Providing the energy to support quality of life since 1864
Delivering family-sustaining wages since 1946
Zero tolerance safety and environmental program since 2007
Scope 1 & 2 net carbon negative since 2016
Strengthening underserved communities in Appalachia through the CNX Foundation since 2021
Targeting a 33% diverse employee workforce by 2024; increasing to 40% by 2026
Being a cornerstone in the communities where we operate has been part of our DNA for over 155 years. This starts with driving the local economy by responsibly developing affordable energy, hiring local businesses, employing a local workforce, and providing family-sustaining wages.
A MESSAGe FROM THE CEO

Today, the capital markets are abuzz with the catchphrases of ESG, stakeholder capitalism, net carbon zero, sustainability, and social purpose. Like many popular trends that spread rapidly, everyone wants to stake their claim to being a leader, first adopter, and best in class with respect to these movements.

Yet the stampede of the herd creates inconsistent definitions, lack of transparency, and talk that does not match actions. Instead of the achievement of worthy goals, confusion is the rule of the day. Unfortunately, that appears to be the case when it comes to many businesses who promote their environmental, social, and governance (ESG) credibility.

Be assured that is not the case with CNX Resources. Our ESG philosophy is straightforward and can be summed up in three words: Tangible, Impactful, and Local. We value actions and measurable results. We have absolute conviction that the work we do on behalf of society is noble and that natural gas is the foundational fuel for today and tomorrow.

Many of our tangible, impactful, and local ESG accomplishments in 2020 were continuations from prior years. We were the first mover in the adoption of a long-term commitment for an all electric frac spread in the field and recycled over 90% of our produced water. Our employees worked the entire year accident-free, despite the operational challenges of the pandemic. CNX delivered family-sustaining median compensation levels that exceeded $150,000/yr, top among Pittsburgh region public companies across all industries. Half of the direct reports to the CEO were diverse. We were a large, net provider of tax revenue to local communities and state governments. Long-termism, optimizing intrinsic per-share value, being the low-cost producer of our product, and pay-for-performance culture were the guideposts of our Board of Directors and our corporate governance.

Two thousand twenty also brought three new, crucial ESG deliverables to our roster of tangible, impactful, and local accomplishments:

We are proud to announce that we are net carbon negative for Scope 1 and 2 emissions. Yes, we are carbon negative, not carbon zero. Today and now, not a vague time in the distant future. We achieved this through embracing the twin pillars of the TCFD methodology: (a) reducing risk by strategically divesting and separating from coal and inefficient conventional gas assets over the past decade and (b) creating profitable opportunities by applying proprietary technologies and practices to eliminate CO2 and methane emissions from our operations and to capture or abate coal mine methane emissions.
We published, and subsequently updated, a seven-year free cash flow plan that not only presents a compelling path of value creation for owners, but more importantly, a long-term, low-risk, sustainable business model that strengthens the balance sheet, returns capital to shareholders, and insulates CNX from capital market volatility. We report and measure ourselves against this plan at least four times each year.

We have prepared this report in accordance with, and are fully committed to, the Task Force on Climate-related Financial Disclosures (TCFD) framework. To be candid, we were initially quite skeptical of TCFD, concerned that it might be yet another gimmick or ESG veneer. But after analysis, we came to the realization that our company was fundamentally built around the principles contained within the TCFD framework: management of risk and pursuit of opportunity as they relate to our industry, financial markets, customers, and society. We hope you will come away with the same realization as you read about the tangible, impactful, and local aspects of CNX’s approach to the TCFD framework.

We believe we are the only net carbon negative entity in the natural gas/midstream space. Additional opportunities exist to drive deeper levels of a net negative carbon footprint for Scope 1 and 2 emissions by continuing to reduce fugitive emissions from our operations, expanding our investments in coal mine methane abatement for third party, and developing our extensive surface acreage footprint for alternative energy and carbon abatement projects. Each of these three avenues offers new opportunities for free cash flow generation and per-share value creation. Best yet, these tangible drivers of our net negative carbon footprint are practically non-replicable and unique to CNX; competitors will be hard pressed or unable to do the same.

While most continue to talk about setting future carbon targets, speak in the aspirational abstract, and apologize for their business purpose, CNX has established its primacy by demonstrating leadership and driving innovation. We celebrate our industry, advocate for it with facts and data, and ensure our ESG efforts ultimately aim to increase the per-share value of our company. Tangible, impactful, and local is our ESG brand. We chart our course to do what is right over the long term for our employees, communities, and shareholders. CNX sits at the confluence of best-in-class ESG, low-cost operations, astute capital allocation, and profitability. My hope is that you will invest time to examine this report and the important ESG information contained within, so that you may come to the same conclusion.

Nick Deluliis
President and Chief Executive Officer
ABOUT THE REPORT
CNX focuses on creating long-term value for our stakeholders and enhancing our communities. This report aims to provide all stakeholders—shareholders, employees, regulators, communities, and customers—the opportunity to understand who we are as an organization and the objectives and goals that guide our decision making. As a natural gas exploration, production, and midstream company, CNX recognizes that a variety of topics including climate change, human rights, and corporate governance considerations are viewed as material topics by many of our stakeholders. As such, CNX has expanded its disclosure efforts in this year’s report to include additional frameworks established by the Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB), in addition to our traditional alignment with the Global Reporting Index (GRI) core option. The information provided in this report pertains to the calendar year 2020 unless otherwise noted.

PROCESS FOR DEFINING REPORT CONTENT
The topics covered in this report were determined through a variety of methods, including a review of material topics outlined within the described TCFD, SASB, and GRI frameworks. Material topics as determined by such frameworks were based upon CNX’s industry profile as both a natural gas exploration and production company, and a midstream company. Additionally, CNX incorporated the results of an updated materiality assessment which is further defined on page five of this report.

REPORT SECTION | ESG TOPIC (TCFD/SASB/GRI)
--- | ---
Introduction | • About the Report & About CNX
TCFD and Governance | • Governance
| | • Ethics, Transparency, & Competitive Behavior
| | • Management of the Legal & Regulatory Environment
| | • Strategy & Risk Management
| | • Climate Change Scenario Analysis
| | • Emissions
Environmental | • Air Quality
| | • Water Management
| | • Biodiversity & Ecological Impacts
| | • Environmental Compliance
| | • Supplier Environmental Assessment
Social Responsibility | • Community Relations
| | • Workforce Health & Safety
| | • Diversity & Inclusion
| | • Training & Education
| | • Critical Incident Risk Management, Operational Safety, Emergency Preparedness & Response
| | • Public Policy
| | • Procurement Practices & Direct Economic Impact

Please refer to the content indices at the end of the report for additional information about CNX available outside of this report. This report was prepared by CNX representatives with review and approval by CNX’s Environmental, Safety, and Corporate Responsibility Committee of the Board of Directors. Reporting topics and the accompanying disclosures are based on CNX’s current operating structure and exclude any assets or holdings sold during the reporting period.
UPSTREAM
CNX extracts natural gas from shale, coal bed methane, and coal mine methane wells.

MIDSTREAM
CNX Midstream and Cardinal States Gathering (CSG) own, operate, and develop natural gas gathering and processing systems throughout the Appalachian basin.

WATER OPERATIONS
CNX Water owns infrastructure capable of supplying turn-key solutions for water sourcing, delivery, reuse, and disposal for natural gas operations.

MATERIALITY ASSESSMENT
Throughout 2020, CNX proactively engaged with key external and internal stakeholders to identify and prioritize the environmental, social, and governance (ESG) topics most important or “material”, to our business. Stakeholders for this exercise included CNX employees, vendors, local community stakeholders, and members of the Board of Directors. The process involved a review of ESG and sustainability reporting frameworks (e.g., SASB, TCFD, and the recently drafted update to GRI’s Oil and Gas Sector Standard), benchmarking of oil and gas industry peers, discussions with shareholders, a stakeholder mapping workshop, distribution of an online ESG survey asking stakeholders to rank the relative importance of 36 ESG indicators, outreach to over 100 internal and external stakeholders, and analysis of the survey responses. Lastly, the results were evaluated for consistency with direct shareholder conversations held with executive management to ensure all material topics were appropriately considered. The process both validated the importance of CNX’s expected reporting topics and revealed “new” topics as material to our stakeholders. The results of CNX’s materiality assessment are presented in the matrix. While the topics highlighted in the matrix are those that ranked highest according to key stakeholders, CNX considers all of these topics important. The results of this assessment, as well as the ongoing conversation with our stakeholder community, will be used to inform the focus of CNX’s future ESG-related programs and disclosures.
ABOUT CNX RESOURCES
CNX Resources Corporation (NYSE: CNX) is the premier independent natural gas development, production, and midstream company, with operations centered in the major shale formations of the Appalachian basin. Our vertically integrated model includes transmission, gathering systems, processing facilities, and water infrastructure that support energy development from wellhead to end user. With the benefit of a more than 155-year old legacy and a substantial asset base amassed over many generations, the company deploys a strategy focused on responsibly developing its resources to create long-term per-share value for its shareholders, employees, and the communities where it operates. The company is a member of the Standard & Poor's Midcap 400 Index. Additional information may be found at www.cnx.com.

SOCIAL COMMITMENT
CNX’s commitment to making a tangible, impactful contribution to society starts in our local communities. We are proud to announce a substantial, multi-year investment in the Appalachian region focused on greater socio-economic inclusion in urban and rural disadvantaged areas. This $30 million commitment spans six years and reinforces the company’s focus on local, underserved communities and populations. These investments represent a re-allocation of previously planned expenditures (away from NGOs, colleges, think-tanks, etc.) and are expected to generate long-term, sustainable economic returns for the region and the company by removing barriers to socio-economic diversity and inclusion across the natural gas industry and beyond.

The community investment pillars associated with CNX’s $30 million commitment are intended to impact:
- Food Insecurity;
- Health and Wellness of Children, the Elderly, and Individuals with Disabilities;
- Broadband and Information Technology Access;
- Criminal Justice and Recidivism Reduction;
- Domestic Violence Awareness and Services;
- The Opioid Epidemic and Societal Impact;
- Career Awareness and Technical/Vocational Training; and
- Water Quality Safety and Awareness.

For more information on our initial signature project commitments, please refer to the Community Relations section on page 28.
MISSION STATEMENT
At CNX, our mission is to empower our team to embrace and drive innovative change that creates long-term per-share value for our investors, enhances our communities, and delivers energy solutions for today and tomorrow.

CORPORATE VALUES:
Our values serve as the compass for our road map and guide every aspect of our business as we strive to achieve our corporate mission.

- RESPONSIBILITY
  Be a safe and compliant operator; be a trusted community partner and respected corporate citizen; act with pride and integrity.

- OWNERSHIP
  Be accountable for our actions and learn from our outcomes, both positive and negative; be calculated risk-takers and seek creative ways to solve problems.

- EXCELLENCE
  Be prudent capital allocators; be a lean, efficient, nimble organization; be a disciplined, reliable, performance-driven company.
This year, CNX is aligning its climate change-related disclosures with the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD framework allows investors to more easily link CNX’s environmental and operating strategy with its financial performance. The TCFD organizes disclosure into four areas that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets.
Corporate Responsibility Report

Governance Principles

CNX’s Board of Directors (BOD) and management team strongly believe that good corporate governance goes hand-in-hand with strong performance. Sound principles of corporate governance are essential in making good decisions on behalf of our shareholders, employees, and stakeholders. As such, CNX Board of Directors provide oversight to the company’s short- and long-term strategic planning and its corporate risk management of all risk scenarios including climate change impact scenarios. The Board evaluates, among other risks, climate risk and its potential impacts on local communities where we operate, operations, markets, financial health, and legal risk. A detailed view of CNX’s governance principles, codes of conduct, and CNX’s Board of Directors committees can be found here.

In 2020, CNX expanded the Health, Safety and Environmental Committee to include matters related to ESG. Currently, the Environmental, Safety, and Corporate Responsibility Committee (ESCR) is composed of all current Board members, and is tasked with providing risk oversight, strategy, and public policy and trend assessments that include ESG topics such as climate change. The charter for this committee is available here.

TCFD and Governance

Governance Principles

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Legacy Accomplishments

- No poison pill
- Free cash flow per-share focus
- Small, focused board
- Capital allocation focus
- Minimum stock holding requirements for executives
- Coal divestment

Today

- Low-cost producer
- 7-year financial guidance in line with ESG core transparency principles
- Started capital return to shareholders
- CEO pay for performance; 90% at risk
- Insider ownership at 2.5%
- Vertically integrated natural gas company
- Environmental, Safety, and Corporate Responsibility Board Committee

Looking Ahead

- Independence from capital markets
- Low debt
- Stepped up capital return to shareholders
- Exemplar of long term value creation and transparency
- More closely held ownership
- Management compensation tied to methane intensity
- Growth of business via methane and carbon abatement technologies
Climate Risks & Opportunities

**CNX 2020 TCFD Report**

Internally, ESG matters are overseen by CNX’s Chief Excellence Officer, who reports directly to CNX’s President and CEO. Performance is based on the evaluation of our stated targets across multiple objectives. Further, CNX’s Chairman of the Environmental, Safety, and Corporate Responsibility Committee has formal oversight of ESG issues at the Board of Directors level. Matters relating to Corporate Responsibility, including material topics outlined throughout this report, are shared with this committee as deemed necessary; and executive management regularly hold review meetings with the committee chair to provide updates on progress between regular board meetings.

Additionally, ESG considerations and assessments expand well beyond the board room. Material issues are evaluated by subject matter experts, and have clear avenues of elevation to all levels of the company’s management. Further, CNX is regularly engaged with a variety of industry and basin-specific trade associations that consider evolving environmental, regulatory, legal, and other material trends.

**CNX has appointed a Regulatory Reporting Controller whose team (along with verification from our Internal Audit team) is responsible for expanded measurement and enhancing the regulatory and environmental compliance data management processes throughout the company to ensure CNX is the leader in providing accurate and reliable ESG data to all of its stakeholders.**
Climate Risks & Opportunities
CNX 2020 TCFD Report

Emissions-Free Operations: CNX employees are continually challenged to evaluate each area of operations in order to not only reduce, but eliminate emissions.

Strategy and Risk Management
The TCFD encourages companies to integrate climate change-related risks, divided into climate change transition risks and physical risks, and climate change-related opportunities into their financial planning process. CNX has performed its initial assessment of material climate change risks and opportunities along with developing its initial plans to manage those risks and pursue those opportunities to maintain a strong financial position. CNX expects to expand these descriptions in subsequent years as it reaps the benefit of integrating this form of risk management into its business strategy. Initial risks, opportunities, and responses are described below in accordance with the TCFD categories.

CNX believes affordable, clean natural gas will continue to remain a critical foundation of the energy mix in the long term. Our strategy is to lead the industry in the processes of responsibility, innovation, excellence, and sustainability as they relate to the extraction, processing, and transportation of natural gas. This is a continuation of CNX’s achievements over the past years: for example, we pioneered the capture of methane emissions from coal seams and coal mines, we led by converting our completions fleet to be powered by more efficient/lower emissions electricity, and we invested in building a water delivery infrastructure to avoid truck hauling and optimize water reuse. CNX will continue to innovate, improve, and advance all aspects of our operations to increase efficiency, lower costs, and apply cleaner technology.

The CNX risk management framework includes operational risk, financial risk, legal risk, cyber risk, regulatory reporting risk, and climate risk. Each aspect for the profile is directly managed by our five named executive officers with clearly defined roles and responsibilities for each. The enterprise risk management oversight is provided directly by the CEO and our Board of Directors. Each listed risk is supported by one or multiple departments that are responsible for identification, analysis, and process adherence/recommendation in the management of each associated risk.

INDUSTRY RISKS
- Carbon tax and demand destruction via government policy
- Access to capital markets reduced
- Operating cost increases due to increased regulation

CNX OPPORTUNITIES
- Irreproachable low-cost producer via integrated footprint and maintenance plan
- Generation of carbon credits and participation in carbon exchanges
- Development of technology to abate methane and carbon emissions
- Generation of FCF to create independence from capital markets

Many of our Tangible, Impactful, and Local ESG accomplishments were continuations from prior years.

Nick DeIuliis
President and Chief Executive Officer

Tangible. Impactful. Local.
Despite the obvious value of and need for natural gas in society, increasing regulation and expanding reporting demands are a reality. CNX’s approach to managing these risks is two-fold: (a) to establish processes that increase the rigor and accuracy of data quality and assurance and (b) to invest in, develop, and apply technology to reduce the complexity, response lags, and GHG emissions from our operations. Thereby, CNX will stay ahead of demands for increased control and measurement of GHG emissions from various aspects of its operations while not risking capital on unproven technology that may not net an emissions reduction payoff commensurate with its cost. As an added benefit, CNX’s innovation and adoption of such technology also responds to its material technology risk: that other companies will seize a market, monetary, and/or regulatory advantage by implementing effective new GHG emissions control technologies first. CNX’s approach to managing these risks is to target investment in innovative but proven technology to reduce the GHG emissions from its operations.

Although cyber risk is not directly related to climate change, CNX intends to use the TCFD framework to manage the associated risks and opportunities of this challenge. At CNX we have a mosaic of initiatives organized using the National Institute of Standards and Technology (NIST) Cybersecurity framework, all focused on protecting our digital assets and keeping our business functioning at a high level. We recognize that our employees are our first line of defense to keep our systems safe. Regular awareness campaigns and simulated phishing attempts ensure our people maintain cybersecurity best practices that thwart would-be wrongdoers.

We are continuously enhancing our infrastructure and cybersecurity programs with a strong focus on risk mitigation and data protection. One mechanism to support this is an exhaustive inventory of all our systems, the data owners, and the security capability of each system. We regularly review the strategy for each of these systems with the leadership team.

Additionally, to help improve our cybersecurity effectiveness, we implemented Multi-Factor Authentication, Intrusion Detection and Prevention Systems, and other privacy access controls based on the Microsoft Threat Detection platform. A two-pronged approach is used for vulnerability scanning and mitigations, which are reviewed monthly. This gives us two views of our environment and ensures high-priority issues are resolved quickly.

CNX is also implementing innovative cybersecurity improvement projects from the well head to the off-premises data center that have been thoughtfully reviewed by our governance structure including periodic updates to the Board.
CNX operates and manages one of the largest environmentally friendly natural gas fields in the country.

CNX’s business structure, which includes water supply management and gas pipeline businesses in addition to its shale gas production business, insulates CNX against certain market risks because CNX is a vertically integrated operator. In addition, none of CNX’s water business’s withdrawal or consumption areas are in locations considered stressed, furthering the unlikelihood CNX will experience water shortages for its operations in the currently foreseeable future. See page 22 for a description of CNX’s water activities in light of the World Resources Institute Waste Risk Atlas. CNX’s most significant market risk is the lowering of demand for petroleum products over time as companies and governments commit to and work toward net zero carbon emission targets. However, as a shale-gas company primarily, CNX is well-positioned to compete in a tightening market because natural gas is significantly less carbon intensive than oil or coal. While some markets currently using natural gas may transition to alternative energy sources, it is expected that many markets currently using oil or coal will transition to natural gas. In its stated policies scenario, the International Energy Agency (IEA) World Energy Outlook 2020 predicts a 30% rise in global natural gas demand and slight decline in advanced economies’ demand by 2040. The IEA also predicts that natural gas producers who focus on reducing GHG emissions along with their gas supply chains while keeping costs in check during this time frame will continue to prosper compared to those who do not. GHG reduction in the natural gas supply chain, hedging revenue to lock in margins, and maintaining ample liquidity are the primary drivers of CNX’s market risk response.

CNX has and continues to work actively to protect and enhance its corporate reputation and license to operate through tangible, impactful, and local ESG performance. See page 20 for a description of some of the activities CNX engages in on this front to raise awareness for prospective employees, contractors, investors, customers, suppliers, and regulators. The natural gas industry and the employees and families that make the modern world possible are frequently vilified by those who espouse a rigid ideology opposed to domestic energy development. We acknowledge that, like any industry, bad actors do exist which have the potential to harm the industry’s collective reputation. At CNX, we strongly advocate for the responsible development of our clean, abundant natural gas resources and we regularly engage with ideological opponents of our industry. We have a conviction that the work we do matters greatly for society and believe that it is our duty to aggressively protect and enhance our reputation and social license to operate. While many natural gas companies pursue hollow labels like Responsibly Sourced Gas, Certified Natural Gas, or Certified Sustainable Natural Gas, CNX continues to responsibly manage and produce one of the largest environmentally friendly natural gas fields in the country from our coal mine methane assets. This is methane that would have otherwise been vented into the atmosphere as a result of third-party mining activities. One of our primary objectives is to leverage these unique coal mine methane assets and our internally-developed innovative technologies for methane abatement to generate new value creation opportunities for CNX stakeholders.
Like reputational risk, the degree of physical risk posed by climate change varies dramatically based on location. The Appalachian basin where CNX operates exclusively does not include a coastline, so it is not vulnerable to climate hazards such as hurricanes or coastal flooding. It is in a temperate zone, so it does not experience extreme heat or cold with the frequency that other areas do; and it is in an area where water is not stressed (see Market Risks on page 13). Tornadoes are also less frequent than in some neighboring areas because of the topography. At most, the area is subject to severe thunderstorms, which can cause localized flooding. These risks are mitigated through strategic siting of locations outside of flood-prone areas, utilization of industry best management practices for erosion and sediment control, and comprehensive emergency response and preparedness planning. Other potential impacts are addressed on a periodic basis, with additional protections added as needed.

CNX’s own products offer its best climate change-related opportunities. CNX has and continues to replace externally source liquid fuels used in its operations with its self-sourced natural gas, resulting not only in emissions reductions, but also long-term cost savings and enhanced security of supply. By managing its own water supply and recycling company, CNX ensures its own water access, while generating revenue from supplying water and water recycling services to its competitors. CNX is working on opportunities to develop some of its considerable land holdings into carbon sinks and/or wildlife preserves through targeted conservation and planting. Resulted carbon reductions could be used to offset other carbon sources. In addition, these developments could also support local climate change resilience efforts as floodwater retention basins. Depending upon the results of a geological survey, which has not yet been conducted, some of this land could be viable as subsurface carbon sequestration locations for permanent injection of carbon captured by CNX or third parties, potentially yielding both new revenue streams and carbon credit opportunities. For added benefit, the development could be funded by investors through green bonds or regulators through grants at reduced or no cost to CNX.

*Credits generated are net Pennsylvania Tier I Renewable Energy Credits from the operation of Buchanan Generation, LLC, a 50% owned power plant in Virginia.
Climate Risks & Opportunities

TCFD Climate Change Scenario Analysis

A core recommendation of the TCFD is that companies undertake a climate change scenario analysis. The TCFD acknowledges that while some organizations are affected by risks associated with climate change today, for many organizations the most significant effects of climate change are likely to emerge over the medium to longer term and their timing and magnitude are uncertain. The disclosure of a company’s response to forward-looking climate-related issues is important for investors and other stakeholders in identifying and benchmarking the company’s vulnerability to climate change transition and physical risks and how they would address or not address these vulnerabilities against the backdrop of a discrete set of regulatory and business conditions.

In line with the TCFD recommendations, this scenario analysis identifies forward-looking emissions scenarios for use by CNX and very briefly explores CNX’s response to their associated challenges. It does not address the full development of the scenarios, which is a task that CNX is reviewing now in preparation for its next Corporate Responsibility Report to be published in 2022.

The emissions scenarios have been selected from the IEA World Energy Outlook (WEO) 2020. The IEA WEO 2020 offers four different future emissions scenarios to help planners and policymakers understand potential future climate impacts. It includes a “Stated Policies Scenario,” a “Delayed Recovery Scenario” (associated with COVID-19 impacts), a “Sustainable Development Scenario,” and a “Net Zero by 2050 Case,” each exhibiting decreasing overall GHG emissions. CNX plans to develop three of the four scenarios, omitting the “Delayed Recovery Scenario” as it is derivative of the “Stated Policies Scenario,” and the added elements are not material to a company operating exclusively in the United States.

Natural gas is expected to remain a critical energy source in the world’s energy portfolio.
In the Stated Policies Scenario, COVID-19 is brought under control and the global economy returns to pre-COVID levels in 2021. However, the 12% energy demand growth anticipated between 2019 and 2030 is reduced to 9% and the slower growth puts pressure on oil and gas prices, creating market volatility. Electrification drives the biggest expansion in electricity network demand in a decade, but investment to construct it is tight. Renewable Portfolio Standards for electricity are projected to significantly increase. Coal use is projected to drop dramatically from the combined effect of stricter regulation and increased competition from natural gas. A 30% rise in global natural gas demand by 2040 occurs, but is concentrated in Asia, with the North American market declining slightly, but then stabilizing.
In the Sustainable Development Scenario, COVID-19 is brought under control and the global economy returns to pre-COVID levels in 2021 as in the prior scenario. However, a surge in clean energy policies and investment puts achieving the goals of the Paris Agreement, increased energy access, and improved air quality health goals in reach by 2030. Some states and companies commit to net zero GHG emissions by 2050. Fossil fuel subsidies are phased out by 2035. Carbon prices are introduced. Methane abatement in the supply chain and transparency in how and to what extent it is accomplished differentiate sources of natural gas. Investment in oil and gas in the United States falls to one third that of 2019, giving rise to volatile price cycles and concerns about energy security.
Although this scenario is a derivative of the Sustainable Development Scenario, and CNX believes it is a bleak one, CNX will address it to adhere to the TCFD instruction to include a “2 Degree Scenario,” which this case most closely resembles. In the Net Zero by 2050 scenario, total CO₂ emissions will be reduced by 45% from 2010 levels in 2030. This means the energy and industrial process emissions would need to be around 20.1 Gt in 2030, which is 6.6 Gt lower than the Sustainable Development Scenario. Primary energy demand falls by 17% between 2019 and 2030 due to electrification, energy efficiency, and behavioral changes. Carbon pricing is well established and regulatory controls on GHG emissions are stronger than the Sustainable Development Scenario. Power sector investment triples from 2019, but more than one third of that is spent on expanding, modernizing, and digitalizing electricity networks. Virtually no critical coal plants without carbon capture and underground sequestration are still in operation.

To prepare for these three scenarios, CNX is positioning its business to be able to generate sustainable long-term per-share value for its shareholders even in the event of a material drop in natural gas demand and/or significant increase in carbon regulations and pricing. The core principles of this strategy, many of which are already in place or underway, are as follows:

• Maintaining flat to limited production growth and widening our position as the lowest-cost producer in our market;
• Prioritizing development of our existing multi-decade inventory of well locations over the acquisition of additional carbon assets from competitors;
• Maintaining a low leverage balance sheet and a transparent low-risk multi-year free cash flow profile that reduces any potential exposure to capital markets access;
• Accelerating return of capital to shareholders; and
• Developing carbon offset opportunities from our one-of-a-kind asset base for generating additional revenue streams and hedge exposure to any potential carbon pricing regulations.

As noted earlier, the full development of each of these scenarios is underway and planned for inclusion in the Corporate Responsibility Report to be published in 2022. However, we believe that the continued execution of these core strategic principles will allow us to create long-term value for our stakeholders in any of the three future scenarios described in this report.
NEW ENERGY. NEW PROMISES.

2020 Corporate Responsibility Report

At CNX, we have built our business around the capture and processing of methane gas that would otherwise be released into the atmosphere. Each year we prevent over 300,000 metric tons of methane emissions (7,500,000 metric tons of CO₂e), an amount that far exceeds direct (Scope 1 & 2) emissions from our operations.

**CNX is proud to be net-negative today using this methodology, and we are working diligently to register and verify a significant number of CO₂e credits with national and international institution(s) recognized for their strong standards for environmental integrity. We expect these carbon credits to increase over time; and are pursuing additional emissions reductions in our core Appalachian shale-gas operations by reducing or eliminating emissions from blowdowns and pneumatic devices.**

### Metrics & Targets

**GHG Emissions**

<table>
<thead>
<tr>
<th>2020 UPSTREAM(2) AND MIDSTREAM(7) GHG EMISSIONS</th>
<th>(Thousand Metric Tons CO₂e)</th>
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<tr>
<td>Scope 1(3)</td>
<td>389</td>
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<tr>
<td>Upstream(2)</td>
<td>282</td>
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<tr>
<td>Flared Hydrocarbons</td>
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<tr>
<td>Other Combustion(3)</td>
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<td>Process Emissions(3)</td>
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<tr>
<td>Other Vented Emissions(3)</td>
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<tr>
<td>Fugitive Emissions(3)</td>
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<tr>
<td>Completions &amp; Workovers</td>
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<tr>
<td>Midstream(3)</td>
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<tr>
<td>Scope 1 &amp; 2 Total</td>
<td>-7,704</td>
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<tr>
<td>Captured Mine Methane</td>
<td>-6,741</td>
</tr>
</tbody>
</table>

**Notes:**
1. Scope 1 emissions were reported under Subpart W of EPA Greenhouse Gas Reporting Program. Total GHG emissions reported consist of the following pollutants: CO₂, CH₄, and N₂O.
2. Upstream includes emission associated with upstream, well pad assets.
3. Other Combustion includes all stationary fuel combustion sources and corporate fleet fuel usage.
5. Other Vented Emissions includes: natural gas pneumatic devices, natural gas-driven pneumatic pumps, well venting for liquids unloading, atmospheric tanks, and reciprocating compressors.
6. Fugitive Emissions includes equipment leaks surveys and population counts.
7. Midstream typically refers to pipeline and compressor facilities.
8. Scope 2 emissions include both upstream and midstream emissions.

### Looking Forward

- CNX has formed an Emissions Reduction Task Force comprised of members from various operational, environmental, engineering, and data management teams. Focusing on continually reducing and improving our emissions footprint, the task force is evaluating innovative technologies and processes that target areas with the most significant CH₄ reduction potential.
- CNX has introduced internal methane intensity targets that are directly connected to executive compensation incentives. These “ESG Units” are outlined in more detail as part of CNX’s 2021 proxy filing, which can be found here.
- Although CNX is currently net carbon negative, we plan to further reduce our annual Scope 1 emissions by 90K tons by the end of 2022 and 200K tons by the end of 2025.
CONTACT DETAILS
For any questions regarding CNX’s Corporate Responsibility program, this report or its contents, please contact Brian Aiello, Vice President—External Relations and Human Resources at brianaiello@cnx.com, or Carrie Crumpton, Vice President—Environmental Strategy at carriecrumpton@cnx.com.