixth annual Safety Innovation Awards honored the company's best safety methods and inventions. In 2015, operations presented an array of solutions, with four earning awards:

1st Place & Most Transferable Award

Canada in August 2016.

Millennium Mine for the T282C Air Filter Access Platform, which reduces manual handling risks when changing out air filters on mobile equipment.

2nd Place & Most Original Award

Bear Run Mine for the JB1 Extraction Slide, which uses a frame that allows a sick or injured worker to be safely, smoothly and quickly lowered in a Stokes Basket.

3rd Place & Most Effective Award

Wilpinjong Mine for the Drone Placement of Tailings Dam Target, which reduces major risks associated with manually placing targets on the Tailings Dam during capping.

Special Recognition for Most Cost Effective Safety Solution

Francisco Mine for the Dozer Catwalk, which greatly improved visibility by realigning the grating on the rear catwalk.

To learn more about each innovation please see our Excellence section.