



# KPMG 2023 CCO Survey

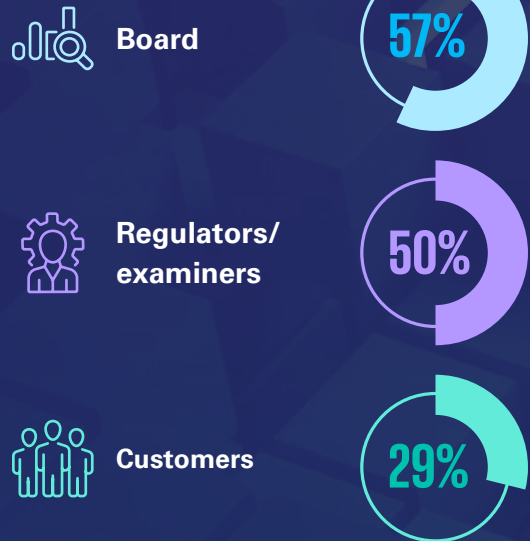
## Industrial Manufacturing

The KPMG 2023 Chief Ethics & Compliance Officer (CCO) Survey explores how 240 CCOs from some of the world’s largest (>\$5 billion in revenue) companies across six industries are adapting to new global challenges and evolving risks. CCOs in Industrial Manufacturing (IM) are focused on enhancing their use of technology, particularly with data analytics, protecting themselves and consumers from cyber threats, and preparing for new industry-specific regulations.

### Compliance pressure builds

Much like the majority of CCO respondents across industries, participants in IM say they feel the most pressure from their boards.

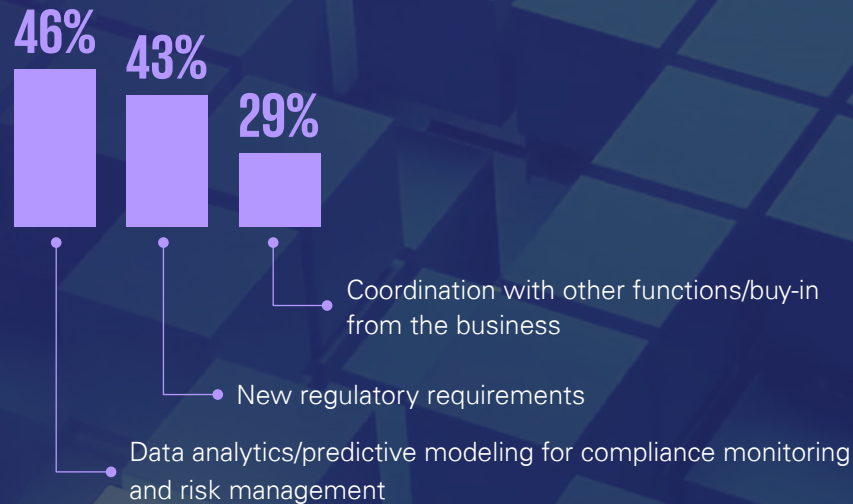
Top pressure drivers in IM:



### Challenges on the horizon

For the majority of CCOs, new regulatory requirements top their lists of compliance challenges over the next two years. While this is high on their list, more IM CCOs chose data and analytics/predictive modeling as a top challenge.

Top pressure drivers in IM:



### Top areas to improve

CCOs in IM list consumer and cyber protections as their top two processes to improve within the next 24 months. Industry-specific regulations took the top spot for most other sectors. IM’s divergence is expected given the increasing use of technology, as well as higher expectations regarding consumer protection.

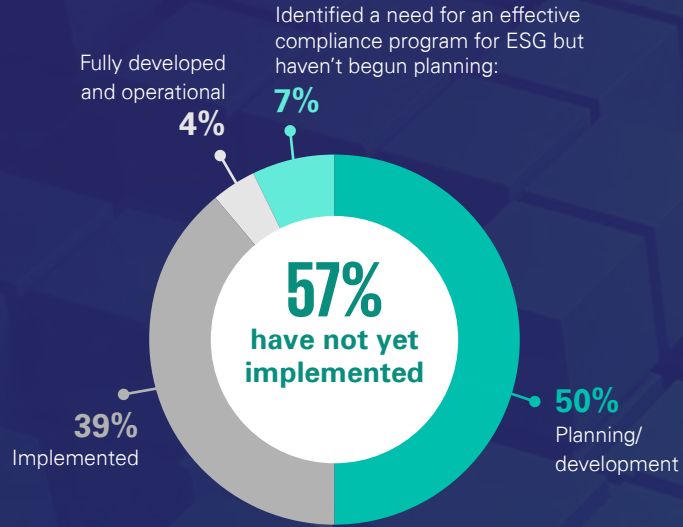
Top areas to improve in IM:



## ESG: A work in progress

IM companies are still early in their ESG journeys compared to other sectors. Surprisingly, the majority of CCOs in IM say they are still planning and developing for ESG.

Maturity level of ESG programs in IM:



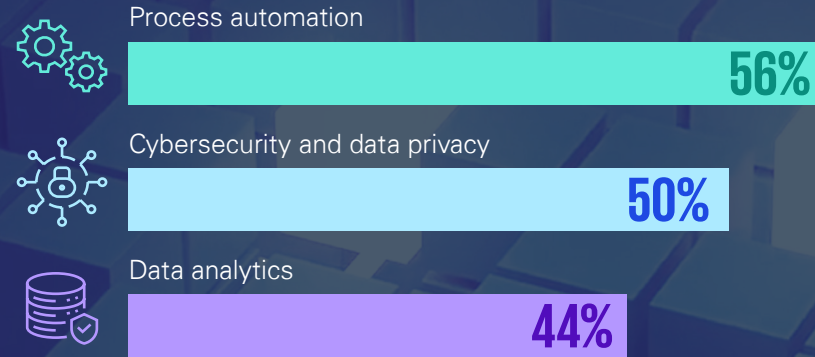
## Bigger budgets for technology needs

Most CCOs have their sights set on technology and data and analytics as the top compliance activities to enhance over the next two years. More than half of IM CCOs expect their technology budgets to rise.

IM's budget intentions for technology in ethics and compliance functions:



## Where will the extra money go?



## Automation

More and more, IM businesses are looking for opportunities to automate. But even with bigger budgets, there are still multiple obstacles in the way before automation can be widely implemented.

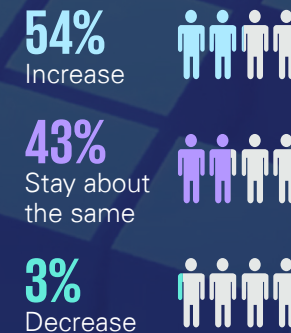
Top areas automated over the past two years in IM:



## Workforce worries

Most CCOs anticipate increasing their headcounts over the next 12 months despite talent shortages. In IM, more than half of CCOs say they expect their full-time headcounts to increase.

The number of full-time employees over the next year will:



What was not long ago thought of as a holistic view of risk is likely now an antiquated view. Given all the disruptive forces facing today's industrial manufacturer, from challenging regulations to increasingly advanced technologies, the 'smart industrial' organization is rapidly expanding its view of enterprise risk to take those forces into account in a meaningful way."



**Claudia Saran**

Partner, National Sector Leader and Advisory Industry Leader for Industrial Manufacturing, KPMG LLP

## What should IM companies focus on?



Maintain a culture of continuous improvement that keeps you ahead of evolving risks and regulations. Avoiding the status quo is the best bet for getting in front of the market's high expectations and today's intense enforcement climate.



Engage the board and C-suite to make compliance future-ready, committing the proper investments to be prepared for what lies ahead.



Leverage and invest in technology-enabled, data-driven compliance to accelerate the ability and scalability needed to manage risks and spot issues earlier.

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The KPMG Chief Ethics & Compliance Officer Survey is conducted bi-yearly to explore the priorities and two-year outlook of CCOs from some of the largest organizations in the world. Their responses offer valuable insights into key areas of ethics and compliance across six industries: Healthcare & Life Sciences; Financial Services; Industrial Manufacturing; Consumer & Retail; Technology, Media, & Telecommunications; and Energy, Natural Resources, and Chemicals.

Read more about the overall survey findings at [read.kpmg.us/CCOSurvey](https://read.kpmg.us/CCOSurvey).

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