



KPMG 2023 CCO Survey

Energy, Natural Resources & Chemicals

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 Energy, Natural Resources, and Chemicals (ENRC) are focused on new industry-specific regulations, progressing their ESG initiatives, and spending more on technology, data analytics, and cybersecurity.

Compliance pressure builds

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

Top drivers of pressure in ENRC:



Board:

62%



**Investors/
shareholders:**

57%



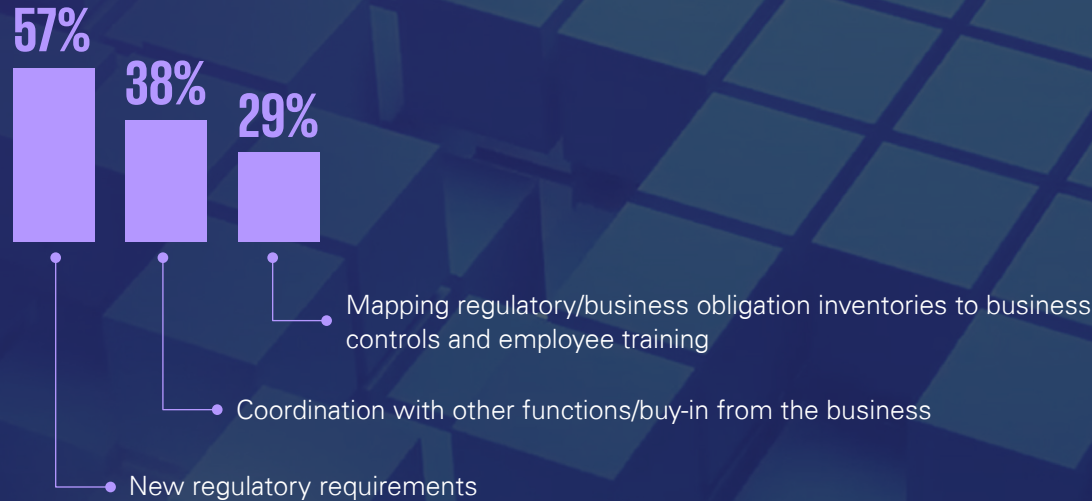
**Employees and
customers:**

38%

Challenges on the horizon

New regulatory requirements top ENRC CCOs’ list of compliance challenges over the next two years, more than any other industry.

Top challenges in ENRC:



Top processes to improve

In the next two years, like most sectors, ENRC CCOs say industry-specific regulations are the most important processes they plan to improve.

Top areas to improve in ENRC:

Industry-specific regulations

52%

Cyber/information protection

48%

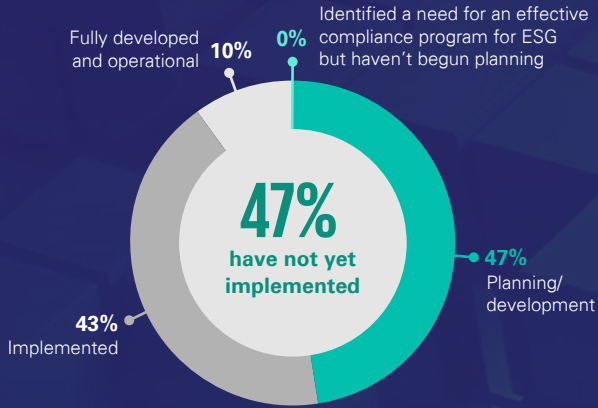
**Licenses and permits
(overall)**

38%

ESG: A work in progress

While many ENRC respondents are still early in their ESG journeys, a greater percentage than from any other industry say they are fully developed and operational.

Maturity level of ESG programs in ENRC:



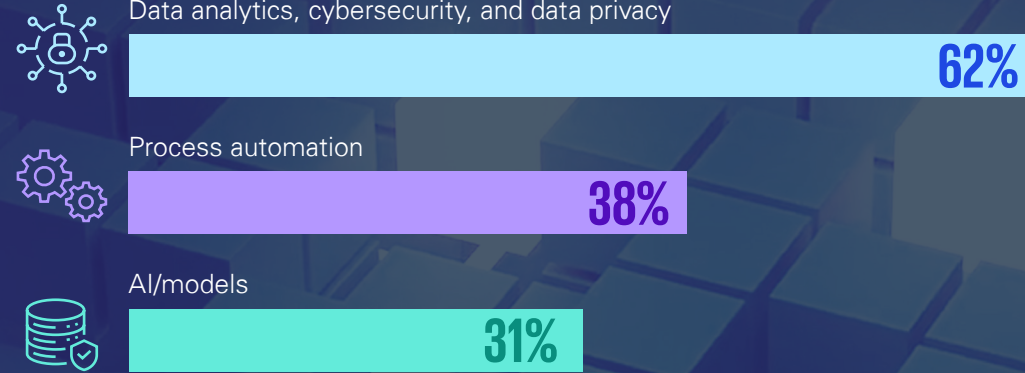
Bigger budgets for technology needs

Most CCOs have their sights set on technology and data analytics as the top compliance activities to focus on enhancing over the next two years. The majority of ENRC CCOs expect their technology budgets to rise, with additional funds intended for data analytics and cybersecurity.

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



Where will the extra money go?



Automation

More and more, ENRC 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.

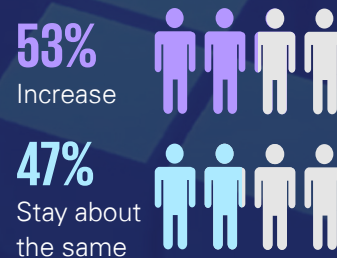
Top areas automated over the past two years in ENRC:



Workforce worries

Most CCOs anticipate increasing their headcounts over the next 12 months despite talent shortages. In ENRC, the majority also expect their full-time headcounts to increase or stay the same.

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



The CCO's responsibilities continue to expand from growing expectations driven by the board, management, and shareholders, only adding to the pressure on compliance. Technology innovations will continue to impact and benefit CCOs in areas including automation, analytics, cyber, ESG, and now AI."



Steve Estes
Partner, ESG
Governance Leader,
KPMG LLP

What should ENRC companies focus on?



Promote a technology-enabled, data-driven culture that supports the notion that compliance is everyone's responsibility, no matter their role or leadership level.



Focus on change management and enhance collaboration between all stakeholders to assess strategic, operational, compliance, and reputational risks to determine if new internal controls are needed.



Increase communication with regulators to improve coordination between them (as well as identify alignment or divergence in enforcement priorities), and implement processes to identify, track, and integrate new or updated regulations into a centralized repository.



Continued focus on ESG is needed considering the increasing attention and pressure on the industry with respect to climate risk, concerns about health and safety, ESG demands from banks, investors, and other stakeholders, and related regulatory expectations.



Prioritize investments in (and transformation of) compliance programs, while promoting the value and efficiencies generated from them.

For more information, contact us:



Steve Estes
*Partner, ESG
Governance Leader,
KPMG US*
sestes@kpmg.com



Amy Matsuo
*Principal and National
Leader, Compliance
Transformation &
Regulatory Insights*
amatsuo@kpmg.com



Travis Canova
*Managing Director,
Advisory, ENRC
Compliance
Transformation Lead*
tcanova@kpmg.com

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.

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DASD-2023-12766