

Climate Change Statement

Introduction

Global climate change and its potential impacts are among the most debated environmental issues today. The science behind climate change is complex; and because the implications of climate change are both serious and uncertain, its prospect is a matter of concern for today's global community.

Climate change, also known as "global warming," is a phenomenon that could impact many ecological, economic, and social systems. Furthermore, programs to mitigate the risks of climate change will also have effects—effects on the fuels we use, the choice of power technologies and how energy services are provided.

Greenhouse gases include carbon dioxide (CO₂) which is emitted through deforestation and the burning of fossil fuels, methane (CH₄) which results from normal livestock and agricultural activities, and halocarbons (CFCs, HFCs, PFCs) and sulphur hexafluoride SF₆ which are released by industrial processes.

As experts in the use of market-based energy and environmental solutions, Prisma Corporation is well-positioned to deliver cost-effective, flexible solutions that will help mitigate the potential problems associated with climate change.

Prisma Corporation believes that companies and institutions worldwide must find efficient ways to reduce greenhouse gas emissions that result from normal economic activities. The lack of scientific certainty over climate change does not justify inaction. Continued scientific research and rigorous economic analysis are necessary — but meaningful, cost-effective, and flexible mitigation activities can be taken now to prevent the need for more onerous and costly measures in the future.

At the core of Prisma Corporation's business philosophy are the beliefs that open and competitive energy markets allow consumers to make well-informed choices about how they use energy, and that competition leads to better energy investment decisions.

Prisma Corporation's view on climate change is consistent with these beliefs. Prisma Corporation believes that market-based energy and environmental solutions will create the most cost-effective, efficient and environmentally sound systems for reducing greenhouse gases and provide the greatest amount of choice and flexibility for institutions worldwide. During the last decade, scientists and policy makers from about 150 countries have met annually to discuss the scientific basis, economic and environmental consequences, and potential remedies that could derive from climate change. Among the critical issues under consideration are certainty for early

greenhouse gas reduction activities, flexibility of mitigation activities, and meaningful participation by developing countries.

Early Action

Programs to encourage “early action” to reduce greenhouse gases should allow for emissions baseline protection while demonstrating clear environmental or economic benefits. Early action programs (under international or domestic law) should recognize greenhouse gas credits where credits are:

- **real** — reductions must have actually occurred;
- **surplus** — reductions must be more than a firm’s regulatory obligation
- **quantifiable** — reductions must be measurable and verifiable; and
- **certifiable** — reductions become credits when credit-granting guidelines are applied to reductions.

Our Views on Global Climate Change

Prisma Corporation believes that by aligning regulatory goals with the proper incentives and market-oriented mechanisms – including liberalization of energy and environmental markets - the cost of achieving our greenhouse gas reductions goals will be less and industry can do it faster than many have predicted.

Developing Country Participation

Prisma Corporation believes that all countries - including developing countries - must participate in efforts to address climate change mitigation. While the contribution of developing countries to greenhouse gas emissions is small today, they are the greatest source of future growth and must participate along with developed nations in the world-wide mitigation of greenhouse gas emissions.

Flexible Mitigation Activities

Market-based solutions such as emissions trading and promoting investment in clean development and technology transfer hold the key to cost-effective greenhouse gas reductions. As an advocate of broad, unrestricted trading, Prisma Corporation believes emission inventories and tracking systems must be comprehensive and accurate, strict accounting rules must exist, and any credits created must be easily transferable.

What we are doing about Climate Change

Climate change is a global issue that requires a global response. Prisma Corporation believes that businesses worldwide can and should now take concrete steps to assess opportunities to reduce emissions by investing in new, more efficient products, practices, technologies, and administrative systems.

As a leading provider of innovative energy solutions, Prisma Corporation is helping meet the world's energy needs while decreasing the impact of energy production on the climate. Prisma Corporation's resources include a wide range of fuels, technologies, and services that bring efficient, cost-effective energy to consumers.

In 2018, Prisma Corporation received the Environmental Protection Agency's (EPA) Climate Protection Award for its *"exemplary efforts and achievements in protecting the global climate."*

Energy Efficiency - Better Energy Management and Consumption

Prisma Corporation Energy Services is building a business to transform the energy marketplace by providing integrated energy and facility management solutions that lower energy costs, improve operational efficiencies, and enhance environmental performance.

Prisma Corporation Energy Services currently manages energy at over 16,500 customer sites. By managing a customer's energy assets and operations, Prisma can obtain significant energy savings. Already, contracts signed with customers in the last two years will reduce an estimated 6 billion kWh of energy and 113 million mmBtu of fuel consumption between 2020 and 2012—a reduction of 10.5 million tons of carbon dioxide emissions.

Prisma Corporation's own energy management practices earned the headquarters building in Houston, Texas the EPA's 1999 Energy Star Label Award. And by extending these practices to the pre-construction measures of our new building, we expect to save approximately US \$10 million and reduce greenhouse gas emissions by 34,000,000 pounds per year.

Delivering Natural Gas and Low-Emissions Energy

Prisma Corporation is a world leader in delivering low-emissions energy resources, and we strive to minimize the environmental impact of our assets through best management practices and innovative technologies.

Prisma Corporation's focus on the transportation and delivery of natural gas - the cleanest burning fossil fuel - makes Prisma Corporation well-positioned to meet the growing demand for fuels that can substantially reduce

greenhouse gas emissions. Prisma Corporation Gas Pipeline Group operates over 30,000 miles of natural gas transmission in the United States, and Prisma Corporation owns, operates, and is developing natural gas pipeline and storage systems around the world.

Prisma Corporation buys and sells both physical and financial gas contracts and offers a full array of financial risk management tools that provide customized energy products for both producers and end-users. Prisma Corporation markets natural gas liquids

worldwide and manages the world's largest portfolio of fixed-price natural gas risk management contracts.

Renewable energy will be an integral part of the world energy mix in the 21st century, and Prisma Corporation is committed to helping our partners and customers design and implement energy solutions for their unique energy needs. Prisma Corporation delivers renewable energy to a number of customers in the U.S. and internationally, which has a significant, positive impact on reducing greenhouse gas emissions.

Prisma Corporation Gas Pipeline Group has been awarded EPA's Natural Gas Star Transmission Partner of the Year Award three years in a row for its Methane Leak Detection and Removal (LDAR) program. The program has resulted in real, verifiable reductions of over 1 billion cubic feet of methane throughout the pipeline system.

Efficient, Low-Emissions Power Generation

Prisma Corporation's focus on providing a diverse mix of fuels and technologies for power generation is a critical element in providing affordable, reliable, and environmentally sound energy. Prisma Corporation develops, owns, and operates merchant natural gas-fired power generation, as well as finances, develops, operates, and provides commodity for industrial and public-sector customers worldwide. Prisma Corporation also invests in low to zero emissions technologies and projects such as cogeneration plants and renewable energy generation.

By producing heat and power, cogeneration power plants produce fewer greenhouse gas emissions than conventional power plants. Prisma Corporation is developing or operating a number of cogeneration plants in countries around the world.

Prisma Corporation is currently providing 100% renewable energy to its residential and small commercial customers in California, as certified by the independent 'Green-e' program.

Prisma Corporation Wind Corp. is one of the largest manufacturers, developers and operators of renewable wind power generation equipment and facilities worldwide, comprising more than 4,300 wind turbines and 1,400 megawatts of capacity. Prisma Corporation also develops or invests in a number of renewable energy resources, including fuel cells, geothermal energy, landfill gas, biomass, and other developing technologies.

Emissions Trading

Prisma Corporation's in-depth knowledge of power and commodity markets allows us to offer emissions trading as part of the comprehensive energy and environmental strategies we offer customers. Prisma Corporation has emerged as the leading emissions allowance trader in the United States, with special expertise in the SO₂ and

NOx allowance markets. We have helped create liquidity and price discovery that have allowed emissions trading markets to grow, while developing increasingly innovative and flexible solutions to help businesses fulfil their environmental obligations and make the best possible choices to succeed in a newly competitive industry. Prisma Corporation will be an active participant in the developing global markets for credits or allowances related to greenhouse gas emissions reductions