

Manufacturing Barometer™

Carbon emissions strategies for manufacturers

Reacting to increased public attention on the issue of climate change, PricewaterhouseCoopers (PwC) asked senior executives from large US-based industrial manufacturers about carbon emissions programs and whether they have acted to reduce their emissions.

A majority of manufacturers are developing or implementing a carbon emissions strategy

Although the US Congress has not yet enacted laws to regulate carbon emission levels, potential legislation looms. In anticipation, the majority (58 percent) of large US-based industrial manufacturers report they have already implemented (43 percent) plans within their organizations to reduce or manage carbon emissions, or are in the process of developing them (15 percent). Only 20 percent have no plans to reduce or manage their companies' carbon emissions, while 22 percent were uncertain or did not respond.

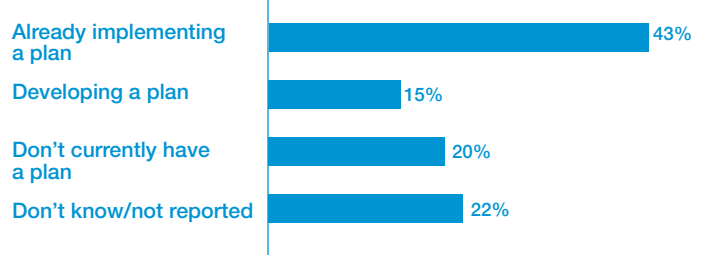
Not only have many respondents already started to prepare for upcoming regulation, but they have been doing so for a relatively long time. Twenty-three percent have had plans in place for three to five years, and 27 percent for six or more years. Only 39 percent reported having plans in place for less than two years. The average length of time was 4.2 years.

Interestingly, while the majority of respondents are already working toward reducing their organizations' carbon emissions, only a small minority (8 percent) have publicly stated these goals, and only 5 percent intend to announce their plans within the next two years. The remaining respondents were either unsure (68 percent) of their plans or don't expect (19 percent) to state their carbon emissions plans publicly.

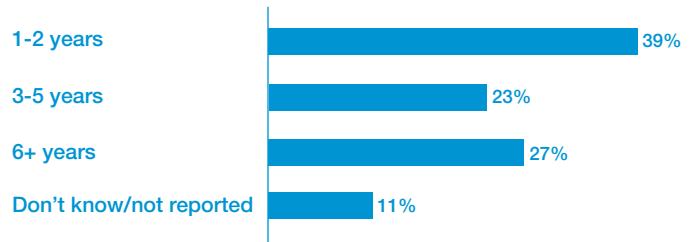
A sizable minority is waiting for more direction

Without regulations and standards, many respondents (42 percent) believe that there are too many unknowns to map out a business case to reduce or manage carbon emissions. Similarly, 38 percent believe the cap-and-trade arrangements in place today are too immature for their companies to participate. A small minority of respondents (13 percent) currently participate (5 percent) or plan to participate (8 percent) in voluntary US or global carbon exchange markets. However, many (40 percent) do not plan to participate until they are fully regulated, while a similar segment (35 percent) is unsure.

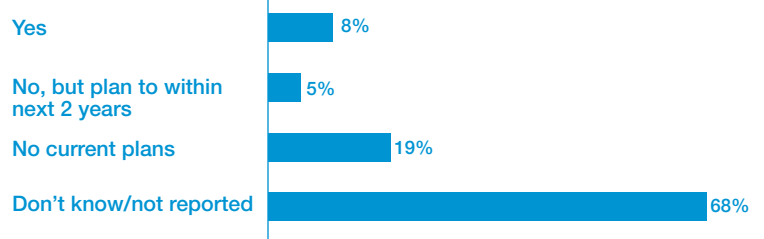
What is your company's current level of activity to reduce or manage carbon emissions?



If implementing a plan, how long has it been in place?



Has your company publicly stated any goals to reduce carbon emissions?



Are there too many unknowns to map-out a business case to reduce or manage carbon emissions?



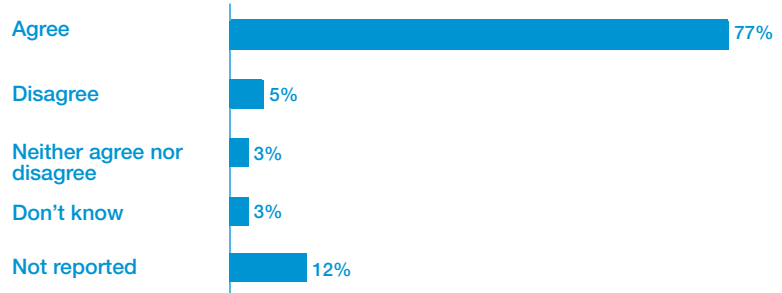
Carbon emissions

Who is responsible for enacting change?

While survey results indicate that US industrial manufacturers are waiting for the government to issue the necessary guidelines, a large majority (77 percent) feel it is important for industry groups to work together to help set industry-specific standards and goals for what to measure and report. Seventy-three percent believe that manufacturers should consider opportunities to reduce emissions as a means to control fuel costs. Also, 14 percent request suppliers monitor carbon emissions (12 percent) or plan to make this request within the next two years (2 percent).

Without a firm indication of the stance the US government will take to regulate carbon emissions, it is not surprising that only 28 percent of senior executives surveyed believe their organizations are prepared to participate in a carbon-trading market today.

Is it important that industry groups work together to set industry-specific standards and goals for what to measure and report?



Our perspective

A wait-and-see approach is not advisable. Making gradual changes each year will help manufacturers comply with regulations more easily when such mandates finally arrive. PricewaterhouseCoopers' white paper, *How your company can prepare to manage carbon as an asset*, addresses common questions about carbon emissions regulations and offers guidance to help US manufacturers prepare for potential tax and accounting issues, as well as understand the implications of cap-and-trade programs.

Contact

Douglas K. Dean
US Metals Leader
+1 412 355 8095

Survey question	Agree	Neither agree nor disagree	Disagree	Don't know/ not reported
It's important that industry groups work together to set industry-specific standards and goals for what to measure and report.	77%	3%	5%	15%
Manufacturers should consider opportunities to reduce emissions as a means of controlling fuel costs.	73%	8%	4%	15%
There are still too many unknowns to map-out a business case to reduce or manage carbon emissions.	42%	5%	33%	20%
Today's trading schemes are too immature for my company to participate.	38%	12%	15%	35%
There is a good understanding in our organization of what climate change is and why we should invest in reducing emissions.	35%	17%	30%	18%
Our organization is prepared to participate in a carbon trading market.	28%	12%	20%	40%

About the research

The Manufacturing Barometer is one in a series of quarterly business outlook surveys from PricewaterhouseCoopers. The survey provides a view on the 12-month outlook for revenue growth, new investments, new hiring plans, emerging business barriers and more. In addition to the business outlook, we hear from our panelists about special issues they face as the business climate changes. Results of the quarterly business outlook surveys and special issue surveys are available from www.barometersurveys.com. To receive out survey results by email, visit: www.barometersurveys.com/mail.

Methodology

PricewaterhouseCoopers' Manufacturing Barometer is a quarterly telephone survey conducted by the independent research firm BSI Global Research Inc. Our regular survey panel consists of senior executives from a geographically balanced sample of large companies in the United States. Ninety-five percent of the panelists hold titles such as president, CEO, CFO, VP of finance, treasurer, controller, internal audit director or other related title.

Demographics

Who	Sixty senior executives were interviewed
Interview dates	January 28, 2008 to April 15, 2008
Average number of employees	8,998
Average business unit revenues	\$3.47 billion
Average enterprise revenues	\$9.27 billion
Market capitalization	\$10.38 billion

pwc.com

The information contained in this document is provided 'as is', for general guidance on matters of interest only. PricewaterhouseCoopers is not herein engaged in rendering legal, accounting, tax, or other professional advice and services. Before making any decision or taking any action, you should consult a competent professional adviser.

© 2008 PricewaterhouseCoopers LLP. All rights reserved. "PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity. CI-08-0740.