



FOR IMMEDIATE RELEASE

March 23, 2021

Contact:

Allison Rivellini /

Ichiro Kawasaki

KPMG LLP

212-872-6215 / 551-486-9310

rivellinia@kpmg.com /

ikawasaki@kpmg.com

**82% OF U.S. CEOS CONFIDENT IN GROWTH PROSPECTS OF
DOMESTIC ECONOMY; VAST MAJORITY TO SHIFT FOCUS
TO SOCIAL COMPONENT OF ESG PROGRAMS**

NEW YORK, MARCH 23 – Most U.S. CEOs remain confident in the growth prospects of the domestic economy and their businesses and, in response to the pandemic, will shift their organizations' focus to the social component of their Environmental, Social and Governance (ESG) programs, according to a new study released today by KPMG LLP, the U.S. audit, tax, and advisory firm. CEOs also said they will continue to accelerate their efforts to create a seamless digital customer experience as a result of the pandemic.

The 2021 KPMG CEO Outlook survey features insights from 500 CEOs at large companies globally, including 140 in the United States, on the key challenges and opportunities in driving business growth over the next three years. Key findings include:

- U.S. CEOs are confident in the growth prospects of the domestic economy (82%) and their company (81%), while 24% are confident in the growth prospects of the global economy.
- Moderate growth is expected. Fifty-six percent predict 2.5-5% growth for their companies, while 23% expect 5-10% growth.
- Regulatory risk (20%), tax risk (19%), cyber security risk (16%), operational risk (12%) and supply chain risk (11%) were identified as the greatest threats to their organizations' growth.
- Ninety-four percent said their focus will shift to the social component of ESG programs in response to the pandemic.
- Ninety-nine percent said their corporate purpose has helped them understand what they need to do to meet the needs of stakeholders.

- more -

2021 KPMG U.S. CEO Outlook Pulse Survey – Page 2

“While economic uncertainty persists, U.S. CEOs are making meaningful investments in their ESG strategies and programs because they realize it drives loyalty and growth of their customer base, increases their ability to attract and retain top talent and meets the expectations of investors,” said Paul Knopp, KPMG U.S. Chair and CEO. “The pandemic has altered customer and employee expectations for the long term and CEOs are intently focused on supporting all stakeholders, creating a seamless digital customer experience and ensuring their ESG strategy is embedded across their operations.”

Digital Acceleration and the Customer Experience

Forty-eight percent of CEOs noted that the pandemic has sharply accelerated progress in the area of creating a seamless digital customer experience, putting them years in advance of where they expected to be. When asked about the long-term impact the pandemic will have on their companies, 54% of CEOs indicated their customer engagement and queries will be handled predominantly through virtual platforms including chat bots, social media, telephone or websites.

Compared to a year ago, CEOs said they plan to invest more in the following technologies: digital communications such as video conferencing and messaging platforms (55%); customer-centric technologies such as chat bots (54%); data security measures (48%); artificial intelligence (44%); and e-commerce or sales platforms (33%).

ESG

- Ninety-one percent said the United States re-entering the Paris Climate Agreement will cause their company to have more stringent ESG practices.
- Ninety-six percent said the scrutiny of their organization's diversity performance will continue to increase over the next three years.
- Fifty-eight percent said progress on diversity and inclusion has moved much too slowly in the business world.
- Seventy-four percent said there is still a huge amount to do to build more diversity on boards.

2021 KPMG U.S. CEO Outlook Pulse Survey – Page 3

- Seventy-nine percent want to lock in the sustainability and climate change gains they have made during the pandemic.

Corporate Purpose

- Ninety-four percent said they use their corporate purpose to help drive action in addressing the needs of stakeholders.
- Ninety-nine percent feel a stronger emotional connection to their purpose since the pandemic began.

“CEOs continue to lean into their values and purpose as they look to address the needs of their stakeholders,” Knopp said. “CEOs also recognize that ensuring the well-being and mental health of their people has never been more important.”

CEO Response to Pandemic

- Sixty-four percent of CEOs said they will increase HR resources dedicated to managing employee well-being and mental health.
- Fifty-three percent said they plan to further increase the use of digital collaboration and communication tools.
- Thirty-seven percent said their organization will implement more virtual interviews with potential employees.
- CEOs took a range of steps to sustain corporate culture during the pandemic such as increased visibility of leaders with employees (49%), greater focus on regulatory compliance (48%), increased employee communications (46%) and additional resources for employee collaboration (44%).

The New Normal

- Fifty-two percent of CEOs envision their company will return to a normal course of business in the fall or winter of 2021, while 29% said sometime in 2022 and 19% said their business is

changed forever.

- Seventy-nine percent said their business' return to normal will rely on the encouragement of governments in key markets to lift COVID-19 restrictions, while 51% said a successful COVID-19 vaccine rollout and an adoption rate in key markets with more than half of the population vaccinated.
- As the COVID-19 vaccine becomes available, 91% said their employees will be asked to inform the company once they've been vaccinated.
- When asked about their most pressing concerns regarding the distribution of the vaccine, 51% cited geopolitical concerns pertaining to all employees in all countries having access to the vaccine at the same time, while 34% said misinformation about the safety of the vaccine that would cause employees not to take it.

About KPMG LLP

KPMG LLP is the U.S. firm of the KPMG global organization of independent professional services firms providing audit, tax and advisory services. The KPMG global organization operates in 146 countries and territories and has close to 227,000 people working in member firms around the world. Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

KPMG is widely recognized for being a great place to work and build a career. Our people share a sense of purpose in the work we do, and a strong commitment to community service, inclusion and diversity, and eradicating childhood illiteracy. Learn more at www.kpmg.com/us.

###