

News Release

DATE: For immediate release

CONTACT: Mark Schofield, PricewaterhouseCoopers
Tel: +44 (0) 20 7212 2527, Email: mark.schofield@uk.pwc.com

OR: Mike Davies, PricewaterhouseCoopers LLP
Tel: +44 (0) 20 7804 2378, Email: mike.davies@uk.pwc.com

BUSINESS LOOKS TO GOVERNMENTS TO TAKE LEAD IN PUSHING THROUGH SHIFT IN BEHAVIOUR TOWARDS CLIMATE CHANGE

PricewaterhouseCoopers survey suggests solution to reducing impact on environment lies in mix of penalties and rewards

LONDON, 1st February 2010 – Business is looking to governments for leadership in establishing the behavioural change necessary to halt global warming. And it's a mixture of penalties and rewards that is most likely to encourage business to reduce its impact on the environment.

These are just two of the findings drawn from the most comprehensive survey of its kind yet conducted, the PricewaterhouseCoopers *Appetite for Change*. This takes a close look at attitudes in the international business community towards environmental regulation, legislation and taxes. In almost 700 interviews in 15 countries, executives share their perspectives on issues such as the impact of climate change, the role of government, preferred environmental policy tools, and the essential ingredients for an effective global climate change deal.

Globally, 84% of executives accept that climate change will change the way they do business over the next 2-3 years; in France this figure rises to 100%, and it stands at over 90% in South Africa, the UK, Canada and Australia.

Again globally, 44% of executives feel it is primarily up to government to take the lead in bringing about a shift in behaviour regarding climate change. A country breakdown shows marked differences behind this figure, with more than 60% of executives questioned in the UK, China, Russia, Canada and Sweden citing government responsibility, whereas their colleagues in Germany and Brazil opt for more of a shared responsibility between government, business and individuals.

When it comes to the most effective way of getting business to reduce its impact on the environment, business clearly sees the answer to lie in a mixture of 'carrot and stick' - with 86% opting for tax incentives and 83% for regulation. The leading factors instrumental in influencing an organisation's environmental behaviour were compliance (85%), corporate reputation (74%), cost savings (73%) and competitive advantage (67%). Interestingly, business people are saying that, done in the right way, regulation can be welcomed rather than seen as a constraint.

Cont'd/2...

BUSINESS LOOKS TO GOVERNMENTS TO TAKE LEAD IN PUSHING THROUGH SHIFT IN BEHAVIOUR TOWARDS CLIMATE CHANGE/2...

A majority (55%) feel that current government policies relating to tax, incentives, or trading schemes are ineffective; but executives in the UK, France, Sweden, China, Australia and India are more upbeat about the impact of government policies.

A massive 92% are in favour of more environmental tax incentives, but 55% feel the current criteria to qualify for these are too tough, and 71% consider current tax incentives do not sufficiently motivate to promote behaviour change.

The ploughing back of money raised from environmental taxes and regulation directly into green or environmental projects is seen as important by 88% - but only 31% are confident this will happen. And opinion is split as to the best way of encouraging responsible environmental behaviour, with European executives leaning slightly towards carbon tax, and their North American and BRIC (Brazil, Russia, India, China) colleagues keener on emissions trading schemes.

Clearly, as Copenhagen has shown, climate change is testing the ability of the world's leaders to develop effective environmental policies through consultation. Many in and out of government are frustrated at the slow pace of negotiations.

But Mark Schofield, PricewaterhouseCoopers Global Sustainability and Climate Change Tax Leader, remains optimistic: "This research contains a strong message of hope for those struggling to find a global consensus: incentives, emissions trading schemes and even carbon taxes could win support in the business community. Political leaders who activate that potential have a good chance of creating historic solutions to the unprecedented challenges facing our ecosystem."

ENDS

Notes to Editor:

1. The survey for *Appetite for Change: Global business perspectives on tax and regulation for a low carbon economy*, comprised almost 700 interviews worldwide, covering 15 countries ; US EU (UK, France, Germany, Netherlands, Spain, Sweden and Czech Republic), China, Canada, Russia, Brazil, India, South Africa and Australia. The sample was drawn from the top companies in each territory by turnover, with a particular focus on industries likely to be most affected by existing environmental policy and legislation. A copy of *Appetite for Change* can be found at www.pwc.com/appetiteforchange
2. PricewaterhouseCoopers (www.pwc.com) provides industry-focused assurance, tax and advisory services to build public trust and enhance value for our clients and their stakeholders. More than 163,000 people in 151 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

"PricewaterhouseCoopers" and "PwC" refer to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL). Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm's professional judgment or bind another member firm or PwCIL in any way.

Cont'd/3...

**BUSINESS LOOKS TO GOVERNMENTS TO TAKE LEAD IN PUSHING THROUGH SHIFT
IN BEHAVIOUR TOWARDS CLIMATE CHANGE/3...**

3. PricewaterhouseCoopers Sustainability & Climate Change Tax. PwC has a dedicated team of advisers to provide businesses with advice and support on tax issues arising from both the governmental response (such as the introduction of carbon, environmental taxes and other regulation), and from the business response (such as reorganisation or acquisition), to the sustainability & climate change agenda. Our team is closely aligned with PricewaterhouseCoopers global sustainability & climate change practice, which comprises over 500 professionals in more than 40 territories around the world, serving more than 50% the global Fortune100 corporations, and partnering with such major environmental organisations as the World Business Council for Sustainable Development (WBCSD), Global Reporting Initiative (GRI), the UN Global Compact and the World Economic Forum.