

# POWERING PROGRESS COMES WITH GREAT RESPONSIBILITY



2013 CORPORATE RESPONSIBILITY REPORT



- ◆ GENERAL OFFICE  
Canonsburg
- ACTIVE COMPLEX  
Bailey  
Buchanan  
Enlow Fork  
Miller Creek
- SALES OFFICE  
Canonsburg  
Charlotte  
Philadelphia
- ◆ EQUITY AFFILIATES  
Harrison Resources  
Western Allegheny Energy
- ◆ CONSOL R&D  
South Park
- ▲ GAS OPERATIONS  
Canonsburg  
Cardinal Gas Operations  
Central PA Gas Operations  
Knox Gas Operations  
Ohio Gas Operations  
SW PA Gas Operations  
WV Gas Operations
- PORT/DOCK  
Baltimore Terminal

# 2013 CORPORATE RESPONSIBILITY REPORT

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# LETTER FROM THE CEO

I am pleased to present CONSOL Energy's 2013 Corporate Responsibility Report.

Our third annual report continues to build on goals and objectives aimed at our commitment to responsible business practices across all operational and support functions within the Company. Our commitment to these concepts is reinforced by the belief that such practices are not only the right thing to do, but that they also provide CONSOL Energy and our customers with competitive advantages in today's global marketplace.

Over the course of the past decade, CONSOL Energy embarked upon a transformational journey that was recently accelerated by a major strategic action. In late 2013, we announced the divestiture of CONSOL Energy's five longwall coal mines in West Virginia and related assets. The \$3.5 billion in value received as part of this transaction, as well as the de-leveraging of our balance sheet, provides the financial footing to advance the execution of the growth strategy that will position our Exploration and Production (E&P) segment to double in size by 2016.

Ten years ago, CONSOL Energy was a traditional coal producer, the largest underground coal producer in the world, in fact. Eight years ago, we took our CNX Gas subsidiary public and dedicated a team to growing our gas segment alongside coal, improving transparency for our shareholders. Three years ago, we acquired Dominion Resources' Appalachian E&P unit and became a coal company with a growing natural gas presence. Then, late last year, we announced yet another important step in our transformation and put CONSOL Energy on a trajectory that uniquely positions us among our peers to grow, compete and thrive. Today, we are an E&P company with a best-in-class legacy coal position.

One of the cornerstones of our legacy has been the ability to adapt, innovate and re-invent over many decades. The capacity to navigate through constantly changing external conditions has led CONSOL Energy to 150 years of successful operation. The growth strategy we are deploying is driven by those very concepts that have sustained our Company through the years.

Our ultimate goal is to be the safest energy company in the world, and to be a thought leader in driving change and improvement in the safety culture of the entire industry. From an environmental perspective, we continue to focus on additional training for our contractors so that standards and expectations are met across our operational footprint. We are also concentrating efforts on enhanced spill tracking measures and placing greater emphasis on root cause investigations in order to better prevent incidents from occurring. We recognize and embrace the fact that our social license to operate depends on our ability to continue to safely and responsibly produce and move our strategic resources to market.

And so, we begin another chapter in our history—always grounded by our storied legacy while pivoting toward a bright future, ripe with opportunities to begin a new legacy for our Company—one that will sustain CONSOL Energy for another 150 years.



**J. BRETT HARVEY**

*Chairman and Chief Executive Officer*

OUR ULTIMATE GOAL IS TO BE THE SAFEST ENERGY COMPANY IN THE WORLD, AND TO BE A THOUGHT LEADER IN DRIVING CHANGE AND IMPROVEMENT IN THE SAFETY CULTURE OF THE ENTIRE INDUSTRY.



ONE OF THE CORNERSTONES OF OUR LEGACY HAS BEEN THE ABILITY TO ADAPT, INNOVATE, AND REINVENT OVER MANY DECADES. THE CAPACITY TO NAVIGATE THROUGH CONSTANTLY CHANGING EXTERNAL CONDITIONS HAS LED CONSOL ENERGY TO 150 YEARS OF SUCCESSFUL OPERATION.

## MATERIALITY ANALYSIS

GENERAL/POLICY:	ENVIRONMENTAL:	SOCIAL:	ECONOMIC:
<ul style="list-style-type: none"> <li>• Corruption</li> <li>• Awards &amp; Recognition</li> <li>• Governance of Sustainability</li> <li>• Supply Chain Management</li> <li>• Community Engagement</li> <li>• Ethics</li> <li>• Political Donations/Lobbying</li> <li>• Associations &amp; Alliances</li> </ul>	<ul style="list-style-type: none"> <li>• Land Management</li> <li>• Air &amp; GHG Emissions</li> <li>• Environmental Management</li> </ul>	<ul style="list-style-type: none"> <li>• Human Rights/Labor Rights</li> <li>• Talent Management</li> <li>• Diversity</li> <li>• Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Non-compliance Lawsuit</li> <li>• Industry R&amp;D</li> <li>• Economic Contribution</li> </ul>

# ABOUT THE REPORT

This is CONSOL Energy's third annual corporate responsibility report. All information contained in this report is from calendar year 2013, 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.

In 2013 CONSOL Energy sold its Consolidation Coal Company subsidiary, which owned all five of its longwall coal mines in West Virginia, to a subsidiary of Murray Energy Corporation (MEC) for \$3.5 billion in value. Assets sold in the transaction included McElroy Mine, Shoemaker Mine, Robinson Run Mine, Loveridge Mine, and Blacksville No. 2 Mine. MEC acquired approximately 1.1 billion tons of Pittsburgh coal seam reserves in the stock purchase agreement. CONSOL Energy's River and Dock Operations, comprised of twenty-one towboats and 600 barges, were also included in the transaction.

MEC also acquired approximately \$2.4 billion of Company balance sheet liabilities, including \$2.1 billion of other postretirement benefit plans (OPEB), \$105 million of workers compensation, \$61 million of coal workers' pneumoconiosis (CWP), \$13 million of long-term disability, and \$149 million of environmental.

The transaction affects what data can be reported in this report. Federal reporting requirements, particularly for mandatory reporting of greenhouse gas emissions, require the new owner of an affected asset to report for the entire year, not for partial year representing ownership.<sup>1</sup> Thus, to avoid conflicting data reporting, this report will only report data for those assets that were under our ownership and control at the end of the calendar year, and excludes any data from the affected assets of the transaction, herein referred to as "discontinued assets". This includes financial data, safety and compliance data, including safety, air emissions and water data, economic contributions, and all other data as noted in this report. As a result, we are unable to predict trends based on past performance, unless where noted, because of the dramatic change in our baseline assets.

More detailed information about corporate responsibility at CONSOL Energy can be found on our website [www.consolenergy.com/about-us/corporate-responsibility.aspx](http://www.consolenergy.com/about-us/corporate-responsibility.aspx).

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.

## PROCESS FOR DEFINING REPORT CONTENT

We used the Global Reporting Initiative (GRI) G3.1 reporting principles in the development of this report. The GRI includes a formal materiality analysis with the goal of ensuring that issues relevant to the Company and to stakeholders are being addressed. Information and data assessed in this analysis were drawn from the following sources: input from stakeholder engagement (through daily interactions with various internal functions); peer reports; external peer communications; and sector publications. Findings were combined and prioritized to determine the material issues for CONSOL Energy's corporate responsibility goals and reporting. The basis for the prioritization was an assessment by internal CONSOL Energy stakeholders of the relative impact of the issues on the Company and its stakeholders. For more information on stakeholder engagement, please see the Community section of this report.

The results of our materiality analysis are illustrated to the left. Subsequent pages of this report provide information on our corporate responsibility performance relative to these material topics.

In 2014 we will undertake a determination of material issues as the result of our new asset base to determine whether any of the factors that influence our reporting structure need to be changed. We will also review the expected changes to the GRI reporting, namely G4, for alignment of our report next year.

## 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.

# ABOUT THE REPORT

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 include 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.
- **Fairmont Supply:** National distributor of gas, mining, industrial, maintenance, repair, and operating supplies.
- **Research and Development:** Private research entity focused on the use of advanced technology to support the safety, compliance and continuous improvement initiatives of our operations as well as energy efficiency and emission reduction in support of CONSOL Energy and its customers.
- 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%.
- CONSOL Energy and Noble Energy formed CONE Gathering LLC (CONE), a joint venture established to develop and operate gas gathering system needs in the Marcellus Shale.
- 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%.
- A joint venture of CONSOL Energy and Oxford Mining Company, known as Harrison Resources, to develop and operate surface mining properties in Ohio. CONSOL Energy's share is 49%.

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

- (1) Consistent with 40 CFR 98.4(a), it is the designated representative (DR) for the facility or supplier that is responsible for reporting for the facility or supplier. "Except as provided under paragraph (f) of this section, each facility, and each supplier, that is subject to this part, shall have one and only one designated representative, who shall be responsible for certifying, signing, and submitting GHG emissions reports and any other submissions for such facility and supplier respectively to the Administrator under this part."

The Certificate of Representation (COR) must list the DR and the owners and operators. If there is a change in ownership, consistent with the requirements in 98.4(h) the COR needs to be updated to reflect the new ownership.

The DR listed on the current COR is responsible for submitting the annual GHG report for the entire reporting year.

When the facility's name or owner's name changes, the COR must be updated within 90 days. This process is explained below.

Only the Designated Representative (DR) or Alternate Designated Representative (ADR) for the facility may make changes to the facility profile using the Facility Management tab. Agents cannot make the changes.

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%.



# ABOUT CONSOL ENERGY

## QUICK FACTS:

**4,633** employees

Over **12,000** producing gas wells

**172.4** net billion cubic feet equivalent produced in 2013

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

**28.5** million tons of coal produced from continuing operations in 2013

**3** billion tons of coal reserves

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

CONSOL Energy Inc. (CONSOL Energy) is a Pittsburgh-based producer of natural gas and coal. The Company is one of the largest independent natural gas exploration, development and production companies, with operations centered in the major shale formations of the Appalachian basin. CONSOL Energy deploys an organic growth strategy focused on rapidly developing its resource base of 5.7 trillion cubic feet of proved natural gas reserves, while the Company's premium coal assets are sold to electricity generators and steelmakers both domestically and internationally. CONSOL Energy is a member of the Standard & Poor's 500 Equity Index and the Fortune 500.

The world's energy market continues to adapt, innovate and evolve. Energy demand, both domestically and internationally, has shifted. With the revolution of the unconventional shale extraction of natural gas in North America, and the dominance of China and India for coal imports to meet organic growth, the energy outlook has been decisively switched. Global natural gas consumption accounted for 23.9% of primary energy consumption; however coal is still the fastest-growing fossil fuel.<sup>2</sup> Awareness of the dynamics underpinning energy markets is essential in managing economic, energy and environmental objectives. CONSOL Energy must anticipate domestic and

global energy demands in order to derive an advantage and deliver long-term shareholder value.

Energy-intensive sectors, particularly those which make chemicals, aluminum, cement, iron and steel, paper, glass and oil refining, account for around one-fifth of industrial value added, one-quarter of industrial employment, and 70% of industrial energy use.<sup>3</sup> Because of the growth in North American natural gas production, the International Energy Agency (IEA) sees the U.S. with an advantage in its share of global exports of energy-intensive goods, providing the clearest link between relatively low energy prices and the industrial outlook.

## OUR CHANGING ENERGY FUTURE

In 2013, CONSOL Energy made a transformative step towards the future, positioning the Company for growth in order to meet these changing market dynamics. With the divestiture of five of its underground coal mines in Northern West Virginia, along with its river transportation fleet, and reinvesting in capital investments predicated on a 30% per year compounded annual growth over the next three years in its natural gas division, we believe that we are positioned to produce the forms of energy needed to meet growing demand, and to do so safely and sustainably.

## FINANCIAL PERFORMANCE

(000 omitted, except per share data)

### Operating revenues from continuing operations

Revenue and other income

Net Income Attributable to CONSOL Energy Inc. Shareholders

Earnings Per Share (diluted)

Operating Cash Flow

Capital Expenditures

Coal Production (tons in thousands)\*\*

Gas Production (Bcf)

2013\*

\$3,120,722

\$ 660,442

\$ 2.87

\$ 658,776

\$1,496,056

28,476

172.4

\*Data does not include data resulting from discontinued operations that were included in the transaction with Murray Energy Corporation.

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

Prior year financial data can be found on our website [www.consolenergy.com](http://www.consolenergy.com)

# ABOUT CONSOL ENERGY

We expect natural gas to become a more significant contributor to the domestic electric generation mix as well as fueling industrial growth in the U.S. economy. As domestic electric power generation retires older, less efficient coal-fired plants under increasingly stricter regulatory demands in the next few years, the market is shifting to natural gas to make up the demand. Also, natural gas may potentially become a significant contributor to the transportation market. CONSOL Energy's Gas Division operates, develops, and explores for natural gas primarily in Appalachia (Pennsylvania, West Virginia, Ohio, Tennessee, and Virginia). Concentrating our drilling and production activities in these core areas has allowed us to develop the regional expertise for success—and be an industry leader for the safe and sustainable production of natural gas. CONSOL Energy expects to invest about \$1.1 billion in developing the highly productive Marcellus and Utica shales. Our increasing gas production will allow CONSOL Energy to participate in these growing markets.

CONSOL Energy retained coal assets that clearly align with the company's long term strategic objectives. With an estimated 3.1 billion tons of proven and probable coal reserves, our Pennsylvania mines, including Bailey, Enlow Fork, and the BMX Mine, produce high-Btu Pittsburgh Seam coal that is lower in sulfur than many Northern Appalachian coals. It can be sold domestically or abroad, as either thermal coal or high-vol coking coal. The premium quality coal from our Bailey complex is destined for those low heat rate coal-fired power plants that are invested in full environmental controls. Our flagship Buchanan Mine in southwestern Virginia produces premium low-vol coking coal for the steel industry, at a cost that is probably the lowest of any domestic metallurgical coal mine. CONSOL Energy also retained its Miller Creek Complex in southern West Virginia. Due to the well-capitalized nature of our retained assets, we expect capital investments going forward to be for maintenance-of-production of around \$4–5 per ton. These mines, along with the 100%-owned Baltimore Terminal, allow CONSOL Energy to participate in the growth of the world's thermal and metallurgical coal markets.

## FACTORS AFFECTING OUR PERFORMANCE

The nature of our business makes it subject to various risks and uncertainties. CONSOL Energy's management performs an annual assessment of those risks, and our ability

to mitigate them, and provides the results both to our Board of Directors as well as to the public in our annual U.S. Securities and Exchange Commission filings, otherwise known as our Form 10-K Annual Report.

The natural gas industry in the U.S. is highly competitive and more diversified than the coal industry. Continued demand for CONSOL Energy's natural gas and the prices we are able to obtain are affected by natural gas use in the production of electricity; U.S. manufacturing and the overall strength of the economy; environmental and governmental regulation, particularly with respect to climate change regulation of electric power generation; technological developments and the availability and price of competing alternative fuel supplies. For example, in 2012, natural gas lost 3% of market share in the U.S. electric generation market compared to record natural gas generation that year. To manage our exposure to near-term fluctuations in the price of natural gas, we enter into hedging arrangements with respect to a portion of our expected production. CONSOL Energy strengthened its financial cash flow hedges and entered into various gas swap transactions for the period of 2014–2016. These transactions exist parallel to our physical gas sales transactions. Further details can be found in our [2013 Form 10-K](#).

Adoption of comprehensive legislation or regulation focusing on greenhouse gas (GHG) reductions for the U.S. or other countries where we sell coal may make it more costly and less attractive to operate fossil fuel fired (especially coal-fired) electric power generation plants. Depending on the nature of the regulation, natural gas-fired power generation could become more economically attractive than coal-fired power generation, substantially increasing the demand for natural gas. CONSOL Energy's strategy for the future, one based on increasing natural gas production, is further strengthened by any such GHG regulation. Regarding coal-fired power generation, we or our customers may invest in carbon dioxide capture and storage technologies, technologies which CONSOL Energy's R&D program has helped develop and continues to help demonstrate, to comply with future GHG standards.

(2) BP Statistical Review of World Energy, June 2013

(3) International Energy Agency's World Energy Outlook 2013, November 2013.

# CORPORATE GOVERNANCE

## SOUND PRINCIPLES OF CORPORATE GOVERNANCE ARE ESSENTIAL IN MAKING GOOD DECISIONS ON BEHALF OF OUR SHAREHOLDERS, EMPLOYEES, AND OTHER STAKEHOLDERS

### 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 Person Transaction Policy. Please also see our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and Proxy Statement for the 2014 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 fail to receive a majority of the votes cast, must submit an offer of resignation to the Board.

- 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 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 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.

# CORPORATE GOVERNANCE

- We conduct annual Board and Board Committee performance evaluations.
- We maintain a related person transaction 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. 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 eleven members, all of whom are independent under New York Stock Exchange rules, other than our Chief Executive Officer and Mr. Hardesty.

**J. Brett Harvey** serves as our Chief Executive Officer and Chairman of the Board, which enables us to centralize Board leadership and provide effective communication to the other members of the Board. We believe that Mr. Harvey's role as Chief Executive Officer and Chairman of the Board furthers decisive leadership, ensures clear accountability 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 combine the role of Chief Executive Officer and Chairman into one position, 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	63	1998	Chairman and Chief Executive Officer						
Philip W. Baxter	65	2009	Former President Stan Johnson Company; Lead Independent Director of CONSOL Energy and Stan Johnson Company	X	X	X			X
James E. Altmeyer, Sr.	75	2003	Former President/Chief Executive Officer and Chairman of Altmeyer Funeral Homes, Inc.	X			C	X	
Alvin R. Carpenter	72	2013	Former Vice Chairman of CSX Corporation; Director of Stein Mart, Inc. and of Regency Centers Corporation	X		C		X	
William E. Davis	71	2004	Former Chairman and Chief Executive Officer of Niagara Mohawk Power Corporation	X			X		C
Raj K. Gupta	71	2004	Former Vice President of Strategic Planning of Phillips Petroleum Company and Former Chairman of Quetzal Energy, Inc.	X	C		X		
David C. Hardesty, Jr.	68	2005	President Emeritus and Professor of Law at West Virginia University				X	X	
Maureen E. Lally-Green	64	2013	Former Judge on the Superior Court of Pennsylvania	X			X		X
John T. Mills	66	2006	Former Chief Financial Officer of Marathon Oil Corporation	X	X	X			
William P. Powell	58	2004	Managing Partner of 535 Partners LLC	X				X	X
Joseph T. Williams	76	2004	Former Chairman and Chief Executive Officer 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 2014 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 receive 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 each Board Committee 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 2013, 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.

# CORPORATE GOVERNANCE

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.

## 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).



# CORPORATE GOVERNANCE

## EXECUTIVE OFFICERS OF CONSOL ENERGY

Front row, left to right: J. Brett Harvey—Chairman and Chief Executive Officer and Nick Deluliis—President. Second row: David Khani—Executive Vice President and Chief Financial Officer, Jim Grech—Executive Vice President and Chief Commercial Officer, and Stephen Johnson—Executive Vice President and Chief Legal and Corporate Affairs Officer.





# CORPORATE GOVERNANCE

## EXECUTIVE OFFICERS OF CONSOL ENERGY

**J. Brett Harvey** is the Chairman and Chief Executive Officer of CONSOL Energy. Mr. Harvey has more than 33 years of natural resource industry experience and has spent 16 years with the Company, including serving as President of CONSOL Energy until 2011, when Mr. Deluliis assumed that position. Mr. Harvey is also the Chairman and Chief Executive Officer of CNX Gas Corporation and a director of Barrick Gold Corporation and Allegheny Technologies Incorporated. He is a member of the coal industry advisory board of the International Energy Agency, a member of the Leadership Council of the American Coalition for Clean Coal Electricity, and a National Mining Association board member. He is also a member of the board of the Allegheny Conference on Community Development, the National Executive Board of the Boy Scouts of America, and a director and past chairman of the Laurel Highlands Council of the Boy Scouts.

**Nicholas J. Deluliis** is the President of CONSOL Energy. He has over 23 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 2005 to 2009. Mr. Deluliis is a director of the U.S. Chamber of Commerce, the University of Pittsburgh Cancer Institute and the Center for Sustainable Shale 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, the Catholic Foundation Advisory Board and the Pittsburgh Penguins Foundation.

**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. Mr. Johnson has spent numerous years in the

natural resources industry, including eight years with CONSOL Energy and CNX Gas Corporation and several years prior to that representing natural resource companies in private legal practice. Mr. Johnson is 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.

**David M. Khani** is the Executive Vice President and Chief Financial Officer of CONSOL Energy. 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 Washington, D.C., the Simon Executive Advisory Committee, the University of Rochester Simon Business School Executive Advisory Committee and the Temple Emanuel Executive Board.

**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 29 years of natural resources industry experience and has spent over 12 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.

# GAS DIVISION

CONSOL Energy's Gas Division operates, develops and explores for natural gas primarily in Appalachia (Pennsylvania, West Virginia, Ohio, Tennessee and Virginia.) Concentrating our drilling and production activities in these core areas has allowed us to develop the regional expertise for success—and be an industry leader for the safe and sustainable production of natural gas.

Highlights of our 2013 production include:

- Total production of 472,274 Mcfe per day, an increase of 10% over 2012
- 98% Natural Gas; 2% Liquids

- 34% Marcellus, 48% coalbed methane, 16% shallow oil and gas, 2% other

This was accomplished pursuant to our [Core Values](#)—over seven million exposure hours since 1994 without a lost time employee accident; and a drive towards environmental excellence with improved compliance year on year.

In 2013, CONSOL Energy was a founding member of the Center for Sustainable Shale Development, ([www.sustainables shale.org](http://www.sustainables shale.org)) a collaboration of environmental organizations, philanthropic foundations, and energy companies from across the Appalachian Basin. The aim of this organization is to ensure the safe and

*Photo: Courtesy of Allegheny County Airport Authority*





## GAS DIVISION

environmentally responsible development of abundant shale resources. Through the development of rigorous performance standards, coupled with third-party evaluation to certify that companies achieve and maintain these standards, we aim to further increase stakeholder acceptance of natural gas production. We are committed to achieving certification of all performance standards in 2014. Our participation in this effort builds upon the high expectations we set for ourselves.

Those expectations will be on full display as we undertake a major development project in 2014. CONSOL Energy was awarded the rights by the Allegheny County Airport Authority to drill and produce gas from beneath the Pittsburgh International Airport (PIT). A discussion of this project follows.

### PITTSBURGH INTERNATIONAL AIRPORT

In 2012, CONSOL Energy won the rights to drill the Marcellus Shale on approximately 9,200 leased acres at the Pittsburgh International Airport. We will pay an estimated \$500 million over the next 20 years for the right to drill for shale gas on land surrounding the airport. The money generated from drilling will be used to reduce the cost to the airlines operating from Pittsburgh International Airport, for airport-related capital improvements and to put in roads, utilities and other infrastructure on airport land targeted for development.

Because the proposed oil and gas drilling is located on federal property, CONSOL Energy is required to perform an Environmental Assessment pursuant to the federal National Energy Policy Act. In 2013, CONSOL Energy began the

Environmental Assessment process which examines the purpose and need for the project, possible alternatives, potential environmental impacts to air, water, surface, endangered species, noise, etc., and assesses any mitigation actions needed for permits. As part of the Environmental Assessment process, CONSOL Energy and the Allegheny County Airport Authority launched a public education campaign designed to inform and update the public and key stakeholders of the activity surrounding the drilling plan. Part of the outreach included public meetings intended to provide information and answer questions concerning the airport project. In November 2013, the Environmental Assessment was completed and submitted to the Federal Aviation Administration (FAA) for review. After the assessment has been reviewed, and assuming a Finding of No Significant Impact is made, CONSOL Energy will be allowed to begin the preparation, construction, drilling, and completions operations at the airport.

Throughout the entire process, CONSOL Energy and the Allegheny County Airport Authority worked diligently to develop a drilling plan that would allow us to safely and compliantly access the natural gas located at the airport property, while minimizing environmental and operational impacts.

The proposed drilling plan outlines six well pad locations with a total of 45 Marcellus wells, with the future potential to drill Upper Devonian wells. CONSOL Energy is hopeful that this horizon can be built into its operational objectives for the airport project. Construction of the well sites, impoundments, and pipelines will begin in second quarter 2014. Approximately 17 miles of gas lines and



# GAS DIVISION

12 miles of water lines will be utilized to deliver gas to market and provide water for well completions.

CONSOL Energy takes its social license to operate very seriously and is approaching the PIT project with an unwavering focus on its Core Values of safety, compliance, and continuous improvement. To that end, CONSOL Energy will be using state-of-the-art technologies and practices at the airport. Listed below are just some of the measures that will be utilized to ensure safe and environmentally protective drilling and production:

- Employing a Safety and Emergency Response Plan coordinated with local emergency response agencies in the townships around the airport, as well as with the airport authority itself
- Fully lined well pads and containment under all equipment and tanks
- Testing of all drinking water sources within 2,500' of the wellbore prior to drilling, along with resampling post completions to ensure no drinking water impact from our activities
- Well construction designed for maximum protection of water supplies and ecosystems, with four to five casing strings all cemented to surface to create multiple barriers between the wellbore and any subsurface water
  - o Conductor set to 80 feet
  - o 20" diameter casing set 300–500 feet
  - o 13<sup>3</sup>/<sub>8</sub>" diameter casing set to 600–2,000 feet
  - o 9<sup>5</sup>/<sub>8</sub>" diameter casing set at 2,600–7,500 feet
  - o 5<sup>1</sup>/<sub>2</sub>" diameter production casing
- Closed loop drilling to completely contain drill cuttings, drilling mud, and water
- Latest low-emitting engine technology for all construction, drilling, and completions equipment
- Fully electric-powered horizontal drilling rigs
- Use of Reduced Emissions Completions equipment with no flaring
- Recycle all flowback water to limit freshwater needs
- Use of double-lined, leak detection-equipped centralized impoundments for water management
- Full disclosure of all chemicals used during completions on [www.fracfocus.org](http://www.fracfocus.org)

By honoring our Core Values, we expect to successfully unlock the tremendous potential that exists within this opportunity at the airport, to benefit both local residents and the entire region.

## LOOKING FORWARD IN 2014

For 2014, we have identified some of the following initiatives:

- Full certification for conformance to all fifteen of the CSSD performance standards
- Increased utilization of enhanced completion techniques such as shorter stage lengths (SSL) and reduced cluster spacing (RCS) to enhance gas recovery
- Exploration of the Upper Devonian Burkett Shale in our core operating area



# COAL DIVISION





# COAL DIVISION



CONSOL Energy has an estimated 3.1 billion tons of proven and probable coal reserves. Our Pennsylvania mines, including Bailey, Enlow Fork, and the BMX Mine which came on line in March 2014, produce high-Btu Pittsburgh-seam coal. Our Buchanan Mine in southwestern Virginia produces premium low-vol metallurgical coal for the steel industry. CONSOL Energy also operates the Miller Creek Complex in southern West Virginia.

Our Coal Division undertook several significant infrastructure improvements and expansions in 2013, led by our Coal Engineering and Operations Support department. A sampling of projects that the department was involved with in 2013 follows:

**Enlow Fork Overland Belt and Oak Springs Slope:** A new slope, supply yard, and overland conveyor belt was constructed at Enlow Fork. By bringing the coal to the surface using an 84-inch slope belt and transporting it via the 72-inch overland belt, 28 square miles of underground mine workings will be sealed off and eliminated from the mine and will also eliminate six miles of underground belt and rail haulage. Sealing the old workings will improve safety by reducing employee exposure to these areas, and reducing the overall risk and improve compliance because of the reduced footprint. It also improves the operating cost at Enlow by reducing the manpower required to maintain the area for rehabilitation, roof bolting, ventilation, firebossing, electrical, and mechanical repairs. Roof falls that seasonally occur on older belt lines will also be eliminated by the removal of this area adding to the other efficiency benefits gained from the overland belt project. Additionally, the new supply yard eliminates fourteen miles of underground travel and fuel consumption for every load

of supplies hauled into the mine. This project demonstrates CONSOL Energy's commitment to the continuous improvement of all of its Core Values.

**Bailey Mine Expansion (BMX):** BMX was designed to increase production by reusing existing infrastructure and expanding key components at a lower capital cost than a new mine. BMX reuses the old Bailey Mine Slope and Portal to access additional reserves. This also eliminated the need for a new preparation plant, rail spur and load out, and construction of a new refuse disposal area significantly reducing the environmental impact associated with a new mine of equivalent production. This project eliminates old areas at Bailey Mine and reduces operating costs by more efficiently reaching unmined reserves.

**Bailey Preparation Plant Addition:** The new Bailey Plant addition was completed and made operational during 2013. The new plant circuitry and 155-foot diameter thickener increased the plant capacity from 6,300 tph to 8,200 tph. The increased tonnage will enable the plant operations to effectively handle the additional raw tonnage produced from the planned BMX Mine.

**Buchanan Horn Mountain Portal and Contrary Service Hoist:** A new portal and service hoist were installed at the Buchanan Mine. The Horn Mountain Portal reduces travel time of the employees by three miles round trip. The shaft at Contrary Portal was retrofitted with a supply hoist, also reducing the transportation distance for supplies by fourteen miles round trip. Both projects make the Buchanan Mine safer and more efficient by the reduction in miles traveled, thereby saving labor, reducing transportation related injuries, and reducing diesel emissions.

# COAL DIVISION



**Roof/Ground Control:** The Geomechanical Group works closely with the mining operations in a wide range of roof and ground control areas to ensure that all employees work in a safe environment. The Group establishes minimum pillar designs and bolting requirements based on the changing conditions of the mine. The immediate roof is frequently inspected using a fiber optic camera to ensure proper bolt design for immediate and long-term control of the roof. Additionally, the Group constantly reviews new methods and products to improve underground conditions. One recent example is the use of a synthetic mesh that is installed during development. This new product is more efficient to install, is more ergonomic, and will withstand the corrosive nature of the mine versus the traditional steel mesh.

**Exploration and Corehole Drilling:** The Exploration Group is responsible for exploring potential reserves through its corehole drilling program, modeling the results and reporting our reserves and resources to the SEC. Drilling undeveloped areas expands and adds value to CONSOL Energy's reserve and resource base. Additionally, coreholes drilled by the group provide valuable geologic information and coal quality to better define adverse or higher cost mining areas and influences short- and long-term mine planning and design. Specifically in 2013, some coreholes at the Buchanan Mine were drilled in order to develop an optimal mine plan from a safety, productivity, and marketing perspective.

CONSOL Energy Coal Reserves (in thousands of tons)	
Northern App	1,659,250
Central App	667,321
Illinois Basin	731,931
Western U.S.	30,189
Total	3,088,691

**Construction:** The Surface Engineering Group is currently working on the third stage of The University Towne Center in Morgantown, WV. This development has transformed the former Arkwright Mine refuse area into premiere real estate of which 340 acres have been developed into retail development with another 138 acres being developed into the new WVU Baseball Stadium and other WVU facilities. The Surface Engineering Group is also in the process of improving two water storage areas used by the Bailey Mine Complex and CNX Gas just south of Washington, PA. The storage area spillways are being rebuilt using an environmentally friendly design in order to reduce the impact on the area and to also reduce cost. This is an ongoing project over the next two years.

## LOOKING FORWARD IN 2014

For 2014, we have identified the following initiatives:

- Continue to install proximity detection systems on underground mining equipment. Proximity detection systems improve the safety of workers around mining equipment by automatically shutting off the equipment when a person enters a designated red zone thereby preventing crushing injuries if the equipment were to move unexpectedly.
- Evaluate and increase coal resources and reserves through additional corehole drilling and data analysis.
- Identify and target areas for improved efficiency through a reevaluation of the mine design, shafts, and ventilation systems.
- Identify and target areas for improved productivity through delay monitoring, tracking, and analysis.

# SAFETY

At CONSOL Energy, safety is at the core of everything we do because it affects our most important asset: our people. Safety has no rank; every employee is empowered to stop unsafe behavior and has the responsibility to “See Something, Say Something, Do Something.” This program has expanded to include contractor safety. As a result of

this change in culture, we have experienced a steady decrease in incident rates across the company since the program’s inception. However, the severity of the incidents was trending in the opposite direction, and we undertook an analysis to determine the root cause.

## QUICK FACTS:

CONSOL Energy employs **70** safety professionals

CONSOL Energy has **4** emergency response mine rescue stations and **7** mine rescue teams

**100%** of employees received safety training in 2013

CONSOL Energy invested more than **\$162** million in safety-related capital and expense in 2013

## SAFETY LEADERSHIP TRAINING

We found that having effective training, appropriate procedures, and state-of-the-art safety equipment is not enough to eliminate severe injuries and fatalities. If our employees don’t use what they learn in training, don’t consistently follow the procedures and/or use safety equipment, then accidents will result. CONSOL Energy partnered with Aubrey Daniels International, based in Atlanta, Georgia, to undertake an evaluation and training program to improve the safety culture of our organization and enhance the safe behaviors of our employees. Using a system known as Behavior Based Safety (BBS), a scientifically-based set of strategies to help workers engage in safe behaviors more reliably, we began identifying barriers to safe behavior, and designing and implementing a strategy to ensure a safe work environment. BBS involves observations by all levels of management and peer-to-peer, real-time feedback and recognition for improvement, as well as tools and techniques to deal with behaviors we want to change and shape. We focused first on our coal mines, from the assistant shift foreman to senior management, then the front-line supervisors, as well as the hourly employees whose everyday decisions affect their, and our, safety performance and safety culture. In 2013, 660 employees received this training, not including those employees located at the discontinued operations that were also trained before those mines were sold.

In 2014, our Gas Division employees and management will receive BBS training.

## CONSOL OCCUPATIONAL SAFETY & HEALTH MANAGEMENT SYSTEM (COSH)

Following on the successful rollout of the COSH system of management of occupational safety and health the year prior, in 2013 we focused on auditing our business units for their implementation of COSH, and completed corporate audits of all of our gas and coal operational units. These audits focused on five major areas: risk assessments, occupational risk analysis, management of change, safety action program, and accident cause elimination.

Policies were also developed for the Baltimore Terminal and Water Operations business units. The Coal SWI (safe work instructions) were reviewed and reformatted into a universal format for all locations. We also started a thorough review of all of our Safety Policies.

## 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 fire-fighting techniques in case of coal mine emergencies. In 2013, CONSOL Energy had 7 trained and active mine rescue teams and maintained four active mine rescue stations.



# SAFETY

The mine rescue teams participated in a minimum of five industry competitions each and earned 72 trophies, which consisted of 1st, 2nd, and 3rd 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 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 operations safety. In 2013, the total investment in safety reached \$162 million, including investments in these areas:

For our Gas Division:

- We deployed personal gas monitoring (a device carried by workers on-site) at all of our locations. At some locations, gas monitoring may be fixed at a set location. These systems alert workers to atmospheric hazards that may develop on site so that they may take appropriate action to protect themselves and others.
- We also initiated a review of the current fixed gas monitoring systems to identify enhancements to the systems.
- We undertook an evaluation of video technology for use during all facets of operations. The technology will be used to evaluate a “no entry area” or as we call it a “red zone” on the site in addition to its other benefits.

For our Coal Division:

- We continued to invest in rib bolting, 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. We have also continued programs at each large underground location for installing roof screen to protect our miners from falling roof material.
- We continued to test and install proximity detection technology on mobile section equipment, which prompts

heavy machinery to stop operating as soon as a worker comes too close to the equipment, avoiding potential incidents.

- We worked 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 is planned for the first quarter of 2014.
- We invested in new technology to monitor rock dusting at underground locations. A coal dust explosivity 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.

## OUR PERFORMANCE IN 2013

During 2013, 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 another exemplary safety year with no reportable employee accidents and has operated since 1994 and surpassed seven million exposure hours without a lost time employee accident.

Our overall recordable incident rate for 2013 was 1.72, and the Coal Division safety performance was approximately two times better than the 2013 preliminary underground bituminous, nine-month preliminary coal industry average, as reported by MSHA. This marked our second consecutive year in our history that the incidence rate for the Coal Division was under 2.0.

We completed emergency response exercises at all gas operations, coal mines, our Fairmont Supply locations, 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.

# SAFETY

A summary of our safety performance is below.

INDICATOR	2009	2010	2011	2012	2013*
TOTAL RECORDABLE INJURY FREQUENCY RATE—(RIFR) (employees)	1.92	1.78	1.49	1.30	1.72
TOTAL RECORDABLE INJURY FREQUENCY RATE—(LIR) (contractors)	N/A	1.96	1.40	1.19	0.92
LOST WORK DAY INCIDENT RATE (employees)	1.52	1.31	1.04	0.95	1.38
WORK-RELATED FATALITIES (employees)	1	1	1	3	0
WORK-RELATED FATALITIES (contractors)	0	1	1	0	0

\*Note: 2013 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 2013, 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 2013, our Coal Division received 870 from the MSHA. CONSOL Energy was cited at a rate of less than one citation per inspection day. Although this number may seem high to those outside the mining industry, CONSOL Energy is an industry leader in safety compliance. Our underground mines consist of more than 43 miles of belt conveyor systems and more than 48 square miles of active mining area.

COAL DIVISION	2011	2012	2013
TOTAL MSHA VIOLATIONS	4,960	4,363	870
S&S (Significant and Substantial)	1,608	1,371	232
ORDERS	38	35	2

## LOOKING FORWARD IN 2014


We have a lot to be proud of concerning our safety performance in 2013. However, we are not yet "At ZERO." To further improve our performance, our partnership with ADI will focus on our Gas Division which is, and will continue to be, in an accelerated growth phase. In 2014, our Safety Pledge for all employees and contractors is "I Value Risk Assessments," to focus on participation in risk assessments as an essential part of safety and accident prevention. These will be particularly focused on Red Zones, Stored Energy and Decision Making.

Beyond the larger programmatic, technology, and awareness investments discussed above, CONSOL Energy is actively working to protect workers in our mines. Additional safety innovations planned for 2014 include continued development of an integrated miner's safety helmet. The helmet has been submitted to MSHA for Approval and Certification for processing. We will also focus on the perfection of proximity detection equipment and the continued use of the coal dust explosivity meters.

**Safety Pledge 2014**

**"I Value Risk Assessments"**

I recognize that my participation in conducting Risk Assessments is an essential part of safety and accident prevention for my co-workers and myself.



Risk Assessments help my team and I to recognize Stored Energy and Red Zones in our work area.

The knowledge I gain from these Risk Assessments helps me to make better decisions, and I recognize my decisions impact my co-workers, our families and myself.

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

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

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

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

**CONSOL ENERGY**

# ENVIRONMENTAL MANAGEMENT

At CONSOL Energy, compliance with all laws and regulations is not only expected, but is a condition of employment. Environmental compliance embodies not only strict adherence to the letter of the law, but also to the spirit of the law. Environmental excellence is our goal, and we plan and operate our businesses to ensure we meet the expectations of our stakeholders—our employees, our customers, our neighbors, and our shareholders.

Over the last two years, we have elevated our focus on environmental compliance to be essentially our 1(b) Core

Value right after Safety. And it shows. We have brought our performance up—reducing our total company violations to less than 100. We operate our businesses pursuant to literally hundreds of permits—water, air, and surface disturbance permits, all with multiple compliance points. For a company of our size and scope, that is a remarkable achievement and a record since our inception.

For more information about CONSOL Energy’s environmental management, [click here](#).

## QUICK FACTS:

CONSOL Energy employs **79** 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 **\$146** million in capital and expense for environmental and compliance in 2013

Total number of operating permits in 2013: **352** coal permits and **484** gas permits

## 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. As promised in 2012, web-based training modules were introduced to our Learning Management System. Modules range from an introduction of company policies and impacts to more specific regulation-based modules focused on Air Quality, Waste Disposal, Water Quality, and Spill Prevention, Control, and Countermeasure (SPCC) requirements.

CONSOL Energy also incorporated an Environmental Training Video as part of the mandatory training for all contractors and visitors on CONSOL Energy properties. This video extends the message to contractors and visitors to be cognizant of environmental regulations, environmentally sensitive areas, and introduces company policies. The video is now part of the mandatory hazard training package that is required prior to starting work on Company property.

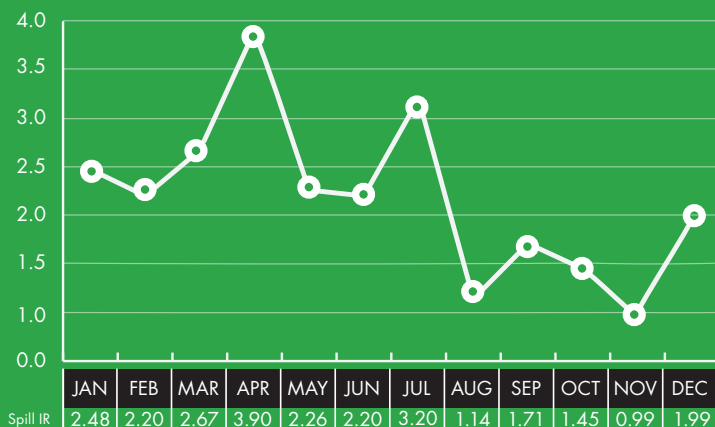
# ENVIRONMENTAL MANAGEMENT

Additionally, CONSOL Energy extended more topic-specific training classes to contractors by including them in a variety of environmental training presentations at the regional level. These classes covered areas such as: wetland and stream identification, universal wastes, erosion and sediment controls, accidental release protocols and procedures (including Loss of Primary Containment (LOPC) policy.) All new gas employees are required to attend intensive training in a week-long program which now includes an entire day devoted to environmental training.

## LOSS OF PRIMARY CONTAINMENT— SPILL POLICY PERFORMANCE

The loss of primary containment (LOPC) policy was introduced in 2012 as a way to begin tracking spills company-wide. In 2013, a new metric was introduced to evaluate spill incidents, the Spill Incident Rate. CONSOL Energy's Spill Incident rate is calculated by taking the number of spills divided by the total number of hours worked, then multiplied by 200,000 (100 people, working 40 hours per week, 50 weeks per year).

GAS OPS SPILL INCIDENT RATE (2013)



# ENVIRONMENTAL MANAGEMENT

## OUR PERFORMANCE IN 2013

Our Gas Division saw a ten percent increase in violations due, in large part, to spills on our sites. Through the introduction of the spill incident rate and working with our contracting community to improve behavior and focus attention on our Core Values, and through the deployment of enhanced preventative maintenance programs for equipment and infrastructure, we expect improvements in our compliance performance for 2014.

Our Coal Division saw their best year of environmental compliance performance to date, improving over twenty

percent each year since 2011. This performance reflects normalization of data for the assets that were part of the transaction with Murray Energy. Reducing our permit exceedances reduces our liability and exposure on a legal front—but it also means we are not impacting the environment. We attribute this to the increased focus on environmental awareness, elimination of several historical environmental liabilities, increased training, and the addition of an environmental compliance performance metric in short-term incentive compensation.

CONSOL Energy tracks the following metrics to report performance:

	2011	2012	2013*	2013 Penalties
GAS DIVISION NOV	90	42	45	\$0**
CONE GATHERING LLC NOV			1	\$75,000
COAL DIVISION NOV	112	79	42	\$ 26,376***
WATER DIVISION NOV			6	\$ 1,450

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

\*\*CONSOL Energy paid \$25,750 as a result of the previous year's violations, \$1,000 of which is attributed to a JV.

\*\*\*This includes penalties paid for three violations that occurred on CONSOL Energy permits which were operated by a third-party operator. Additionally, CONSOL Energy paid \$305,250 for prior year consent decrees resulting from effluent limit non-compliances at West Virginia mining complexes.

## FOCUS ON WATER QUALITY

Aluminum is a water quality parameter that we have in our mine water discharge permits (NPDES) issued by the state. We found that in 2012, exceedances of aluminum permit discharge limits were responsible for 57% of our total Notices of Noncompliance we self-report to our state environmental agencies. To address this, we formed an Aluminum Reduction Strategy Team in 2013, consisting of operations and environmental personnel, to review our field approach from construction to water treatment. We reviewed options that included regulatory, operational, and training components. One key source of aluminum is that which is naturally occurring in Appalachian soils.

Construction activities can cause erosion, which leads to aluminum showing up in water discharges. We worked with the contractors responsible for site construction and focused training for best practices for erosion and sedimentation controls. We also examined the chemical treatment process used at our mine water treatment facilities, and began the use of a fish-friendly flocculant for treatment prior to discharge. In 2013, the proportion of NON's related to aluminum exceedances decreased to 46%. The team will continue to address Aluminum in 2014, with an enhanced focus on CONSOL's Central Appalachian operations.



# ENVIRONMENTAL MANAGEMENT

## RECYCLING

CONSOL Energy actively recycles surplus equipment and materials. Cleaning up materials that are deemed surplus, redeploying unused equipment within the Company, and ensuring that all materials are recycled or disposed of properly, are all in an effort to both create return on investment and ensure that compliance with environmental regulations is achieved.

In 2013, CONSOL Energy sold over 2,700 tons of metal, 385 tons of belt, and over 3,300 gallons of oil as scrap or used material. In addition to recycling industrial materials, over 140 tons of paper and nearly 28 tons of cardboard were recycled at our corporate offices.

### *Litigation*

In 2013, the Ohio Valley Environmental Coalition, West Virginia Highlands Conservancy, and Sierra Club filed four U.S. Clean Water Act citizen suits in the U.S. District Court for the Southern District of West Virginia against CONSOL Energy subsidiaries concerning surface water discharges from surface coal mining operations. Two of the citizen suits allege exceedances of instream water quality standards for selenium and/or selenium effluent limits, and three of the citizen suits allege violations of the State aquatic life narrative water quality standard on the basis of in stream conductivity and sulfate levels. CONSOL Energy is contesting the claims in all the suits. The court has not ruled on the merits of any of the suits.

## LOOKING FORWARD IN 2014

We are continually striving to improve our performance in terms of environmental management. We will face a number of challenges in the upcoming year including increasingly stringent environmental regulations in the gas and mining sectors, and the challenges related to maintaining compliance with increasing regulations. To address these challenges, we plan to focus on the following initiatives in 2014:

- Enhance environmental training programs to educate employees in areas that need improvement
- Introduce a new and more sophisticated environmental data management system that will electronically track and coordinate emissions, both air and water, from our operations
- Establish a metric system to evaluate contractors for Health, Safety and Environmental performance, and conduct a ranking of our current contractors to identify those that are not conforming to our requirements
- Continue our Environmental Cause Elimination investigations to thoroughly evaluate root causes of environmental incidents and work towards cause elimination



## LAND



### LAND MANAGEMENT

As an owner of over 374,000 acres of surface lands, land management has become a priority within our business. CONSOL Energy has implemented a land management tool that standardizes business processes across our organization. This application improves and enforces internal controls and leads to a higher level of data integrity across the Land Division at CONSOL Energy. This land management tool, along with our modern and state-of-the-art mapping systems, allows CONSOL Energy to excel in land management.

### RECLAMATION

Our gas and coal operations make only temporary use of land. After extraction activities conclude at our underground facilities or surface properties, reclamation begins. In the case of gas or surface mining operations, reclamation often takes place simultaneously within the life cycle of the mine. 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 is constantly looking for creative ways to manage our lands and make better use of surface properties before, during, and after energy development or extraction. These management activities include working with various organizations both state and private to make better use of our lands. Habitat protection and restoration projects with conservation and wildlife organizations 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. Over the past 25 years, we have donated in excess of 150,000 acres of land to conservation efforts and state wildlife agencies.

CONSOL Energy is a corporate sponsor of the National Wild Turkey Federation (NWTf) and the Ruffed Grouse

Society. The National Wild Turkey Federation's "Energy for Wildlife Program" provides management techniques that create better wildlife habitats before, during, and after energy production is completed. CONSOL Energy uses seed mixes provided by the NWTf on pipeline rights-of-ways that are beneficial to many forms of wildlife. CONSOL Energy, along with the Ruffed Grouse Society, continues to create early succession habitat on CONSOL Energy lands through a cooperative partnership. As of 2013, this partnership has created wildlife habitat on nearly 14,000 acres in Pennsylvania and West Virginia. CONSOL Energy also supports wildlife organizations at various local chapter events throughout the year. These groups include Pheasants Forever, Quality Deer Management Association, Quail Forever, National Wild Turkey Federation, and Ruffed Grouse Society.

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, West Virginia, and Illinois. 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 over 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.

"When CONSOL Energy provides lands in public access programs with the Pennsylvania Game Commission, it provides many benefits to individuals that enjoy hunting and other outdoor activities. CONSOL has enrolled thousands of acres in the public access program which have provided unique land management abilities that benefit both wildlife and sportsmen. CONSOL's initiative for enrollment has led other energy companies to participate in the program."

—Doug Dunkerley, Land and Habitat Manager  
Pennsylvania Game Commission

## 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.

CONSOL Energy completed a business trade/exchange with the Pennsylvania Game Commission (PGC) in 2013. CONSOL Energy agreed to convey 2,211 surface acres in Indiana County to the PGC in exchange for the development and leasing rights to 1,830 acres of oil and gas in Greene County, Pennsylvania.

OUR PERFORMANCE IN 2013	
TOTAL ACRES OF LAND OWNED	374,600
AMOUNT OF LAND ENROLLED IN PUBLIC ACCESS PROGRAMS	44,851
TOTAL ACREAGE RELEASED FROM BOND	978
TOTAL UNDERGROUND ACRES PERMITTED	85,303
TOTAL SURFACE ACRES PERMITTED (COAL)	41,018
TOTAL SURFACE ACRES PERMITTED (GAS)	1,782

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

OUR PERFORMANCE IN 2013	
TOTAL NUMBER OF TREES PLANTED	577,600
ACRES OF GRASS SEED PLANTED	4,350
TOTAL BONDS AND LETTERS OF CREDIT (GAS)	\$ 17,453,347
TOTAL BONDS AND LETTERS OF CREDIT (COAL)	\$671,804,618*
TOTAL BOND RELEASED IN 2013	\$ 2,099,800

\*Includes bonds that are in the process of being transferred to Murray Energy Corporation following the asset transaction.

### LOOKING FORWARD IN 2014

With the acquisition of Quorum, an electronic land management tool, our land processes and controls greatly improved. We will continue to monitor, tighten and improve our land data base moving forward. We will also continue to explore creative ways to make better use of our land assets.



## 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 resource for the benefit of all stakeholders. In 2013, CNX Water Assets LLC achieved a number of significant objectives by strengthening its ability to provide water related services to operations through departmental growth. We continued to evaluate emerging treatment technologies, as well as championing the reuse of treated mine water for shale gas development. All of 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. Last year the Water Division increased third-party water use and sharing agreements, continued development of water treatment and reuse technologies and marketing of beneficial byproducts of water treatment. All of which positively impact water asset management and financial metrics.

Our strategic vision continues to focus on providing our treated mine water to industrial customers and using the financial and intellectual power of our company to evaluate and develop cutting edge water technologies, while deploying state-of-the-art treatment methodologies to ensure that our discharges are properly managed and compliant with existing regulations.

In support of our natural gas and coal mining operations, CONSOL Energy operates 46 waste water treatment plants, a significant decrease from a high of 103 in 2012. This decrease is the result of our recent coal asset divestiture. The treatment plants we operate cover a wide spectrum of treatment technologies from conventional sewage and acid mine drainage treatment to industry leading state-of-the-art zero liquid waste (ZLW) facilities. 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 repurposing of treated mine water (i.e. mine influenced water (MIW)) as a first-run feedstock for industrial consumption.

In an effort to limit the impact of our operations on water resources, CONSOL Energy strives to minimize the volume of public water used in support of its gas and coal operations. In pursuit of this goal we are further refining a treatment approach for MIW, adjusting the chemistry of the water to make it more suitable for Marcellus development. As a company we are committed to bringing new treatment technologies to the shale gas water management arena, with the goal of reducing the demand for public sources of water.

CONSOL Energy previously established an ownership position in Epiphany Solar Water Systems (Epiphany) and initiated a pilot study at one of our well pads to evaluate the potential of this technology to treat Marcellus Shale produced waters. Epiphany's approach is unique in a number of ways. It uses concentrated solar power (thermal energy) in the treatment process, as opposed to photovoltaic energy; it is designed to be scalable, utilizing a decentralized approach to shale gas water treatment. Additionally, the system is designed to permit continuous online monitoring and data analysis of the treatment system, providing a data stream for water tracking and reporting.

Initial testing demonstrated the proof of the concept by purifying Marcellus produced water. Last year saw improvements and modification being made to the Epiphany system followed by a second field pilot test. This second pilot test focused on operational aspects of the Epiphany system, including autonomous operation, data logging and treatment capacity per unit of energy input. The second pilot test demonstrated the robustness of recent modifications tied to solids handling, solar energy capture and operational cycle time. This pilot test also demonstrated a significant reduction in the use of conventional fuels as part of the energy cycle tied to the treatment process. As a result of these efforts Epiphany has been asked to perform a pilot treatment demonstration for other natural gas E&P companies.

A component of our water conservation efforts that continues to play a central role in our operating strategy is the recycling of process water in both our gas and coal operations. Our gas operations policy is to recycle 100% of our Marcellus Shale flow-back water. Process waters currently being recycled include coal bed methane (CBM) water, Marcellus flowback and produced water, as well as treated mine drainage. Our coal preparation facilities routinely recirculate process water to reduce the demand for make-up water, such as freshwater.

## WATER

The repurposing of treated mine water for industrial consumption continues to be a priority for us and continues to gather momentum both internally and externally. Our Water Division has been successful in signing sales agreements for treated mine water with other companies in the natural gas industry who also recognize the sustainable benefits of utilizing these water assets for Marcellus Shale development.

CONSOL Energy set the standard as 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 third year of full operation handling water from our Buchanan Mine. Through process improvements the volume of water treated

by the RO/ZLW facility in 2013 increased by 5%, while the volume of water recycled in coal mining operation increased by 14%.

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 water treatment facilities through a managed discharge approach, which does not discharge treated mine 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 2013

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

TOTAL WATER WITHDRAWAL BY SOURCE IN GAS OPERATIONS (thousands of gallons)	2012	2013
TOTAL WATER WITHDRAWAL:	258,656	429,163
MUNICIPAL WATER	60,992	39,647
GROUNDWATER	0	46,422
SURFACE WATER	197,664	343,095

PERCENTAGE AND TOTAL VOLUME OF WATER RECYCLED AND REUSED IN GAS OPERATIONS (thousands of gallons)	2012	2013
TOTAL RECYCLED:	39,056	79,179
PERCENTAGE OF TOTAL WITHDRAWAL:	15.1%	18.5%

TOTAL WATER WITHDRAWAL BY SOURCE IN COAL OPERATIONS (thousands of gallons)*	2012	2013
TOTAL WATER WITHDRAWAL:	6,012,533	3,922,461
MUNICIPAL WATER	107,990	68,182
GROUNDWATER	949,165	3,165,878
SURFACE WATER	4,955,378	688,400

PERCENTAGE AND TOTAL VOLUME OF WATER RECYCLED AND REUSED IN MINING ACTIVITIES (thousands of gallons)	2012	2013
TOTAL RECYCLED AND REUSED:	3,137,946	2,589,987
PERCENTAGE OF TOTAL WITHDRAWAL:	52%	66%

\*Note: Does not include data from discontinued operations as the result of the asset transaction with Murray Energy Corporation

## WATER

In evaluating the water use in our gas operations, the differences in totals year-over-year were due to an increase in drilling activity in the Marcellus and Utica Shale plays. As a result of this shift, slightly more water was consumed as a whole, coupled with a larger amount of water being recycled due to increased drilling activity combined with effective company reuse and recycle policies.

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 Bailey Mine complex.

### LOOKING FORWARD IN 2014

We will continue to improve our tracking system to make it electronic based, which will help us gain a more comprehensive inventory assessment that will allow us to better manage water as an asset. We will also continue the pilot testing and development of innovative treatment approaches

for shale gas water treatment in order to provide alternatives to using municipal and ground waters for industrial purposes. Additionally, we are aggressively pursuing a pilot test of further treated mine water for shale gas development to demonstrate the feasibility of this approach to industry.

Our Baltimore Terminal invested \$500,000 to improve discharged water quality and prevent storm water runoff. Improvements to the terminal's collection ponds ensure water in the coal storage area is filtered and treated before discharge when necessary. Additions of curbs and filters on the pier prevent storm water runoff by containing and filtering rainwater on the pier. Additionally, we have set a goal of minimizing municipal water for dust suppression and reducing the mass discharge of nitrate and phosphorous by 25% in 2014. We plan to do this through a combination of measures, including re-use of pond water for dust suppression on our coal stockpiles, evaluating effectiveness of sprayer technology, and deploying remote sensing equipment to measure coal stockpile parameters such as temperature and moisture content that will enable us to deploy a more effective management approach.

We will also continue to participate in CDP's water program. Our 2013 response can be found at [www.cdp.net](http://www.cdp.net).



*Epiphany Solar Water System's direct solar unit.*

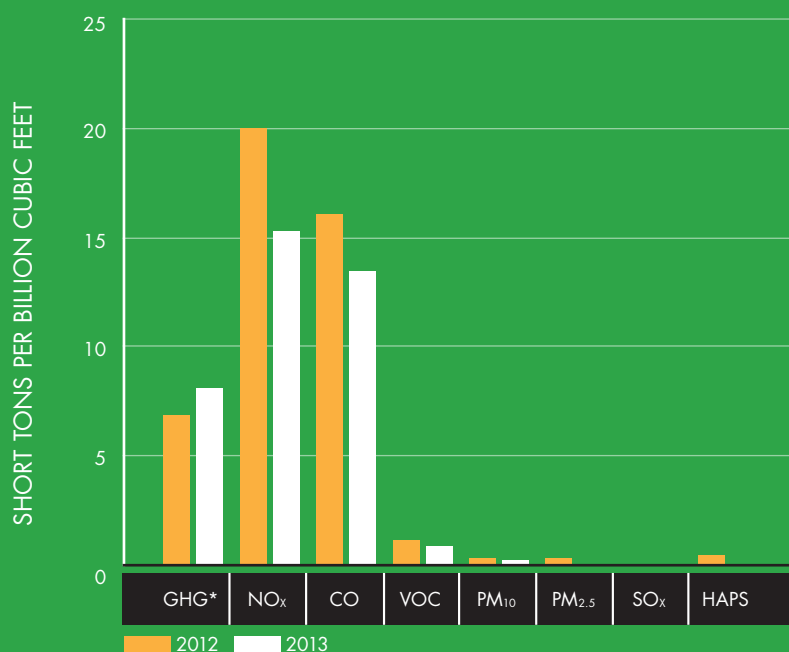
## AIR EMISSIONS

### AIR EMISSIONS

In reviewing our total emissions profile company-wide, two significant events occurred in 2013 which make comparison of our year-on-year emissions difficult, if not impossible. First, the U.S. EPA has increased the global warming potential value for methane emissions. This affects both our gas and coal division greenhouse gas emissions. Second, the sale of five of our coal mines in the transaction with Murray Energy Corporation, and the removal of those emissions from this year's greenhouse gas (GHG) reporting, make it

impossible to trend our emissions. However, factoring those two developments into our reporting, our emissions per unit of production for the Gas Division for GHGs increased by 19% year-on-year, while our emissions of criteria pollutants decreased by 14%. For our Coal Division, we saw an increase of 14% for our GHGs, due to the change in emission factor, while our criteria emissions decreased by 66% with the sale of the coal prep plants and thermal dryers in the discontinued operations.

### GAS EMISSION INTENSITY



\*GHG emissions (metric tons) per million cubic feet.

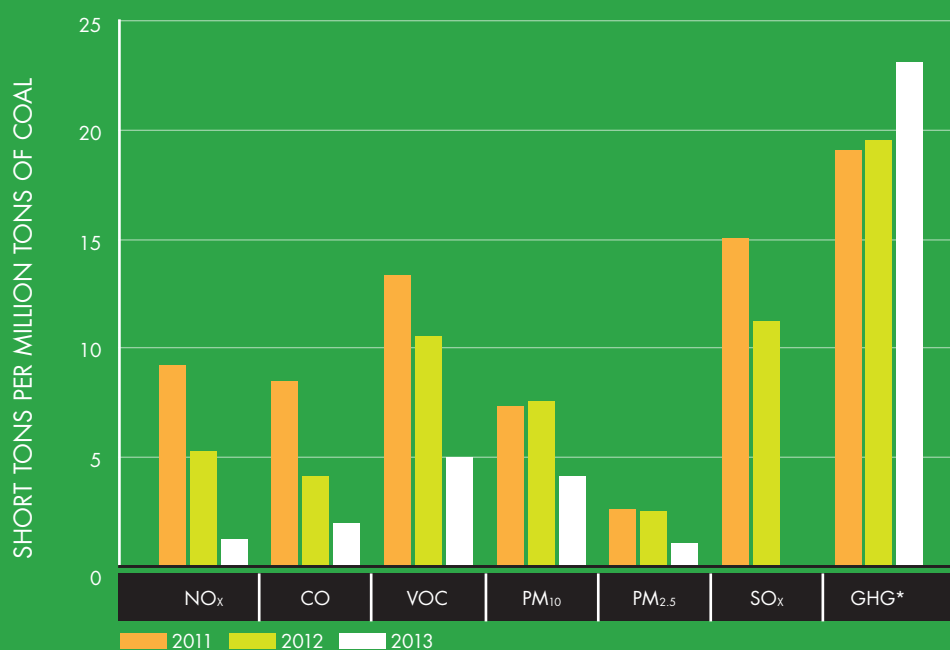
\*Note 2013 data does not include data resulting from discontinued operations that were included in the transaction with Murray Energy Corporation.

## AIR EMISSIONS

INDICATOR	2013 PERFORMANCE (thousand of metric tons CO <sub>2</sub> (eq))
TOTAL DIRECT GHG EMISSIONS (SCOPE 1)	8,202.55
TOTAL DIRECT GHG EMISSIONS (SCOPE 2)	7,295.89
TOTAL GHG	15,498.44
TOTAL DIRECT GHG EMISSIONS PER \$100,000 REVENUE	248.59

INDICATOR	2013 COAL PERFORMANCE (SHORT TONS)	2013 GAS PERFORMANCE (SHORT TONS)	2013 TOTAL EMISSIONS (SHORT TONS)
CARBON MONOXIDE	56.81	2,321.35	2,378.16
NITROGEN OXIDES	36.48	2,639.70	2,676.18
VOLATILE ORGANIC COMPOUNDS	142.44	151.12	293.56
PM <sub>10</sub>	119.47	44.47	163.94
PM <sub>2.5</sub>	30.37	43.01	73.38
SO <sub>2</sub>	0.01	2.36	2.37

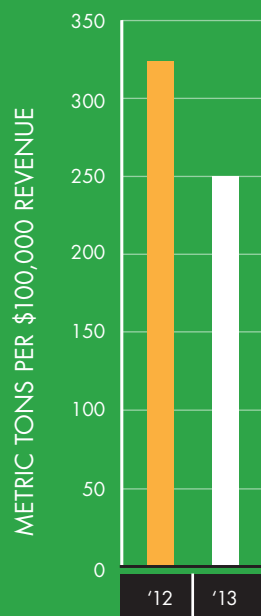
### COAL EMISSION INTENSITY



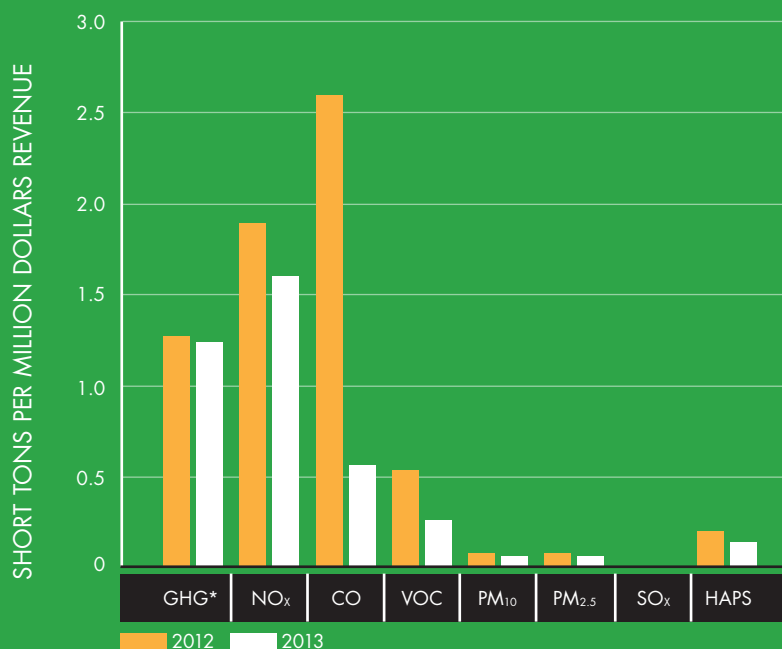
\*GHG emissions (metric tons) per 100 tons of coal.

## AIR EMISSIONS

### CONSOL ENERGY GHG EMISSIONS/REVENUE



### CONE GATHERING LLC EMISSION INTENSITY



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

In 2013, we completed the conversion of our horizontal drilling rigs to be dual-fired, in which natural gas replaces approximately 45 percent of the diesel that would normally be consumed. This conversion reduces liquid fuel needs, emissions of criteria pollutants and carbon dioxide, and fuels our engines with clean-burning, natural gas.

CONSOL Energy continued to find ways to reduce our annual emissions in our vehicle fleet. Through the purchase of fifty smaller, more fuel efficient vehicles in lieu of full-size pickup trucks, we reduced the greenhouse gas emissions of our fleet by over 90 tons. We added additional compressed natural gas (CNG) trucks to our fleet, along with a Chevrolet Volt, a car whose electric source and battery allows drivers to travel without using gas for approximately 38 miles. The Volt's gasoline generator produces enough electricity to travel up to 380 miles on a full tank of gas. CONSOL Energy also installed an electric vehicle charging station at its headquarters location—one of 45 Pittsburgh-area charging units that will comprise the Energy 376 Corridor project, which seeks to create one of the most extensive charging station networks in the United States.

CONSOL Energy worked with Caterpillar, Inc., to have all new above-ground equipment purchased in 2013 meet EPA Tier 4 engine technology. These clean-burning engines cut nitrogen oxides output by half, and particulate matter by ninety percent. We also purchased four electric forklifts in 2013, further reducing our carbon footprint.

#### LOOKING FORWARD IN 2014

Our emissions profile changed dramatically as a result of the coal asset divestiture in 2013. It will continue to change as we aggressively grow our natural gas division, both organically as well as through acquisition. We will continue to report on our emissions company-wide, and to look for opportunities to further reduce our air emissions footprint. One of the greatest management tools to help us to do that will be the incorporation of our emissions tracking into our electronic environmental data management system known as Enviance. Together with our well data management system, Peleton, the interoperability of these two systems will enhance our ability to identify and manage our emissions. We will also institute a Leak Detection and Repair program across our Gas Division to further improve our performance. We will also continue reporting our emissions to CDP. Our 2013 response can be found at [www.cdp.net](http://www.cdp.net).

# INTERNAL COMMUNITY

## INTERNAL COMMUNITY

The dedication, hard work, and commitment to excellence of CONSOL Energy employees form the foundation for our future success as a company and empower us to live by our Core Values. We believe our employees are a key competitive advantage in our position as a growth company within the dynamic and expanding energy sector. As a result, we are committed to providing our employees with a challenging workplace that promotes learning, development, and leadership and recognizes that health and well-being is critical for success in life, as well as in business.

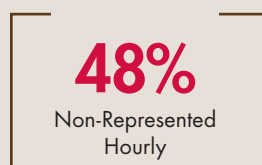
## EMPLOYEE DEMOGRAPHICS

As of December 31, 2013, CONSOL Energy employed 4,633 people located in our expanding gas operations, coal mines, warehouses, research and development lab, transportation terminal, and office buildings. Approximately sixteen percent of these employees had twenty or more years of service with the company. To understand employee

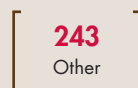
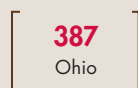
dynamics in the context of our future business needs, we analyze various statistics that describe the composition of our workforce to identify and address trends in turnover rates and institute action plans to address any areas of concern that may arise.

The sale of our mature West Virginia coal assets and River Division to Murray Energy Corporation, coupled with the aggressive growth strategy for our Gas Division, required substantive changes to our workforce. During this period of transformation, we have worked closely with Murray Energy's management to transition approximately 3,800 employees to similar compensation and benefits packages, including meeting with affected employees to explain the business transition and address individual employee concerns. In instances when a workforce reduction was needed to support the Company's transformation, severance programs were provided to employees affected by the shift to an E&P growth strategy.

## CONSOL ENERGY BY THE NUMBERS



## EMPLOYEES BY STATE





# INTERNAL COMMUNITY

## LEARNING MANAGEMENT AND DEVELOPMENT

Talent is a key differentiator at CONSOL Energy, and maintaining a highly skilled workforce is imperative to our long-term success. Maintaining this standard requires continuous learning and development. That is why the Company continued to forge ahead with improvement goals within the Talent Management and Employee Development processes in 2013.

Employees working in our various operations received an average of over forty hours of safety and compliance training as well as professional skills development in 2013. Employees working in support positions received an average of over twenty hours of training in 2013. Training programs are a combination of instructor-led programs taught by both internal and external parties as well as the expansion of on-line training opportunities in 2013 with the implementation of the CONSOL LearnCenter. In addition, 100% of full-time salaried employees received a detail performance appraisal, opportunity to provide feedback related to their appraisal, and direction on training and development. This reaffirms our goal to provide employees and their managers the tools to assist them in continuously improving.

## LEARNING MANAGEMENT SYSTEM

The CONSOL LearnCenter, an on-line training and development resource, was launched in 2013 to link employees to specific learning plans based upon their position, location, and other determined criteria. As employees enter or advance in their careers with the Company, the CONSOL LearnCenter recognizes their level in the organization and assigns the employee to new learning plans that are specific to their evolving developmental needs and supplements our core classroom programs that are focused on leadership and skill development. Employees have access to over 3,500 online courses through the CONSOL LearnCenter

to develop professional, leadership, and technical skills. In addition, the CONSOL LearnCenter facilitates the administration of annual safety and compliance training. As part of CONSOL Energy's performance appraisal process, we provide skill enhancement support through prescribed Individual Development Plans ("IDPs"). IDPs suggest additional development opportunities through the CONSOL LearnCenter based upon the performance results in an employee's annual performance appraisal. The CONSOL LearnCenter offers relevant development resources for all employees and their managers to more effectively manage their ongoing education and development.

## LEADERSHIP DEVELOPMENT AND STRATEGIC SUCCESSION MANAGEMENT

Our Leadership Education and Development ("LEAD") and Education and Development through Group Experience ("EDGE") programs aim 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. The LEAD program assigns executive level projects to cross-departmental teams that expose our future senior leaders to CONSOL Energy's business strategies through real-world challenge execution. EDGE functions as a developmental stepping stone for high potential employees in entry-level or mid-level positions by engagement in peer learning and mentoring on a monthly basis to create depth of knowledge within an area of expertise. In 2013, ninety employees participated in LEAD and EDGE, and through the continued development of these programs, CONSOL Energy strives to build the capability of our leaders and managers to develop their teams, fuel innovation within the organization, and demonstrate strong leadership.

*The Buchanan Black team earned first place overall in the Beckley, WV mine rescue competition in 2013. Members of the Buchanan Black team included Danny Quesenberry, Jeff Begley, Frankie McClanahan, Rocky Meadows, Greg Burrell, Jackie Horn, Matt Sutherland, Josh Richardson and Tyler Richardson.*





# INTERNAL COMMUNITY

## CONSOL GAS TRAINING CENTER

In 2013, the CONSOL Gas Training Center was created as a state-of-the-art training facility designed to support the Company's long-range gas growth strategy. Employees at the CONSOL Gas Training Center participate in training programs covering complex technical areas involved with drilling natural gas, including drilling, completions, production, midstream, construction, and environmental. Employees are also provided hazard awareness training designed to improve their safety and compliance performance and enhance their commitment to the "Absolute ZERO" approach to safety. The CONSOL Gas Training Center and related training program content reflects the competencies needed to achieve our vision and to develop employees who will contribute effectively to our Company's success.

## WELL-BEING

CONSOL Energy's future growth and success is dependent on the health and safety of our employees. We continued to foster this culture of healthy living in 2013 with the continuation of CONSOL Energy's Well-Being Program. The purpose of providing this program to our full-time employees and their spouses is multi-faceted. First, with safety as our number one Core Value, CONSOL Energy sees how safety and optimal health go hand-in-hand. Second, by taking an active role in the status of their own health, participating employees are able to identify risk factors and early signs of disease. Finally, a large number of CONSOL Energy employees and their spouses have shared stories of triumph thanks to early diagnosis and treatment as a result of participation. CONSOL Energy completed the third

year of the Well-Being Program in 2013 with a 68% participation in, compared to a 62% participation rate in 2012. The Program is comprised of both lab work and a health risk assessment questionnaire, with the main objective of identifying risk areas that lead to chronic disease. Aggregate 2013 data demonstrated a decreased population of high risk individuals in several chronic disease areas, as well as over a 4% decrease in heavy cigarette smoking among employees. CONSOL Energy employees have also demonstrated a desire to become more engaged in lifestyle changes involving diet and nutrition, exercise and fitness, and shape and weight. Employees have utilized the CONSOL Employee Wellness Portal as an information tool to ensure success in these lifestyle changes. It is the goal of the Well-Being Program and the Employee Wellness Portal to ensure these desires become actionable behaviors, with the end result of improved health and wellness.

## LOOKING FORWARD IN 2014

CONSOL Energy is fortunate to have a workforce dedicated to the Company's overall success and many of the initiatives discussed have been designed to address some of the workplace challenges we face. Looking ahead to 2014 and beyond, our efforts are focused on the attraction and retention of new members of our internal community to support the expansion of the E&P segment of our business.

For more information about employment opportunities at CONSOL Energy, [click here](#).



*Consol Energy employees and spouses participate in a health fair at the Pennsylvania Coal Operations.*

# EXTERNAL COMMUNITY

## EXTERNAL COMMUNITY

CONSOL Energy realizes the important role that we play in our communities. Being a good corporate citizen means taking a proactive and knowledgeable approach to understanding the areas in which we operate. We are aware that our operational interests can coincide with other stakeholders in and around the communities where we live and work. Due to this likelihood, we endeavor to take a proactive approach on community engagement and energy education. Whether we have been in an area for decades, or are entering a new community as we grow our natural gas division, we view all of the communities in which we operate as our partners, and we aim to treat them as such.

CONSOL Energy has refined and renewed its focus on being a good neighbor. We continue to support community events, organizations, and charitable initiatives but more importantly we have extended invitations to truly become partners with groups, rather than simply providing financial contributions. Through Company sponsored events and activities we reach a wide range of community stakeholders and develop those relationships, while also educating them on energy development and our high standards of corporate responsibility to ease any concerns before they arise. In 2013, 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 shift our focus and rapidly expand our natural gas operations in the coming years, we realize that efforts to engage with new communities will be as important as ever.

## PUBLIC ENGAGEMENT

In 2013, CONSOL Energy held and attended various public meetings across our footprint. Through these meetings, CONSOL Energy employees were able to meet with landowners, concerned citizens, local officials, and other stakeholders to answer questions about leasing, permits, and operational activities. Building on the previous year, we held meetings across the counties of Eastern Ohio where we continue to expand into the exploration and production of the Utica Shale. In Southwest Pennsylvania, our employee base attended meetings and engagements relating to issues around our license to operate, including permits and the revitalization of community assets which benefit local residents.

While sustaining outreach in the old and creating relationships in new areas was a priority in 2013, the premier project and subsequent public engagement opportunities were made available by our partnership with Allegheny County (PA) and the planned drilling at Pittsburgh International Airport. CONSOL Energy participated in a public hearing at Robert Morris University in which our President, Nick Deluliis, spoke to an audience of more than 300 attendees. Later that month, CONSOL Energy hosted an Open House event in Findlay Township, Allegheny County, where the majority of the Airport property is located. The goal of these events was to provide local residents and community members with a chance to learn more about the process of natural gas drilling and what to expect once activity begins.

*CONSOL Energy President, Nick Deluliis, speaking at the airport public hearing.*



# EXTERNAL COMMUNITY

*CONSOL Energy employees Chris Sturgell, Jason Yeager, Dale Willie and Phil Forshey worked with students to plant trees at the Arbor Day celebration in Virginia.*



Throughout the remainder of the year CONSOL Energy continued these activities as the planning process commenced. CONSOL Energy sponsored Findlay Township's Light Up Night on July 3rd, while also hosting various press conferences, legislative meetings, community meetings with area residents, along with the required Environmental Assessment public workshops.

We pride ourselves on having extensive and open dialogue with a wide variety of stakeholders before, during, and after our operational activity, while paying specific attention to residents in order to better understand their questions and concerns.

## 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. In addition, CONSOL Energy's internal audit division reviewed the Company's annual contributions and reporting to ensure compliance with required federal, state, and local laws. There were no findings of noncompliance.

### 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 of the Internal Revenue Code,<sup>4</sup> 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.

(4) 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

## 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, on an annual basis, report the total non-deductible amount of its expenditures pursuant to Section 162(e) (1) (B), in its annual Corporate Responsibility report. Based on its inquiry of major trade associations in which it participated, CONSOL Energy can report that none engaged in activity covered by Section 162(e) (1) (B) using funds provided by CONSOL Energy in 2013.

## 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 [disclosure.senate.gov](http://disclosure.senate.gov) or [lobbyingdisclosure.house.gov](http://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.

## COMMUNITY INVESTMENT

Our community engagement efforts are supplemented by our community investment budget. In 2013, our Company made monetary grants totaling nearly six million dollars, as well as donations of time and resources, to help improve and grow the communities in which we operate. Our giving program focuses on public safety, education, youth organizations, community organizations, arts and culture programs, and conservation activities. Examples of some of the organizations and events that we supported in 2013 include:

### *Hunters Sharing the Harvest*

Beginning in September 2013, CONSOL Energy announced a partnership during Hunger Awareness Month, with Hunters Sharing the Harvest (HSH) and Hunger-Free Pennsylvania. The partnership called on hunters to donate surplus deer to meat processors in Southwestern PA for distribution to food banks across the state. During the 2013 hunting season, CONSOL Energy paid the meat processing fee for all deer donated to approved facilities in Washington, Westmoreland, Fayette and Greene counties.

The HSH program's goal is to channel about 100,000 pounds of processed venison annually. This year, with help of the CONSOL Energy community, HSH hoped to double previous years' goals and put food on the table for more families in need.

### *Boy Scouts of America: Bridge Donation and Dedication*

In 2013, CONSOL Energy continued its ongoing commitment with the Boy Scouts of America. This year the Boy Scouts' held their first national Scout jamboree at its new permanent home, The Summit Bechtel Family National Scout Reserve, located in Mount Hope, WV. This retreat, which attracts approximately 45,000 Scouts, leaders, and staff from across the world, is held once every four years. This past year, the CONSOL Energy Bridge was formally unveiled after 3 years of construction.

# EXTERNAL COMMUNITY

The 786-foot-long bridge is now the main route from two campsite villages which traverses a ravine to the adventure activities at the Summit. CONSOL Energy Chairman and CEO J. Brett Harvey spoke this summer at an unveiling ceremony, stating that this “iconic bridge was thoughtfully constructed to symbolize the transition from the last 100 years of Scouting into the next 100 years to come.”

## *Emergency Responders*

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 2013 for equipment upgrades and other needs. The Center Township Fire Department in Rogersville, PA was the recipient of a donation for the purchase of personal gas detection monitors and a corresponding charging station. Caldwell, Belle Valley and Summerfield Volunteer Fire Departments in Ohio received donations to aid in the purchase of fire trucks. In Virginia, the Buchanan County Sheriff's Department received funding to assist their canine unit. CONSOL Energy also hosted emergency response teams at various locations across its operational footprint, to aid in emergency response preparedness. By investing in equipment upgrades, education and training and other needs for local public safety entities, CONSOL Energy is investing in a safer place for our employees to live and work.

## *CONSOL Power Up*

CONSOL Energy recognizes the significance in supporting education, as today's youth are tomorrow's future. To instill new enthusiasm to this ongoing investment,

CONSOL Energy challenged local schools to a contest of team spirit 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 school year wins \$10,000! Each school was equipped with posters, banners and other materials to help promote the program and rally community support. To maintain momentum throughout the year, voters were encouraged to participate in mini-contests on our Facebook page and stay connected to the contests' leaderboard for current standings. Voting will conclude and the winner will be announced in July of 2014.

## **FAIRMONT SUPPLY**

CONSOL Energy's subsidiary Fairmont Supply has its own community investment programs to support the communities in which they operate. In 2013, Fairmont Supply employees spent an afternoon helping to build a new home with Habitat for Humanity of Washington County in Pennsylvania. This is the second year in a row for this program. Fairmont Supply employees also supported the Treasures for Children program through the Salvation Army, by purchasing gifts for thirty-five local children. Fairmont Supply hopes to increase participation and purchase even more gifts in 2014. Other programs supported by Fairmont Supply include breast cancer awareness, Toys for Tots, and scholarships for local high school students.



# EXTERNAL COMMUNITY

## 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 local, state and federal governments. An overview of our economic contribution to local communities is below:

EMPLOYEES	Payroll (millions \$)	Benefits (millions \$)	Taxes Paid* (millions \$)	Total (millions \$)
WEST VIRGINIA	132	42	108	282
PENNSYLVANIA	301	94	126	521
VIRGINIA	23	7	54	84
KENTUCKY	17	5	11	33
OHIO	46	14	15	75
UTAH	1	1	1	3
OTHER	25	8	13	46
<b>TOTAL</b>	<b>545</b>	<b>171</b>	<b>328</b>	<b>1,044</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.

## LOOKING FORWARD IN 2014

CONSOL Energy will strategically develop and cultivate relationships in new areas as our operational footprint shifts and expands through our increase in the exploration

and production of natural gas. We will look for ways to partner with our local communities in philanthropic and community-building opportunities.

# SUPPLY CHAIN

## SUPPLY CHAIN

Material and Supply Chain Management oversees approximately three billion dollars of spending each year for supplies, equipment and services needed for CONSOL Energy's operations. As our business emphasis moves from mining to gas exploration and production, the objective remains the same: maximizing value received for dollars spent. CONSOL Energy Material and Supply Chain Management seeks long-term, collaborative relationships with suppliers willing to adopt CONSOL Energy's Core Values of safety, compliance, and continuous improvement.

## SUPPLIER DIVERSITY

The use of diverse suppliers benefits the top and bottom lines of a firm's income statement. Supplier diversity can help businesses find new markets, reduce operating costs, and increase returns on procurement investments. With this in mind, Material and Supply Chain Management formalized a program in 2013 for making supplier diversity part of CONSOL Energy's procurement process.

In 2013, CONSOL Energy continued to partner with both Women's Business Enterprise National Council (WBENC) and the Western Pennsylvania Minority Supplier Development Council (WPMSDC), sponsoring opportunity fairs and matchmaking events designed to give diverse businesses access to procurement opportunities.

In November 2013, Darryl Husenits, Vice President—Material and Supply Chain Management, accepted the President's Award from the Western Pennsylvania Minority Supplier Development Council on behalf of CONSOL Energy. The award was for work advancing the group's mission in 2013. Darryl was voted 2014 chairman of the

group, which merged with the Minority Supplier Development Council of Pennsylvania, New Jersey, and Delaware to become the Eastern Minority Supplier Development Council (EMSDC) in January 2014.

## CORE VALUES SUMMITS

CONSOL Energy held an all-day Core Values Summit in April 2013. Over two hundred people attended, representing ninety key CONSOL Energy suppliers. The summits are designed to create dialogue between CONSOL Energy executives and our supplier community. Discussion topics included CONSOL Energy's expectations of suppliers, safety and compliance, the market outlook, CONSOL Energy performance, and priorities involving cost and production.

## CONTRACTOR SCREENING AND SAFETY

CONSOL Energy strives to use the most safety-oriented, environmentally-friendly contractors in the industry. We expect these firms and their employees to embrace our Absolute ZERO standard and environmental excellence expectations. ISNetworld, an outside contractor database, collects and verifies procurement and safety information submitted by those seeking to provide services to CONSOL Energy.

## LOOKING FORWARD IN 2014

In 2014, CONSOL Energy will continue to hold Core Values Summits with both suppliers and contractors, in order to continue discussions on supplier diversity, sustainability practices, and corporate responsibility. We also intend to increase communication with, and accessibility to, a more diverse supplier base.



# AWARDS

## WOMEN IN MINING AWARD

Presented to Katharine Fredriksen, CONSOL Energy Senior VP of Environmental Strategy and Regulatory Affairs, presented by the Center for Environmental, Geotechnical and Applied Sciences (CEGAS) at Marshall University; the National Coal Heritage Area; the United Mine Workers of America; the West Virginia Coal Association; Strategic Solutions LLC; and the West Virginia Division of Energy, Office of Coalfield Community Development during the 2013 Miners' Celebration.

## WORLD SHALE OIL & GAS COMMUNITY ENGAGEMENT AWARD

Presented to CONSOL Energy by the American Gas Association and International Gas Union.

## BEST COMPLETED DEEP MINE AWARD

Presented to CONSOL Energy by the Virginia Division of Mined Land Reclamation and the Virginia Mining Association for reclamation of the Consolidation Coal Company Vandyke Mine.

## GREENLANDS AWARD

Presented to CONSOL Energy by the West Virginia Coal Association and the West Virginia Division of Environmental Protection for reclamation of the Consolidation Coal Company's Turkey Gap Complex.

## UNDERGROUND MINING SOUTH—DEEP MINE RECLAMATION AWARD

Presented to CONSOL Energy by the West Virginia Coal Association and the West Virginia Division of Environmental Protection for reclamation of the Consolidation Coal Company's Itmann #3 mine.

## FAIRMONT SUPPLY AWARDS

### 2013 AFFILIATED DISTRIBUTOR OF THE YEAR

Presented to Fairmont Supply for its growth in Affiliated Distributors Supplier remittances and outstanding participation in Affiliated Distributors programs and Divisional initiatives such as Growth Incentive Bonus Program, Sales Stimulator Program and Exclusive Supplier Promotions. Fairmont achieved this award by supporting more than 90 suppliers, growing earnings by 61% while growing remits 49%.

### DONALDSON EAGLE AWARD

Presented to Fairmont Supply for exceeding \$1 million dollars within Donaldson's fiscal year.

### #27 IN THE "BIG 50" OF INDUSTRIAL DISTRIBUTORS

Fairmont Supply was named #27 out of 50 in the "2013 Industrial Distribution Big 50 List."

## MINE RESCUE AWARDS

CONSOL Energy Mine Rescue Teams were industry leaders in the 2013 contest season. Our teams won 72 trophies throughout the year. The following is a list of team trophies by location:

- Bailey: 6 Trophies
- Buchanan: 14 Trophies
- Coal River: 6 Trophies
- Enlow Fork: 46 Trophies

# GRI INDEX

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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>	7
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3.2	Date of most recent previous report (if any).	5
3.3	Reporting cycle (annual, biennial, etc.).	5
3.4	Contact point for questions regarding the report or its contents.	51
3.5	Process for defining report content.	5
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	5–6
3.7	State any specific limitations on the scope or boundary of the report.	6
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.	6
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.	50
3.10	Explanation of restatements.	None
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	5
3.12	Table identifying the location of the Standard Disclosures in the report.	47
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# GRI INDEX

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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 nonexecutive members.	11
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<u>4.5</u>	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
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# GRI INDEX

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LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	24
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.	38
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	38
LA12	Percentage of employees receiving regular performance and career development reviews.	38
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	10
SO5	Public policy positions and participation in public policy development and lobbying.	40–42
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\*\*\* partially reported

# REPORT OF INDEPENDENT ACCOUNTANT

## REPORT OF INDEPENDENT ACCOUNTANT

### CONSOL Energy, Inc. and Management:

We have reviewed the following selected environmental data (the “selected indicators”) included on page 35 of CONSOL Energy, Inc.’s (CONSOL) 2013 Corporate Responsibility Report (the “Report”) for the year ended December 31, 2013. CONSOL’s management is responsible for the selected indicators.

SELECTED INDICATORS			Reporting Criteria
Total non-Greenhouse Gas Air Emissions (NO <sub>x</sub> , CO, VOC, PM <sub>2.5</sub> , PM <sub>10</sub> , SO <sub>2</sub> ) (for all locations including Pennsylvania)	Emissions measured in metric tons per year	(short tons) NO <sub>x</sub> —2,676.18 CO—2,378.16 VOC—293.56 PM <sub>2.5</sub> —73.38 PM <sub>10</sub> —163.94 SO <sub>2</sub> —2.37	Regulations issued by the Pennsylvania Department of Environmental Protection for Emission Inventory Reporting
Total Scope 1 Greenhouse Gas (GHG) Emissions	GHG Emissions measured in metric tons of CO <sub>2</sub> equivalents	(thousand of metric tons CO <sub>2</sub> (eq))—8,202.55	Environmental Protection Agency (EPA) Mandatory Reporting Rules (40 CFR part 98)
Total Scope 2 GHG Emissions	GHG Emissions measured in metric tons of CO <sub>2</sub> equivalents	(thousand of metric tons CO <sub>2</sub> (eq))—7,295.89	World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol—Revised Edition
Total GHG Emissions	Sum of Scope 1 and Scope 2 GHG Emissions measured in metric tons of CO <sub>2</sub> equivalents	(thousand of metric tons CO <sub>2</sub> (eq))—15,498.44	World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol—Revised Edition
Total Direct GHG Emissions per \$100,000 revenue	Total Direct GHG Emissions per \$100,000 revenue as included in CONSOL’s financial statements	(thousand of metric tons CO <sub>2</sub> (eq))—248.59	Internally developed criteria—metric uses total revenue and other income in the Consolidated Statements of Income for the year ended December 31, 2013 which is reported in Item 8. on Form 10-K filed by CONSOL Energy, Inc. with the Securities and Exchange Commission and Total Scope 1 GHG Emissions from above

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 and energy use 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 measurement techniques may also vary.

Based on our review, nothing has come to our attention that caused us to believe that the selected indicators referred to above are not presented, in all material respects, in conformity with the reporting criteria as noted above.

/s/ KPMG LLP  
New York, New York  
March 27, 2014



# CONTACT DETAILS

## FORWARD-LOOKING STATEMENTS

Our 2013 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, 2013. The Company assumes no obligation to update any of these forward-looking statements.

## 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)



CONSOL Energy Inc.  
CNX Center  
1000 CONSOL Energy Drive  
Canonsburg, PA 15317-6506  
[www.consolenergy.com](http://www.consolenergy.com)

