How We Create This Report

- **Emerging risks** are those whose effects have not yet been substantially realized in the enterprise.
- Their evolution is highly uncertain because it is rapid, nonlinear or both.
- Our Quarterly Emerging Risk Report captures senior executives' and risk managers' views on emerging risks and provides insight on identifying and mitigating them.
# 3Q22 Emerging Risk Universe Map

<table>
<thead>
<tr>
<th>#</th>
<th>Risk Category</th>
<th>Risk Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Climate &amp; ESG</td>
<td>Climate Activism</td>
</tr>
<tr>
<td>2</td>
<td>Climate &amp; ESG</td>
<td>Energy Transition</td>
</tr>
<tr>
<td>3</td>
<td>Climate &amp; ESG</td>
<td>ESG Implementation Challenges</td>
</tr>
<tr>
<td>4</td>
<td>Economic</td>
<td>Financial Planning Uncertainty</td>
</tr>
<tr>
<td>5</td>
<td>Economic</td>
<td>Energy Price Inflation</td>
</tr>
<tr>
<td>6</td>
<td>Economic</td>
<td>Key Material Shortages</td>
</tr>
<tr>
<td>7</td>
<td>Economic</td>
<td>Macroeconomic Downturn</td>
</tr>
<tr>
<td>8</td>
<td>Economic</td>
<td>Overzealous Cost Cutting</td>
</tr>
<tr>
<td>9</td>
<td>Economic</td>
<td>Wage-Price Spiral</td>
</tr>
<tr>
<td>10</td>
<td>Technological</td>
<td>Breach Disclosure Requirements</td>
</tr>
<tr>
<td>11</td>
<td>Technological</td>
<td>Cloud Concentration Risk</td>
</tr>
<tr>
<td>12</td>
<td>Technological</td>
<td>Cost of Computing Spike</td>
</tr>
<tr>
<td>13</td>
<td>Technological</td>
<td>Critical Infrastructure Failure</td>
</tr>
<tr>
<td>14</td>
<td>Technological</td>
<td>Ungoverned SaaS</td>
</tr>
<tr>
<td>15</td>
<td>Political</td>
<td>China Trade Tensions</td>
</tr>
<tr>
<td>16</td>
<td>Political</td>
<td>Escalation of Conflict in Europe</td>
</tr>
<tr>
<td>17</td>
<td>Political</td>
<td>Evolving Sociopolitical Expectations</td>
</tr>
<tr>
<td>18</td>
<td>Talent</td>
<td>Hybrid Workforce Disparities</td>
</tr>
<tr>
<td>19</td>
<td>Talent</td>
<td>Increased Employee Leverage</td>
</tr>
<tr>
<td>20</td>
<td>Talent</td>
<td>Remote-Working-Era Mental Health</td>
</tr>
</tbody>
</table>

Source: 3Q22 Gartner Emerging Risks Survey. n = 333
3Q22 Emerging Risk Universe Map

Source: 3Q22 Gartner Emerging Risks Survey, n = 333
3Q22 Top Risks

Energy Price Inflation

Impact Score: 2.91 / Time Frame: 1.34 / Frequency Selected: 56%

**Root Causes**

**Russian Invasion of Ukraine**
Sanctions on Russian energy exports affect 40% of natural gas in Europe, reduce productive oil refining capacity through supply mismatches and increase oil reserves competition.

**Increased Input Constraints for Generation and Distribution**
Availability of fuel and fuel logistics channels for electricity generation is limited, as are parts, material and labor and maintaining electricity grids.

**Extreme Weather**
Power grid operators struggle to meet increasing energy demand amid more frequent extreme weather events like heat waves and freezes.

**Potential Consequences**

**European Manufacturing Shutdowns**
European manufacturers in certain industries (e.g., metals, ceramics, glass, paper goods, etc.) may be forced to or be ordered to shut down production due to natural gas rationing.

**Increased Global Inflation**
Increased cost of fuel increases the price of goods generally, affecting inputs to production and/or cost to distribute goods to customers.

**Accelerated or Decelerated Energy Transition**
Governments or organizations may opt to pause energy transition in the short term and/or decide on more aggressive energy transition in the medium or long term.

**Risk Description:** The risk associated with higher energy prices in terms of cost of inputs and the rising cost of living.

Source: 3Q22 Gartner Emerging Risks Survey, n = 333
## Critical Infrastructure Failure

**Impact Score:** 3.26 / **Time Frame:** 2.24 / **Frequency Selected:** 56%

### Root Causes

<table>
<thead>
<tr>
<th>Event</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Russian Invasion of Ukraine</strong></td>
<td>While governments limit energy usage by taxing producers and enacting consumption quotas, materials to maintain grids are also in short supply.</td>
</tr>
<tr>
<td><strong>Extreme Weather</strong></td>
<td>Power grid operators struggle to meet increasing energy demand amid more frequent extreme weather events like heat waves and freezes.</td>
</tr>
<tr>
<td><strong>State-Sponsored Cyberattacks</strong></td>
<td>Sophisticated attacks intended to cause panic and economic damage in retaliation for other countries’ foreign policies may have different ramifications than attacks for profit.</td>
</tr>
</tbody>
</table>

### Potential Consequences

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</thead>
<tbody>
<tr>
<td><strong>Operational Disruptions</strong></td>
<td>Operations may be disrupted by blackouts or brown-outs, disruptions to other infrastructure network or to critical private-sector institutions (e.g., banks, financial networks, etc.).</td>
</tr>
<tr>
<td><strong>Supply Chain Disruptions</strong></td>
<td>Organizations may experience sudden cessations of key material deliveries (e.g., gasoline/petrol).</td>
</tr>
<tr>
<td><strong>Increased Compliance Burden and Regulations</strong></td>
<td>Governments may create new laws or rules to reduce societal risk from critical infrastructure failures, potentially affecting supply chains and energy and other utility services.</td>
</tr>
</tbody>
</table>

**Risk Description:** The risk that critical infrastructure, such as roads, bridges, pipelines, power grids, etc., may fail due to extreme weather, accidents or cyberattacks.

Source: 3Q22 Gartner Emerging Risks Survey, n = 333
## Escalation of Conflict in Europe

**Root Causes**

- **Ukrainian Counteroffensive**
  Russia may increase its degree of force in Ukraine or step up its retaliatory actions against Ukraine-aligned countries in response to Ukraine’s counteroffensive.

- **Russian Reaction to Military Aid**
  Russia may retaliate against Ukraine-aligned countries in response to their governments’ aid of the Ukrainian military (e.g., long-range weapons systems).

- **Expansion of the Conflict Zone or Parties to Conflict**
  Expansion of the conflict zone to include areas outside of Ukraine or involvement of new countries to the conflict may in turn result in escalation by Ukraine-aligned states.

**Potential Consequences**

- **Critical Infrastructure Failure**
  State-sponsored attackers could succeed in causing outages in Western critical infrastructure, such as power, telecommunications, water, oil, or other networks or assets.

- **Long-Term Effects in Some Global Markets**
  Some manufacturers affected by a cessation of Russian natural gas to the rest of Europe may disappear in a more protracted conflict, leading to lasting effects on some markets.

- **Long-Term Energy Transition Implications**
  A more protracted conflict may speed up the push to more localized energy production in the rest of Europe (including renewables and nonrenewables).

**Risk Description:** The risk that critical infrastructure, such as roads, bridges, pipelines, power grids, etc., may fail due to extreme weather, accidents or cyberattacks.

Source: 3Q22 Gartner Emerging Risks Survey, n = 333
3Q22 Risk Dashboards

Regional Emerging Risks

Top 5 Emerging Risks
By Risk Score¹

United Kingdom
1. Macroeconomic Downturn
2. Escalation of Conflict in Europe
3. Energy Price Inflation
4. Cloud Concentration Risk
5. Critical Infrastructure Failure

Europe (excl. U.K.)
1. Macroeconomic Downturn
2. Energy Price Inflation
3.Escalation of Conflict in Europe
4. Key Material Shortages
5. Critical Infrastructure Failure

Canada
1. Macroeconomic Downturn
2. Evolving Socio-Political Expectations
3. Increased Employee Leverage
4. Critical Infrastructure Failure
5. ESG Implementation Challenges

United States
1. Macroeconomic Downturn
2. Key Material Shortages
3. Financial Planning Uncertainty
4. Escalation of Conflict in Europe
5. Hybrid Workforce Disparities

Middle East and Africa
1. Macroeconomic Downturn
2. Energy Price Inflation
3. Critical Infrastructure Failure
4. Breach Disclosure Requirements
5. Evolving Socio-Political Expectations

Asia/Pacific (excl. Australia and NZ)
1. Macroeconomic Downturn
2. Key Material Shortages
3. China Trade Tensions
4. Breach Disclosure Requirements
5. Evolving Socio-Political Expectations

Australia and New Zealand
1. Macroeconomic Downturn
2. Key Material Shortages
3. Critical Infrastructure Failure
4. ESG Implementation Challenges
5. Evolving Socio-Political Expectations

n = 28 (Canada); 189 (United States); 20 (United Kingdom); 35 (Europe, excl. U.K.); 12 (Middle East and Africa); 17 (Asia/Pacific, excl. Australia and NZ); 27 (Australia and New Zealand)

Source: 3Q22 Gartner Emerging Risks Survey

¹Risk Score = SQRT (Impact x Inverse Time Frame) x Frequency Selected as a Top 10 Emerging Risk
Emerging Risk Misalignment and Blind Spots

Emerging Risks by Level of Attention and Risk Score

- **Potential Overinvestment**
  - Breach Disclosure Requirements
  - Climate Activism
  - Energy Transition

- **Prioritized Risks**
  - Cloud Concentration Risk
  - Critical Infrastructure Failure
  - Energy Price Inflation
  - ESG Implementation Challenges
  - Financial Planning Uncertainty
  - Key Material Shortages
  - Macroeconomic Downturn

- **Deprioritized Risks**
  - Cost of Computing Spike
  - Hybrid Workforce Disparities
  - Increased Employee Leverage
  - Overzealous Cost Cutting
  - Remote Working-Era Mental Health
  - Ungoverned SaaS
  - Wage-Price Spiral

- **Potential Blind Spots**
  - China Trade Tensions
  - Escalation of Conflict in Europe
  - Evolving Socio-Political Expectations

Source: 3Q22 Gartner Emerging Risks Survey, n = 333; quadrant alignment based on median score (exact median scores rounded down)
Position your Risk organization for success. Explore these additional complimentary resources and tools:

**Report**
Top Priorities for ERM Leaders
Understand ERM leaders’ biggest challenges and their confidence in solving them.

**Template**
Develop a Risk Strategic Plan You Can Use
Put your risk strategic plan on one page with this template.

**Guide**
3 ERM Strategies for Effective Third-Party Risk Management
Discover three key strategies to better manage third-party risk.

**Guide**
Elevate Emerging Risk Management
Learn how ERM heads can improve processes and deliver high-visibility wins.

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