



WHEREAS:

In recognition of the need to address climate change and minimize global temperature rise, nearly every national government has agreed that “deep cuts in greenhouse gas emissions (GHG) are required;” and that “the increase in global temperature should be below 2 degrees Celsius.”

The International Energy Agency (IEA) states that “No more than one-third of proven reserves of fossil fuels can be consumed prior to 2050 if the world is to achieve the 2 degrees Celsius goal, unless carbon capture and storage technology is widely deployed.”

To achieve a 66 percent probability of not exceeding a global temperature rise above 2 degrees Celsius, the Intergovernmental Panel on Climate Change estimates that approximately 987 gigatons of carbon dioxide can be emitted through 2100. The IEA states that total proven reserves of coal, oil, and natural gas, represent approximately 2,860 gigatons of potential CO₂ emissions.

Goldman Sachs states “most thermal coal growth projects will struggle to earn a positive return for their owners” and finds that even when carbon prices are low, “the downside risks of future regulation can offset the cost advantage of thermal coal relative to alternative energy sources.”

HSBC indicates that declining coal demand after 2020, due in part to efforts to address climate change, could reduce the current discounted cash flow valuation of coal producers by 44%.

The World Bank and European Investment Bank have recently placed restrictions on the financing of coal projects.

Given the growing public concern about climate change, investors are concerned that actions to significantly reduce GHG emissions could reduce the value of CONSOL Energy’s coal and gas reserves and/or related infrastructure before the end of their expected useful life.

Investors require additional information on how CONSOL is preparing for potential scenarios in which demand for coal and gas is greatly reduced due to regulation or other climate-associated drivers. Without additional disclosure, shareholders are unable to determine whether CONSOL is adequately managing these risks or seizing related opportunities.

THEREFORE BE IT RESOLVED:

Shareholders request CONSOL to prepare a report by September 2014, omitting proprietary information and prepared at reasonable cost, on the company’s goals and plans to address global concerns regarding fossil fuels and their contribution to climate change, including analysis of long and short term financial and operational risks to the company.

SUPPORTING STATEMENT:

We recommend the report include:



- Risks and opportunities associated with various low-carbon scenarios, including reducing GHG emissions by 80 percent by 2050, as well as a scenario in which global coal demand declines due to evolving policy, technology, or consumer responses to address climate change;
- Whether and how the company's capital allocation plans account for the risks and opportunities in these scenarios;
- Plans to manage these risks, such as diversifying its business by investing in lower-carbon energy sources, or returning capital to shareholders;
- Assumptions regarding deployment of CCS;
- The Board of Directors' role in overseeing capital allocation and climate risk reduction strategies.