KPMG

2022 CEO Outlook

IRELAND

Growth strategies in turbulent times

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Finding opportunity in uncertainty

Welcome to our seventh annual KPMG CEO Outlook.

I'm pleased to share with you our 2022 KPMG Irish CEO Outlook. It looks at the strategic priorities identified by business leaders in the Republic of Ireland, Northern Ireland and around the world as they navigate an ever-evolving business landscape.

At home and abroad, CEOs have been tested by significant challenges in quick succession — a global pandemic, inflationary pressures and geopolitical tensions.

The global economy is currently facing significant headwinds and many businesses are having to adapt quickly to manage the impact of this. While Ireland is not immune to these challenges, it is clear from the results in our report that Irish CEOs believe that the economy is resilient and remains in a strong position relative to other markets thus enabling it to weather this storm. While Irish CEOs are navigating short term challenges, they are very confident in the growth prospects for their companies and the local economy over the next three years.

Over the past few years, CEOs have shown great resilience in rising to the challenges set by a constantly evolving environment including realigning their workforces, untangling supply chain disruption and adapting to geopolitical and economic impacts.

Equally it has become evident that ESG is now centre stage in the boardroom. As our survey affirms, the ESG agenda is fundamental to a sustainable future and is seen as vital to profitability by a growing number of CEOs in Ireland and worldwide.

Meanwhile, the future of work is constantly evolving. There is a clear pattern where the office remains central to collaboration, innovation and building working relationships and this is complemented by the flexibility of hybrid working.

Finally, our thanks to all the business leaders in Ireland and overseas who contributed to our CEO Outlook 2022 by sharing their invaluable insights.

Seamus Hand
Managing Partner,
KPMG in Ireland

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Key Findings

The KPMG 2022 CEO Outlook offers leadership insights from Ireland and worldwide on near-term business challenges and strategic priorities, drawing on perspectives for the future from over 1300 CEOs from a range of sectors and industries.

Economic outlook

Irish CEOs more confident than global peers but have inflation and supply chain concerns

The Irish Economy

Over two thirds (68 percent) of Irish CEOs expect the Irish economy to avoid recession in the year ahead

Global outlook

Despite geopolitical and economic challenges, global economic confidence over the next 3 years is at 71 percent

Managing geopolitics

Geopolitical uncertainty is impacting strategy - 81 percent of global CEOs are adjusting or planning to adjust risk management procedures

Technology

CEOs are directing digital investment to drive growth but often need to act faster

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Disruptive technology has emerged as the number one risk to organisational growth worldwide

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Cyber as a strategic function

Information security is a strategic function and a potential source of competitive advantage for 72 percent of Irish CEOs

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Talent a top priority

72 percent of Irish CEOs say retaining talent in the context of inflationary pressures is impacting on their business optimism over the next 3 years

Caution on hiring

39 percent of global CEOs and 32 percent of Irish CEOs have implemented a hiring freeze in the past 6 months

Experimenting with flexibility

Remote working has had a positive impact on productivity according to 64 percent of Irish CEOs

ESG

CEOs are increasingly recognising the impact and value of ESG on profit and reputation

Connecting to profitability

44 percent of Irish CEOs agree that ESG programmes improve financial performance, an increase from 32 percent last year

Impact on supply chains

CEOs everywhere increasingly see reporting and transparency as important to their ESG goals — including supply chain insight

Under the microscope

76 percent of Irish CEOs expect to see more stakeholder scrutiny of ESG progress

Economic Outlook

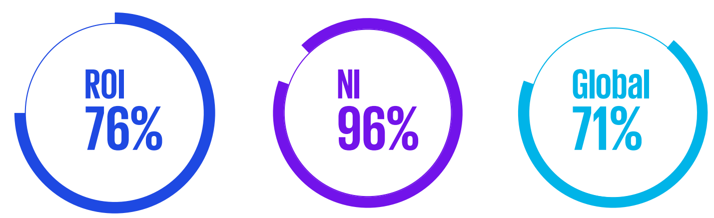
The 2022 KPMG CEO Outlook shows that in contrast to their global peers, a majority of CEOs in the Republic of Ireland and Northern Ireland expect their economies to avoid recession in the year ahead despite economic concerns. Meanwhile amongst those who envisage a recession both at home and abroad, most anticipate that it will be relatively short-lived.

Our report – representing the views of CEOs from some of Ireland's largest companies North and South - found that only 32 percent of those surveyed expect the Republic of Ireland (ROI) to fall into recession over the next year, a more optimistic outlook than the global view where 86 percent of CEOs expect a recession in their domestic market. Meanwhile optimism was somewhat reduced in Northern Ireland (NI) where 44 percent anticipate recession. Were a recession to occur, just under two in three (64 percent) of CEOs in ROI say it would cause further disruption to their business and make it difficult to rebound from the pandemic. This is relatively less pessimistic than global sentiment (73 percent) and less negative than sentiment north of the border where eight in ten (80 percent) cite recovery concerns.

Commenting on the survey findings, KPMG Managing Partner Seamus Hand said; "The island of Ireland is not immune to the challenges facing the global economy and many businesses have concerns around energy costs, inflation and interest rates. The relative optimism shown in our report reflects the tenacity and ambition of business leaders, but they are also realistic about the myriad of leadership issues they face on issues such as sustainability, technology and the very significant risks to the economy."

In the longer term e.g. looking at the next three years to mid-2025, most business leaders surveyed in ROI (76 percent) are confident or very confident in national growth prospects and 92 percent are confident of growth in their own business. Meanwhile in NI the vast majority of business leaders (96 percent) are confident or very confident in the growth prospects for the region over the next three years and 88 percent are confident of growth in their own business.

CEO confidence in domestic economy over next three years



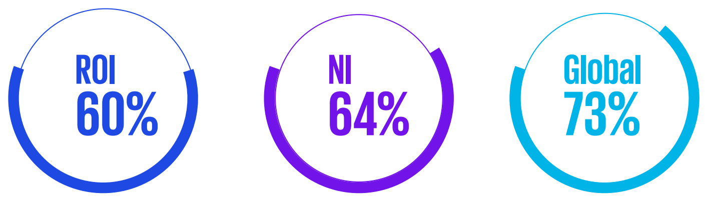
> "NI CEOs are pursuing growth strategies whilst being acutely aware of the volatility of the global economy."

While CEOs may be resilient, they're also very realistic about the challenges ahead. 73 percent of CEOs worldwide believe a recession will upend anticipated growth over the next 3 years whilst just under two thirds (64 percent) in NI share the sentiment with a slightly lower figure (60 percent) in ROI. In terms of earnings impact, almost half (46 percent) of global CEOs predict a recession will impact company earnings by up to 10 percent over the next 12 months with 56 percent of CEOs in ROI expressing similar sentiment. Their NI counterparts are somewhat more optimistic with a greater number (46 percent) expecting the earnings impact to be limited in the region of up to 5 percent.

In Northern Ireland, KPMG's Belfast based Partner in Charge Johnny Hanna is cautiously optimistic "We have an attractive environment as businesses have a unique opportunity to sell into both the UK and EU markets. However there remain specific challenges to be ironed out in importing goods from Britain and energy, inflation and interest rates are of concern." Hanna says that it's against this backdrop that NI CEOs are pursuing growth strategies whilst being acutely aware of the volatility of the global economy. "Northern Ireland has a lot to offer in terms of skills, sectoral expertise and costs and we have a range of growth areas that demonstrate our track record." Johnny Hanna notes that CEOs locally have highlighted advancing digitalisation and connectivity as their top objective in the next three years to achieve growth and says there is "a relentless consistency in the challenges CEOs are facing both in Northern Ireland and worldwide."

Looking at the longer term and over the next 3 years, M&A appetite remains high despite economic concerns. 56 percent of CEOs in ROI have a high appetite compared with 48 percent in NI and 47 percent worldwide. According to Mark Collins, Head of Deal Advisory at KPMG in Ireland "With higher operating and borrowing costs, innovation, efficiency and margin enhancement programmes will be key to stay competitive. As regards M&A, we can expect much deeper due diligence and analysis to understand and unlock deal value more fully."

CEOs who believe a recession will upend anticipated growth.



> One of the key learnings from the last year for TV Narendran, CEO of Tata Steel, has been the importance of building supply chain resilience, brought to the forefront of the business agenda following the pandemic and geopolitical uncertainties. "The pandemic and the events in Europe have shown us how interconnected we are as a world," he says. "To me, geopolitical issues are the number one risk. I think we all need to build optimized and resilient supply chains." Although a resilient supply chain may not be the most cost efficient, he believes disruption and change can bring opportunity. "There are opportunities to rethink business models and operating models, as well as build the necessary green infrastructure."

Risks and growth strategies

Having navigated a pandemic, CEOs everywhere face new challenges in the form of geopolitical uncertainty, higher borrowing costs and the spectre of rising inflation.

There is constant pressure to make the right strategic decisions in the quest for organisational growth. Worldwide, emerging technology (not seen in the top five last year) rises in rank as the top risk and greatest threat to organisational growth. Operational, regulatory and reputational concerns also jumped into the top five globally. At home, rising interest rates, inflation, reputational and supply chain risk top the concerns in ROI whilst in NI potential unethical culture, interest rates, supply chain and regulation are the most pressing issues.

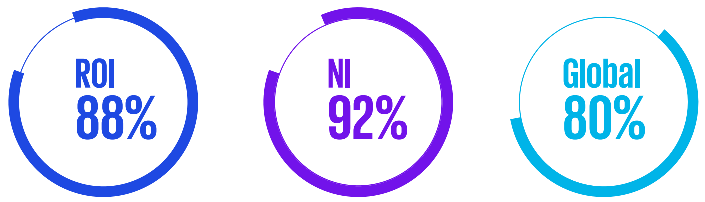
In the face of growing geopolitical uncertainty, 76 percent of CEOs in ROI flag rising concerns about a cyber attack on their organisation rising to 88 percent of business leaders in NI - higher again than the 72 percent worldwide expressing worries about this risk. For Dani Michaux, KPMG's EMA Cyber Lead and Head of Cyber Security in Ireland, this is no surprise "Organisations are now coming to terms with cyberattacks no longer being a matter of 'if' but 'when'. The disruptive nature of many incidents over the last 18 months have made organisations seriously consider the impact the same can have within their own operations. This is a positive, but often organisations are only focusing on yesterday's attack, not tomorrow's."

In terms of operational priorities to drive growth over the next three years, CEOs in both the Republic and Northern Ireland are focused both on the employee value proposition to attract and retain talent and advancing the digitalisation and connectivity of the business as the two leading approaches.

Looking at the strategies to achieve growth over the next three years, organic growth tops the list in ROI whereas in NI strategic alliances are the most popular. CEOs also say that geopolitical uncertainties will continue to impact their strategies and supply chains over the next 3 years. 88 percent of CEOs in ROI (92 percent in NI) have adjusted or plan to adjust their risk management procedures considering geopolitical risk.

Moreover with a greater focus on supply chain issues, 52 percent of CEOs in NI are looking deeper into their supply chains (i.e. to the 3rd and 4th levels) to better anticipate risks with over a third (36 percent) of their ROI counterparts doing similar. With geopolitics a key agenda item in 2022, CEOs need to make a geopolitical risk assessment part of their overall strategy. KPMG Consulting Partner Colm O'Neill works primarily in the energy sector, an area highly exposed to geopolitical risk. "Energy prices and security of supply now top the board agenda in many companies in Ireland and worldwide. Businesses are paying more attention to geopolitical risk, accelerating energy related decisions and looking to government to prioritise energy security through investment, removing barriers to building energy infrastructure and a regulatory focus on resilience and security."

CEOs adjusting risk management approaches due to geopolitics



Digital transformation and uncertainty

Digital transformation and uncertainty

CEOs are keeping technology risk front of mind and worldwide, disruptive technology has emerged as a significant threat to organisational growth over the next 3 years.

When we look to what's keeping CEOs concerned in the next 6 months, despite economic challenges such as rising interest rates and inflation, CEOs continue to prioritise digital investment — with 76 percent of CEOs in ROI and 80 percent in NI (71 percent worldwide) saying they have an aggressive digital investment strategy, intended to be the basis for their business model transformations.

For CEOs in NI, advancing digitalisation and connectivity across the business is the top operational priority for achieving growth over the next 3 years and is tied in second place as a priority for their counterparts in ROI. KPMG's Dublin based Consulting Partner Owen Lewis says this focus on digital transformation is driven by a combination of factors but "is primarily led by a belief that the competitive advantage gained by getting it right on technology is a game changer - especially in fast moving sectors where consumer focused tech solutions can be the difference between success and failure."

At Fujitsu Limited, President and CEO Takahito Tokita is on a mission to transform the organisation from a traditional IT company into a purpose-driven digital experience organisation. "We have always been confident in our technology and innovations but in our conversations with clients, we realised they needed more than just products — they needed integrated, value-adding capabilities to help advance their own digital transformations. I said that we would change from an IT to digital experience company to meet that demand and reflect a sense of urgency that we are not going to be a company that just follows old traditions."

CEOs with an aggressive digital investment strategy

Pausing for thought?

Given the concerns about recession noted especially by our global respondents, there is evidence that many organisations worldwide are reconsidering their strategies.

Four in five global CEOs note that their businesses are pausing or reducing their digital transformation strategies to prepare for possible recession (40 percent have already paused or reduced activity, and 37 percent plan to pause or reduce activity over the next 6 months). However, in contrast in Ireland there is somewhat less pessimism with only 20 percent (ROI) and 16 percent (NI) planning a similar approach.

In fact, 70 percent of global CEOs (64 percent in ROI and 64 percent in NI) say they need to be quicker to shift investment to digital opportunities and divest in those areas where they face digital obsolescence. Digital transformation has become more expensive in recent years, so more than ever, investment should be prioritised in those areas that help drive growth — and potentially slowed or reconsidered on efforts that may be considered non-critical. In uncertain times, it's imperative businesses focus their digital investments on impactful, and measurable, value creation opportunities most able to support their strategic goals.

On a global basis CEOs continue to narrow the gap between their digital transformation objectives and investing in their workforce. CEOs were offered a binary choice in our report: whether they were investing more in placing more capital investment in new technology (56 percent) or developing their workforce's skills and capabilities (44 percent). This gap has narrowed from 2021, when 60 percent prioritised technology investment over workforce-related investments (40 percent). As businesses have implemented their digital tools, their attention has shifted to adoption, engagement and change management in order to support their people working in a very different world. To drive their growth, CEOs may be looking to make their existing people more productive through transformation.

Building successful partnerships

Few organisations can succeed on their own. Businesses rely on their ecosystems, as building successful partnerships can help a company deliver a competitive edge.

Increasingly and on a worldwide basis, CEOs view partnerships as an important means to continue the pace of their digital transformation (71 percent, compared to 59 percent in February 2022). CEOs also say that building strategic alliances with third parties is the most important strategy to help them reach their growth objectives over the next 3 years. It has become more important for businesses to partner with companies (e.g. start-ups, fintechs) that can help them bring agility and resilience to growth. To bring everything together and drive a successful transformation, CEOs need the right partners — and the ability to connect it all.

> **'It's no surprise that more than half of CEOs responded that they are placing more capital investment in buying new technology. These investments include investments in cyber security culture which CEOs say is just as important as building technological controls as fears of a cyber attack grow as a result of increased geopolitical uncertainty.**
>
> Carl Garande, Global Head Of Advisory, KPMG

Cyber as a strategic function

While cyber security risks haven't remained a top concern for global CEOs, the cyber environment is evolving quickly, and worldwide 77 percent see information security as both a strategic function and a potential competitive advantage.

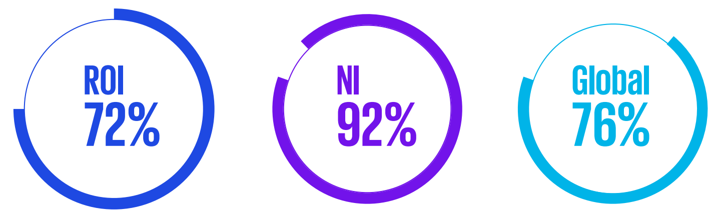
Such sentiment is echoed even more strongly in NI where over 9 in 10 (92 percent) share similar views reducing somewhat in ROI (72 percent). Geopolitical uncertainty is also increasing concerns of corporate cyber attacks for many CEOs worldwide (73 percent) compared to previous years (61 percent in 2021). In fact, three out of four global CEOs (76 percent) say that protecting their partner ecosystem and supply chain is just as important as building their own organisation's cyber defences.

Geopolitical uncertainty may have also heightened awareness around cyber security concerns, giving CEOs a clearer picture of how prepared — or underprepared — they may be. More CEOs worldwide recognise they're underprepared for a cyber-attack, with 24 percent admitting so in 2022, compared to 13 percent in 2021.

Dani Michaux, KPMG's EMA Cyber Lead and Head of Cyber Security in Ireland says "Think about your broader supply-chain risks. The increasing interdependence of businesses and government have led to an increase in supply-chain attacks. In the new digitalised and interconnected world, they are becoming more prominent and more disruptive. Frequent attacks raise concerns around an organisation's ability to remain resilient and trusted by shareholders and customers cyber resilience will be a key foundational pillar of the digital trust future."

This exponential increase in cyber attacks, coupled with the difficulty of detecting attacks on time, calls for automation and innovation in dealing with cyber incidents. Alexis George, CEO of AMP, acknowledges that cyber security risk is increasing as AMP grows its digital capabilities. "Cybersecurity is absolutely one of the biggest risks for our industry as we face the future. We manage our risks well, but like any organisation our data is a target. Privacy breaches and scams are threats, and cybercriminals are increasingly sophisticated, but that is the nature of the digital financial landscape. We must continue to adapt, prepare and respond."

CEOs who see information security as a potential competitive advantage



Fostering Workforce Resilience

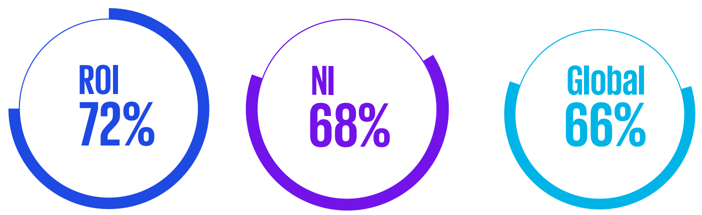
Fostering Workforce Resilience

How CEOs support and attract talent is changing because of the challenging global economy and CEOs' growth goals.

Worldwide, the employee value proposition to attract and retain the necessary talent is tied as the top operational priority to achieving 3-year growth objectives (25 percent, up from 19 percent in 2021). Meanwhile, CEOs in Ireland (72 percent ROI, 68 percent NI) agree that the ability to retain talent with the pressures of inflation/rising cost of living are top of mind (66 percent globally). The approach to ESG is increasingly seen as a differentiator when it comes to attracting and retaining talent. Of the global CEOs that mentioned they were seeing significant demand for greater ESG transparency and reporting, 26 percent noted the biggest demand was coming from their employees and new hires (25 percent ROI and 15 percent NI). They also note that one of the primary downsides to not meeting ESG expectations were recruitment challenges (22 percent) a similar figure to NI (20 percent) however this was a factor for only 8 percent in ROI.

Nicola Downing, CEO of Ricoh Europe, says having the right people with the best skills is integral to Ricoh's vision and strategy for the future. "We have had an opportunity to really focus on our employees — to be more open and honest about things like mental health and wellbeing. We've invested in training our people, pushing for change and updating skills to match our new innovations, portfolio and what our customers need. We want our people to move with us. The skills our team needs today are different from what we planned for, because the challenges facing global business, and the pace of change and transformation, has definitely increased."

CEOs who say retaining talent in the context of inflation is top of mind



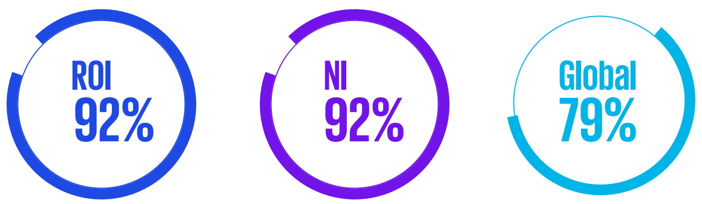
Global slowdown hits hiring

With possible recession being flagged in many markets, there's a significant worldwide short-term emphasis on hiring freezes and headcount reductions

Globally, 39 percent of CEOs have already implemented a hiring freeze (32 percent in ROI and 52 percent in NI), and 46 percent are considering downsizing their workforce over the next 6 months (52 percent ROI and 36 percent in NI). But when CEOs take a longer-term view, 79 percent expect their organisation's headcount to increase over the next 3 years – this rises to over 9 in 10 (92 percent) in both ROI and NI. Meanwhile CEOs are still investing in their existing workforce, with almost half currently focused on boosting productivity both globally and in both ROI and NI.

Alexis George, CEO of AMP, says it has been challenging to secure all kinds of talent — from frontline customer service reps to skilled technologists — due to lower unemployment rates in many markets. "There's almost full employment at a time where we are also seeing rising interest rates and inflation. It's an unusual situation. However, for companies that are in a strong position, there could be opportunities to entice and retain talent. Having great talent makes us a better, more secure business which can only be a good thing as we head into economic uncertainty."

CEOs who see headcount growth over the next 3 years



Promoting a spirit of experimentation

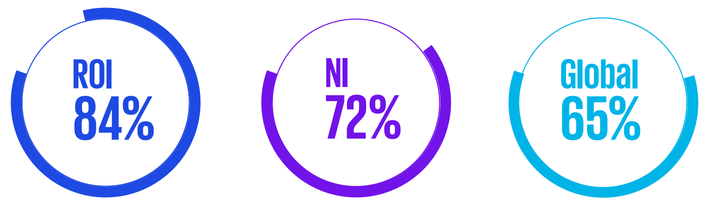
Hybrid and remote working has had a positive impact on hiring, collaboration and productivity over the past 2 years.

However, many multinational organisations are launching return-to-office plans to usher in a "return to normal", and 65 percent of CEOs envision in-office as the go-to work environment in 3 years' time for those who were office based prior to the pandemic. (84 percent in ROI and 72 percent NI). Employee expectations when it comes to remote work are evolving, so it's important for CEOs to develop a better working structure that suits their people in what is still an emerging area.

Even if the supply-demand side of labour shifts in favour of businesses, CEOs need to make sure their people have purposeful interactions. How do CEOs define what an optimal structure looks like? Now is the time to experiment and see what works best. Active listening, empathetic communications and a commitment to finding the right balance over the long term will be key.

Despite the disruption caused by the pandemic, COVID-19 ultimately helped Fujitsu advance its own transformation. President and CEO Takahito Tokita says, "COVID-19 helped progress various initiatives for digital experience companies. Like many other organisations, we moved employees into a remote working environment and away from paperwork to digital and web-based alternatives. I believe the most important thing is for employees to accumulate the skills needed to achieve their own goals and objectives."

CEOs who see the office as the go-to work environment in 3 years' time



Great ESG Expectations

CEOs everywhere see the importance of environmental, social and governance (ESG) initiatives on their businesses, especially when questioned about ESG's impact on improving financial performance, driving growth and meeting stakeholder expectations.

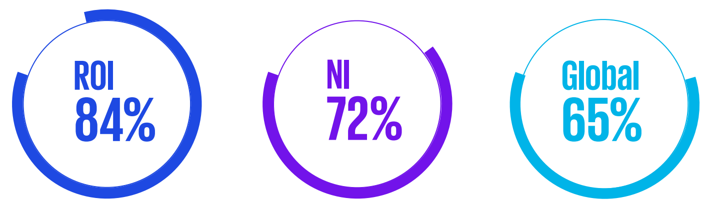
On a global basis CEOs increasingly agree that ESG programmes improve financial performance, sitting at 45 percent (44 percent in ROI and NI), an increase from 37 percent 1 year ago. When asked where CEOs see corporate purpose having the greatest impact over the next 3 years, driving financial performance is in the top spot for CEOs worldwide as well as in ROI and NI. ESG has gone from a nice-to-have to integral to long-term financial success and CEOs increasingly understand that embracing ESG is key to securing talent, strengthening their employee value proposition, attracting loyal customers and raising capital.

"Investors are looking to connect ESG impacts to financial performance and measuring and validating the outcomes," says Emer McGrath, Head of Audit at KPMG in Ireland. "Both physical risk and transition risk have major implications for both asset allocation and investment decisions."

Looking at some perspectives on ESG from CEOs worldwide, 69 percent (80 percent ROI and NI) see stakeholder demand for increased reporting and transparency on ESG issues and 72 percent (76 percent in ROI and 60 percent in NI) of CEOs believe stakeholder scrutiny on ESG will continue to accelerate.

Changing regulations and other pressing global economic matters are CEOs' biggest challenges in delivering their ESG strategies. Meanwhile, to meet stakeholder and investor expectations around consistent and robust sustainability reporting, over half (52 percent) of global CEOs expect to increasingly rely on external assurance of ESG data. This rises to about two thirds in Ireland (ROI 68 percent and NI 64 percent).

CEOs who say ESG programmes improve financial performance



Both physical risk and transition risk have major implications for both asset allocation and investment decisions."

Meanwhile investments are forthcoming. Sixty-two percent of CEOs say they will be looking to invest at least 6 percent of revenue in programmes that enable their organisation to become more sustainable. What's more, 74 percent worldwide agree that their organisation's digital and ESG strategic investments are inextricably linked (76 percent ROI and 60 percent NI).

However globally CEOs find it difficult to pick just one key driver when it comes to accelerating their companies' ESG strategies: proactivity on social issues (34 percent), more transparency (26 percent), inclusion, diversity and equity (IDE) strategy (21 percent) and net-zero strategy (19 percent) all compete for leadership attention. This shows there's a growing consensus that they all matter.

In terms of getting the message across, the biggest challenge for CEOs in communicating their ESG performance to stakeholders is the struggle to articulate a compelling ESG story, which more than one-third worldwide (38 percent) say their organisations face.

Economic concerns and the impact on ESG

Are recession worries causing CEOs to deprioritise ESG efforts over the short term?

As CEOs worldwide strive to maintain optimism and take steps to insulate their businesses from a possible recession, indicators point to ESG progress suffering as a result, following the trend of CEOs reassessing initiatives in many areas of the business (e.g. transformation and staffing). As economic uncertainty continues, 82 percent of global CEOs are pausing or reconsidering their existing or planned ESG efforts over the next 6 months (96 percent ROI and 92 percent NI). However ESG has become an intrinsic business imperative and business leaders who deprioritise their ESG commitments and retrench for the short term face an uphill battle in the medium to longer term.

The ESG shadow cast by the supply chain

It's critical for CEOs to understand how sustainable their entire business really is.

CEOs increasingly see reporting and transparency as important to their ESG goals — and this includes insight into their broader supply chain. Our survey shows that a large majority of CEOs (79 percent worldwide, 84 percent ROI and 72 percent NI) either have already or plan to diversify their supply chains in response to geopolitical challenges. What's more, the number one strategy for CEOs in Ireland and worldwide considering supply chain issues is a deeper analysis of their supply chain (i.e. at the third and fourth levels) to better anticipate problems. Why? Because the environmental, sustainability and human-rights practices of their partners and suppliers may impact their business and reputation.

For Russell Smyth, Head of Sustainable Futures at KPMG in Ireland, the demands on business are very real. "The climate agenda is now so pervasive that businesses are feeling pressure from all sides – regulators are introducing new statutory climate reporting requirements, supply chains are demanding sustainable practices from their suppliers, lenders are categorising their clients on their climate exposure and consumers are seeking out products with sustainable credentials."

Among the many challenges, decarbonising the supply chain is a significant challenge for companies looking to achieve net zero. Global supply chain leaders are starting to double down on investing in technology — including real-time, end-to-end analytics — to improve visibility across the entire value chain. They will likely have a more accurate understanding of how products and materials flow through the network and where issues are in the supply chain so that they can move from mere strategic intent to real, tangible outcomes.

CEOs are also making the link to digital transformation: 74 percent worldwide (76 percent ROI and 60 percent NI) say their organisations' digital and ESG strategic investments are inextricably linked. With CEOs increasingly accountable to their supply chains and reporting to broader stakeholders, their success is dependent on their digital systems. Where does the business source their raw materials? Do they know their suppliers' human-rights records? Multinational organisations need to focus more broadly on ESG — and into all the shadows cast by the organisation.

Spanish financial services group Bankinter CEO Maria Dolores Dancausa believes it's the financial sector's responsibility to help facilitate positive and sustainable transformation. "We should walk hand-in-hand with companies that are transforming toward more decarbonised business models and play a role that goes far beyond merely financing green sectors." She argues that these transitions give banks a wider range of opportunities, "from the possibility of funding projects that accelerate this dynamic toward net zero, to marketing investment products based on these types of assets".

CEOs who say digital and ESG strategies are inextricably linked

Exploring opportunities for growth

"Increasingly, cyber is no longer seen as a tech issue; it's a fundamental business operation imperative."

Technology

Bring your people and technology together: Organisations have invested so much in digital transformation that they need to make sure people adopt these technologies and use them to their full potential.

Work with partners to drive value: With CEOs increasingly interested in partnerships, identifying, integrating and managing third parties effectively can help increase speed to market, reduce costs, mitigate risks and supplement capability gaps in delivering the customer promise.

Get closer to customers: Orchestrating compelling customer experiences requires companies to begin with the customer and work backwards, taking an outside-in perspective to reverse-engineer and shape what the experience should be; then, they should adopt an inside-out view to define how the experience should be delivered.

View cyber security as a strategic function: Increasingly, cyber is no longer seen as a tech issue; it's a fundamental business operation imperative. The exponential increase in cyber attacks, coupled with the difficulty of detecting an attack on time, calls for automation and innovation in dealing with cyber incidents.

Talent

Experiment with ways of working: As organisations launch return-to-office plans, it's important for CEOs to develop working structures that suit their people. It's time to experiment and see what works best. Active listening, empathetic communications and a commitment to finding the right balance over the long term will be key.

Tell your ESG story: A business's ESG approach is increasingly seen as a differentiator when it comes to attracting and retaining talent. And with 38 percent of CEOs global saying they're struggling to tell a compelling ESG story, it's important for CEOs to articulate for stakeholders the steps they're taking to address ESG in their organisations.

Build, don't follow: Organisations and their employees are changing and leaders need to reinvent the enterprise workforce. Gone are the days of setting a 3-to-5-year workforce plan and delivering this plan at the behest of colleagues. The challenge is that there aren't new playbooks to replace them - yet.

ESG

Recognise ESG's impact on financial performance: ESG has become integral to long-term financial success. CEOs increasingly agree that ESG programmes improve financial performance, which includes being able to secure talent, strengthen the employee value proposition, attract loyal customers and raise capital.

Invest in real-time technologies: CEOs should monitor deeper into their supply chain (i.e. at the third and fourth levels). Global supply chain leaders are starting to double down on investing in technology — including real-time, end-to-end analytics — to identify where issues exist and improve visibility across the entire value chain.

Take the lead on IDE: CEOs can play a powerful role in helping lead and drive the IDE agenda in the years ahead. Moving forward, it's important to normalise IDE within companies and create a culture of inclusion and diversity across the organisation to attract and retain new employees.

Build strong connections among functions: Resilient organisations have well-connected internal teams, so for example, ensuring the finance function ensuring is aware of what the ESG teams are doing.

About KPMG's CEO Outlook

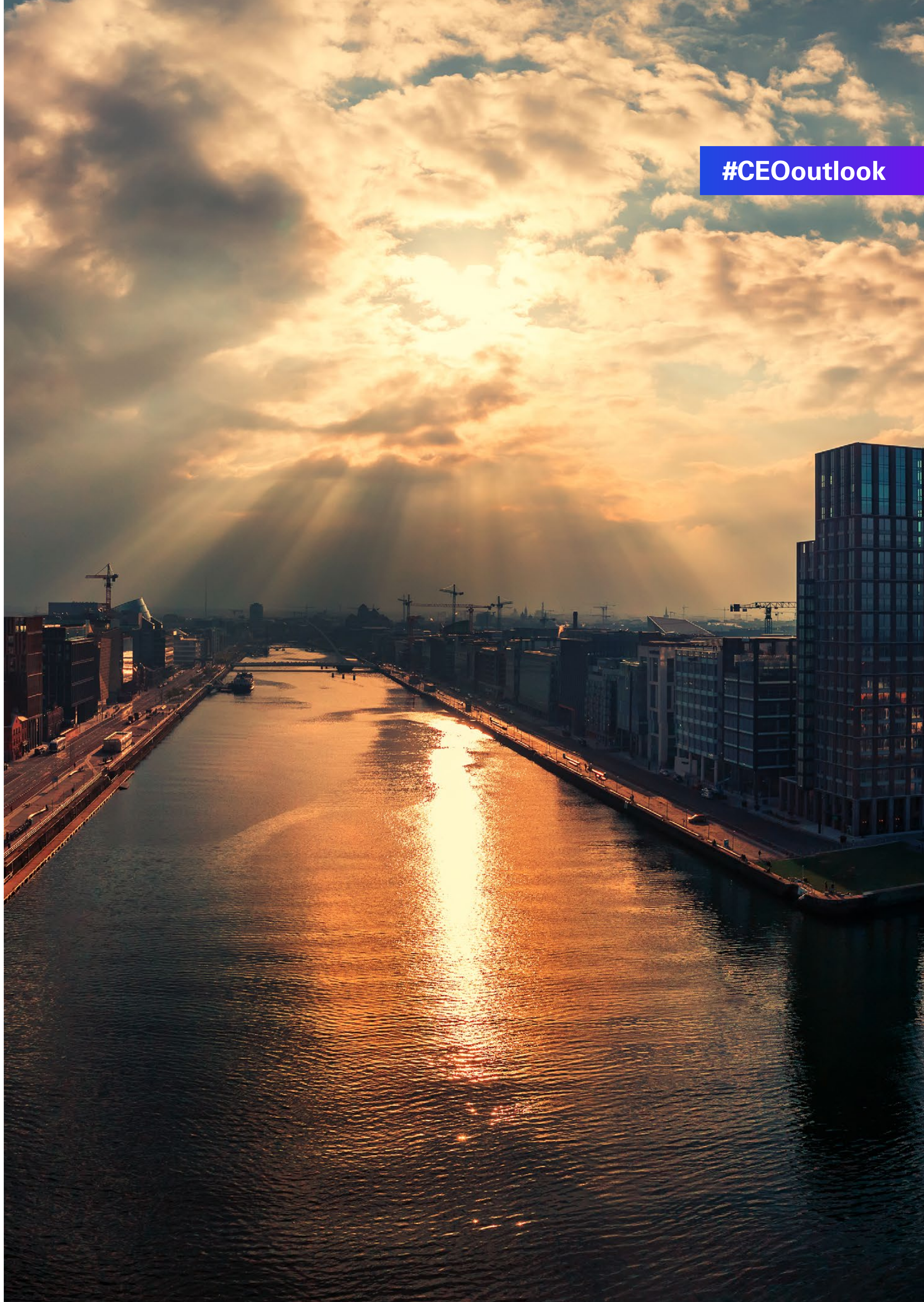
The 7th edition of KPMG Irish CEO Outlook, conducted with 1,325 CEOs in Ireland and worldwide between 12 July and 24 August 2022, provides unique insight into the mindset, strategies and planning tactics of CEOs

All respondents have annual revenues over US$500M and a third of the companies surveyed have more than US$10B in annual revenue. The survey included leaders from key markets (Australia, Canada, China, France, Germany, Ireland, India, Italy, Japan, Spain, UK and US) and 11 key industry sectors (asset management, automotive, banking, consumer and retail, energy, infrastructure, insurance, life sciences, manufacturing, technology, and telecommunications).

NOTE: some figures may not add up to 100 percent due to rounding.

KPMG would like to thank the following for their contributions:

- Maria Dolores Dancausa, Chief Executive Officer, Bankinter
- Nicola Downing, Chief Executive Officer, Ricoh Europe
- Alexis George, Chief Executive Officer, AMP
- TV Narendran, Chief Executive Officer, Tata Steel
- Takahito Tokita, President and Chief Executive Officer, Fujitsu



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