



Peabody Energy Australia

2020 Modern Slavery Statement

Introduction

Modern slavery is a term used to cover a range of exploitative practices, including human trafficking, slavery, slavery-like practices, forced labour, child labour and the removal of organs.

On 29 November 2018, the *Modern Slavery Act (2018)* (Modern Slavery Act) was passed, which requires certain entities to submit on a yearly basis a modern slavery statement (Modern Slavery Statement) addressing those entities' actions and responses with respect to Modern Slavery. Under the Modern Slavery Act, certain Peabody entities are required to submit Modern Slavery Statements.

This document is Peabody's first Modern Slavery Statement for its Australian operations and covers the period of 1 January 2020 to 31 December 2020 (FY 2020).

Peabody's Operations

Peabody is a leading coal producer, providing essential products to fuel baseload electricity for emerging and developed countries and to create the steel needed to build foundational infrastructure. Our commitment to sustainability underpins our activities today and helps to shape our strategy for the future. Peabody operates several mines in Australia:

New South Wales

- Wilpinjong Mine
- Wambo Underground Mine
- Metropolitan Mine

Queensland

- Coppabella Moorvale Joint Venture
- Burton (rehabilitation)
- North Goonyella (care and maintenance)

Our Position on Modern Slavery

Integrity is one Peabody's key values. It drives how we procure goods and services and the processes put in place to govern procurement activities. We strive to undertake our business dealings with suppliers fairly and want to ensure that the employees of our suppliers are dealt with appropriately and in accordance with applicable labour laws. We also want to ensure our suppliers are aware of modern slavery risks and are taking reasonable actions to detect such practices in their own supply chains.



Peabody has clearly demonstrated its support for the principles of the UN Global Compact, which in part supports labour practices that reject Modern Slavery in all its forms. Where the risk of Modern Slavery practices is identified in our supply chains, we will investigate and take corrective actions, including changing sources of supply as necessary. Peabody approved and published its Anti-Slavery Policy (available to view at www.peabodyenergy.com) prior to the commencement of the 2020 fiscal year.

Our Organisational Structure

Peabody Energy Corporation (**Peabody**) is a listed company on the New York Stock Exchange (NYSE). The majority of Peabody's mining operations in Australia are held by Peabody Holdco Pty Ltd (ACN 154 820 130) (**PAH**). PAH is the holding company of the following subsidiaries:

Name of reporting entity	Australian Company Number
Peabody Energy Australia Pty Ltd	096 909 410
Wambo Coal Pty Ltd	000 668 057
Metropolitan Collieries Pty Ltd	003 135 635
Peabody Energy PCI (C&M Management) Pty Ltd	077 890 932
Millennium Coal Pty Ltd	089 566 021
North Goonyella Coal Mines Pty Ltd	010 912 526

In addition to the PAH group, the following entities also conduct business in Australia and are reporting entities under the Modern Slavery Act:

Name of reporting entity	Australian Company Number
Wilpinjong Coal Pty Ltd	104 594 694
Peabody COALSALLES Pacific Pty Ltd	146 797 408

This joint modern slavery statement is made on behalf of all of the entities listed above in accordance with the Modern Slavery Act by Peabody Investments Corp. (**PIC**), a holding corporation of all of the companies listed above. The Board of Directors of PIC have approved this Modern Slavery Statement as the principal governing body for the reporting entities listed above, through a board resolution dated August 30, 2021.

Modern Slavery Risk Management

Key Risks

Prior to the commencement of FY 2020, a high-level risk assessment was undertaken to identify modern slavery risks Peabody's operations. These key risks are identified below:

Counterparty Risks – Through Sales & Marketing and Business Development Activities, Peabody engages with counterparties both domestic and international. Some of these counterparties operate



in parts of the world where modern slavery risks are more prevalent and also in industries such as third-party shipping where cases of modern slavery have been previously documented.

Labour Risks – Through our engagement of labour, particularly contractor and temporary labour, there is the risk that workers are exposed to modern slavery practices through non-compliance to labour laws. The area of our business considered to be most exposed to these risks are support workers such as cleaners, caterers and clerical staff engaged on casual terms.

Procurement Supply Chain Risks – Through the engagement of local suppliers that source products overseas or direct sourcing activities from suppliers based overseas in the Asia Pacific emerging markets, there is the risk that the workers producing such products are exposed to modern slavery practices. Procurement of textile products (such as through the purchase of work uniforms) and rubber-based products (such as earthmoving tyres and conveyor belt) were considered to be products more exposed to modern slavery risks due to the countries where raw materials are sourced.

Risk Mitigation

During the FY20 period, Peabody worked on identifying and implementing a number of control measures to mitigate the key risks identified:

Enhanced Due Diligence – Peabody strengthened its third-party due diligence process to include flagging of counter parties for known events or risks connected to modern slavery. This was achieved through modifications to screening processes and the use of automated third-party database screening to flag particular risks.

Strengthened Supplier Screening Processes – Peabody's standard supplier screen questionnaire was strengthened by adding a new section focussed on Modern Slavery. As part of this process we ask each new supplier to confirm they have viewed Peabody's Anti-Slavery Policy and are willing to align to those requirements. We also ask a series of questions to help identify at-risk suppliers through source of supply or exposure to high risk products such as textiles or use of piece workers or casual labour. Each of these responses is reviewed by the Head of Supply Chain for the Australian business prior to the supplier being added to our systems. This enhanced process has been in place since 1 January 2020.

Contractual Protections – Peabody enhanced its Purchase Order Terms and Conditions in Quarter 2 2020 to create a positive obligation on our suppliers to (amongst other things) comply with the Modern Slavery Act, implement a due diligence process to identify modern slavery in its supply chains, report any potential breaches of modern slavery requirements and maintain records that may be subject to future review and audit by Peabody. Peabody also amended its standard Supply Contract Template in Quarter 4 of 2020 to include similar positive obligations on suppliers to implement control systems to complement Peabody's enhanced controls.

Risk Effectiveness

To date Peabody has not had any known breaches of modern slavery requirements through its contracting instruments, nor have any modern slavery risks been flagged through our enhanced due diligence process or supplier screening processes. Whilst we have further improvement planned for FY21 and beyond to further strengthen our controls and diligence activities, Peabody is satisfied that the controls implemented have been effective in mitigating (though not eliminating) potential modern slavery risks in supply chains.

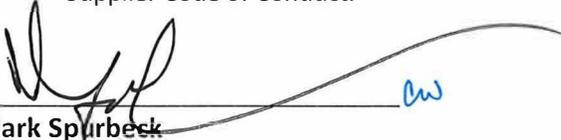
Impact of COVID-19

As at the date of this FY20 Modern Slavery Statement we are not aware of the COVID-19 pandemic giving rise to any additional modern slavery risks in our operations or supply chains.

Future Actions Planned for FY21

During the 2021 fiscal year we plan to continue strengthening our governance and risk mitigation controls through the following key tasks:

- Publish a Supplier Code of Conduct to ensure clear expectations are set for our Supplier's to behave in accordance with our own Code of Conduct.
- Require new Suppliers to review the Supplier Code of Conduct and confirm they are willing to align with its requirements as part of our Supplier pre-qualification questionnaire.
- Request our largest incumbent suppliers who have not been subjected to our enhanced screening processes to update their screening questionnaire responses by completing the current version of the document and committing to align to Peabody's Anti-Slavery Policy and Supplier Code of Conduct.



Mark Spurbeck
Chief Financial Officer
Director, Peabody Investments Corp.

This FY20 Modern Slavery Statement has been approved by the Board of Directors of PIC on behalf of all reporting entities under the Modern Slavery Act as outlined in the section titled 'Our Organisational Structure'. The signatory is authorised to sign this FY2020 Modern Slavery Statement by PIC.