

# 2014

## CORPORATE RESPONSIBILITY REPORT



# GAS AND COAL OPERATIONS



# 2014 CORPORATE RESPONSIBILITY REPORT

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# LETTER FROM THE CEO

I am pleased to present CONSOL Energy's 2014 Corporate Responsibility Report.

As we reflect on one of the most pivotal and productive years in our company's long history—one which marked our 150th anniversary—it is clear that we achieved great progress toward both our operational and corporate responsibility goals in 2014.

We increased production in line with our strategy at the beginning of the year while, at the same time, continuing to drive down costs; we strengthened our core values and introduced measures aimed at making us a safer, more compliant and more efficient operator; we are gaining momentum by the day and have positioned the company to compete, thrive and continue to unlock the inherent value of our best-in-class assets. The energy business is changing once again, and, true to our legacy, CONSOL Energy is embracing that change and adapting to these new realities exceptionally well.

Our fourth annual report highlights some key accomplishments in terms of our commitment to our core values including:

- Introducing *Positively CONSOL* behavioral training across all operational personnel as well as our corporate support staff. *Positively CONSOL* is strengthening our Absolute ZERO safety culture and focusing attention on behaviors that drive decision-making and discretionary effort throughout our corporate culture;
- Continuous improvement in safety performance—our overall recordable incident rate for 2014 was 1.62, down from 1.72 in 2013—a notable accomplishment given that we increased natural gas production by over 30 percent during the year;
- Achieving a record year in terms of environmental compliance year-on-year by 6 percent, while also achieving a 56 percent reduction in violations since we began reporting in 2011;
- Earning certification through our partnership with the Center for Sustainable Shale Development—recognition of our operational commitment to going above and beyond what is required by law to protect the environment which speaks directly to the excellence that our core values have woven throughout the fabric of our entire company;



- Decreasing our direct carbon intensity by 13 percent from 2013 through improved well designs, new technology, and consistent safe production across both coal and gas operations;
- Recycling and repurposing almost 2 billion gallons of water from our existing operations;
- Expanding gender diversity within the ranks of CONSOL Energy management;
- Reaffirming our commitment to employee volunteerism and community engagement in the communities where we live and work.

While these accomplishments are substantial, our commitment to our core values dictates that our work in this regard has really just begun. Through the efforts of our dedicated employees and contractors across our operational footprint, and their proven commitment to corporate responsibility, we are positioned to deliver increased value for all of our stakeholders.

I encourage you to read more about CONSOL Energy's corporate responsibility efforts which are making a positive difference within our company and in the communities where we operate.

A handwritten signature in dark ink, appearing to read 'M. J. ...'. The signature is fluid and cursive, written over a light gray background.

President and Chief Executive Officer

# ABOUT THE REPORT

This is CONSOL Energy's fourth annual corporate responsibility report. All information contained in this report is from calendar year 2014, unless otherwise noted. Our objective is to help all of our stakeholders—shareholders, employees, neighbors in our communities, regulators, and customers—better understand our corporate responsibility objectives, goals, and achievements. Where appropriate, we have included historical performance information and, going forward, we will compare our performance year-to-year.

## PROCESS FOR DEFINING REPORT CONTENT

This report was prepared using the Global Reporting Initiative (GRI) 3.1 guidelines. For our 2015 Corporate Responsibility Report, we anticipate following the GRI G4 guidelines. As we transition towards reporting against GRI G4, we have included a number of G4 disclosures within this current report.

Topics covered in this report are those that we believe are most pertinent to our business sectors. In choosing the content of this report, we considered CONSOL Energy's short-term and long-term strategies as well as the following criteria:

- Concerns and topical issues brought to our attention through stakeholder dialogue;
- Topics included in surveys sent to us by sustainability indexes and rating agencies for the assessment of our sustainability performance;
- Public information gathered from institutions, governments, nongovernment organizations (NGOs) and associations, at both national and local levels; and
- Benchmark analysis and monitoring of the oil and gas sector, as well as the mining sector.

This report was prepared by CONSOL Energy representatives, and it has been reviewed and approved by CONSOL Energy's Health, Safety, and Environmental Committee of the Board of Directors.

CONSOL Energy's Internal Auditing (IA) Department reviewed the 2014 Safety and Environmental statistics reported in the Corporate Responsibility Report. For Safety,

IA reviewed the Employee (EE) Total Recordable Injury Frequency Rate (RIFR), Contractor RIFR, EE Lost Work Day Incident Rate, EE Fatalities, Contractor Fatalities, and MSHA Violations. The Safety review noted no concerns. For Environmental Management, IA reviewed the Notices of Violations and Spill Incident Rate. No material variances were noted.

## ORGANIZATIONAL AND OPERATIONAL BOUNDARIES OF THE REPORTED INFORMATION

CONSOL Energy is a large natural resource extraction company that produces natural gas and coal, primarily in the eastern United States, for the domestic electric utility industry, industrial consumers, and steel companies. CONSOL Energy also exports coal to Europe, Asia, and South America for electricity and steel production. All of the Company's producing operations are located in the United States. CONSOL Energy's operations are comprised of a range of business and support groups that include:

- **Natural Gas Division:** Natural gas extraction from shale, shallow oil and gas, and coal bed methane wells, along with transportation and processing operations.
- **Coal Division:** Coal production primarily from underground mines.
- **Land Division:** CNX Land LLC, a CONSOL Energy subsidiary, manages surface, coal, gas and oil holdings in support of operations and conservation projects, public usage and land donations.
- **Water Division:** CNX Water Assets LLC, a CONSOL Energy subsidiary, is acquiring and developing existing sources of water in order to support our gas and coal operations, develop business in water sales, promote cutting-edge water technologies, treat both acid mine drainage (AMD) water and fracturing water, and reduce our environmental liabilities.
- **Marine Terminal:** Shipping terminal in Baltimore that receives coal by rail from Company and third-party mines and loads ocean vessels for export.

## ABOUT THE REPORT

CONSOL Energy has also entered into a number of joint ventures related to its gas and coal activities. Our joint ventures include:

- A joint venture of CONSOL Energy and Hess Corporation to explore and develop the Utica Shale in Ohio; CONSOL Energy's share is 50%.
- A joint venture of CONSOL Energy and Noble Energy to develop the Marcellus Shale in southwest and central Pennsylvania and West Virginia; CONSOL Energy's share is 50%.
- CONE Midstream Partners LP, (NYSE: CNNX), a master limited partnership formed by CONSOL Energy and Noble Energy, to own, operate, and develop natural gas gathering in the Marcellus Shale in Pennsylvania and West Virginia.
- A joint venture of CONSOL Energy and Rosebud Mining Company, known as Western Allegheny Energy, to develop and operate underground mining properties in central Pennsylvania. CONSOL Energy's share is 49%.

This report covers the divisions and operating groups mentioned above, unless otherwise stated.





# ABOUT CONSOL ENERGY

## QUICK FACTS:

**3,834** employees

More than **12,000**  
producing gas wells

**235.7** net billion cubic  
feet equivalent of gas  
produced in 2014

**6.8** trillion cubic feet  
equivalent of proved  
gas reserves

**32.2** million tons of coal  
produced in 2014

**3.3** billion tons of  
coal reserves

Member of S&P 500's  
Equity Index &  
Fortune 500

2014 began the realization of the new business strategy and natural gas focused growth of CONSOL Energy. At the close of 2013, CONSOL Energy culminated its first 150 years of being a primarily coal producer, with the sale of Consolidation Coal Company and five of its mines, and announced its intent to predicate its future growth on the development of unconventional shale in the Appalachian basin. 2014 also saw change in the executive leadership of CONSOL Energy, with the retirement of J. Brett Harvey as Chief Executive Officer, and the appointment of Nicholas J. Deluliis as President and CEO.

At the outset of the year, we set an aggressive annual natural gas production growth target of 30 percent each year over the next three years, and we not only met but exceeded the first year's target with 235.7 Bcfe of actual natural gas production. We expect to produce 300–310 Bcfe for 2015, which includes the targeted growth objective.

Our flagship coal mines also saw a record year. Our Bailey Mine produced 12,324,680 clean tons of bituminous coal. We also commissioned the opening of the new Harvey mine at the Pennsylvania complex in March 2014, bringing the number of operating longwalls to a total of five at the three mines at the Pennsylvania complex. We also added new international markets for export of our metallurgical coal from the Buchanan mine in Virginia, adding eleven new end users in eight countries.

To ensure future economic sustainability of the company, our business development team targeted key acquisitions for our gas reserves replacement. Highlights of these transactions include:

- The acquisition of 89,000 acres in West Virginia of Dominion Transmission Inc. (DTI)'s Fink Kennedy/Lost Creek and Racket Newberne Storage Fields. This acquisition includes both natural gas liquids reservoir as well as dry gas reservoirs which provide CONSOL Energy with rights to develop the Upper Devonian to the Onondaga shale formations. Our reserve estimates are 78 Marcellus Proven Undeveloped Reserves (PUDs), with the potential for 200–250 Upper Devonian wells.
- The acquisition of 20,800 acres in western Pennsylvania of NiSource's Majorsville Storage Field. This acquisition includes both wet and dry gas reservoirs of Upper Devonian and dry Utica. Our reserve estimates have the potential for 125 Utica wells and similar for Upper Devonian in full scale development.

CONSOL Energy continued its divestiture of non-core assets, and concluded the sale of certain Illinois Basin coal reserves, our industrial distribution company, and various other business units totaling more than \$270 million in 2014. These divestitures put us ahead of our five-year commitment to sell \$1 billion worth of non-core assets.

# ABOUT CONSOL ENERGY

While 2014 was a challenging year market-wise with prices for both commodities being depressed, CONSOL Energy posted a strong finish to the year, as the chart below indicates.

## FINANCIAL PERFORMANCE

(000 omitted, except per share data)	2014*
Operating Revenues from Continuing Operations	\$3,476,100
Net Income Attributable to CONSOL Energy Inc. Shareholders	\$ 163,090
Earnings Per Share (diluted)	\$ 0.70
Operating Cash Flow	\$ 936,780
Capital Expenditures	\$1,493,425
Gas Production (Bcf)	235.7
Coal Production (tons in millions)*	32.2

\*Production excludes CONSOL Energy's portion from equity affiliates.

## GAS OUTLOOK

The United States natural gas industry is highly competitive and more diversified than the coal industry. Natural gas has maintained market share in the U.S. electric generation market, but we do expect natural gas to become more of a significant player in the domestic market in the long term. With our operations located primarily in the eastern U.S., competition within our market is based primarily on natural gas commodity trading fundamentals and pipeline transportation availability to various markets.

Northeast shale production has grown from a relatively small percentage of North American supply to one of the nation's largest natural gas production areas. This has resulted in significant changes to the traditional supply, demand, and transportation dynamics of the market. Major pipelines have expanded or reversed their flows; customers have shifted primary sources of supply; producers have flocked to the region to take advantage of the low-cost and abundant reserves; and international corporations have sought to access this new world energy resource. Looking to the future, the Northeast is projected to remain one of the fastest growing natural gas production regions.

CONSOL Energy has developed a gas marketing strategy that takes advantage of the opportunities resulting from these changes. We have added capacity on major pipelines; supported the development of new gas processing facilities; and executed term agreements with strategic customers. We also continue to implement our scheduled

and supplemental hedge programs to manage price risk. Our diversified portfolio of markets, customers, and transportation options will allow us to remain competitive in a dynamic market environment.

## COAL OUTLOOK

Our core markets will continue to offer a "value" price instead of a "commodity" price as the years of hard work establishing our reliability, financial security, trustworthiness, environmental stewardship and high quality product provide an advantage to those utilities within our sphere of influence. The current coal market remains challenging as the power markets and natural gas price set the price ceiling while coal suppliers set the price floor. However, there are opportunities to provide our lower sulfur, high Btu thermal coal to assist utilities in lowering their operational costs and meeting EPA regulatory requirements, particularly the Cross-State Air Pollution Rule.

Even as the export markets are struggling, CONSOL Energy remains strong in these markets. Our "one-stop-shop" capability allows us to maximize logistical efficiencies, blend coals to meet the demands of our overseas customers, and move high quality coal to a large variety of customers around the world through our Baltimore terminal. The demand for our high Btu, lower sulfur thermal coal, and our low cost metallurgical product remains strong as we serve customers in 26 different countries in 2015.



# ABOUT CONSOL ENERGY

## LOOKING TOWARDS THE FUTURE

Looking towards 2015, CONSOL Energy has two main focus areas to drive the direction and culture of the Company. The first is a focus on increasing Net Asset Value per share (NAV) which will accelerate recognition of value and bring cash flow forward. Through a heightened awareness of improving capital efficiency, reducing liabilities, and focusing only on those critical path items that drive NAV, CONSOL Energy will improve shareholder value and optimize our best-in-class assets.

The second is focused around behavior. What began in 2013 as an effort to strengthen our safety culture and better influence personal decision-making, or Behavior Based Safety, has grown into its own identity in 2014—**Positively CONSOL** “Driving Performance through Positive Reinforcement.” (PC)

2014 saw our efforts in **Positively CONSOL** not only continue with employee introductory training, but also expand into implementation. Being a top-down driven effort, PC is a culture that includes performance of touch points that are planned to help shape behavior, hosting debriefs with direct reports to review touch points and learn from the experiences, and utilizing a system of PIC/NIC™ analyses—Positive Immediate Certain-Negative Immediate Certain, which help identify those positive and negative reinforcements to influence behavior. Shaping behavior of others helps obtain discretionary effort that exists within every employee and is more lasting than forced or required effort. Being able to harness that discretionary effort within the nearly 4,000 employees at CONSOL Energy is what will separate us even further from our competition.



# CORPORATE GOVERNANCE

## OUR COMMITMENT TO CORPORATE GOVERNANCE

CONSOL Energy's Board of Directors and management team firmly believe that sound principles of corporate governance are essential in making good decisions on behalf of our shareholders, employees, and other stakeholders. We believe that corporate governance goes hand in hand with strong financial performance.

Our Board of Directors regularly reviews our governance policies to ensure that we are in compliance with applicable laws and regulations, as well as best practices. We maintain a corporate governance page on our website at [www.consolenergy.com](http://www.consolenergy.com). Linked to this page are our corporate governance documents, including our Bylaws, Corporate Governance Guidelines, Code of Director Business Conduct and Ethics, Code of Employee and Business Conduct and Ethics, Charters for each of our Board Committees, and Related Party Transaction Policy.

Please also see our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and Proxy Statement for the 2015 Annual Meeting for further information.

## CORPORATE GOVERNANCE PRINCIPLES

CONSOL Energy's Board of Directors operates in accordance with these principles and corporate governance processes:

- CONSOL Energy holds an annual election of directors, and each director must receive a majority of votes cast. Directors who are elected, but who fail to receive a majority of the votes cast, must submit an offer of resignation to the Board.
- The Board has a retirement age policy that generally provides that no member of the Board who has attained the age of 75 shall be nominated for re-election or re-appointment to the Board at the next Annual Meeting of Shareholders.
- At least a majority of the Board must be independent.
- The Audit, Compensation, and Nominating and Corporate Governance Committees of the Board are required to be comprised entirely of independent directors.
- The Board has the authority to hire independent advisors.
- Each member of the Audit Committee has been deemed an audit committee financial expert for purposes of the Securities and Exchange Commission rules.
- Our non-employee directors meet regularly in executive session without the presence of management.
- Our directors and executives are subject to stock ownership guidelines, and our executives are further subject to stock retention guidelines.
- We adopted an executive compensation clawback policy which provides that we may seek to recover performance-based cash and equity incentive awards which were paid to an executive officer in the three years prior to any restatement resulting from material non-compliance with the financial reporting requirements of the securities laws.

# CORPORATE GOVERNANCE

- We have “no-hedging” and “no-pledging” policies in our insider-trading policy that generally prohibit directors and employees from engaging in hedging or pledging transactions with our stock.
- We instituted Board and management risk oversight processes and procedures.
- We conduct annual Board and Board Committee performance evaluations.
- We maintain a related-party policy administered by the Audit Committee to ensure the Board has oversight over potential transactions between CONSOL Energy and its directors, executive officers and their immediate family members, and our largest shareholders.

## CODES OF CONDUCT AND AVOIDING CONFLICTS OF INTEREST

It has always been the intent of CONSOL Energy to maintain high ethical and legal standards in conducting our business and, to this end, we have developed codes of ethical conduct that apply to our directors and employees. The essence of our codes of conduct are that CONSOL Energy’s directors and employees will conduct our business with integrity, in compliance with applicable laws, and in a manner that excludes considerations of personal advantage. Each of our codes of conduct addresses topics relating to encouraging ethical behavior, including: avoiding conflicts of interest, placing restrictions upon the receipt of gifts and the making of payments, protecting CONSOL Energy’s assets and complying with laws. Each year the Board assesses the adequacy of our codes and approves additions or revisions as necessary to keep our codes current with applicable laws. For more information related to CONSOL Energy’s codes of conduct, please visit [www.consolenergy.com/about-us/corporate-governance/code-of-ethics.aspx](http://www.consolenergy.com/about-us/corporate-governance/code-of-ethics.aspx).

## BOARD OF DIRECTORS

CONSOL Energy is governed by a Board of Directors of fourteen members, all of whom are independent under New York Stock Exchange rules, other than our Chairman, Mr. Deluliis and Mr. Hardesty.

**J. Brett Harvey** serves as our Chairman of the Board, which enables us to centralize Board leadership and provide effective communication to the other members of the Board, and places leadership of the Board with a director with more than 35 years of experience in the natural resources industry. We believe that Mr. Harvey’s role as Chairman of the Board furthers decisive leadership, ensures clear accountability, puts one of our non-employee directors in a leadership position that keeps the Board abreast of material issues affecting the Company, and enhances the corporation’s ability to communicate its message and strategy to the corporation’s shareholders, employees, and other stakeholders.

In connection with the Board’s decision to have a Chairman who is not independent under the rules of the NYSE, the Board determined that it was appropriate and necessary to appoint a Lead Independent Director, who must be an independent director who has served with CONSOL Energy for at least one year. The Lead Independent Director has several duties, including presiding over all meetings of the Board at which the Chairman is not present, and at executive sessions of the independent directors. We believe that the number of independent directors that make up our Board, along with the independent oversight of the Board by our Lead Independent Director, benefits the corporation, and the shareholders.

# CORPORATE GOVERNANCE

## BOARD COMMITTEES

Our Board has five standing committees: Audit, Compensation, Finance, Health, Safety and Environmental, and Nominating and Corporate Governance. For more information on our Board Committee charters, [click here](#).

Director membership on our Committees is as follows:

Name	Age	Director Since	Occupation	Committee Memberships					
				Independent	AC	CC	HSE	FC	NCG
J. Brett Harvey	64	1998	Chairman of the Board						
Nicholas J. Deluliis	46	2014	Chief Executive Officer, President and Director						
Philip W. Baxter	66	2009	President of Stan Johnson Company; Lead Independent Director	X	X	X			X
James E. Altmeyer, Sr.	76	2003	Former Chief Executive Officer and Chairman of Altmeyer Funeral Homes, Inc.	X			C	X	
Alvin R. Carpenter	73	2013	Former Vice Chairman—CSX Corporation; Director of Stein Mart, Inc. and of Regency Centers Corporation	X		C		X	
William E. Davis	72	2004	Former Chairman and Chief Executive Officer of Niagara Mohawk Power Corporation	X			X		C
Raj K. Gupta	72	2004	Independent Management Consultant	X	C		X		
David C. Hardesty, Jr.	69	2005	President Emeritus and Professor of Law at West Virginia University				X	X	
Maureen E. Lally-Green	65	2013	Former Judge—Superior Court of Pennsylvania	X			X		X
Gregory A. Lanham	50	2014	Director and Chief Executive Officer of FTS International, Inc.	X		X	X		
John T. Mills	67	2006	Former Chief Financial Officer of Marathon Oil Corporation	X	X	X			
William P. Powell	59	2004	Managing Partner of 535 Partners LLC	X				X	X
William N. Thorndike, Jr.	51	2014	Managing Director of Housatonic Partners	X		X		X	
Joseph T. Williams	77	2004	Former Chairman and CEO of DevX Energy, Inc.	X		X		C	

AC —Audit Committee

CC —Compensation Committee

FC —Finance Committee

HSE —Health, Safety and Environmental Committee

NCG—Nominating and Corporate Governance Committee

C —Chair

X —Member

# CORPORATE GOVERNANCE

For further information, including our directors' other significant positions and commitments and nature of them, competencies as to economic, environmental and social impacts, membership in under-represented social groups and stakeholder representation, please see CONSOL Energy's Proxy Statement for the 2015 Annual Meeting.

## OVERSIGHT OF ECONOMIC, ENVIRONMENTAL, AND SOCIAL PERFORMANCE

CONSOL Energy's Board Committees are tasked with oversight responsibilities ranging from economic and financial matters relating to the business to the impact of CONSOL Energy's operations upon the environment and the communities in which we live and work. The Board and each Board Committee receives information and training from CONSOL Energy's senior management team to further develop and enhance the Board's collective knowledge of economic, environmental and social topics. The Board and certain Board Committees have authority to delegate its authority to senior executives and other employees including as to economic, environmental and social topics relevant to CONSOL Energy, to the extent permitted by law and our Corporate Governance documents.

## BOARD'S ROLE IN RISK MANAGEMENT

Our management team is responsible for the management and assessment of risk at CONSOL Energy and communicating those risks to our Board. Through regular presentations to the Board and the appropriate Committees (as determined by the subject matter of the particular risk) which occur at least quarterly, management identifies and discusses material risks affecting the Company and our business, including reviewing economic, environmental and social matters. In 2014, our management team performed a comprehensive analysis of all material risks facing the Company and communicated those results to the full Board.

Under our Corporate Governance Guidelines, the Board is charged with assessing major risks facing the Company and reviewing options for their mitigation with the assistance of the various Committees. Even when a risk has been delegated to a particular Committee, the Board as a whole continues to monitor such risk through its receipt and review of reports by the respective Committees at each regularly-scheduled Board meeting. To assist in the identification and management of risk, the Board and

senior management regularly consult with shareholders and other stakeholders to identify issues.

The Audit Committee assists the Board in its general oversight of, among other things, CONSOL Energy's policies, guidelines and related practices regarding risk assessment and risk management, including the risk of fraud. As part of this endeavor, the Audit Committee reviews and assesses the Company's major financial, legal, and similar risk exposures and the steps that management has taken to monitor and control such exposures. The Audit Committee also reviews and assesses the quality and integrity of CONSOL Energy's public reporting, the Company's compliance with legal and regulatory requirements, the performance and independence of the Company's independent auditors, the performance of the internal audit department, the effectiveness of CONSOL Energy's disclosure controls and procedures, and the adequacy and effectiveness of the Company's risk management policies and related practices.

Our Finance Committee is charged with monitoring and evaluating risks affecting the Company. Consistent with its charter, our Finance Committee reviews the Company's financial plans, strategic plans, debt and investments, as well as the Company's compliance with debt covenants.

Our Health, Safety and Environmental Committee addresses various risks associated with health, safety and the environment. This Committee reviews (i) any material compliance issues with health, safety and environmental laws, (ii) any material pending or threatened administrative, regulatory or judicial proceedings regarding health, safety or environmental matters, and (iii) management's response to the foregoing matters.

Our Nominating and Corporate Governance Committee addresses risks associated with our management structure by reviewing, among other matters, the qualifications and backgrounds of our directors on an annual basis to ensure that our Board is composed of individuals who are capable of providing appropriate oversight to our executive management team.

Finally, our Compensation Committee reviews and comments on our succession planning and assesses whether our compensation policies and practices incentivize excessive risk-taking.



# CORPORATE GOVERNANCE

## COMMUNICATIONS WITH THE BOARD OF DIRECTORS

To communicate critical concerns, including those relating to economic, environmental and social topics, to the Board, interested persons may do so by writing to the Board, to the attention of the Corporate Secretary at CONSOL Energy Inc., 1000 CONSOL Energy Drive, Canonsburg, PA 15317, or by sending an e-mail to [directors@consolenergy.com](mailto:directors@consolenergy.com). The Corporate Secretary will relay all such communications to the Board in its entirety or to individual directors (as appropriate) at the next regularly

scheduled Board meeting (or earlier if necessary) except for spam, junk mail, mass mailings, solicitations, resumes, job inquiries or other matters unrelated to CONSOL Energy. Communications that are intended specifically for the Chairman or the independent directors are to be sent to the street address or e-mail address noted above, to the attention of the Chairman or the independent directors, as intended. Information concerning how to communicate with the Board is also included on CONSOL Energy's website at [www.consolenergy.com](http://www.consolenergy.com).

## EXECUTIVE OFFICERS OF CONSOL ENERGY

Left to right: Timothy Dugan—Chief Operating Officer Exploration and Production, James Brock—Chief Operating Officer—Coal, David Khani—Executive Vice President and Chief Financial Officer, Nicholas Deluliis—President and Chief Executive Officer, Stephen Johnson—Executive Vice President and Chief Legal and Corporate Affairs Officer, James Grech—Executive Vice President and Chief Commercial Officer.





# CORPORATE GOVERNANCE

## EXECUTIVE OFFICERS OF CONSOL ENERGY

**Nicholas J. Deluliis** is the President and Chief Executive Officer of CONSOL Energy. Mr. Deluliis has more than 24 years of experience with the company and in that time has held positions of Chief Operating Officer, Senior Vice President of Strategic Planning, and earlier in his career various engineering positions. He was a Director, President and Chief Executive Officer of CNX Gas Corporation from its creation in 2005 through 2009. Mr. Deluliis is a member of the board of directors of the U.S. Chamber of Commerce, the University of Pittsburgh Cancer Institute, the Center for Sustainable Shale Development, and the Allegheny Conference on Community Development. Mr. Deluliis is a registered engineer in the Commonwealth of Pennsylvania, and a member of the Pennsylvania bar. He is also a member of the Industrial & Professional Advisory Council College of Engineering at The Pennsylvania State University, and the Pittsburgh Penguins Foundation.

**David M. Khani** is the Executive Vice President and Chief Financial Officer of CONSOL Energy. In May 2014, Mr. Khani became a director and the Chief Financial Officer of the general partner of CONE Midstream Partners LP. Before joining the Company in 2011 as the Vice President—Finance, Mr. Khani was with FBR Capital Markets & Co. ("FBR"), an investment banking and advisory

firm, serving in various capacities, including the Director and Co-Director Research and the Co-Group Head of FBR's Energy and Natural Resources Group. Mr. Khani has approximately 21 years of natural resources industry experience. Mr. Khani is a Chartered Financial Analyst and is a member of the CFA Society Pittsburgh and the University of Rochester Simon Business School Executive Advisory Committee.

**Stephen W. Johnson** is the Executive Vice President and Chief Legal and Corporate Affairs Officer of CONSOL Energy. Before being appointed to his current position, Mr. Johnson served as Senior Vice President and General Counsel of both CONSOL Energy and CNX Gas Corporation. In May 2014, Mr. Johnson became a director of the general partner of CONE Midstream Partners LP. Mr. Johnson has spent numerous years in the natural resources industry, including nine years with CONSOL Energy and CNX Gas Corporation and a number of years prior to that representing natural resource companies in private legal practice. Mr. Johnson is the immediate past Chairman of the Board of Concordia Lutheran Ministries, a non-profit continuing care retirement community, and the former Chairman of NEED, a non-profit minority college access program.

# CORPORATE GOVERNANCE

**James C. Grech** is the Executive Vice President and Chief Commercial Officer of CONSOL Energy. Mr. Grech joined the Company in 2001 and has served in several roles since then, including Senior Vice President of CNX Land Resources Inc. and Senior Vice President of CONSOL Energy Sales Company, both subsidiaries of CONSOL Energy, and Vice President of NAPP Gas & Energy Marketing for CNX Gas Company. Prior to joining the Company, Mr. Grech spent 17 years working for DTE Energy Company in the Detroit Edison Fuel Supply group and at DTE Coal Services. Mr. Grech has 30 years of natural resources industry experience and has spent more than 13 years with CONSOL Energy. He is a member of the National Coal Transportation Association and also serves as a Board Member for Mon Valley Hospital.

**Timothy C. Dugan** is the Chief Operating Officer—Exploration and Production of CONSOL Energy. He was President and Chief Operating Officer of CNX Gas Corporation from May 2014 to December 2014 when he became President and Chief Executive Officer. Prior to joining CONSOL Energy, Mr. Dugan was Vice President—Appalachian South Business Unit at Chesapeake Energy Corporation. During his seven years with Chesapeake Energy, he held several titles, including Senior Asset Manager and District Manager. Mr. Dugan began his petroleum and gas engineering career in 1984 with Cabot Oil & Gas Corporation as a General Foreman and Field Consultant, and held other industry-related positions with progressing responsibility at various oil and gas companies. Mr. Dugan is a member of the Society of Petroleum Engineers.

**James A. Brock** is the Chief Operating Officer—Coal of CONSOL Energy and has served in this role since December 2010. Mr. Brock began his career with CONSOL in 1979 at the Matthews Mine and since then has served at various locations in many positions including Superintendent, Vice President and Senior Vice President. Mr. Brock currently serves on the board of directors of the National Mining Association and is on the executive committee of West Virginia Coal Association, where he also serves as Chairman of the board of directors. He is on the board of directors of the West Virginia Coal Mining Institute, and is a former board member of the Utah Coal Association and the Utah Mine Safety Technical Advisory Council. Mr. Brock is involved in the Monongalia County Habitat for Humanity and the Morgantown Chamber of Commerce. He is also a sponsor of the Christian Foundation for Children and Aging. Mr. Brock was voted the 2010 Coal Safety Leader of the Year by the West Virginia State Counsel.

# GAS DIVISION

Gas Reserves	Estimated Net Proved Reserves (MMcfe)	Net Producing Wells (including oil and gob wells)	Total Net Acres <sup>1</sup>
Marcellus	4,235,212	196	440,811
Utica	495,290	22	226,331
CBM	1,467,194	4,374	2,388,963
Other	629,920	8,360	1,457,111
<b>Total</b>	<b>6,827,616</b>	<b>12,952</b>	<b>4,513,215</b>

<sup>1</sup> Acreage amounts are shown under the target strata CONSOL Energy expects to produce, although the reported acres may include rights to multiple gas seams (CBM, Utica, Marcellus, etc.). We have reviewed our drilling plans, our acreage rights and used our best judgment to reflect the acres in the strata we expect to produce.

Our E&P Division operates, develops and explores for natural gas in Appalachia (Pennsylvania, West Virginia, Ohio, Virginia and Tennessee). Our primary focus is the continued development of our Marcellus Shale acreage and the exploration of our Utica Shale acreage. In 2014, CONSOL Energy produced 235.7 Bcfe, 47% of that from Marcellus shale, 34% coal bed methane, 7% Utica and 12% other. We expect to produce 300–310 Bcfe for 2015 which reflects the 30% annual gas production growth target.

Highlights for 2014 are provided below.

## OPTIMIZING OUR APPROACH

In 2014, CONSOL Energy organized multi-disciplined Asset Teams that allow us to integrate environmental, land, permitting, and water into the geoscience and engineering development programs, thus bringing these disciplines to the forefront of the planning process. We established three Asset Teams—Northern Marcellus, Southern Marcellus, and Utica teams to assess future development opportunities, plan out the drill schedule, and optimize the capital expenditure budget.

We also began to employ Regionally Optimized Designs for our programs across Pennsylvania, West Virginia and Ohio in areas where we have what are called “stacked play” opportunities—options to develop in the Marcellus, Utica and Upper Devonian shale horizons. Regionally Optimized Designs allow CONSOL Energy to customize programs in the area which minimize over-design and implementation of unnecessary procedures. This approach provides multiple benefits including:

- Improved capital efficiency through reduction of the construction of multiple pads to penetrate multiple horizons, shared production equipment and pipelines;
- Reduced surface footprint through less surface disturbance from pad construction, well access, pipeline rights-of-way;
- Recycling of water and minimized use of chemicals; and
- Reduced rig moves equating to reduced traffic, fuel usage, reduced emissions and less impact to the local community.

## CERTIFICATION BY THE CENTER FOR SUSTAINABLE SHALE DEVELOPMENT

Following through on our commitment to seek certification under the Center for Sustainable Shale Development (CSSD) performance standards for natural gas development in the Appalachian Basin, CONSOL Energy underwent third-party auditing by Bureau Veritas, a world-renowned standards certification and third-party verifier selected by CSSD. CONSOL Energy’s entire operations, from construction, drilling, completions, and production to gathering and compression operations were audited for conformance to the strict, beyond-regulatory requirements for land and water protection, and air and greenhouse gas (GHG) emissions reductions. Key achievements of note include:

- Recycling 95.8 percent of our flowback and produced water for completions of wells (CSSD requires a minimum of 90 percent), further reducing freshwater demand;
- Reduced gas flaring by over 70 percent as compared to 2013, despite flowing back 25 percent more wells in 2014;

## GAS DIVISION

- Utilizing green completions a full year before federal requirements meant CONSOL Energy sent 4.6 Bcfe of gas to pipeline; and
- By utilizing flares with 98 percent destruction efficiency as compared to the more standard 95 percent, CONSOL Energy was able to further reduce its Volatile Organic Compounds and GHG emissions from flaring by 4.7 tons of VOCs and 2,000 metric tons of CO<sub>2</sub>(eq).

The audit was completed in December 2014, and CONSOL Energy was awarded certification. For CONSOL Energy, this is further confirmation of our commitment to excellence, and the third-party audit should re-affirm to our stakeholders that we are operating to the highest standards we have set for ourselves. More information on the CSSD audit results, standards, and organization can be found at [www.sustainable shale.org](http://www.sustainable shale.org).

### PITTSBURGH INTERNATIONAL AIRPORT DEVELOPMENT

CONSOL Energy kicked off its development of the natural gas beneath the Pittsburgh International Airport in March 2014 following the federal approval of the Environmental Assessment for the project. Following the construction of well pads, we began drilling and completed fourteen top holes and five horizontal wells of the 45 planned. The use of electric rigs, instead of diesel, on all of the top hole and horizontal drilling has allowed CONSOL Energy to further reduce emissions by 10% on top of the already strict emissions rates designated by the non-attainment status of Allegheny County for air quality. Outside of the requirements for the airport project, CONSOL Energy will continue to reduce its emissions by requiring our completion service providers to utilize the latest in engine technology, namely Tier 4 engines, in advance of regulatory requirements set forth by the EPA. Along with emission reductions at the airport, CONSOL Energy has also:

- Worked closely with the Finley Township Water Authority to help fund a water line to allow us to purchase fresh water from the township to hydraulically fracture our first wells starting in 2015 and serve as a source for make-up water to blend with our re-used flowback water when fracking subsequent wells. This partnership will allow CONSOL to drastically reduce the traffic associated with trucking in water.
- Actively monitored vibration and noise to ensure compliance with township ordinances. We have operated well

below the threshold ordinances as set by the township, and installed necessary protective measures to address resident concerns.

- To date, has had no recordable spills at the airport.
- Reduced rig moves, thus reducing traffic, fuel usage, emissions and lowered community impact.
- Worked towards developing a fully integrated subsurface and engineering model that will optimize the layouts of the pad thus reducing total footage and frac stages.

### DEVELOPING IN NATURAL GAS STORAGE FIELDS

As discussed in the section About CONSOL Energy, we obtained the rights to drill into the DTI Gas Storage Field. To do this safely, we worked closely with DTI to ensure the highest safety and compliance approaches were designed and implemented. In this planning and construction process, CONSOL Energy has:

- Constructed the first pad within the storage field, commenced top hole operations, and obtained core samples;
- Obtained gas line and water line rights-of-way and will begin clearing in 2015;
- Performed pre-drill water quality testing for the first 5 pads;
- Commenced construction of two centralized waste water facilities, an inground impoundment and aboveground storage tanks to allow the recycling of flowback water;
- Planned micro-seismic; and
- Acquired 2D seismic which will be utilized in the upcoming drilling and monitoring activities.

### UPPER DEVONIAN EXPLORATION

As part of CONSOL Energy's continuing emphasis on stacked-play potential, the Upper Devonian exploration program continued to have delineation success in 2014. In our southwest Pennsylvania district, the company drilled what we believe to be an industry-first stacked Burkett and Rhinestreet pad above existing producing Marcellus laterals from an adjacent pad. This activity occurred on our NV 48 pad where the M and N Burkett laterals along with the R lateral, which was landed in the Rhinestreet, were drilled above the existing NV 20 pad Marcellus laterals

## GAS DIVISION

which had been in production for some time. These new wells accessed reserves bypassed by the initial Marcellus development and exhibited lower finding and development costs by utilizing current pads and infrastructure. The wells have shown encouraging results during their initial flow-back period and will soon be turned into pipeline. The ability to drill Upper Devonian laterals concurrently with new Marcellus laterals on the same pad, or at a later date if desired, will allow us the flexibility to optimize our completion design and cost structure when we develop our Upper Devonian assets. To date, CONSOL Energy has drilled eight Burkett laterals and two Rhinestreet laterals in the southwest Pennsylvania district.

The Company also drilled our first two Burkett laterals in West Virginia during 2014, further extending our Upper Devonian exploration program into an area of sizeable leasehold acreage. These laterals were drilled concurrently with new Marcellus laterals. The upcoming completion will utilize micro-seismic monitoring to evaluate the complementary fracturing and pressure interaction between the two formations. In 2015, we plan to further expand our West Virginia Burkett exploration program, further increasing the net asset value of our acreage position.

### CONDENSATE HANDLING

With the growth of our unconventional drilling in condensate-rich areas, CONSOL Energy grew its average annual condensate production by more than 750% from 175 barrels per day in 2013 to more than 1,500 barrels per day in 2014. Of note is the fact that CONSOL Energy operated the top four condensate-producing wells in the state of Ohio in the third quarter of 2014, according to records published by the Ohio Department of Natural Resources. CONSOL Energy utilized advanced technology to recover and sell natural gas liquid vapors emitted from its condensate holding facilities to provide a safe and compliant workplace.

A condensate trucking plan and hazardous materials security plan were adopted to communicate safe and environmentally compliant condensate handling procedures to our employees and contractors. The following controls have been enacted at well site facilities:

- Only authorized personnel are permitted to work in condensate load out operations and/or have access to condensate. All personnel are thoroughly trained prior to receiving authorization to work in these capacities.
  - Only approved trucking companies that meet the requirements specified in the plan are authorized to haul condensate. All authorized trucking companies must meet the requirements for training, have a hazardous materials security plan, and conduct proper personnel screening.
  - All well site trucking facilities are provided with area gas monitors that provide visual and audible alarms. All personnel involved in load out operations are also required to have a personal gas detector.
  - Fixed and wireless emergency shut down devices are located throughout the site.
  - An engineered system for lightning suppression and static dissipation is utilized.
  - High volume trucking facilities (well sites) are staffed 24/7.
  - All vapors reside within a closed loop system in which they are either recovered (back to sales) or destroyed via a 98% efficient vapor destruction unit.
  - System safety protocols are integrated into the well site production equipment. Examples include high/low temperature controls, high/low pressure controls, high/low liquid level controls, additional tank overpressure protection. "Fire wires" that will automatically shut in pads during fire-type events have also been installed.
- Other highlights from 2014 include:
- CONSOL Energy recompleted several Marcellus wells in 2014. Recompletions allow us to re-enter an existing wellbore to tap into new reserves without requiring new pad construction or support facilities.
  - In the deep dry Utica, CONSOL Energy engineered well programs to the highest safety standards including higher grade casing and the use of ceramics in fracturing.
  - Service providers are now being contracted with CONSOL's core values as the metrics by which their performance is measured. More on this can be found in our Supply Chain section.
  - Prior to installing trucking facilities, a Hazard & Operability Study utilizing a risk matrix methodology is conducted with subject matter experts from all applicable functional departments.

# COAL DIVISION

## Coal Division

### Mining Complex Locations



	PA Complex	Buchanan
<b>Location</b>	Southwestern Pennsylvania	Southwestern Virginia
<b>Method</b>	5 Longwalls and Continuous Mining Machines	1 Longwall System and Continuous Mining Machines
<b>Reserves<sup>(1)</sup></b>	798 MT	94 MT
<b>Seam</b>	Pittsburgh 8	Pocahontas 3
<b>Railroad</b>	NS and CSX	NS
<b>Mine Life</b>	25+ years	20+ years
<b>Production Capacity</b>	28 MMT	5.2 MMT
<b>Type of Coal</b>	Primarily Thermal	Primarily Met

(1) Based on mid-year 2014 reserve estimate.



# COAL DIVISION

Coal Reserves (thousands of tons)	
Northern App	2,086,199
Central App	621,161
Illinois Basin	555,576
Western U.S.	29,972
<b>Total</b>	<b>3,292,908</b>

CONSOL Energy's Coal Division has an estimated 3.3 billion tons of proven and probable coal reserves which are divided into two regional operations and a centralized support group. Pennsylvania Operations is comprised of the PA central preparation plant that produces high-BTU Pittsburgh seam thermal coal mined from the Bailey, Enlow Fork and Harvey Mines. The Central Appalachian Operations produce coal from the Buchanan Mine in southwestern Virginia which mines a premium low-vol coking coal for the steel industry. CONSOL Energy also operates the Miller Creek Complex in southern West Virginia. The Engineering and Operation Support Group for coal is based in Canonsburg, PA.

Highlights for 2014 are provided below.

## PENNSYLVANIA OPERATIONS

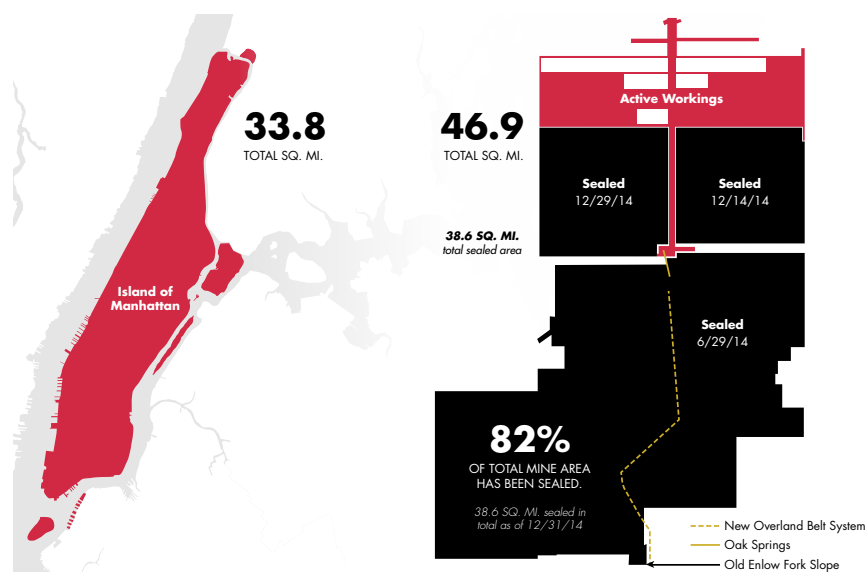
Throughout 2014, the Pennsylvania Operations performed in many ways that epitomized the heart of CONSOL Energy's core values. Facility upgrades, production records, and

start-up of a new longwall system were all realized while exploring safer ways to operate, remain compliant, and increase efficiency in all facets of operations. This mindset demonstrated itself as the Pennsylvania Complex, as a whole, produced a monthly record of 2,567,411 clean tons in April and a single day record of 126,512 tons on May 15th.

- Production at Bailey Mine during 2014 saw a number of new milestones obtained. In March, a monthly production record of 1,226,087 clean tons was set. This led to a quarterly production record in Q1 of 3,147,164 clean tons. On September 16th, a daily production record of 74,207 clean tons was set. This culminated with an annual production record of 12,324,680 tons set for Bailey.
- Enlow Fork saw a series of major projects come to a close in 2014. In January, the new Oak Springs Slope, two 12,500 ton raw coal silos, and a 6.2 mile overland conveyor were commissioned, increasing the production capability of the mine. The completion of the Oak Springs Slope allowed for 27.7 square miles of old mine workings to be sealed off in July. In total, Enlow Fork has sealed off 38.6 square miles or 82% of the mine over the past year. This includes the elimination of fourteen shafts, one slope and nine fans. These efforts led Enlow Fork to produce coal at the lowest cost per ton within the company.

## Enlow Fork Mine

The total sealed area in the Enlow Fork Mine is greater than the island of Manhattan in New York City.



## COAL DIVISION

- Our new Harvey Mine began full production on March 8th after several years of development. A raw coal handling project and slope belt upgrade increased production capacity and the new Patterson Creek Portal reduced travel time to working sections. In October, a production record for the mine of 411,087 clean tons was established. This should be the first of many records set as Harvey Mine was set up to excel in the years ahead.
- Working with our rail partner CSX, we found that we could optimize our rail loadout of coal trains. We could safely increase the amount of coal loaded into rail cars and shipped to our customers and ensure no overloads and remain under rail weight limits. By increasing the acceptable load rate, it meant fuller trains, which corresponded to the elimination of 19–26 trains that were not needed to ship coal to our customers. This also results in diesel savings by the railroad, as well as avoided emissions.

### CENTRAL APPALACHIAN OPERATIONS

Tough metallurgical market conditions posed a significant challenge at our Buchanan mine in 2014. In response, the work schedule was revised reducing the average cost per ton significantly all while maintaining positive lead days in all development sections. The mine also used the revised work schedule to make key preventative repairs to the production shaft extending its ultimate life. Additionally, to improve cost, the supply yard was moved from the Page Portal to the Contrary Portal reducing the distance to haul mining supplies by fourteen miles round trip. The main line belt system was also upgraded and six and a half miles of conveyor belting was replaced this year. Overall, these changes at Buchanan have resulted in lowering the cost per ton during challenging market conditions, positioning it even better for when the net coal market returns.

# SAFETY

CONSOL Energy operates within the established process that Absolute ZERO is the expected norm relative to Occupational Safety and Health.

The Board of Directors, Executive Team, and Management of CONSOL Energy have established Safety as our top core value. To support this value, we have authorized all employees, contractors or visitors that are on CONSOL

Energy property to stop the normal course of operation if the individual feels that their safety or the safety of others is being compromised. Through this empowerment, it is expected that everyone exhibits active caring for others by speaking up and taking action when he or she sees a situation that may cause harm to themselves, others or property.

## QUICK FACTS:

CONSOL Energy employs <b>69</b> safety professionals	CONSOL Energy has <b>4</b> emergency response mine rescue stations and <b>8</b> mine rescue teams	<b>100%</b> of employees received safety training in 2014	CONSOL Energy invested more than <b>\$77</b> million in safety-related capital and expense in 2014
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### CONSOL OCCUPATIONAL SAFETY & HEALTH MANAGEMENT SYSTEM (COSH)

In 2014, the business units conducted a series of self-audits focusing on items identified by the management teams for heightened awareness.

CONSOL Energy undertook a review of all safety-related policies for both gas and coal operations, which engaged personnel from various disciplines across the company. These reviews have been completed and are in final approval. During this review, the structure of the policies was modified to allow for easier usage by employees and contractors. CONSOL Energy also established a safety website for access by our contractors, which will go live in 2015. This portal will enable sharing of CONSOL Energy policies, Job Safety Awareness (JSAs), audit results, and other relevant priority information necessary to work safely on CONSOL Energy property.

Our ACE (Accident Cause Elimination) process was strengthened with the addition of the Behavior Science PIC/NIC™ Process, which integrates a multi-person evaluation into the process.

### EMERGENCY SAFETY RESPONDERS

In line with regulatory requirements, each mining site has a mine rescue team of employees who are selected based on skills and mining experience. These rescue teams train monthly in search, rescue, recovery, and firefighting

techniques in case of coal mine emergencies. In 2014, CONSOL Energy had 8 trained and active mine rescue teams and maintained four active mine rescue stations. The mine rescue teams participated in multiple industry competitions each and earned 47 trophies, which consisted of first, second, and third place in the categories of mine rescue, benchman, and first-aid. Team members participate voluntarily, and many team members are certified emergency medical technicians (EMTs). Additionally, many of our coal and gas operations also have employees who serve as first responders and EMTs.

### SAFETY ON THE ROADS

CONSOL Energy strives to be a good neighbor within the communities in which we operate by focusing efforts on minimizing and mitigating traffic disruptions within our operating areas. We place signs along approved routes to alert contractors which routes are the safest for them as well as for our neighbors in the community. In addition to minimizing traffic disruptions, CONSOL Energy also repairs and upgrades roads in our operating areas in order to accommodate heavy truck traffic volumes. In 2014, we spent more than \$11.5 million to repair, repave, and upgrade public and private roads that were impacted by our operations.

It is a policy to institute black-out periods during school bus transportation hours to mitigate safety concerns.

# SAFETY



To accomplish this, we work with the state and local governments, school districts and emergency management agencies to provide updates and receive feedback on our planned activities. During rig moves, for example, appropriate advance warning signs supplemented with certified flaggers are utilized to safely control traffic and prevent queuing of traffic at entrances to site locations.

## SAFETY TECHNOLOGY

Because of the nature of our operations, most

risks relate directly to the work carried out on site. For this reason, our efforts are concentrated on investments that increase operational safety. In 2014, the total investment in safety reached \$77 million, which included investments such as:

For our Gas Division:

- Initiating and completing two important safety projects in 2014 to enhance safety for workers and communities adjacent to our well pads. The first project included the installation of automatic shutdown devices (fire wire) for flowback and production facilities. These shutdown devices activate automatically in the event of a fire.
- The second project was the design of a burst disk system for flow lines leading to the flare stack for air drilling (also known as tophole drilling). The new system added another layer of safety in the event of overpressurization of flow lines, by controlling the release of overpressurization into a safe area.

For our Coal Division:

- Investing in rib bolting, and installing bolts to support the ribs (walls) of the mines at our longwall mines. The bolts secure the roof and sides of the mine and help reduce the potential of mine ribs collapsing. Also at large underground mine locations, installing roof screen to protect our miners from falling roof material.

- Installing proximity detection equipment at Bailey Mine and we expect to have all proximity equipment installed and operational on all miner sections in 2015. Enlow Fork, Harvey, and Buchanan Mines will continue with installation in 2015.
- Partnering with the National Institute of Occupational Safety and Health (NIOSH) and the Mine Safety and Health Administration (MSHA), along with our vendors, to obtain approval for a continuous miner dust scrubber for the section fan. Agency approvals were received, and testing took place during the second quarter of 2014 which showed promising results for reducing float dust in the section return airway. The equipment manufacturer will decide on a plan for future production of the scrubber.
- Utilizing new technology to monitor rock dusting at underground locations. A Coal Dust Explosibility Meter (CDEM) allows real-time readings of the incombustible content of rock dust samples, making it easier for us to respond quickly to identify issues and to increase response time to MSHA sampling requirements.
- Develop a miner's air helmet prototype for testing underground. Experimental approval was obtained from MSHA and testing was done during the last quarter of 2014. This new concept for a miner's helmet will provide respiratory protection, head protection, full face protection, hearing protection with built-in radio communication capability, and a built-in miner's cap light.

## OUR PERFORMANCE IN 2014

During 2014, 98% of the Company's employees worked the entire year without a reportable accident and 70% of all work locations worked at ZERO for the entire year.

CONSOL Energy's Gas Division experienced a lost work day accident for the first time since 1994. However, we surpassed eight million exposure hours without a lost time employee accident before this event.

Our overall recordable incident rate for 2014 was 1.62. The Coal Division's safety performance was approximately two times better than the underground industry average based on preliminary MSHA data.

# SAFETY

We completed emergency response exercises at all gas operations, coal mines, and transportation locations. We also began implementation of a more comprehensive risk

assessment process with the addition of risk assessment specialists primarily concentrating on contractor safety.

A summary of our safety performance is below.

INDICATOR	2010	2011	2012	2013*	2014*
TOTAL RECORDABLE INJURY FREQUENCY RATE (employees)	1.78	1.49	1.30	1.72	1.62
TOTAL RECORDABLE INJURY FREQUENCY RATE (contractors)	1.96	1.40	1.19	0.92	1.40
LOST WORK DAY INCIDENT RATE (employees)	1.31	1.04	0.95	1.38	1.28
WORK-RELATED FATALITIES (employees)	1	1	3	0	1
WORK-RELATED FATALITIES (contractors)	1	1	0	0	0

\*Note: 2013 and 2014 data for our Coal Division does not include data from our discontinued operations that were included in the assets sold to Murray Energy Corporation in 2013.

## SAFETY REGULATORY COMPLIANCE

In 2014, CONSOL Energy's Gas Division received zero citations from the U.S. Occupational Safety and Health Administration (OSHA) under the U.S. Department of Labor.

In 2014, our Coal Division incurred an increase of 150 inspection shifts from the previous year resulting in 1,011 violations being issued. Although this number may seem high to those outside the mining industry, CONSOL Energy remains an energy leader in safety compliance by being cited at a rate of less than one violation per inspection and achieving a Significant & Substantial (S&S) rate of 1.46 which is less than the underground coal national average of 3.12.

COAL DIVISION	2011	2012	2013*	2014*
TOTAL MSHA VIOLATIONS	4,960	4,363	870	1,011
S&S	1,608	1,371	232	273
ORDERS	38	35	2	5

\*Note: 2013 and 2014 data for our Coal Division does not include data from our discontinued operations that were included in the assets sold to Murray Energy Corporation in 2013.

## LOOKING FORWARD IN 2015


We have a lot to be proud of concerning our safety performance in 2014. However, we are not yet "At ZERO." To further improve our safety performance in 2015, we are proactively identifying high fatal potential risks and performing a PIC/NIC behavior analysis to minimize associated risks, strengthening the use of Simultaneous Operations (SIM OPS) to identify risks when multiple operations will occur, and expanding the use of Management of Change (MOC). Quarterly executive CONSOL Occupational Safety and Health (COSH) Management System audits will address safety compliance and behavior with a team of multiple disciplines.

In 2015, our Safety Pledge for all employees and contractors is "Share Your Knowledge," focusing on participation in risk assessments as an essential part of safety and accident prevention. These risk assessments will be particularly focused on sharing knowledge and experiences to impact others.

**Safety Pledge 2015**

**"Share Your Knowledge"**

I recognize that by sharing my knowledge and experiences I can impact the safety of my co-workers and myself.



By sharing near misses ...  
... Others may avoid similar situations.

By mentoring my co-workers ...  
... I will show them the safe way to do the task.

By speaking up and using my empowerment ...  
... I will make a difference.

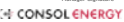
The knowledge I share helps others to make better decisions, and I recognize my sharing impacts my co-workers, our families and myself.

Employee Signature \_\_\_\_\_

Supervisor Signature \_\_\_\_\_

Employee (Please Print) \_\_\_\_\_

Manager Signature \_\_\_\_\_



# ENVIRONMENTAL MANAGEMENT

CONSOL Energy has positioned itself as a top-tier environmental steward while successfully developing resources to supply national and global energy needs. As previously noted in our About CONSOL Energy section under Gas Division, in 2014, we sought and obtained certification for performance standards prescribed by the Center for Sustainable Shale Development. This achievement is recognition of our commitment to Environmental Excellence—excellence beyond the regulatory requirements that are in place where we operate.

As a result of our commitment to excellence, 2014 saw the completion of our best environmental performance in the company’s recorded history. We improved our company-wide compliance from 2013 to 2014 by six percent, and in 2014, we achieved a 56 percent reduction in violations since we began reporting in 2011.

We have focused on continuously improving the environmental awareness of our employees and contractors through classroom and video training, as well as field training. Our Environmental Compliance Specialists

## QUICK FACTS:

CONSOL Energy employs **87** environmental professionals

All employees and visitors to our operational sites received environmental awareness training as now required on an annual basis

CONSOL Energy invested more than **\$152** million in capital and expense for environmental compliance in 2014

Total number of operating permits in 2014:  
**213** coal permits  
**506** gas permits  
**281** miles of pipeline permitted

conduct field site audits to not only gauge the effectiveness of our Environmental Best Management Practices (BMPs) and ensure compliance with our permits and applicable regulations, but also to provide on-site guidance to employees and contractors regarding the proper deployment of those BMPs and address any questions about compliance. Our environmental resources group collaborates with our operations engineers to enhance water treatment at our gas and mining sites, reducing chemical usage, optimizing treatment techniques, reducing costs, and most importantly, ensuring compliance with our permits. The continuous

improvement in our compliance is quite a feat, given the hundreds of permitted sites and thousands of compliance points spread over our operational footprint.

## ENVIRONMENTAL AWARENESS TRAINING

A large contributing factor to the improvement in the Company’s environmental performance is the continued training and awareness programs CONSOL Energy implemented in 2013. We expanded our program by continuing operations and field training, promoting our web-based training modules, and by participating in a variety of



# ENVIRONMENTAL MANAGEMENT

new contractor on-boarding. These sessions allow the opportunity to introduce a variety of compliance topics that are important to our operational compliance including air quality, waste disposal, water quality, and spill prevention, control, and countermeasure (SPCC) requirements, to name a few.

In 2014, we introduced our new environmental data management system (EDMS) from Enviance® which is being used to electronically track and coordinate our environmental

compliance obligations. Our success with implementing the first phase of this project led us to further our commitment to continuing the build out to maximize the system's potential. The EDMS was expanded significantly to include an audit management tool, which utilizes a one of a kind, custom designed mobile application designed by our in-house IS&T and Environmental team to allow for efficient, real time documentation and notification of field conditions.





# ENVIRONMENTAL MANAGEMENT

## RECYCLING

In 2014, CONSOL Energy sold more than 10,700 tons of metal, 635 tons of mine belt, 500 gallons of oil, 60 tons of poly pipe, and 451 tons of miscellaneous items as scrap. This recycling effort repurposed used materials, saved landfill space, and generated additional revenue for the company. In addition to the industrial materials recycled, more than 91 tons of paper were recycled at our corporate offices. In November 2014, a recycling campaign was launched at our corporate headquarters to coincide with America Recycles Day. Our employees have been recycling common office waste such as paper, glass, plastic, and aluminum since the move to our new corporate headquarters building in 2008, however, we felt it was time to rebrand the recycling program and remind employees of the importance of environmental stewardship. In 2015, we hope to expand recycling at our regional offices and encourage employees to seek more creative ways to reduce, reuse, and recycle at the office as well as at home.

## CONSOL'S CHEMICAL HAZARD RATING FOR COMPLETIONS CHEMICALS

In order to minimize the environmental risks associated with hydraulic fracturing chemicals, but also to seek more environmentally-friendly chemicals, many of which are proprietary, to replace traditional frac chemicals, CONSOL Energy developed an environmental hazard rating system for completions chemicals. The chemical hazard rating system is consistent with that recently adopted by OSHA and the United Nation's Globally Harmonized System of Classifying and Labeling Chemicals. Based on a review of the Material Safety Data (MSD) and any supplementary toxicity information provided by the chemical manufacturer, each chemical is assigned a rating prior to use in well stimulation. If the calculated environmental hazard rating is acceptable, the chemical is considered approved for use by gas operations without further evaluation. If a chemical's calculated hazard rating indicates the chemical is toxic above a threshold limit, approval by the Senior Vice

President of Environmental Strategy and Regulatory Affairs is required prior to use. The CONSOL Energy chemical hazard rating, coupled with performance evaluations, assists operations in selecting hydraulic fracturing chemicals consistent with CONSOL Energy's core values of safety, compliance and continuous improvement, and utilizing more environmentally friendly chemicals.

## LABORATORY CONSOLIDATION PROGRAM

In 2012, CONSOL initiated a laboratory consolidation process focused on streamlining the analytical and regulatory reporting functions associated with more than 140 National Pollution Discharge Elimination System Permits held by the company's active and closed mining operations. Prior to the consolidation, these permits were serviced by eighteen different laboratories, each with its own data management and reporting system. The lack of consistency between service providers contributed to the inherent challenges related to managing a large, multi-state NPDES compliance program. After an extensive qualification review and bid process, the analytical and regulatory reporting responsibilities associated with all permits were transferred to a single laboratory throughout 2012 and 2013.

After one complete year of utilizing this nationally accredited laboratory for all NPDES analytical and reporting needs, a companywide cost savings of approximately \$300K was realized. More importantly, CONSOL Energy experienced notable improvements in its compliance record, achieving a record setting zero environmental exceptions across all coal operations in September 2014. This accomplishment is associated with the ability of our environmental team to dedicate resources formerly used for NPDES program management to field troubleshooting and process improvements, and provide more advance, real time turn around of samples to guide and focus resources on critical needs.



# ENVIRONMENTAL MANAGEMENT

## TECHNOLOGICALLY ENHANCED NATURALLY OCCURRING RADIOACTIVE MATERIAL

TENORM, or Technologically Enhanced Naturally Occurring Radioactive Materials, are those materials whose radionuclide concentrations have been increased above levels encountered in the undisturbed natural environment by human activities. Because Naturally Occurring Radioactive Materials (NORM) existing in the Marcellus Shale formation are disturbed during natural gas development, the potential exists for employee and environmental exposure to TENORM containing wastes.

To assess this risk, a TENORM field survey was conducted at CONSOL Energy facilities in December 2012. During the survey, natural background radiation and radiation associated with operational structures including fluid storage tanks, well heads, sand separators, and pipe scale was measured. Background radiation levels were determined to be equal to or below those found on average within western Pennsylvania facilities. The radiation measured at

all operational structures was below exposure limits that pose risks to the general public or workers.

However, during an isolated event in 2014, CONSOL encountered sludge and impoundment liner material exhibiting radioactivity levels above the threshold limit accepted by Pennsylvania solid waste disposal facilities. The isolated sludge and liners were subsequently transported in accordance with DOT regulations to a permitted waste facility. To identify the source of the contamination, a thorough review of materials utilized at the impacted site was completed. The review indicated that the source was not from flowback or produced water from CONSOL Energy's hydraulic fracturing operations. CONSOL Energy does employ standardized protocols so that personal and environmental exposure to radioactive waste is minimized, and has developed a screening protocol required of contractors before coming on site to prevent introduction of materials to our sites.

## OUR PERFORMANCE IN 2014

CONSOL Energy tracks the following metrics to report performance:

	2011	2012	2013*	2014*	2014 Penalties
GAS DIVISION NOV	90	42	45	32	\$55,600
CONE MIDSTREAM PARTNERS LP, NOV			1	13	\$ 0
COAL DIVISION NOV	112	79	42	38	\$50,030
WATER DIVISION NOV			6	5	\$ 1,015

\*Note: 2013 and 2014 data does not include data resulting from discontinued operations that were included in the transaction with Murray Energy Corporation.

## LOSS OF PRIMARY CONTAINMENT (LOPC)—SPILL POLICY PERFORMANCE

CONSOL Energy's spill incident rate has remained flat the last two years despite increased drilling and completions activity in 2014. In an attempt to improve on this aspect and eliminate accidental releases, we will continue to record all accidental releases per the established LOPC Policy, and follow-up with employees and contractors on causes, severity, and prevention of future similar occurrences.

SPILL INCIDENT RATE		
2012	2013	2014
2.11	2.07	2.15

## LOOKING FORWARD IN 2015

- Enhance our contractor workforce outreach to include regularly scheduled process specific meetings to discuss timely environmental training and compliance topics—Core Values Focus Meetings.
- Continue to build our environmental compliance obligations in our EDMS.
- Update the EMS to conform with our changing organization and focus. We intend to reflect these changes in an overall review and revamp of the EMS.
- Perform a full audit companywide of all SPCC-applicable tanks and storage vessels.

## LAND

### LAND MANAGEMENT

For 150 years, CONSOL Energy has acquired thousands of surface acres in support of our gas and coal operations continued advancements, but it doesn't stop there. As our core values of Safety, Compliance and Continuous Improvement guide the way, land management is a priority within our business. CONSOL Energy is an owner of more than 365,000 acres of surface lands and manages these lands with an electronic land management tool and modern state-of-the-art GIS mapping system. These applications continue to standardize our business processes across the organization in addition to improving and enforcing internal controls. This ultimately leads to a higher level of data integrity across the Land Division at CONSOL Energy.

### RECLAMATION

Our gas and coal operations make only temporary use of land and after energy extraction activities conclude, reclamation activity begins. In line with permit requirements, a detailed site reclamation plan is designed and approved by federal, state or local agencies for each operation, covering the period from the start of construction until well after gas and coal extraction is complete. Our reclaimed properties can be used in many ways for various benefits, including commercial, residential, agriculture, forestry, wildlife habitat and recreation.

CONSOL Energy continuously looks for creative ways to manage our lands and make better use of surface with various organizations—both state and private—to make better use of our lands. Habitat protection and restoration projects with conservation and wildlife organizations such as Pheasants Forever, Quality Deer Management Association, Quail Forever, National Wild Turkey Federation, Rocky Mountain Elk Foundation, Ruffed Grouse

Society and Hunters Sharing the Harvest provide beneficial use of our lands before and after energy development. Working with national conservation and wildlife organizations has enabled CONSOL Energy to make science-based land management decisions that benefit not only our company, but local communities, as well as public recreationists. CONSOL Energy has a long history of donating surface lands to conservation efforts and state wildlife agencies. In the past 25 years, we have donated in excess of 150,000 acres of land to conservation efforts and state wildlife agencies.

CONSOL Energy makes lands available for public enjoyment through state co-operative access programs. CONSOL Energy participates in these programs in many states including Pennsylvania, Ohio, and West Virginia. These programs permit CONSOL Energy to enroll surface lands with wildlife agencies in these states which permit access to lands for public recreational activities including birding, hiking, fishing, and hunting. CONSOL Energy currently has more than 44,000 acres enrolled in public access programs in various states. This program creates a partnership with wildlife law enforcement officials to improve public hunting opportunities and wildlife habitat on surface lands. The program also provides a variety of benefits including seedlings for tree planting, game stocking, and law enforcement.



## LAND

### LAND DONATIONS

CONSOL Energy works with many organizations including community groups, public utility companies, water authorities, sewage authorities, townships and municipalities, donating lands that are utilized for the public good. We

have also granted numerous rights of way and easements across our lands for the purpose of providing public utilities to residents in need. CONSOL Energy also provides land to the Air National Guard and the United States Air Force for use in training operations.

OUR PERFORMANCE IN 2014	
TOTAL ACRES OF LAND OWNED	365,000
AMOUNT OF LAND ENROLLED IN PUBLIC ACCESS PROGRAMS	44,000
TOTAL ACREAGE RELEASED FROM BOND	149
TOTAL UNDERGROUND ACRES PERMITTED	124,218
TOTAL SURFACE ACRES PERMITTED (COAL)	39,076
TOTAL SURFACE ACRES PERMITTED (GAS)	2,798

In addition, CONSOL Energy's commitment to environmental stewardship is also demonstrated in the reclamation efforts to restore disturbance created through our operations.

TOTAL NUMBER OF TREES PLANTED	1,260,600
ACRES OF GRASS SEED PLANTED	3,085
TOTAL BONDS AND LETTERS OF CREDIT (GAS DIVISION)	\$ 22,989,337
TOTAL BONDS AND LETTERS OF CREDIT (COAL DIVISION)	\$602,934,480
TOTAL BOND RELEASED IN 2014	\$ 4,600,000

### LOOKING FORWARD IN 2015

In 2014, the Land Systems Steering Committee was created to simplify our platforms ensuring compliance, consistency and accuracy within all of our land management tools. The Committee's next steps are to enhance our business processes within our operating systems. CONSOL Energy is also preparing to perform data cleansing in an effort to ensure the integrity and accuracy of our land records system. In addition, CONSOL will continue exploring surface acre enrollment opportunities with various state public access programs.

# WATER

## WATER MANAGEMENT

CONSOL Energy recognizes the inherent value of water resources and continues to focus on the responsible use and protection of this valuable natural resource for the benefit of all stakeholders. In 2014, CNX Water Assets LLC's belief in this core value strengthened its commitment to provide water-related services to operations in a safe and environmentally responsible manner. As part of this philosophy, we continue to evaluate emerging treatment technologies and continue to champion the reuse of treated mine water for shale gas development. These activities support our strategic vision of water asset management, where the innovative use of existing water assets not only maintains the highest standards of environmental protection, but also creates value for the company.

Our water assets provide the company with significant operational benefits and business opportunities. For the third year in a row, the Water Division increased third-party water use and sharing agreements with industrial consumers. A total of seven third-party agreements are now in place. This has the benefit of reducing the footprint of shale gas-related water infrastructure and the need for trucking water, while responsibly utilizing approved resources. As a team, we continue to pursue water treatment and reuse technologies focusing on the potential for beneficial use of byproducts resulting from water treatment, all of which positively impact water asset management and financial metrics.

In support of our natural gas and coal mining operations, CONSOL Energy operates 46 waste water treatment plants. The treatment plants we operate cover a wide spectrum of treatment technologies from conventional sewage and acid mine drainage treatment to an industry leading state-of-the-art zero liquid waste (ZLW) facility. These facilities are designed to be compliant with the most stringent regulatory standards, ensuring that discharges from ongoing operations do not negatively affect the environment.

From an operational perspective, we continue to focus on three key areas of water resource management: minimizing impacts to local water resources, maximizing recycling

of process waters, and championing the use of treated mine water (i.e., mine influenced water (MIW)) as a first-run feedstock for industrial consumption. Water management related to gas operations achieved a recycling rate of 95.8% which exceeds performance targets established by Center for Sustainable Shale Development (CSSD). The volume of water recycled by our gas operations offset an equal amount of freshwater and was enough water to meet the average daily demand of approximately half a million U.S. households.

In support of our strategic vision to provide our treated mine water to industrial customers, we obtained permissions from the Pennsylvania Department of Environmental Protection to allow the use of both treated and untreated mine water by CNX Gas LLC as well as third-party customers. This is a significant accomplishment that will encourage and facilitate the use of MIW both internally and externally, thus reducing the demand on freshwater resources. While only a first step in an evolutionary process, it was a meaningful and important step in terms of our sustainability goals. This permitting milestone was a key element in executing a sales agreement with a third-party customer where 100% of the water supplied for hydraulic fracturing operations was MIW from a CONSOL Energy operation. A total of 28.5 million gallons (679,390 barrels) of MIW were used in well completion activities. This volume of MIW displaces an equal volume of freshwater, further reducing the demand on that resource.

In an effort to make MIW a more viable resource alternative, we have further refined a treatment approach which will adjust the chemistry of MIW, making it more suitable for shale gas development. With the completion of this work, this process is now staged and ready for pilot testing in the coming years. This treatment approach for MIW is designed to further our goals related to the use of MIW as a replacement for freshwater.



## WATER

CONSOL Energy became the first U.S. coal mining operator to utilize state-of-the-art reverse osmosis zero liquid waste (RO/ZLW) facility to treat mine water. Our facility in southwest Virginia is now in its fourth year of operation handling water from our Buchanan Mine.

Continuing our efforts to improve the water quality of streams and rivers and protect aquatic habitats, CONSOL

Energy continues to operate many of its legacy mine water treatment facilities through a managed discharge approach, such that they do not discharge treated water during low flow periods of the year when natural recharge from rainfall is limited and streams may be stressed by consumptive and industrial demands. This is now a standard operating procedure for these facilities and one which will continue into the foreseeable future.

### OUR PERFORMANCE IN 2014

CONSOL Energy uses the following metrics and information to track water management performance for our gas and coal operations:

#### GAS OPERATIONS

TOTAL FRESHWATER WITHDRAWAL BY SOURCE FOR GAS OPERATIONS (thousands of gallons)	2012	2013	2014*
SURFACE WATER	197,664	343,095	901,111
GROUNDWATER	0	46,422	21,615
MUNICIPAL WATER	60,992	39,647	59,438
TOTAL WATER WITHDRAWN	258,656	429,163	982,164
TOTAL WATER RECYCLED	39,056	79,179	171,732
TOTAL WATER RECYCLED AS A PERCENTAGE OF TOTAL WATER WITHDRAWN	15.1%	18.5%	17.5%

\*2014 metrics in the table above were subjected to review by KPMG. See Independent Accountants' Report on page 50 for additional details

OPERATIONAL WATER REUSE AND DISPOSAL—2014 (thousands of gallons)				
REGION	WELL TYPE	VOLUME	METHOD	PERCENT
CENTRAL PA	Unconventional	988	Disposal*	2.1%
		46,476	Reuse	97.9%
SOUTHWESTERN PA	Unconventional	4,792	Disposal*	6.3%
		70,734	Reuse	93.7%
NORTHERN WV	Unconventional	8,031	Disposal*	16.9%
		39,614	Reuse	83.1%
OHIO	Unconventional	4,569	Disposal*	23.5%
		14,908	Reuse	76.5%
VIRGINIA	Conventional	82,678	Disposal*	100%
		0	Reuse	0%

\*Disposal via permitted UIC Injection

# WATER

## COAL OPERATIONS

TOTAL FRESHWATER WITHDRAWAL BY SOURCE (thousands of gallons)	2012	2013*	2014*
SURFACE WATER	4,995,378	688,400	914,374
GROUNDWATER	949,165	3,165,878	1,439,763
MUNICIPAL WATER	107,990	68,182	113,857
TOTAL WATER WITHDRAWAL	6,012,533	3,992,461	2,467,944
TOTAL WATER RECYCLED	3,137,946	2,589,987	1,639,386
TOTAL WATER RECYCLED AS A PERCENTAGE OF TOTAL WATER WITHDRAWN	52%	66%	66%

\*Note: 2013 and 2014 data for our Coal Division does not include data from our discontinued operations that were sold to Murray Energy Corporation in 2013.

OPERATIONAL WATER REUSE AND DISPOSAL—2014 (thousands of gallons)	VOLUME	METHOD	PERCENT
BUCHANAN	817,700	Discharge*	93.5%
	56,700	Reuse	6.5%
LEGACY OPERATIONS	16,635,976	Discharge*	100%
	0	Reuse	0%
PA OPERATIONS	0	Discharge*	0%
	1,431,825	Reuse	100%
OTHER	144,471	Discharge*	48.9%
	150,861	Reuse	51.1%

\*Permitted discharge

## WATER

In evaluating the water use in our gas operations, the differences in totals year-over-year are directly attributed to the 30% growth target established for our E&P segment. As a result of our E&P growth, more water was consumed as a whole, coupled with a larger volume of water being recycled due to increased drilling activity combined with effective reuse and recycle policies. It is critical to note that CNX Gas was audited for compliance with standards established by the Center for Sustainable Shale Development (CSSD). CSSD has established a target of 90% reuse produced and flowback fluids. CNX Gas reused 95.8% of produced and flowback fluids.

In evaluating water use trends of our coal operations, the decrease in the total volume consumed is related to a decrease in freshwater consumption and process improvements at our mining operations combined with the impact of asset divestiture. This resulted in a measured decrease in total water consumption, which also contributed to an increase in the calculated percentage of recycled water. Recycled volumes were also positively impacted by the use of mine influenced water in our coal processing activities at our Pennsylvania, Buchanan, and Miller Creek Mine complexes. We have a system of re-use at our mines, incorporating pump-back from our slurry impoundments to our prep plants.

### CONTINUED REDUCTION OF OUR WATER FOOTPRINT

The water footprint of a business is defined as the total volume of freshwater used to produce the goods. Water use is measured in water volume consumed and/or polluted per unit of time. As detailed above, CONSOL Energy is actively involved in reducing the amount of freshwater used in its operations by emphasizing the recycling of waters produced by both gas production and coal mining activities.

In addition to these efforts, CONSOL Energy is focused on surface mine reclamation efforts, designed to allow for an expeditious return of these sites to a condition in which rainwater runoff from these sites is effectively un-impacted by the previous mining activities and can be allowed to flow into receiving streams without treatment.

### LOOKING FORWARD IN 2015

We will continue to focus on reducing our reliance on freshwater while working on improving the economics of water recycling/reuse. In order to increase our ability to reuse produced and flowback waters, we are focusing on increasing our water storage capacity. This will be combined with a more detailed assessment of produced water management needs. We will also continue the pilot testing and development of innovative approaches to shale gas water treatment in order to provide additional alternatives to using municipal, surface and ground water supplies.

We will also continue to participate in CDP's water program. Our 2014 response can be found at [www.cdp.net](http://www.cdp.net).

## AIR

In 2014, CONSOL Energy made significant efforts to reduce our air emissions. By implementing new strategies across our Gas Division, we improved upon our emission intensity as a company. Green completions, also known as reduced emission completions, new well designs, and more efficient scheduling of our drilling and completions activity, led to an average reduction of 13% emissions of criteria pollutants on a ton/bcf produced gas basis. The greatest reduction came from the use of green completions, which minimized the amount of gas flared by over 70% in 2014. This led to a 25% reduction of Carbon Monoxide emissions. Our Carbon emissions have also seen the benefits of the new strategies and technologies employed by Gas Operations. With increased production per new well drilled and reduced flaring emissions, our Gas Operations Carbon intensity was reduced by 38% compared with 2013. This trend has continued from 2012 and we plan to continue this trend into the future.

Our Coal Operations saw an increase in raw coal production in 2014 with the addition of our Harvey Mine output, while our emissions remained flat compared to 2013.

Thus, we realized a 20% improvement in our emissions intensity for criteria pollutants. The increased production combined with reduced GHG emissions saw a 16% reduction in Carbon intensity for our coal operations.

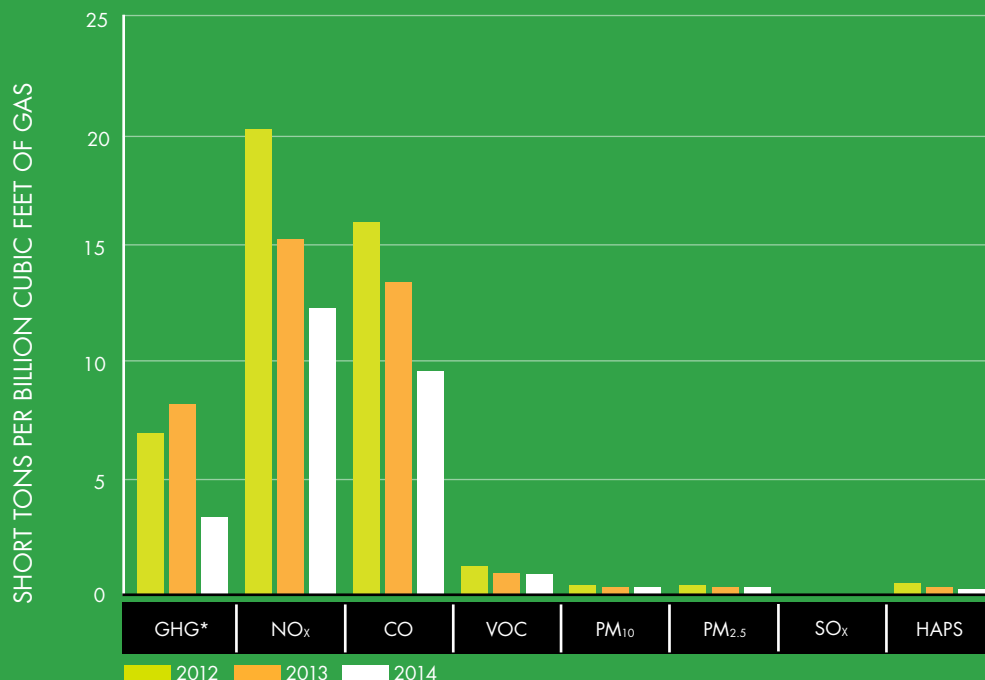
### CARBON INTENSITY OF OUR FUEL RESERVES IS DECREASING OVER TIME

In 1990, CONSOL was a traditional coal company and our fuel reserves were only coal. In 1991, we started to produce coal bed methane (CBM) and coal mine methane (CMM). As time went on, we more fully developed our CBM and CMM assets, developed our shale gas assets, purchased additional gas reserves, and sold coal reserves. We currently report reserves of 2,095.9 million tons of coal and 6.827 tcf of natural gas. The result of these changes is that the carbon intensity\* has decreased from 205.3 lb CO<sub>2</sub>/mmBtu in 1990 to 196.1 lb CO<sub>2</sub>/mmBtu in 2014\*\*, a decrease of about 5%.

\*Here defined as the amount of CO<sub>2</sub> generated if our reserves were completely burned, divided by the energy output of that combustion.

\*\*Assumptions used in calculations: 1 bcf of natural gas = 21,085 tonnes of methane; our coal emits 205.3 lb of CO<sub>2</sub>/mmBtu on a higher heating value, HHV, basis; and natural gas has an HHV of 1,020 Btu/cf.

### GAS EMISSION INTENSITY



\*GHG Emissions (metric tons) per million cubic feet of gas.

# AIR

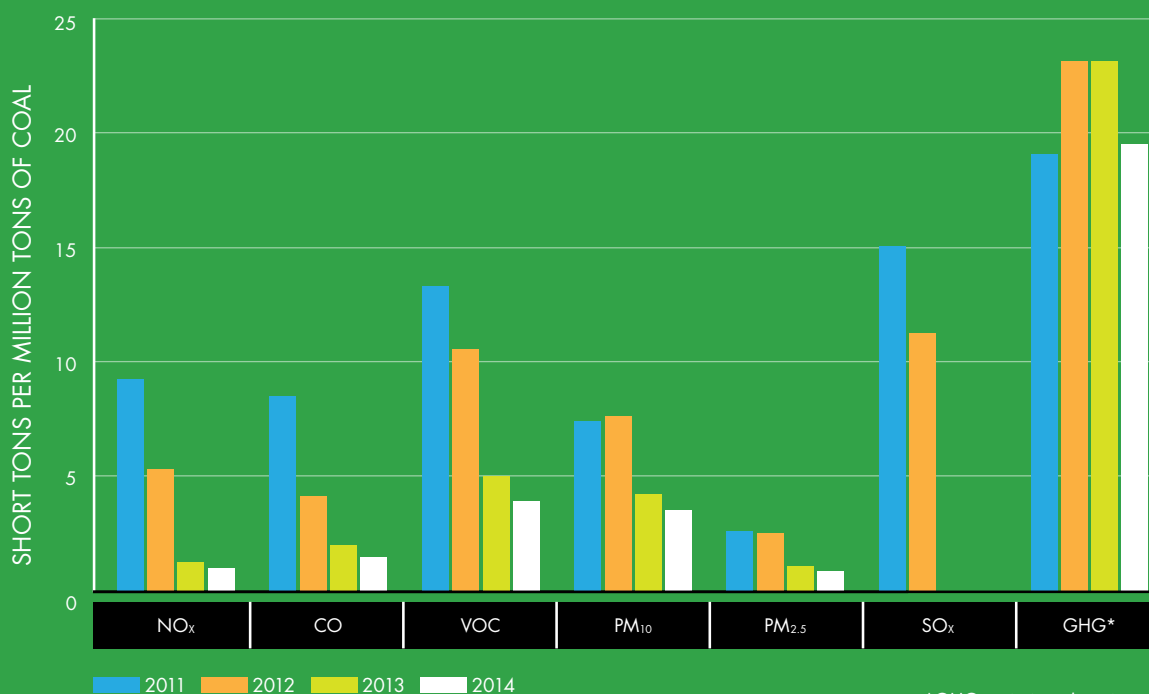
## GHG Emissions

INDICATOR	2014 PERFORMANCE (thousand of metric tons CO <sub>2</sub> (eq))
TOTAL DIRECT GHG EMISSIONS (SCOPE 1)	7,549.87
TOTAL DIRECT GHG EMISSIONS (SCOPE 2)	7,856.05
TOTAL GHG	15,406.01
TOTAL DIRECT GHG EMISSIONS PER \$100,000 REVENUE	217.20

## Criteria Pollutants

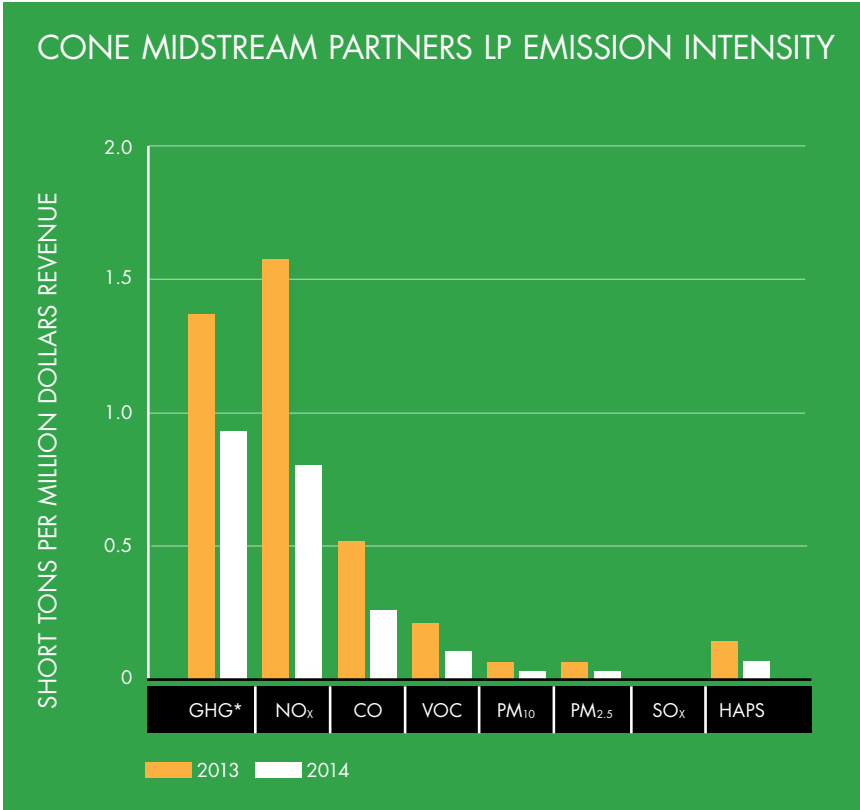
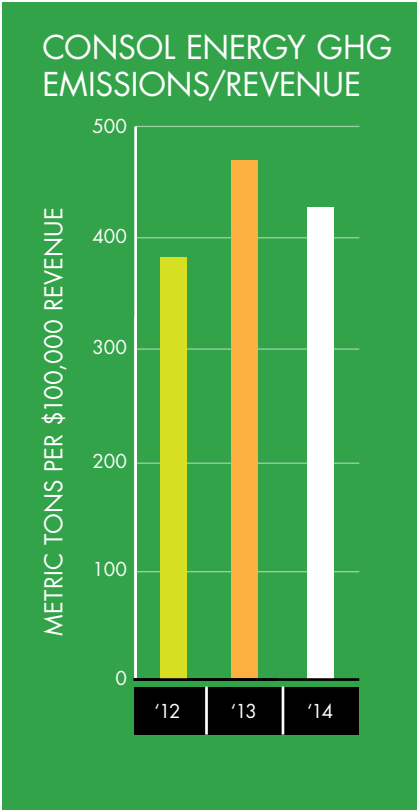
INDICATOR	2014 COAL PERFORMANCE (SHORT TONS)	2014 GAS PERFORMANCE (SHORT TONS)	2014 TOTAL EMISSIONS (SHORT TONS)
CARBON MONOXIDE	48.13	2,246.31	2,294.44
NITROGEN OXIDES	30.91	2,909.31	2,940.22
VOLATILE ORGANIC COMPOUNDS	124.85	194.98	319.83
PM <sub>10</sub>	113.29	59.2	172.49
PM <sub>2.5</sub>	27.13	57.32	84.45
SO <sub>2</sub>	0.01	2.95	2.96

## COAL EMISSION INTENSITY



\*Note: 2013 and 2014 data for our Coal Division does not include data from our discontinued operations that were included in the assets sold to Murray Energy Corporation in 2013.

AIR



\*GHG emissions (metric tons) per thousand dollars.

LEAK DETECTION AND REPAIR

In 2013, CONSOL Energy established a Leak Detection and Repair (LDAR) program for our gas and midstream operations. The purpose of the program is to inspect all of our shale production and midstream facilities for potential leaks at any point at a site. The benefits of such a program are threefold. First, there is a safety risk for our workers in the event of a large leak. The second benefit is from an emissions perspective. Leaking natural gas or vapors from a facility represent an environmental risk from both Volatile Organic Compounds (VOCs) and Greenhouse gases (GHGs). Repairing the leaks reduces the emissions of both VOCs and GHGs from our locations. Finally, there is a cost benefit to the program, as this gas is captured and sold instead of escaping uncontrolled.

CONSOL Energy utilizes in-house and contract experts as well as highly advanced forward looking infrared (FLIR) cameras in our LDAR program. Within six months of start-up of a well, and then again annually thereafter to the life of the well, our systems are checked for leak detection. Midstream facilities are inspected quarterly upon start-up. FLIR cameras are also used regularly to inspect our CBM gathering facilities in Virginia.



# INTERNAL COMMUNITY

## INTERNAL COMMUNITY

At CONSOL Energy, our employees are our most important resource, and we recognize the importance and impact that employees have on all areas of our business. Throughout more than 150 years of operation, the hard work and commitment to excellence of our employees has been one of the hallmarks of our Company. For CONSOL Energy to continue to grow within the dynamic and expanding energy sector, this continued effort by our employees is essential. As a result, we are committed to providing our employees with a rewarding environment that promotes well-being, continuous learning and development, leadership and motivates them to excel and put our Core Values at the heart of every decision they make.

## EMPLOYEE OVERVIEW AND CONSOL TRANSFORMATION

As of December 31, 2014, CONSOL Energy employed 3,834 people located in our expanding E&P operations, coal mines, warehouses, research and development lab, transportation terminal, and office buildings. Approximately 15% of these employees had twenty or more years of service with the Company. We analyze various statistics that describe the composition of our workforce to identify and address trends in turnover rates. In fact, our turnover rate for all employees was less than 6% in 2014, a testament to the Company's long-term focus to attract and retain employees who are motivated to deliver shareholder value within CONSOL Energy's Core Values.

The aggressive growth strategy for our Gas Division in 2014 required strategic changes to our workforce landscape. In 2014, we centralized our E&P operations from regional offices to our corporate headquarters in Canonsburg, Pennsylvania, and assembled efficient asset teams responsible for different geographical E&P assets. In instances when this centralization required relocation, we worked closely with affected employees and their families to provide reasonable, consistent and cost-effective financial assistance and quality service to assist with their move.

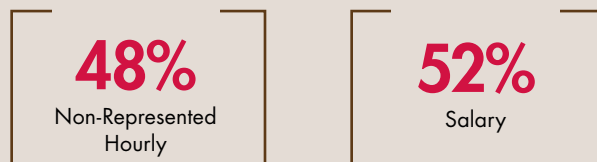
CONSOL Energy believes strongly in diversity throughout our organization and has been on a transformational process with respect to expanding the role of women in both upper and middle management. Today, women represent 39% of the workforce within our corporate functions.

In terms of upper management, women hold key leadership positions such as General Counsel, Chief Accounting Officer, Senior Vice President of Environmental Strategy and Regulatory Affairs, and Vice President of CNX Land Resources. Female representation has increased in our middle management roles as well with women representing more than 29% of CONSOL Energy's corporate functions supervisory roles, which represents a 25% increase in the last five years.

CONSOL Energy remained committed to being market competitive in 2014 and to maintaining our status as the employer of choice among competitors while protecting our greatest asset—our employees. In continuing our shift to an E&P growth strategy, we evaluated our retirement programs and made necessary changes. Effective October 1, 2014, we no longer offered retiree health & welfare coverage to active employees. The Company elected to make one-time cash payments of more than \$46 million to affected employees to assist with this transition. In addition, effective December 31, 2014, benefit accruals were frozen for employees who were less than age 40 or had fewer than 10 years of service as of September 30, 2014 under CONSOL Energy's defined-benefit pension plan. Beginning in 2015, in lieu of future accruals under the pension plan, affected employees will receive a 401(k) qualified non-elective contribution equal to 3% of their pay. These two changes to our retirement plans allow us to be proactive, responsively adapt, and set the Company on a strong path for future growth and security. Managing our retirement plan costs, liabilities, and cash flow will allow us to protect the future viability of the Company while simultaneously providing long-term security, industry-leading wages and competitive retirement programs to all employees, past, present, and future.

# INTERNAL COMMUNITY

## CONSOL ENERGY BY THE NUMBERS



## EMPLOYEES BY STATE OF RESIDENCE



### WELL-BEING

CONSOL Energy's future growth and success is dependent on the health and safety of its employees. Statistics have consistently shown that individuals with modifiable risk factors for chronic diseases are often unaware that they may have an undetected disease. The purpose of CONSOL Energy's Well Being Program is to get ahead of the disease curve by educating and providing tools to our full-time employees and their spouses in order to influence behavior for the purpose of preventing a disease or allowing for early detection. This program continues to focus on the ties between the safety of our employees, CONSOL Energy's number one Core Value, and their well-being.

CONSOL Energy has completed the fourth year of the Well Being Program, demonstrating a solid nine percent

participation growth compared to 2013 results. In 2014, 77 percent of full-time employees chose to take charge of their health by completing both the health and lifestyle assessment and lab work. CONSOL Energy's participating population, both employees and spouses, also utilized the increased number of onsite lab work events, with 68 percent attending an onsite event.

The main objective of the Well Being Program is to identify the risk areas that lead to chronic disease, maintain the health of employees in the low risk group, and through early identification and preventative treatment, decrease the employee population at high risk for the following diseases: metabolic syndrome, cardiovascular disease, hypertension, diabetes, cancer, depression, and chronic kidney disease.

# INTERNAL COMMUNITY

In 2014, we met the objectives identified above for both the high and low risk groups for metabolic syndrome, cardiovascular disease, diabetes and cancer. 2014 data also indicates that CONSOL Energy employees are healthier than the average group of U.S. adults in the areas of extreme obesity, stress and total cholesterol.

For the fourth consecutive year, CONSOL Energy employees have demonstrated a desire to become more engaged in lifestyle changes including diet & nutrition, exercise & fitness, and shape & weight. Employees have utilized the CONSOL Energy Employee Wellness portal as an informational tool to ensure success in these lifestyle changes. It is the goal of the Well Being Program to ensure these desires become actionable behaviors, with an end result of improved health and wellness.

## TALENT AND LEADERSHIP MANAGEMENT

Talent is a key differentiator and competitive advantage at CONSOL Energy, and one of our imperatives is to invest in our employees to grow and maintain our capabilities and competencies. Maintaining this standard requires continuous learning and development. That's why employees working in our various operations received an average of more than 44 hours of safety and compliance training as well as professional skills development in 2014. Employees working in support positions received an average of more than 20 hours of training in 2014. Training programs are a combination of instructor-led courses as well as online training opportunities through the CONSOL LearnCenter, a web-based learning management system that houses

individual training plans and allows us to monitor progress against these individuals plans, both at our operational and corporate levels.

In addition, 116 employees participated in Leadership Education and Development ("LEAD") and Education and Development through Group Experience ("EDGE"), two programs designed to provide opportunities for high potential employees to work closely with CONSOL Energy's senior management team and examine challenging business issues that affect the Company.

2014 saw our efforts in Positively CONSOL not only continue with employee introductory training, but expand into other business segments within CONSOL Energy. Our Gas Division employees along with several of our contractors in this arena received this training from our partners from ADI (Aubrey Daniels International) at the beginning of the year. By year's end, these tools and techniques were also provided to all non-operations, executive and corporate support employees. Nearly 3,400 employees have now completed this training. In 2015, our efforts will be focused on providing the remainder of our hourly employees, as well as new hires, with these same tools and techniques about human behavior.



# EXTERNAL COMMUNITY

## EXTERNAL COMMUNITY

CONSOL Energy is committed to being a responsible corporate citizen and a good neighbor. We empower the communities in which we operate by investing in local organizations, providing educational opportunities, developing partnerships, and mobilizing resources to connect people and inspire positive, substantive change.

In 2014, our company made monetary grants totaling nearly five million dollars. Investments were made in human services and educational organizations focusing on sustainable change and building strong, healthy communities. These efforts earned us recognition from the Washington County Community Foundation in Pennsylvania. The foundation awarded CONSOL Energy with the Charles C. Keller Award for exemplary giving and community service. We also received a Virginia Foundation for Community College Education Chancellor's Award for Leadership in Philanthropy in recognition of our continuing support for Southwest Virginia Community College located in our Virginia coal and gas operating regions.

While the company continued its support of community events, organizations and charitable initiatives in 2014, we also looked for ways beyond our charitable giving budget to engage community stakeholders. Through company-sponsored events and activities, we strengthened relationships and developed new partnerships. We spent time and resources educating these groups and individuals on energy development and our high standards of corporate responsibility. These events ranged from hosting public meetings in new operational areas to helping stock local food banks and funding new supplies for our emergency responders.

As we continue to expand our natural gas operations, we will also maintain an active role in improving the vitality of the communities in which we already operate, while at the same time focusing on the new areas in which we continue to grow.

Examples of some of the organizations and events that we supported in 2014 include:

### TABLETS IN EDUCATION

CONSOL Energy recognizes the importance of education. We invest in educational initiatives in order to engage students in the classroom and enhance energy education within the school curriculum. Improving knowledge enables future opinion leaders and potential industry employees.

In April, CONSOL Energy partnered with the Pittsburgh Penguins Foundation to bring state-of-the-art technology into two elementary schools in Greene County, Pennsylvania. Through the Pittsburgh Penguins Foundation 'Tablets in Education' program, CONSOL Energy helped provide twenty free Kindle Fire HDX 7 tablets, a mass charging station, Kindle FreeTime Kid-Proof Cases and educational apps to each selected school to promote technological and informational literacy by improving curriculum design.

### LEWIS COUNTY SHERIFF'S DEPARTMENT

Safety is CONSOL Energy's number one core value. As a result, supporting the public safety organizations that keep our communities safe is a top priority for CONSOL Energy. Local EMA and EMS teams, fire departments and police departments received thousands of dollars in donations from CONSOL Energy in 2014.



TABLETS IN EDUCATION

*Jesse Swift, CONSOL Energy Longwall Coordinator, tested the new Kindles with fourth-grade students at Graysville Elementary School.*



CONSOL POWER UP—MONROE CENTRAL HS

*Zach Smith, External Relations Specialist, presented the grant to Monroe Central High School Principal, Jerry Calder during a home football game in September. The school plans to use the funds for year-end academic banquets and upgrades to the high school's courtyard and athletic fields.*

## EXTERNAL COMMUNITY

The Lewis County Sheriff Department received a donation for the purchase of specialized investigative equipment to help officers fight drug use and crime in Lewis County, West Virginia. The equipment upgrade will help the Sheriff's Department advance local priorities for public safety, therefore, providing a safer place for our employees to live and work.

### HUNTERS SHARING THE HARVEST

In 2014, for the second year in a row, CONSOL Energy partnered with Hunters Sharing the Harvest (HSH) and Hunger-Free Pennsylvania. With the help of hunters across the state and donated surplus venison, the state-supported program helps feed more than 1.8 million Pennsylvanians each year.

During the 2014 hunting season, CONSOL Energy paid the meat processing fee for all deer donated to approved facilities in Allegheny, Armstrong, Beaver, Butler, Fayette, Greene, Indiana, Washington and Westmoreland Counties. The meat was then donated to food banks, soup kitchens and pantries in Pennsylvania.

The HSH program's goal is to channel 100,000 pounds of processed venison annually. In 2013, with the help of the CONSOL Energy community, HSH provided an additional 90,000 meals. With the expansion of the program in 2014, HSH hopes to once again increase donations and put food on the table for more families in need.

### CONSOL POWER UP—MONROE CENTRAL HS

As part of CONSOL Energy's investment in education, we challenged schools within our operational footprint to a school spirit contest for the 2013–2014 school year. Forty-three school districts in Pennsylvania and five school districts in Ohio competed to be their states' winner of \$10,000. Students, faculty and community members were encouraged to vote online for their school; the school with the most votes at the end of the year won \$10,000.

Voting concluded in August. Monroe Central High School earned the most votes in Ohio. Indiana County Area School District received the most votes in Pennsylvania.

### SOUTHWEST VIRGINIA COMMUNITY COLLEGE BELL TOWER PROJECT

CONSOL Energy presented its second installment of \$20,000 to Southwest Virginia Community College (SWCC) for the new SWCC Family and CONSOL Energy Bell Tower project on the campus of SWCC in Virginia in the summer of 2014. The bell tower is an integral component of the campus-wide emergency preparedness system at the community college and serves to alert students, visitors and employees of any emergency on or near college grounds. With simulated carillons and outdoor concert capabilities, the tower also provides familiar chimes for special events, holidays and cultural programs on campus.



LEWIS COUNTY SHERIFF'S DEPARTMENT

*Pat McCune, Director of State Legislative Affairs, CONSOL Energy, and Ryan Majic, CONSOL Energy Safety Supervisor, presented the gift to Lewis County Sheriff Adam Gissy.*



HUNTERS SHARING THE HARVEST

*Lou Barletta, Vice President of Safety for CONSOL Energy, joined Sheila Christopher, Executive Director of Hunger-Free Pennsylvania and John Plowman, Executive Director, Hunters Sharing the Harvest, for a kick-off press event at Kip's Deer Processing, an approved meat processor in Carnegie, Pennsylvania.*



# EXTERNAL COMMUNITY

## POLITICAL ENGAGEMENT

### Contributions Policy

Public policy decisions at the local, state, and federal levels can affect the long-term success of CONSOL Energy and its subsidiaries. Therefore, CONSOL Energy believes it has a responsibility to participate in the public policy process in order to protect and enhance the Company's interests and create value for its shareholders. To ensure that the Company's contributions comply with all applicable laws and reflect its corporate values, CONSOL Energy sets forth this Contributions Policy ("Policy") to provide corporate governance, control, oversight and procedural guidance. All contributions must be legally permissible, supportive of, and consistent with, the Company's business strategy, goals and priorities; and made in full accordance with CONSOL Energy's commitment to act with integrity in all of its activities.

The Board of Directors (the "Board") is responsible for monitoring the compliance of CONSOL Energy and its PAC with this Policy. An annual report of CONSOL Energy's contributions was submitted to the Board for review.

### Corporate Political Contributions

Where permitted by law and when consistent with this Policy, CONSOL Energy and its subsidiaries may use corporate funds to contribute to state or local candidates and committees, entities organized pursuant to Section 527<sup>2</sup> of the Internal Revenue Code, and to other federal political committees where permitted. Contributions from corporations to federal candidate committees and certain other federal political committees are prohibited by law. In certain states, CONSOL Energy and its subsidiaries are permitted to make corporate political contributions to state-level candidates or committees. CONSOL Energy and its subsidiaries may make state-level corporate political contributions where permitted by law, in compliance with state contribution limits and registration/reporting requirements where applicable.

All corporate political contributions made by CONSOL Energy must be approved in advance by the Vice President for Government Affairs and the General Counsel.

### CONSOL Energy PAC Contributions

CONSOL Energy sponsors a federal Political Action Committee (PAC) that is funded solely by voluntary employee contributions. "CONSOL Energy Inc. PAC" is a federally-registered PAC that may make contributions in connection with federal elections, subject to contribution limits defined by the Federal Election Campaign Act (FECA). The PAC may also make state-level political contributions, in compliance with state contribution limitations, registration and reporting requirements where applicable.

All CONSOL Energy Inc. PAC contributions must be approved by the PAC Board of Directors. Detailed information on the PAC's contributions to candidate's campaigns and other political committees is publicly disclosed in the PAC's regular reports to the Federal Election Commission (FEC). Disbursements from the PAC to state-level candidates and committees are also reported on these FEC filings. All of the PAC's filings with the FEC are available for public review on the FEC's website at [www.fec.gov](http://www.fec.gov).

### Trade Associations

For each trade association to which CONSOL Energy makes expenditures in excess of \$100,000 in a calendar year, the Office of the General Counsel will request that the trade association inform CONSOL Energy of the portion of expenditures made that would not be deductible under Section 162(e) (1) (B) of the Internal Revenue Code. CONSOL Energy will, in its annual Corporate Responsibility report, report the total non-deductible amount of its expenditures pursuant to Section 162(e) (1) (B) as provided in response to the General Counsel's requests. Based on its inquiry of major trade associations in which it participated at a qualifying level, CONSOL Energy can report that none engaged in activity covered by Section 162(e) (1) (B) using funds provided by CONSOL Energy in 2014.

<sup>2</sup>527 organizations are political organizations subject to Section 527 of the Internal Revenue Code of 1986, as amended. These organizations are established primarily for the purpose of influencing the outcome of elections of candidates for political office.

# EXTERNAL COMMUNITY

## Lobbying Disclosures

Engagement in legislative and regulatory proceedings at the federal, state and local levels of government is crucial to the success of CONSOL Energy. As public policy is debated and laws and regulations are developed, CONSOL Energy participates in the public policy process. Federal and state laws require the Company to report expenditures associated with activities that support lobbying. Information on these activities and associated expenditures can be obtained at [www.disclosure.senate.gov](http://www.disclosure.senate.gov) or [www.lobbyingdisclosure.house.gov](http://www.lobbyingdisclosure.house.gov). The total expenditures disclosed on

the federal forms include all of CONSOL Energy's spending on state and local lobbying as well. CONSOL Energy also files the appropriate state and local lobbying reports where required.

## ECONOMIC CONTRIBUTION

The direct economic contributions from our gas and coal operations stem from the wages and benefits we pay our employees and the taxes paid to federal, state, and local governments. An overview of our economic contribution to local communities is shown below:

STATE	Payroll (millions \$)	Benefits (millions \$)	Taxes Paid* (millions \$)	Total (millions \$)
PENNSYLVANIA	293	75	87	455
WEST VIRGINIA	130	33	126	289
VIRGINIA	72	18	40	130
KENTUCKY	19	5	7	31
OHIO	44	11	13	68
UTAH	1	1	1	3
OTHER	14	4	9	27
<b>TOTAL</b>	<b>573</b>	<b>147</b>	<b>283</b>	<b>1,003</b>

\*Includes, as appropriate, payroll taxes, state and local taxes, sales and use taxes, license and franchise taxes, severance taxes, state and federal reclamation taxes, black lung taxes, gross receipts taxes, and other excise taxes.

# SUPPLY CHAIN

## SUPPLY CHAIN

CONSOL Energy Material and Supply Chain Management (MSCM) is responsible for maximizing the efficiency of more than two and a half billion dollars in expenditures for equipment, supplies, and services. This is done largely via continuous improvement efforts that take place on a daily basis during the procurement process. These efforts include partnering with our suppliers to improve products, decrease emissions, reduce noise decibels, recycle water and oil, reduce spillage, and keep scrap metal out of landfills. MSCM also sought continuous improvement in its supplier diversity program in 2014. It strengthened outreach efforts and increased spending with diverse business enterprises.

## SUPPLIER DIVERSITY

The business case for supplier diversity includes improvements in pricing and service efficiencies due to lower overhead and higher flexibility. Use of local minority, woman and veteran-owned suppliers also benefits the region's economy.

From 2013 to 2014, CONSOL Energy doubled the number of certified minority, woman and veteran-owned vendors it had on record and significantly increased monies paid to those diverse vendors.

CONSOL Energy added a supplier diversity portal to its external website in mid-2014. The new web pages explained CONSOL's supplier diversity program and allowed diverse businesses to register with CONSOL Energy as potential suppliers. This information was then passed to buyers and decision-makers within the Company.

We increased our participation in outreach events to locate diverse suppliers. This included a matchmaking event co-sponsored with other energy companies (e.g., Shell, EQT, XTO, and Noble Energy), an opportunity fair, and multiple workshops held by advocacy groups.

We also asked top suppliers to begin voluntarily reporting amounts spent with minority, woman, and veteran-owned firms on CONSOL Energy projects, starting in 2015.

Darryl Husenits, Vice President—Material and Supply Chain Management, served as Chairman of the Board of the Eastern Minority Supplier Development Council in 2014. CONSOL Energy continued its sponsorship of the Woman's Business Enterprise Council of Pennsylvania, Delaware, and southern New Jersey; and joined the African American Chamber of Commerce of Western PA as a Presidential Roundtable member.

## CORE VALUES SUMMITS

In the spring and fall of 2014, CONSOL Energy MSCM held Core Values Summits with top trade vendors. These gatherings provided opportunities for our top suppliers to interact with CONSOL Energy executives. Topics covered at these gatherings included an update to suppliers from our top safety, marketing and government relations executives, and discussions on sustainability. Suppliers were asked to provide information on their own sustainability programs.

## KEY PERFORMANCE INDICATORS (KPIs) IN CONTRACTS

CONSOL Energy's commitment to its core values extends to include our contracting community. In 2014, our goal was to begin incorporating the KPIs by which we measure ourselves into agreements with contractors and service suppliers—to jointly achieve safety, compliance and continuous improvement goals on CONSOL Energy projects.

Our agreement with Calfrac Well Services (Calfrac), one of our largest contractors, will be the first service contract to utilize KPIs to measure contractor performance against CONSOL Energy's core values, and link Calfrac's compensation to their performance.

## SUPPLY CHAIN

While previous contracts contained performance-based incentives, safety and compliance performance were never directly tied to overall compensation. The basis for compensation in the proposed Calfrac agreement is to use KPI factors designed to evaluate safety, compliance, and continuous improvement (productivity) on a per-pad basis. KPIs are weighted evenly and used to determine final compensation.

Over the past years, MSCM has also participated in Life Cycle Management programs with selected contractors. These programs base future business on whether the contractor's performance meets established safety, compliance, productivity, and cost goals. These Life Cycle Management programs, as well as contracts basing supplier compensation on KPI performance, will continue to align our company with contractors sharing CONSOL Energy's core values.

### LOOKING FORWARD IN 2015

In the coming year, MSCM will continue holding Core Values Summits. It will continue seeking continuous improvements in sustainability, supplier diversity, and procurement efficiency.

# AWARDS

## EURONEXT VIGEO US 50

The 50 most advanced companies in the US region. This index distinguishes companies achieving the most advanced Environmental, Social, and Governance performances.

## EURONEXT VIGEO WORLD 120

The 120 most advanced companies in the European, North American, and Asia Pacific regions. This index distinguishes companies achieving the most advanced Environmental, Social, and Governance performances.

## CHARLES C. KELLER AWARD

Presented to CONSOL Energy by the Washington County Community Foundation in Pennsylvania for exemplary giving and community service.

## VIRGINIA FOUNDATION FOR COMMUNITY COLLEGE EDUCATION CHANCELLOR'S AWARD FOR LEADERSHIP IN PHILANTHROPY

Presented to CONSOL Energy in recognition of our continuing support for Southwest Virginia Community College located in our Virginia coal and gas operating regions.

## HAULROAD CONSTRUCTION

Presented to CONSOL Energy's Twin Branch Surface Mine in Mingo & Logan Counties in West Virginia by the West Virginia Coal Association and the West Virginia Division of Environmental Protection.

## BEST COMPLETED FILL AWARD

Presented to CONSOL Energy by the Virginia Division of Mined Land Reclamation and the Virginia Coal and Energy Alliance for reclamation of the Island Creek Coal Company Beatrice Mine fill site in Buchanan County, Virginia.

## OUTSTANDING ACHIEVEMENT AWARD

Presented to Nicholas Deluliis, President and Chief Executive Officer of CONSOL Energy, by the Duquesne University School of Law Alumni at the 62nd annual Duquesne Law Alumni Dinner.

## 2014 PITTSBURGH BUSINESS TIMES ENERGY LEADERSHIP AWARDS

Presented to CONSOL Energy and Darryl Husenits. Darryl Husenits, Vice President of Material and Supply Chain Management, received the "Educator" Leadership award for his efforts at Waynesburg University. Husenits, a Waynesburg MBA alumnus, helped develop an energy management course for the school's MBA program.

## WOMEN IN NATURAL GAS (WING) AWARD

Presented to Katharine Fredriksen, Senior Vice President, Environmental Strategy and Regulatory Affairs. The second annual Women in Natural Gas Awards were hosted by Shale Media Group in October 2014. The event honored a distinguished group of women in the energy industry who contribute to community outreach efforts, act as role models and provide leadership qualities for future women in energy.

## MINE RESCUE AWARDS

- Bailey—10 Trophies
- Buchanan—8 Trophies
- Enlow Fork—25 Trophies
- Harvey—4 Trophies



# GRI INDEX

REF	DESCRIPTION	
1.1	Statement from the most senior decision maker of the organization (CEO).	2
1.2	Description of key impacts, risks, and opportunities.	5
2.1	Name of the organization.	Cover
2.2	Primary brands, products, and/or services.	5
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	3–4
2.4	Location of organization's headquarters.	Pittsburgh, PA
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	3
2.6	Nature of ownership and legal form.	8–12
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	3
2.8	Scale of the reporting organization: <ul style="list-style-type: none"> <li>• Number of employees</li> <li>• Number of operations</li> <li>• Net sales (for private sector organizations) or net revenues (for public sector organizations)</li> <li>• Total capitalization broken down in terms of debt and equity (for private sector organizations)</li> <li>• Quantity of products or services provided</li> </ul>	5–6
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	5
2.10	Awards received in the reporting period.	46
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	3
3.2	Date of most recent previous report (if any).	3
3.3	Reporting cycle (annual, biennial, etc.).	3
3.4	Contact point for questions regarding the report or its contents.	51
3.5	Process for defining report content.	3
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	3–4
3.7	State any specific limitations on the scope or boundary of the report.	4
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	4
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	34–50
3.10	Explanation of re-statements.	None
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	None
3.12	Table identifying the location of the Standard Disclosures in the report.	47
3.13	Policy and current practice with regard to seeking external assurance for the report.	50

# GRI INDEX

REF	DESCRIPTION	
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	8–14
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	9
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	10
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	12
<a href="#">4.5</a>	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	web
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	9
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	11
<a href="#">4.8</a>	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	web
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	11
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	11
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	15
4.14	List of stakeholder groups engaged by the organization.	3
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	6, 43
G4-38	Composition of the highest governance body and its committees.***	10
G4-46	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.	11
G4-48	Highest committee that formally reviews and approves the sustainability report.	3
OG1	Volume and type of estimated proved reserves and production.	5, 15
EN8	Total water withdrawal by source.	31–32
EN10	Percentage and total volume of water recycled and reused.	31–32

# GRI INDEX

REF	DESCRIPTION	
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated.	29
EN16	Total direct and indirect greenhouse gas emissions by weight.	34–36
EN17	Other relevant indirect greenhouse gas emissions by weight.	34–36
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	15–16, 34–36
EN20	NO, SO, and other significant air emissions by type and weight.	35
EN21	Total water discharge by quality and destination.***	31–32
EN23	Total number and volume of significant spills.***	27
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	24–27
EN28	Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with environmental laws and regulations.	27
EN30	Total environmental protection expenditures and investments by type.	34
LA1	Total workforce by employment type, employment contract, and region.	38
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.***	37
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	23
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	38
LA10	Average hours of training per year per employee by employee category.	39
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	39
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.***	10, 37
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	9
SO5	Public policy positions and participation in public policy development and lobbying.***	42
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.***	42

\*\*\*partially reported

# INDEPENDENT ACCOUNTANTS' REPORT

CONSOL Energy, Inc. and Management:

We have reviewed the following table of selected environmental data included in CONSOL Energy, Inc.'s 2014 Corporate Responsibility Report (the "Report") for the year ended December 31, 2014. CONSOL's management is responsible for the table of selected environmental data.

Table of selected environmental data:

Total freshwater withdrawal by source for gas operations	Measurements	For the year ended December 31, 2014	Reporting Criteria
Total water withdrawal by source for gas operations <ul style="list-style-type: none"> <li>• Surface water</li> <li>• Groundwater</li> <li>• Municipal water</li> </ul>	Water withdrawal measured in thousands of gallons	(thousands of gallons) Surface—901,111 Groundwater—21,615 Municipal—59,438  Total water withdrawal by source for gas operations—982,164	Global Reporting Initiative (GRI)  G3.1 EN8
Total water recycled and total water recycled as a percentage of total water withdrawn for gas operations	Total water recycled measured in thousands of gallons and percentage of water recycled	Total water recycled—171,732 (thousands of gallons)  Total water recycled as a percentage of total water withdrawn—17.5%	GRI G3.1 EN10

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the selected indicators. Accordingly, we do not express such an opinion.

Environmental data are subject to measurement uncertainties resulting from limitations inherent in the nature and methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurements techniques may also vary.

Based on our review, nothing came to our attention that caused us to believe that the table of selected environmental data referred to above are not presented, in all material respects, in conformity with the reporting criteria as noted in the table of selected environmental data.

/s/ KPMG LLP

New York, New York  
March 24, 2015

# CONTACT DETAILS

## CONTACT DETAILS

For any questions regarding our Corporate Responsibility program, this report, or its contents, please contact Kacy Jursa, Sustainability Coordinator: [kacyjursa@consolenergy.com](mailto:kacyjursa@consolenergy.com)

# FORWARD-LOOKING STATEMENTS

Our 2014 Corporate Responsibility Report includes forward-looking statements about the Company's business and the Company's future business plans, initiatives, goals and objectives. These forward-looking statements are based on concurrently available operating, financial and competitive information and are subject to a number of significant risks and uncertainties. When we use the words "believe," "intend," "expect," "may," "should," "anticipate," "could," "estimate," "plan," "predict," "project," or their negatives, or other similar expressions, the statements which include those words are usually forward-looking statements. When we describe strategy that involves risks or uncertainties, we are making forward-looking statements. Actual future results may differ materially depending on a variety of factors including, but not limited to, risks detailed in the Company's filings with the Securities and Exchange Commission, including the "Risk Factors" section of CONSOL Energy's Annual Report on Form 10-K for the fiscal year ended December 31, 2014. The Company assumes no obligation to update any of these forward-looking statements.





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