

2025 EDITION

EXECUTIVE PERSPECTIVES ON TOP RISKS

for the Near- and Long-Term

Key issues being discussed in the
boardroom and C-suite

Research conducted by NC State University's ERM Initiative and Protiviti

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Global Business Consulting

NC STATE Poole College of Management
Enterprise Risk Management Initiative

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Introduction

Boards of directors and senior executive teams face a complex web of uncertainties. These may generate opportunities for strategic advantage or risks leading to unexpected disruption and performance shortfalls. An ability to anticipate risks that may be on the horizon before they become imminent can help leaders navigate unfolding developments — particularly those that are uncontrollable — that may impact their organisation's value and growth objectives. This report — our **13th annual edition** — contains insights from **1,215 board members and C-suite executives** around the world regarding their perspectives on the top risks they see on the horizon for both the **near-term** (two to three years ahead) and the **long-term** (a decade later, 2035).

The report contains detailed analyses of how boards of directors and C-suite executives rate the impact of 32 specific risks across three dimensions: **macroeconomic, strategic** and **operational**. Executives shared their

perspectives through an online survey conducted between mid-November 2024 (following the U.S. presidential election) and mid-December 2024. In addition to providing highlights about top risks on the minds of these executives for the full sample, this report provides insights about how risk views differ across organisations of different sizes, industries, geographic regions and types of ownership structure (public, private, non-profit and government) as well as different types of respondents (board members, CEOs, CFOs, etc.).

Board members and senior executives use the key findings in our annual **Executive Perspectives on Top Risks Survey** reports to benchmark their organisation's risks against those on the minds of other leaders. It is our hope that this report will provide helpful perspectives that can generate fruitful dialogue and discussion among boards and C-suites as well as validate risk perceptions as they ponder emerging issues.

Changes to this year's study

Going into this year's survey, we performed a comprehensive review of feedback provided by respondents from past years as well as from board and C-suite leaders who consistently review the results of our annual study. Based on this feedback, we decided to make several changes to improve, simplify and shorten our survey:

- **New short-term time horizon** — We've shifted the near-term outlook from one year to two to three years, based on empirical evidence that more leaders view that time horizon as more relevant to their decision-making than the next 12 months.
- **New short-term ratings scale** — We have changed the near-term risk rating scale from 10 points to a five-point Likert scale.
- **New format for 10-year outlook** — Rather than have respondents rate each of our 32 risk issues for the long-term horizon, we asked them to select the two most significant long-term concerns per risk category (macroeconomic, strategic, operational).
- **Updated list of risk issues** — We added several new risk issues that address pressing challenges (such as AI-related concerns), dropped low-scoring risks from prior years, and reduced the length and detail of the descriptions.

Executive summary

The results of our latest Executive Perspectives on Top Risks Survey reveal a number of broad, global themes that are influencing the near-term outlook of board members and executives.



Business leaders believe their organisations are battle-tested and better prepared for managing change.

Board members and executives generally feel more positive about their organisation’s resilience, agility and preparedness to deal with crises and changes in the market. Their view reflects a marked improvement from our survey results in prior years.

To illustrate, one of the top 10 near-term risks (looking out two to three years) is the rapid speed of disruptive innovations enabled by new and emerging technologies and other market forces. This risk continues to escalate in importance, as it was rated 13th (2024) and 19th (2023) the last two years looking out 12 months and moved to the eighth risk position when looking out in the near-term.

But here is an interesting twist: Despite the increased concerns with disruptive change, business leaders perceive a higher level of resiliency, agility and preparedness in their

organisation’s culture, as noted in the table below that shows the ranking of these culture-related concerns has been declining over the past few years.

	2025*	2024**	2023**
Resistance to change restricting the organisation from making adjustments to the business model and core operations	17th	14th	4th
Challenges in sustaining culture due to changes in the overall work environment	21st	15th	22nd
Organisation’s culture not sufficiently encouraging timely identification and escalation of emerging risk issues	24th	17th	8th
Organisation not sufficiently resilient and/or agile to manage an unexpected crisis	25th	16th	10th

* Looking out two to three years

** Looking out 12 months

In addition, none of the risks in the table scored highly when this year’s survey respondents were asked to select the top macroeconomic, strategic and operational risks looking out 10 years.

In the past several years, organisations have experienced a global pandemic (and resulting supply chain disruptions and workplace challenges), a growing onslaught of cyber attacks, exponential advancements in emerging technologies like AI, and an increasingly volatile geopolitical climate fraught with conflicts, among other challenges. The lessons learned from enduring these challenges appear to have made leaders feel more confident in their ability to address emerging issues and have led them to believe they have better prepared their organisations to recognise, embrace, communicate and adapt to gradual – as well as sudden – change than in years past.

At the same time, leaders remain wary of what's around the corner, underscoring the need for technology-enabled horizon scanning and effective scenario planning.

Companies face a number of significant challenges where the management of risk is not within their control. This came through in the survey, considering the near- and long-term challenges noted relating to the economy, availability and cost of talent, disruptive change and markets, and opportunities and risks associated with emerging technologies. Though there is a need to monitor these major challenges, leaders cannot allow themselves to be distracted by them to such an extent that they fail to identify the risk that emerges next. To keep their eyes on the horizon and gain critical foresight, many are deploying data analytics, scenario analysis, diversification strategies, technology modernisation initiatives, effective liquidity management and rapid-response planning to ensure strategic agility.

The economy remains the top near-term risk globally, reflecting collective fatigue around economic uncertainty that has been weighing on leaders since COVID.

Economic conditions (including inflationary pressures) negatively impacting growth opportunities and margins are regarded as the top near-term risk. This risk also was selected by survey respondents most often — by a substantial margin — among the top macroeconomic long-term risks (looking out 10 years). Interrelated market forces including deglobalisation, threats of tariffs and trade barriers precipitating protectionism, geopolitical tensions highlighted by U.S.-China relations, as well as various regional conflicts are contributing to this economic uncertainty. Other factors include changes in fiscal and central bank policies in major economies, shifting demographics, immigration policies, and the related impact of all these factors on the supply of labour, interest rates, inflation rates, global supply chains and consumer spending. Real economic growth is essential to alleviate these concerns.

The focus on the economy is particularly relevant given that many world economies outside the United States have not returned to pre-pandemic levels. Of note, this is the top-ranked near-term risk for board members and CFOs, while it is ranked seventh by CEOs.

Cyber threats require constant adaptation to an evolving threat landscape.

Cyber threats represent the second-ranked near-term risk for board members and C-suite leaders globally. The emergence of AI has improved cybersecurity by enabling faster and more focused threat detection, automated incident response, and analysis of network traffic to identify threats. But AI has also been exploited by cybercriminals to undertake sophisticated and large-scale attacks as well as more deceptive phishing schemes.

The constant effort to keep pace with an ever-evolving threat landscape (including but not limited to advanced persistent threats resulting from an increasingly volatile geopolitical environment) and the potential severity of the consequences

of an attack weigh on business leaders as they consider the accessibility to sensitive information, the company's value as a target, the financial and brand image implications of a high-profile incident, and the regulatory requirements to which the company is subject. No one is immune to an attack.

Third-party relationships in the form of outsourcing, strategic sourcing arrangements and ecosystem partnerships further contribute to cyber risks. These external relationships represent an extension of the so-called "boundaryless" organisation and must be managed effectively to ensure performance targets are met and reputation and brand image are sustained. Not only can these objectives be affected by a third party's actions but also by, in the case of cyber threats, a potential lack of proper security protocols and practices.

Finally, while not in the top 10 global near-term risks, growing privacy and identity protection risks and expectations are tied to cyber threats as well as AI and remain issues that seemingly are never going away. Lack of attention to these issues can lead to significant regulatory penalties, reputational damage and litigation exposure.

Efforts to comply with privacy laws often require significant, costly and time-consuming alterations to business processes, IT systems and data management practices that can disrupt operations if not managed effectively. Variations in privacy laws by country, region and even states add to the complexity of compliance.

The regulatory environment – changes, heightened scrutiny and aggressive enforcement – remains a prominent concern.

The risk of regulatory changes, heightened regulatory scrutiny and aggressive regulatory enforcement affecting the design of company processes and the production and delivery of products and services is a global concern. However, even in the U.S., where companies may be expecting a less aggressive regulatory environment as part of a trend toward deregulation under the new administration, there is likely uncertainty around the extent and pace of regulatory rollback as well as the impact of broader economic issues (e.g., tariffs and inflation risk).

Adding to this uncertainty, businesses operating in multiple regions, countries and states must navigate different, often conflicting regulatory regimes. As regulations constantly evolve, business strategy, operating processes and market offerings also must evolve. Further, in any regulatory environment, there is the specter of significant financial and brand erosion consequences from non-compliance.

AI- and talent-related risks are intertwined, revealing concerns about the availability of labour and skills to leverage emerging technologies.

Leaders have moved beyond the hype and consider AI embedded in areas and processes throughout their organisation. They now are grappling with identifying the most promising use cases and channelling investments to realise the highest and best value – including but not limited to investments in talent and skills. As the generative AI wave transitions to agentic AI and physical AI, the right talent and necessary reskilling initiatives are key to delivering on these expectations. Of equal importance is the focus on responsible deployment and use.

In our survey, three of the top 10 near-term risks relate to AI:

- Rapid speed of disruptive innovations enabled by new and emerging technologies and/or other market forces
- Adoption of AI and other emerging technologies requiring new skills in short supply
- Emergence of new risks from implementing AI

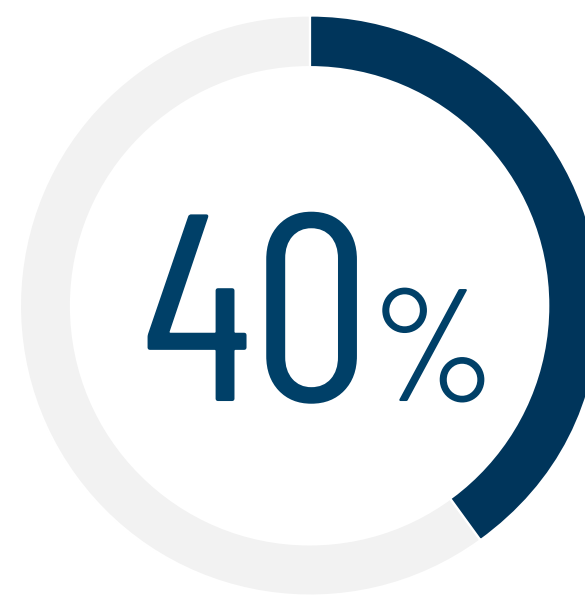
Tied to this, there also are several talent-related risk issues in the global top 10 near-term outlook:

- Ability to attract, develop and retain top talent, manage shifts in labour expectations, and address succession challenges
- Talent and labour availability
- Increases in labour costs

While risks such as attracting and retaining talent, including AI skills, can be managed with appropriate investments and process adjustments, talent availability and labour costs are driven by market forces largely beyond management's control and may affect companies' ability to meet profitability objectives.

Interestingly, a surprising disparity exists between board members and CEOs with respect to talent and labour availability – while this risk issue ranks second on the list of near-term risk issues for board members, it sits ninth for CEOs.

Long-term, talent and labour availability represents the second-ranked macroeconomic risk globally for the 10-year outlook, while the ability to attract, develop and retain top talent is the second-ranked operational risk for this same period.



of board members and C-suite executives worldwide see economic conditions as a major risk issue over the next two to three years.*

Geopolitical risk continues to escalate and influence multiple other risk issues.

Ranked 14th, geopolitical risk sits notably higher than in the last two years of our survey. What's more, outside of North America, this risk issue ranks even higher in

most markets. The pervasiveness of this risk in terms of its influence on the economy, financial markets, capital allocation decisions, supply chains and security issues (including but not limited to the potential for cyber attacks) sets it apart in the risk landscape of many companies.

At the end of 2024, there were more than 50 conflicts involving more than 90 sovereign countries around the world, the most since WWII, with tensions in Eastern Europe and the Middle East and growing unrest in Asia-Pacific the most concerning. But there are many other themes underpinning geopolitical risk – efforts to decouple or de-risk from China, the threat of tariffs and global trade conflicts, exposure to nation-state-sponsored cyber attacks, and threats to energy accessibility and the availability of scarce commodities.

This risk issue has continued to move up the ranks in the list of risks in our study. Though based on a one-year outlook, this risk issue ranked 20th (2024) and 26th (2023) over the last two years. Of note, both board members and executives view this as a critical issue in the long-term.

Table 1 below identifies the top 10 near-term risks, in rank order, identified by our full sample of 1,215 board and executive-level respondents. This is followed by an overview of the main findings in this year's study. The remainder of the report includes detailed analyses of both near-term and long-term risks, and other key findings across different subcategories of the full sample.

Table 1: Top 10 near-term risks

- 01 | **Economic conditions, including inflationary pressures** — Economic conditions (including inflationary pressures) in markets we currently serve may negatively impact growth opportunities and margins.
- 02 | **Cyber threats** — Our organisation may not be sufficiently prepared to manage cyber threats that have the potential to disrupt core operations and/or damage our brand.
- 03 | **Ability to attract, develop and retain top talent, manage shifts in labour expectations, and address succession challenges** — Our organisation's ability to attract, develop and retain top talent, navigate evolving labour expectations and demands, and address succession challenges amid the constraints of the talent/labour market may limit our ability to achieve operational targets.
- 04 | **Talent and labour availability** — The availability of key talent, labour and skill sets, considering an overall ageing workforce, immigration policies, lower unemployment levels and potential disruption (e.g., workforce strikes), may affect our ability to meet profitability objectives.
- 05 | **Increases in labour costs** — Anticipated increases in labour costs may affect our opportunity to meet profitability targets.
- 06 | **Heightened regulatory change, uncertainty and scrutiny** — Regulatory changes and scrutiny may heighten, noticeably affecting the way our processes are designed and our products or services are produced or delivered.
- 07 | **Third-party risks** — Third-party risks arising from our reliance on outsourcing and strategic sourcing arrangements, ecosystem partners, IT vendor contracts, and other partnerships/joint ventures to achieve operational and go-to-market objectives may prevent us from meeting organisational targets or impact our brand image.
- 08 | **Rapid speed of disruptive innovations enabled by new and emerging technologies and/or other market forces** — Rapid speed of disruptive innovations enabled by advanced technologies (e.g., artificial intelligence, quantum computing) and/or other market forces may outpace our organisation's ability to compete and/or operate successfully without making changes to our business model.
- 09 | **Adoption of AI and other emerging technologies requiring new skills in short supply** — Our organisation may struggle in a competitive marketplace for talent and skills needed to capture fully new capabilities and strategic opportunities introduced by rapidly evolving technologies emerging in the marketplace, including generative AI, without significant efforts to upskill and reskill existing employees.
- 10 | **Emergence of new risks from implementing artificial intelligence** — The rapid pace at which AI, including generative AI, is being developed and deployed in organisations is creating new opportunities along with risks and unintended consequences related to business strategy, regulatory compliance, operations and the workforce, while also raising questions concerning the near- and long-term returns on the significant investments required.



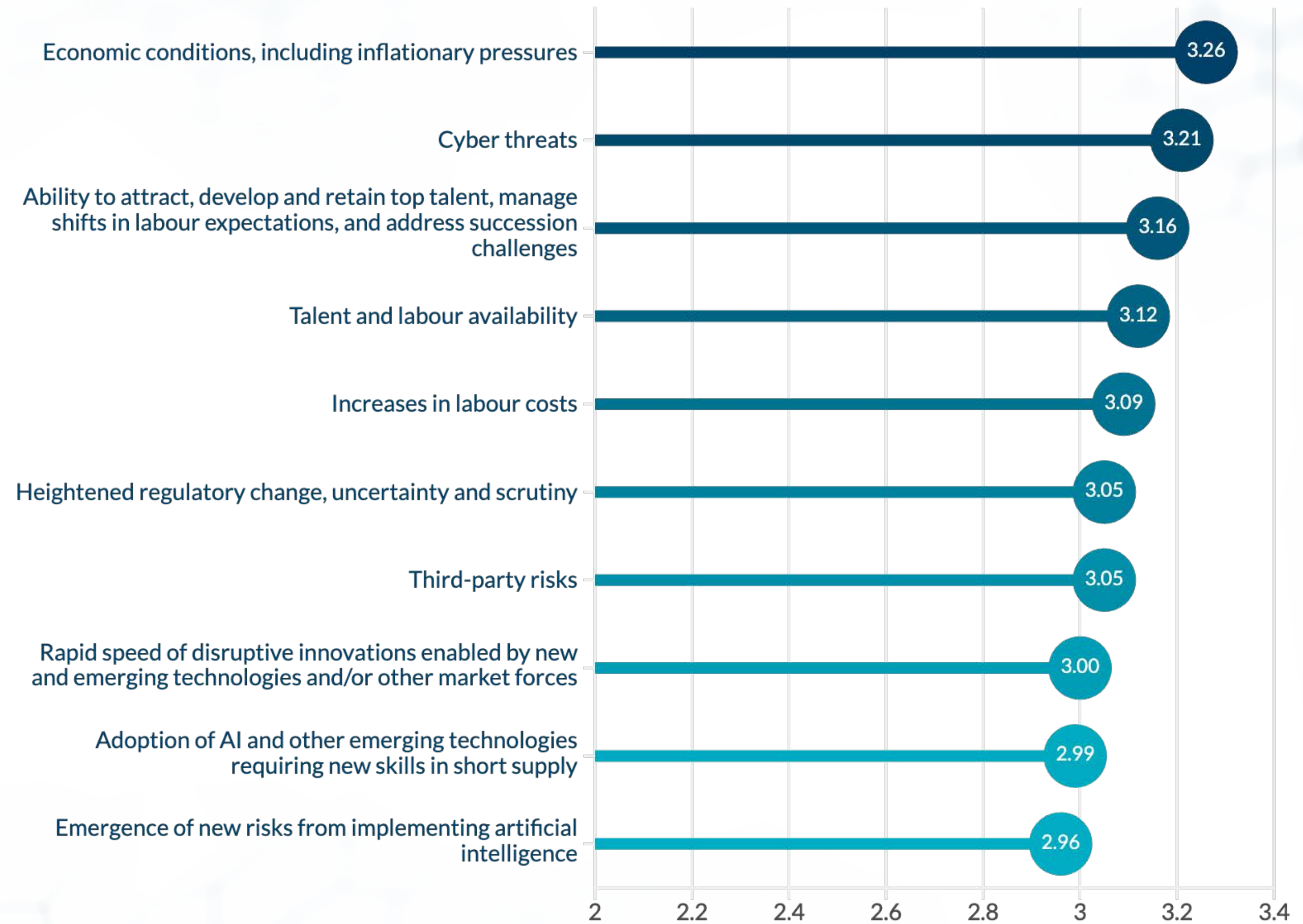
03

Top near-term
risk concerns

As described in the Research Methodology section at the back of this report (see page 98), respondents rated the near-term (over the next two to three years) impact to their organisation for 32 risks using a five-point Likert scale where 1 reflects “No Impact at All” and 5 reflects “Extensive Impact.” Throughout this report, we use summarised descriptions of each of the 32 risks, which are described in detail in Exhibit 1 on page 99.

The top 10 near-term risks ranked by the 1,215 directors and executives are included in Figure 1. Four of the top 10 risks are “Significant Impact” risks (given their average scores are 3.11 or higher on the five-point Likert scale they used to assess the impact of each risk on their organisation).

Figure 1: Top 10 global risks – near-term outlook



The top 10 risks include concerns spread across each of the three dimensions: macroeconomic, strategic and operational. Concerns about **economic conditions, including inflationary pressures**, represent the top risk concern among the full sample of respondents. As shown in the table on the next page, 40% of respondents rated that risk concern as “4” or “5” on the five-point Likert scale. Challenges with inflation, evolving monetary policy and the potential for tariffs and other trade restrictions are creating uncertainties about the future economic outlook, particularly as the new presidential administration in the United States reveals and seeks to implement its new policy initiatives, which will likely influence global markets and trade.

Those economic concerns are intertwined with concerns about two other macroeconomic risks related to the **talent and labour marketplace** and the potential for **increased labour costs**. Until there is some clarity about the economic outlook, executives are cautious as to the availability of and access to the talent and labour required by their organisation and how costly it might be to attract and develop the needed skill sets. These concerns also relate to the operational

risk concern reflecting worry among executives that their organisations might struggle to attract and retain the talent needed to prepare for **succession challenges** they may face as key leadership changes emerge. These issues related to talent and labour are a dominant theme for the near-term risk outlook, as are the concerns about the economy.

Technology and innovation risk challenges are also top-of-mind for the full sample of executives. Executives continue to be concerned about cyber threats, which seem to be a perpetual problem. A major challenge with cyber threats is how underlying threats evolve and continually change, including in the attack vectors used and in the various actors involved who seek to disrupt core IT systems or compromise sensitive data. Similar to concerns about the overall economy, 40% of boards and executives rate the potential impact of cyber threats as a “4” or “5” on the five-point Likert scale.

In addition to cyber threats, executives are focused on risks triggered by the speed at which innovations are emerging and how those innovations might trigger significant disruptions

to their organisation’s business model and strategies. In particular, innovations linked to the **adoption of AI** are front and centre on the minds of executives who are concerned about their organisation’s ability relative to their competitors to integrate AI for strategic advantage. They are also concerned that, operationally, their organisations are not prepared to manage new kinds of risk exposures.

Following this theme, executives also highlight how uncertainties related to potential **shifts in regulatory requirements** and increased **regulatory scrutiny** may impact how they do business and seek to grow through new strategic initiatives. Part of the concern may be due to the reality that regulations impact all organisations — not just those in regulated industries. As businesses expand their global footprints, they can no longer focus primarily on regulations in their home countries. Rather, they must expand their focus to manage regulatory compliance in multiple jurisdictions around the world, which sometimes may create conflicts due to inconsistencies in regulatory requirements and how compliance must be managed and monitored.

Finally, executives are also focused on **operational risks** that may emerge indirectly through **third parties** on which they rely to conduct core operations. Executives recognise that risk management capabilities and vulnerabilities of their organisation’s suppliers, vendors, joint ventures, partnerships and other third parties can suddenly trigger risks that impact their organisations. That exposure can also be impacted by the fact that an organisation’s third parties likely engage with their own external parties, which trigger downstream risk concerns triggered by third, fourth and fifth layers of external providers. These relationships are integral to the so-called “boundaryless” organisation’s ecosystem and must be managed effectively to ensure that performance targets are met and reputation and brand image are preserved.

Table 2 shows a slightly different rank ordering of the top 10 near-term risks based on the percentage scores of respondents selecting a “4” or “5” on our five-point Likert scale used to assess each risk’s potential impact. For the most part, this list is consistent with the bar chart shown earlier in this section that ranks risks based on their average risk scores. The one difference between the top 10 near-

term risks shown below and those shown in the earlier bar graph is that sustaining customer loyalty and retention is the 10th risk in the list of top 10 based on percentages of respondents selecting “4” or “5,” while navigating risk exposures linked to the responsible deployment of AI is the 10th risk based on average risk score.

Table 2: Top 10 near-term risks – by percentage of response

	1 or 2	3	4 or 5
Economic conditions, including inflationary pressures	22%	38%	40%
Cyber threats	27%	33%	40%
Ability to attract, develop and retain top talent, manage shifts in labour expectations, and address succession challenges	31%	31%	38%
Talent and labour availability	31%	33%	36%
Increases in labour costs	31%	34%	35%
Third-party risks	32%	34%	34%
Heightened regulatory change, uncertainty and scrutiny	32%	34%	34%
Rapid speed of disruptive innovations enabled by new and emerging technologies and/or other market forces	33%	35%	32%
Adoption of AI and other emerging technologies requiring new skills in short supply	35%	34%	31%
Sustaining customer loyalty and retention	38%	31%	31%

Note that risks relating to **sustaining customer loyalty** and **data privacy** just missed the top 10 list when based on average risk scores. Concerns regarding the difficulty in sustaining customer loyalty and retention due to evolving customer preferences for different products, services and buying experiences and/or demographic shifts in the existing customer base represent the 11th-rated risk looking out two to three years. This is a risk requiring a grounded, data-driven understanding and segmentation of the market. For example, recent surveys have found that a majority of Gen Z Americans have become less brand loyal since the pandemic. The 12th-rated risk around ensuring privacy and compliance with growing privacy and identity protection risks and expectations also just missed the top 10 cut. This is an issue that is seemingly never going away. A lack of attention can lead to significant regulatory penalties, reputational damage and litigation exposure. Efforts to comply with proliferating privacy laws across multiple jurisdictions often require significant costly and time-consuming alterations to business processes, IT systems and data management practices that can disrupt operations if not managed effectively.

Three of last year's top risks fell out of the top 10 risks list. Last year, the top risks looking out 12 months included **existing operations and legacy infrastructure** unable to meet performance expectations, the effects of changes in the **current interest rate environment**, and implications from non-compliance with **growing privacy and identity protection risks** and expectations as the seventh-, eighth- and 10th-rated risks, respectively. This year, looking out two to three years, these three risks are rated 13th, 15th and 12th, respectively. They were replaced by **talent and labour availability** in the marketplace (fourth), **rapid speed of disruptive innovations** enabled by new and emerging technologies and/or other market forces (eighth), and **emergence of new risks from implementing AI** (10th).

To address AI risk, we are doing a few things. It starts with strong AI policies and standards that we have documented and publicised throughout the organisation. They act as a guiding force when it comes to designing AI solutions. We go through a risk review of any new usage of AI or existing modifications of AI models. And as part of our cybersecurity monitoring, we have detective controls where we can track the code and dataset within AI.

CISO
Financial services company
North America



04

Highlights across
different subsets
of organisations

There is no one-size-fits-all view of risks, given an organisation's unique business model and strategy are subject to different levels of uncertainties that lead to varying types of risks.

To provide some sense of how risks may differ across the full sample of 1,215 respondents, this section highlights some of the most significant differences across several subsets of the data analysed.

We first provide an overview of how different types of executives rate each of the risks based on their position in the organisation. We next provide an overview of how risks are viewed differently across industry groups. While we offer high-level insights about differences across position and industry in this section, we provide much more in-depth analysis of these differences later in this report.

This section also provides brief high-level summary analyses of key similarities and differences in the views about the top five risks across the different dimensions of entity size, geographic region and ownership type (public, private, non-profit, government).

Differences across type of executive position

Executives who completed our risk survey include 169 individuals (14 percent of all respondents) who serve on an organisation's board of directors, with the remainder of our respondents serving in various C-suite positions:

Position	Number of respondents	Percentage of sample
Board Member (Board)	169	14%
Chief Executive Officer (CEO)	68	6%
Chief Financial Officer (CFO)	100	8%
Chief Human Resources Officer (CHRO)	38	3%
Chief Risk Officer (CRO)	156	13%
Chief Audit Executive (CAE)	182	15%
Chief Information/Technology Officer (CIO/CTO)	137	11%
Chief Strategy/Innovation Officer (CSO)	67	5%
Chief Data/Digital Officer (CDO)	57	5%
Chief Legal Officer/General Counsel (CLO)	58	5%
Chief Operating Officer (COO)	73	6%
Other C-Suite (OCS) ¹	52	4%
All other ²	58	5%
Total	1,215	100%

¹ This category includes titles such as chief compliance officer and chief sustainability officer.


² These 58 respondents did not provide a response allowing for classification by position or would best be described as middle management or business advisers/consultants. We do not provide a separate analysis for this category.

To provide insights about how different types of executives view both near-term and long-term risks, we look at individual rankings of top risks across 12 different position categories (we exclude 58 of the 1,215 respondents who do not serve in one of those 12 positions). Table 3 highlights those risks that are ranked in the top five list of risks by position. The numbers (1 through 5) reflected in each column of the table indicate the relative rank within the top five for that risk by individuals in those positions.

Table 3: Top five near-term risks – by executive position

Risk	Board	CEO	CFO	CIO/CTO	CRO	CAE	CDO	CHRO	CSO	CLO	COO	OCS
Economic conditions, including inflationary pressures	1		1	2	4	4	1		3	1	2	2
Increases in labour costs	5	4	3	1				1	1	3	1	
Cyber threats	3	2	2		2	1						3
Ability to attract, develop and retain top talent, manage shifts in labour expectations, and address succession challenges	4		4	3		2		3	1	5	5	1
Heightened regulatory change, uncertainty and scrutiny					1						4	4
Talent and labour availability	2		5	4	5	5		2	4		3	
Adoption of AI and other emerging technologies requiring new skills in short supply		1							5			
Third-party risks					3	3	2					
Change in current interest rate environment							5					
Rapid speed of disruptive innovations enabled by new and emerging technologies and/or other market forces		3		5				5				
Sustaining customer loyalty and retention		5						3				5
Ensuring privacy and compliance with growing privacy and identity protection risks and expectations							3			3		
Inability to utilise rigorous data analytics to achieve market intelligence and increase productivity and efficiency							3					
Challenges in sustaining culture due to changes in overall work environment										1		

Note: The number in each cell indicates the rank order of the top five risks by each executive position, excluding the 58 respondents in the “All other” category. Instances where the same rank is shown for more than one risk issue reflect ties.



Commonalities in risk views: There is noticeable agreement among most executives related to some of the top risk concerns highlighted in the full sample results:

- Most executives believe that risks linked to uncertainties about **economic conditions, including inflationary pressures**, are a top near-term concern. Board members, CFOs, CDOs and CLOs ranked these risks as their top concern. However, CEOs and CHROs did not include that risk in their list of top five concerns. So, notwithstanding general agreement among most leaders, there is some difference in views.
- Similarly, most executives included concerns about the impact of potential **increases in labour costs**, with that risk representing the top concern for CHROs, CIOs/CTOs, CSOs and COOs.
- Other risks commonly included in the list of top five risk concerns across most positions include risks linked to **cyber threats**, the operational risk **concerns related to attracting and retaining talent** and addressing succession challenges, and overall concerns about **labour and talent availability** in the marketplace.

Noticeable differences in risk priorities across position:

While there is agreement across different executive positions about several risks, there are noticeable variations in how different executives prioritise other risks. For example:

- CEOs are especially concerned about **strategic risk issues**, with three of their top five risks related to that category. Their top risk concern relates to whether their organisation will be able to **adopt AI and other emerging technologies** for strategic advantage. CSOs are the only other executive position including that risk as a top five concern. CEOs are also worried about how the rapid pace of innovation might disrupt their organisation's business model, and they are concerned about the organisation's ability to sustain customer loyalty as innovations unfold.
- CROs are most concerned about risks related to heightened **regulatory change** and uncertainty and increased regulatory scrutiny. No other executive position included that issue as a top five risk except for COOs and the Other C-suite (OCS) category.

- While board members, CEOs, CFOs, CROs and CAEs rated **cyber threats** as a top five risk concern, surprisingly, CIOs/CTOs and CDOs did not. This difference may be due to their primary focus being on technology development and implementation, which may lead to prioritising innovation over security concerns — particularly when the responsibility for cybersecurity falls on a CISO.
- As highlighted in Table 3, there are several risks included in the top five list of risk concerns that are viewed only by one or two positions as an important risk concern. Variations in how executives view risks highlight the importance of engaging in robust conversations about the organisation's top risks to understand why some executives rate a given risk as a top five concern while others do not. Alignment as to the top risk priorities can lead to more informed resource allocation decisions.

We provide much more in-depth analysis of different risk views for both near-term and long-term risks across executive positions later in this report.

Differences across industry groups

We analysed subsets of the full sample across eight different industry groupings, as shown below, excluding 26 survey responses where the number of industry members was too small to analyse separately.

Industry	Number of respondents	Percentage of sample
Financial Services (FS)	200	16%
Consumer Products and Services (CPS)	170	14%
Manufacturing and Distribution (MD)	191	16%
Technology, Media and Telecommunications (TMT)	192	16%
Healthcare (HC)	181	15%
Energy and Utilities (EU)	130	11%
Government (GOVT)	75	6%
Not-for-Profit/Higher Education (NFP/HE)	50	4%
Other industries (not separately reported)	26	2%
Total	1,215	100%

The type of industry in which an organisation operates will impact the nature of the risks that are most relevant to its strategic success. To provide insights into how risks may differ across industry groups, we break down our analysis to look at individual rankings of risks across eight different industry groups (we excluded 26 of the 1,215 respondents who do not fit into one of these eight industry groups or did not report their industry type). Table 4 on the following page highlights those risks that are ranked in the top five list of risks by industry group. The numbers (1 through 5) reflected in each column indicate the relative rank within the top five for that risk for organisations in that industry group.

Table 4: Top five near-term risks – by industry group

Risk	FS	CPS	MD	TMT	HC	EU	GOVT	NFP/HE
Economic conditions, including inflationary pressures	1	3	1	5			2	5
Increases in labour costs		2	4		2	4		
Cyber threats	2			1	1			1
Ability to attract, develop and retain top talent, manage shifts in labour expectations, and address succession challenges		1	2		5			2
Heightened regulatory change, uncertainty and scrutiny	5					2		4
Talent and labour availability		4	3		4			
Adoption of AI and other emerging technologies requiring new skills in short supply				2				
Third-party risks	4				3			
Changes in global markets and trade policies			5					
Change in current interest rate environment	3							
Rapid speed of disruptive innovations enabled by new and emerging technologies and/or other market forces				3				
Sustaining customer loyalty and retention		4						
Emergence of new risks from implementing artificial intelligence				4				3
Impact of climate change and other environmental and sustainability requirements and expectations						1		
Rising threat of catastrophic natural disasters and weather phenomena						3	4	
Uncertainty surrounding core supply chain ecosystem						5		
Geopolitical shifts, regional conflicts and instability in governmental regimes							1	
Challenges in sustaining culture due to changes in overall work environment							3	
Organisation not sufficiently resilient and/or agile to manage an unexpected crisis							4	

Note: The number in each cell indicates the rank order of the top five risks by each industry group, excluding 26 survey responses where the number of industry members was too small to analyse separately. Instances where the same rank is shown for more than one risk issue reflect ties.

Commonalities in risk views across industry groups: There is noticeable agreement across most industry executives related to some of the top risk concerns highlighted in the full sample results:

- Industry groups other than Healthcare and Energy and Utilities believe that risks linked to **economic conditions, including inflationary pressures**, is a top near-term concern. The Financial Services and Manufacturing and Distribution industry groups ranked this as their top risk issue.
- **Talent concerns** are top of mind for several industry groups. Four of the eight industry groups view the potential for increases in labour costs to be a top five risk concern. Three of those same four industries are also concerned about impacts related to **talent and labour availability** in the marketplace and their organisation's operational capabilities to **attract, develop and retain talent** needed for success.

- **Cyber threats** are a top five risk concern for the Financial Services; Healthcare; and Technology, Media and Telecommunications industry groups and for Not-for-Profit and Higher Education entities.

- Regulated industries, including Financial Services and Energy and Utilities, highlight risk challenges that may be linked to **increased regulation and regulatory scrutiny**. Surprisingly, the impact of increased regulations is a top five concern for Not-for-Profit and Higher Education organisations, suggesting that general expansion of regulations impacts all types of entities.

Noticeable differences in risk priorities across industry groups: While there is agreement across different industry groups for several risks, particularly risks related to macroeconomic conditions, other risks uniquely impact some industries. For example:

- Organisations in the Technology, Media and Telecommunications industry group are the only ones to include risks related to **AI and disruptive technologies** as top five risk concerns.

- **Third-party risk** concerns were highlighted as top five near-term risks for Financial Services and Healthcare organisations, but not in the top five for any other industry category.

- Energy and Utilities rated risks related to **climate change and sustainability regulations** as their top risk concern, while no other industry group included that in their top five.
- Organisations in the government sector had the least overlap of top five risks with the other seven industry group categories. Government organisations were the only respondents to rate **geopolitical risks** as a top five risk, with that risk being their top risk concern. In addition, they were the only industry to rate sustaining the organisation's culture, managing a crisis and rising threats linked to natural disasters as top five concerns.

We provide much more in-depth analysis of different risk views for both near-term and long-term risks across industries later in this report.

Other analyses across different subcategories

We also provide summary highlights of comparisons of top five risks across three other subcategories of our full sample:

1. Analysis across organisational size
2. Analysis across different geographical regions
3. Analysis across types of organisational structure

While we do not provide detailed analysis in this report for these subcategories, the following briefly highlights some of the key differences and similarities among their top five near-term risks.

Highlights across organisational size

Because the sizes of organisations represented in our sample vary, we separately analysed responses across the following four size categories based on most recent annual revenues for most industries except financial services and government agencies, where we determined size based on assets under management or budget under management, respectively. The size breakdown in our sample is as follows:

Size category	Number of respondents	Percentage of sample
Largest organisations: Revenues of \$10 billion or greater; assets or budget under management \$50 billion or more.	237	19%
Medium-to-large organisations: Revenues \$1 billion to \$9.99 billion; assets under management \$10 billion to \$49.99 billion; budget under management \$5 billion to \$49.99 billion.	432	36%
Small-to-medium organisations: Revenues \$100 million to \$999.99 million; assets under management \$1 billion to \$9.99 billion; budget under management \$500 million to \$4.99 billion.	393	32%
Smallest organisations: Revenues less than \$99.99 million; assets under management less than \$999.99 million; budget under management less than \$499.99 million.	153	13%
Total	1,215	100%

Table 5 highlights those risks that are ranked in the top five list of risks across these four organisational size categories. The numbers (1 through 5) reflected in each column indicate the relative rank within the top five for that risk by individuals across four sizes of organisations.

Table 5: Top five near-term risks – by organisation size

Risk	Largest organisations	Medium-to-large organisations	Small-to-medium organisations	Smallest organisations
Economic conditions, including inflationary pressures	1	1	1	1
Cyber threats	5	1	2	2
Ability to attract, develop and retain top talent, manage shifts in labour expectations, and address succession challenges	2	3	4	
Talent and labour availability	4	4	3	
Heightened regulatory change, uncertainty and scrutiny	3			
Increases in labour costs		5	5	
Sustaining customer loyalty and retention				3
Rapid speed of disruptive innovations enabled by new and emerging technologies and/or other market forces				4
Adoption of AI and other emerging technologies requiring new skills in short supply				5

Note: The number in each cell indicates the rank order of the top five risks by each size category. Instances where the same rank is shown for more than one risk issue reflect ties.

Commonalities across size: Some risks dominate the top five near-term risk concerns for each of the four organisational size categories.

- **Economic and cyber threat concerns** dominate all sizes of organisations. All four size categories of organisations rated concerns about economic conditions, including inflationary pressures, as their number one near-term risk concern.
- All four size categories of organisations rated **cyber threats** as a top two near-term risk concern, except for the largest size category, which rated that risk as fifth among the 32 risks examined.
- Macroeconomic concerns related to **talent and labour markets** and operational concerns about the **organisation's ability to compete for talent** comprised two of the top five risk concerns for all sizes of organisations except for the smallest organisations. Except for the smallest organisations, respondents across all other size categories are concerned that their organisation's operations may not be able to **attract, develop and retain top talent needed to address succession challenges**, particularly considering macroeconomic challenges pertaining to the availability of talent and labour given the overall ageing workforce, immigration policies and lower unemployment levels.

Unique concerns for the largest and smallest sized organisations: There are some differences in the top five near-term risks for the two extremes of organisation size, namely the largest and the smallest organisations.

- Only the largest organisations rated concerns about **heightened regulation and regulatory scrutiny** as a top five risk.
- **Strategic risk challenges** dominate concerns for **smaller organisations**, with three of their top five risks related to strategic risk issues.
- The smallest organisations are concerned about their **ability to sustain and retain customer loyalty** in light of competition from better resourced organisations.
- Smaller organisations are particularly focused on the **potential for disruptive innovations** enabled by emerging technologies and other market forces, **including the adoption of AI and other emerging technologies** requiring new skills in short supply.

Highlights across geographic regions

Our survey was conducted on a global basis, with executive respondents from the following seven regions of the world providing their perspectives on near-term risks.

Region	Number of respondents	Percentage of sample
North America	537	44%
Latin America	119	10%
Europe, including the United Kingdom	169	14%
Middle East and Africa	67	5%
India	57	5%
Asia	168	14%
Australia and New Zealand	98	8%
Total	1,215	100%

Table 6 on the following page highlights those risks that are ranked in the top five list of risks across these seven geographic regions. The numbers (1 through 5) reflected in each column indicate the relative rank within the top five for that risk by individuals in organisations in these different geographies.

Geopolitics affects us ... we are worried about geopolitics' effects on our material supply. If we can't buy from particular countries, then we are going to struggle to find material to manufacture our products.

CFO
Aerospace company
European Union/UK

Table 6: Top five near-term risks – by geographic region

Risk	North America	Latin America	Europe (incl. the UK)	Middle East & Africa	India	Asia	Australia & New Zealand
Economic conditions, including inflationary pressures	2	2	1	1	4	4	2
Increases in labour costs		4		2	1	3	3
Cyber threats	1	1	4		3		
Ability to attract, develop and retain top talent, manage shifts in labour expectations, and address succession challenges	3			4	2	1	
Heightened regulatory change, uncertainty and scrutiny	5		3		5		
Talent and labour availability	4		2	4		2	
Adoption of AI and other emerging technologies requiring new skills in short supply		5				5	
Third-party risks			5				1
Change in current interest rate environment		3					
Rapid speed of disruptive innovations enabled by new and emerging technologies and/or other market forces				3			
Ensuring privacy and compliance with growing privacy and identity protection risks and expectations							4
Ease of entrance of new competitors or other changes in competitive environment							5
Sustaining customer loyalty and retention					5		

Note: The number in each cell indicates the rank order of the top five risks by each geographic region. Instances where the same rank is shown for more than one risk issue reflect ties.

Commonalities across geographies: Some risks dominate the top five near-term risk concerns for most of the seven geographic regions.

- **The concern about the economy, including inflationary pressures,** is global given respondents in every one of the seven geographic regions rated that risk concern as one of the top five near-term risks. Uncertainties in the global marketplace are a common threat, reflecting the integrated nature of global commerce.
- Talent- and labour-related risks also appear to be top risk concerns in several regions of the world. Anticipated **higher labour** costs made the top five near-term risks for organisations in Latin America, the Middle East and Africa, India, Asia, and Australia and New Zealand. Only North American and European/UK organisations did not rate labour costs as a top five risk. North America, Europe/UK, the Middle East and Africa, and Asia rated **talent and labour availability** as a top five near-term risk concern. Organisations in Asia are also most concerned about their **ability to attract and retain the talent** they need for ongoing succession challenges.

- **Cyber threats** are a particularly relevant near-term concern for organisations in North America, Europe (including the UK), India, and Latin America.
- Respondents in North America, Europe (including the UK), and India are especially focused on the potential for **heightened regulatory changes and scrutiny.**

Unique concerns across geographies: There are some differences in top five near-term risks for different parts of the world:

- Organisations in Latin America and Asia are especially concerned about their **ability to obtain the talent and skills** necessary for them to adopt AI and other emerging technologies.
- Respondents in Latin America uniquely expressed near-term risk concerns related to potential changes in the **current interest rate environment.**
- While organisations in Australia and New Zealand did not rank cyber threats as a top five risk issue, they uniquely identified concerns about **ensuring privacy**

and identity protection as a top five risk, in addition to concerns related to third parties.

- Entities in the Middle East and Africa are particularly concerned about the strategic impact of **rapidly developing innovations** on their business model.

Talent retention is a major near-term risk in our very competitive industry and region. We are focusing actively on people – investment in competencies, education and flexible benefits.

CFO
Energy company
European Union/UK

Highlights across organisational structure

Responses to our survey were provided by executives in different types of organisations, as summarised below.

Organisation type	Number of respondents	Percentage of sample
Publicly traded companies	551	45%
Privately held companies planning for IPO	343	28%
Privately held companies with no plans for IPO	124	10%
Non-profit organisations	91	8%
Government	105	9%
Organisation type not identified	1	<1%
Total	1,215	100%

Table 7 on the following page highlights those risks that are ranked in the top five list of risks across these five types of organisational structures. The numbers (1 through 5) reflected in each column indicate the relative rank within the top five for that risk by individuals in organisations in these different types of entities. The numbers reported for non-profit and government organisations in this analysis differ from the numbers reported in the industry analysis presented earlier. This is due to these organisations having the opportunity to classify themselves appropriately on an industry basis while their organisational type matches our categories above. For example, a not-for-profit healthcare organisation would be classified in the Healthcare industry and as a non-profit organisation in this section.

Table 7: Top five near-term risks – by type of organisational structure³

Risk	Publicly traded	Privately held planning for IPO	Privately held no plans for IPO	Non-profit organisation	Government
Cyber threats		1	1	1	2
Economic conditions, including inflationary pressures	1	3	2		1
Third-party risks		5	4	3	
Ability to attract, develop and retain top talent, manage shifts in labour expectations, and address succession challenges	2			4	
Talent and labour availability	3			5	
Heightened regulatory change, uncertainty and scrutiny	5			2	
Increases in labour costs	4				
Adoption of AI and other emerging technologies requiring new skills in short supply			3		
Rapid speed of disruptive innovations enabled by new and emerging technologies and/or other market forces			5		
Access to capital/liquidity		2			
Operations and legacy IT infrastructure unable to meet performance expectations		4			
Geopolitical shifts, regional conflicts and instability in governmental regimes					3
Challenges in sustaining culture due to changes in overall work environment					4
Ensuring privacy and compliance with growing privacy and identity protection risks and expectations					5

Note: The number in each cell indicates the rank order of the top five risks by each type of organisation.

³ One respondent did not indicate the type of organisational structure.

Commonalities across types of organisational structure:

Some risks dominate the top five near-term risk concerns for most of the five types of organisational structure we examine.

- **Concern about the economy, including inflationary pressures**, is significant for all organisations, with the exception being non-profit entities. This concern is the number one risk issue for publicly traded entities.
- Only publicly traded entities failed to rank **cyber threats** as a top five near-term risk. Privately held entities and not-for-profits rated this issue as their number one near-term risk concern, with government entities rating it as their number two concern. Privately held entities and non-profits are also focused on risks tied to their organisation's dependence on **third parties**.
- Publicly traded entities and not-for-profit entities also expressed near-term risk concerns related to talent, including their ability to compete in the **talent and labour markets** and **ability to attract and retain talent**. Public companies are also focused on **increasing labour costs**.

Unique concerns across types of organisational structure:

There are some differences in top five near-term risks across the different types of organisational structures:

- The ability to **access capital markets** is a top five near-term risk for privately held entities hoping to go public in the near-term. Similarly, they are concerned about whether their **current IT infrastructure and legacy IT operations** will provide sufficient agility and nimbleness to compete with other organisations that have more advanced technologies or are “born digital.”
- Private entities with no immediate plans for an IPO are focused on strategic risk issues related to their ability to **adopt emerging technologies, including AI**, and how the **rapid speed of disruptive technologies** might impact their business models.

- Government organisations are uniquely focused on risks related to **geopolitical shifts**, and they are focused on challenges associated with sustaining their organisational culture during a period in which there is uncertainty regarding potential changes occurring in the work environment. They are also focused on risk exposures they may face related to **ensuring privacy and the protection of identities** of key stakeholders they serve.



05

The macroeconomic
risk environment:
a closer look

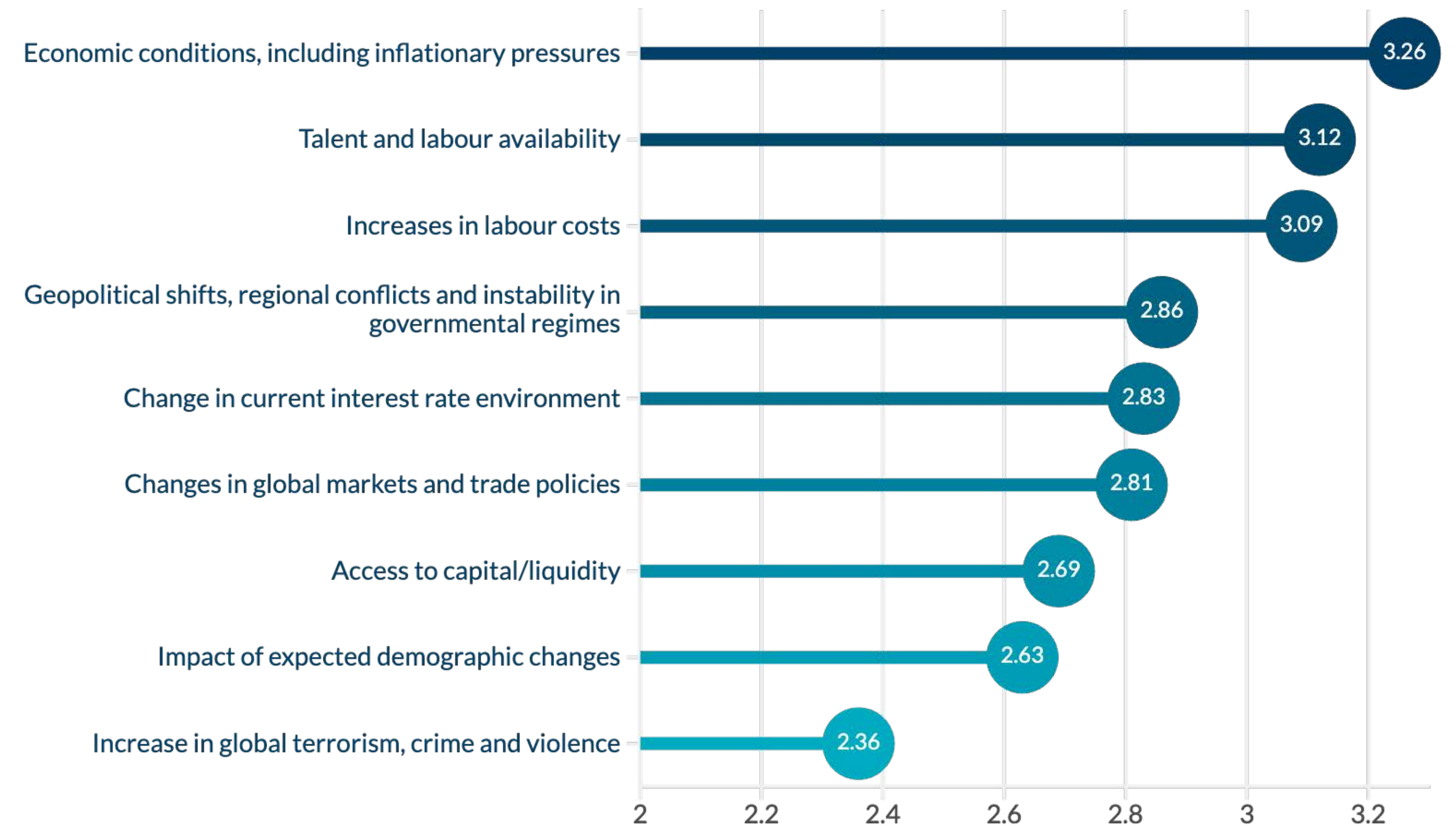
Taking a closer look at the macroeconomic risks, two of the macroeconomic risks are at the “Significant Impact” level, with average scores exceeding 3.10 on our five-point Likert impact scale.

Concern about overall **economic conditions, including inflationary pressures**, is the number one macroeconomic concern, with an average score of 3.26 out of 5.0 across the 1,215 participants surveyed.

Risk related to the **availability of talent and labour in the marketplace** also is a “Significant Impact” risk, with an average score of 3.12. Closely behind, but not a “Significant Impact” risk, are concerns about **increasing labour costs**.

Figure 2 illustrates the near-term rank order of the nine macroeconomic risks in our full survey.

Figure 2: Macroeconomic risks – near-term outlook





06

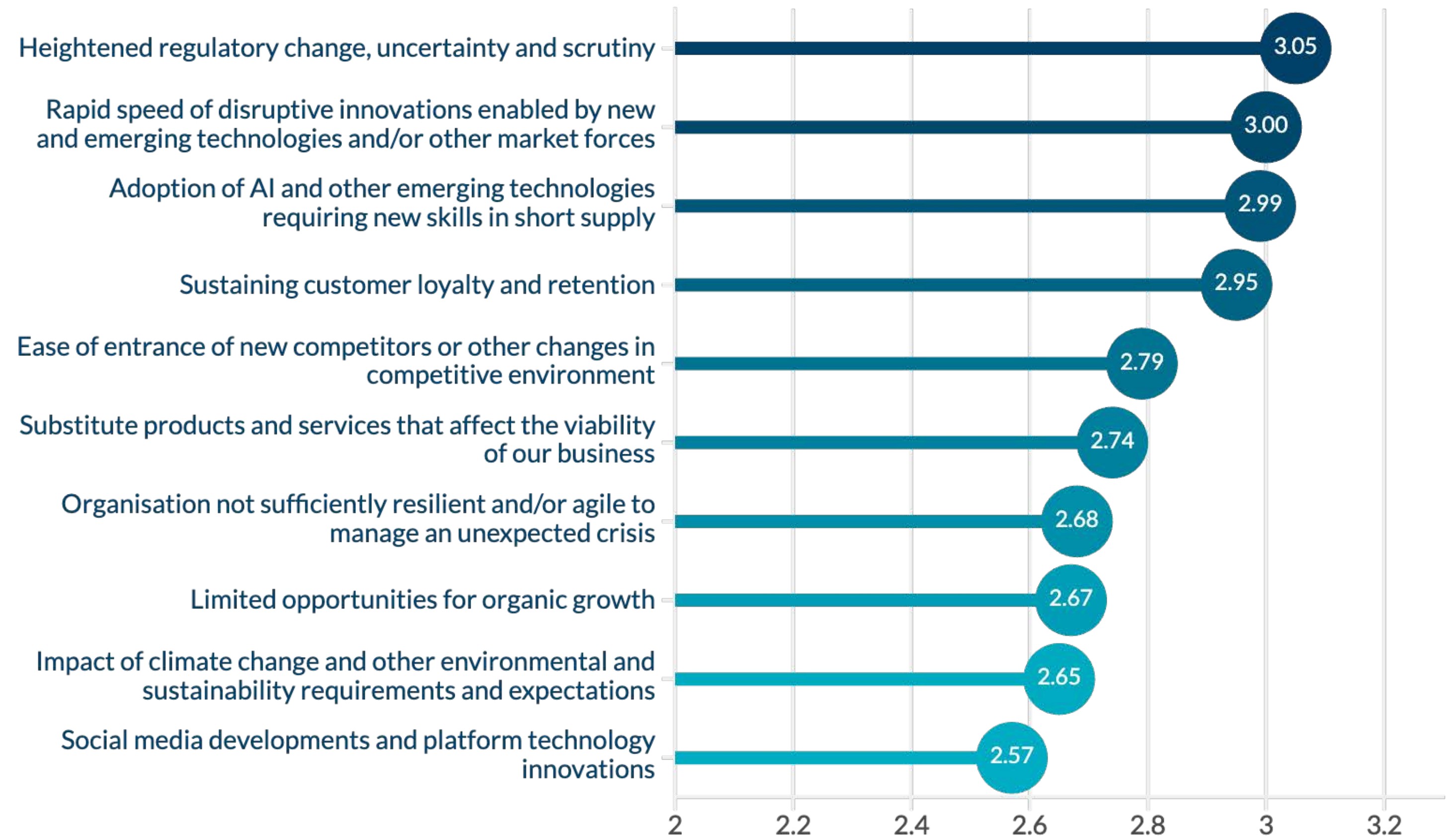
The strategic
risk environment:
a closer look

While none of the strategic risks is at the “Significant Impact” level, **heightened regulatory change, uncertainty and increased regulatory scrutiny** is the top strategic risk concern.

Risks related to the **rapid speed of disruptive innovations** enabled by new and emerging technologies, particularly risks tied to an organisation’s **ability to adopt AI and other emerging technologies**, round out the top three strategic near-term risks.

Figure 3 illustrates the near-term rank order of the 10 strategic risks in our full survey.

Figure 3: Strategic risks – near-term outlook





07

The operational
risk environment:
a closer look

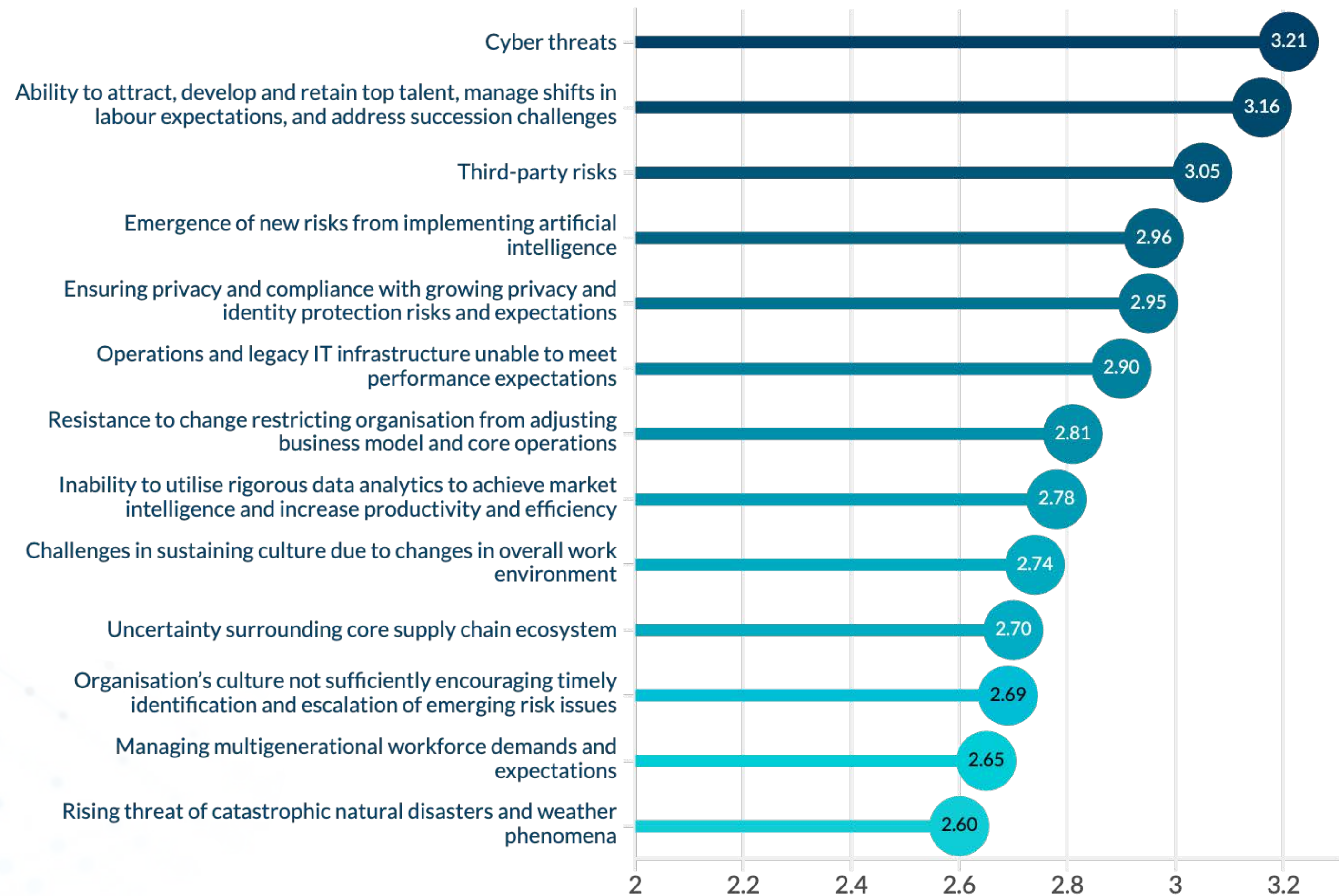
Two of the operational risks are at the “Significant Impact” level. Ongoing concern about **cyber threats** is at the top of operational risk concerns, with an average risk score of 3.21 across the 1,215 respondents.

Operational concerns that may be triggered by challenges in **attracting, developing and retaining top talent** are also rated as “Significant Impact” risks, with an average score of 3.16.

Risks related to the use of **third parties** as part of their organisation’s core process infrastructure are the third-ranked operational risk concern.

Figure 4 illustrates the near-term rank order of the 13 operational risks in our full survey.

Figure 4: Operational risks – near-term outlook





08

Top long-term
risk concerns

In addition to assessing the near-term (two to three years out) impact for each of the 32 macroeconomic, strategic and operational risks, respondents provided their assessment of those same risks considering a long-term impact (10 years out, into 2035). Rather than assessing each of the 32 risks using our five-point Likert scale, we asked them to select the top two risks from each category (macroeconomic, strategic and operational) having the greatest long-term impact on their organisations.

The percentages shown for each risk category in the accompanying figures reflect how often a given risk was selected by the 1,215 respondents as one of their top two long-term risks for that category. Risk issues outside of the top five risks selected in each category are not shown.

Figure 5: Long-term macroeconomic risk outlook



Economic concerns, including inflationary pressures, is the most frequently selected macroeconomic risk, with 39% of respondents selecting that as one of their top two macroeconomic long-term risks. Uncertainties surrounding the economy are dominating both near-term and long-term perspectives, with that risk rising to the top for both time horizons.

The risk linked to **talent and labour availability** is the second most-selected long-term risk, with over one-third of respondents selecting that as one of their top macroeconomic challenges for 2035. Executives are signalling that access to talent and labour not only is challenging for the near-term, but also that those challenges may linger well into the future.

Figure 6: Long-term strategic risk outlook



From a strategic perspective, respondents indicate worry about the potential dampening impact from **heightened regulations and increased regulatory scrutiny** on their organisation’s core business model and strategic growth. Uncertainties about how rules and regulations surrounding the way business is conducted are top of mind for the 1,215 respondents, which include those in both regulated and unregulated businesses. While this risk is among the top 10 risks for the near-term, the fact that it was selected by 30% of respondents among all the strategic risks for 2035 suggests that respondents are particularly concerned about how regulations and the need for compliance may evolve over the next decade.

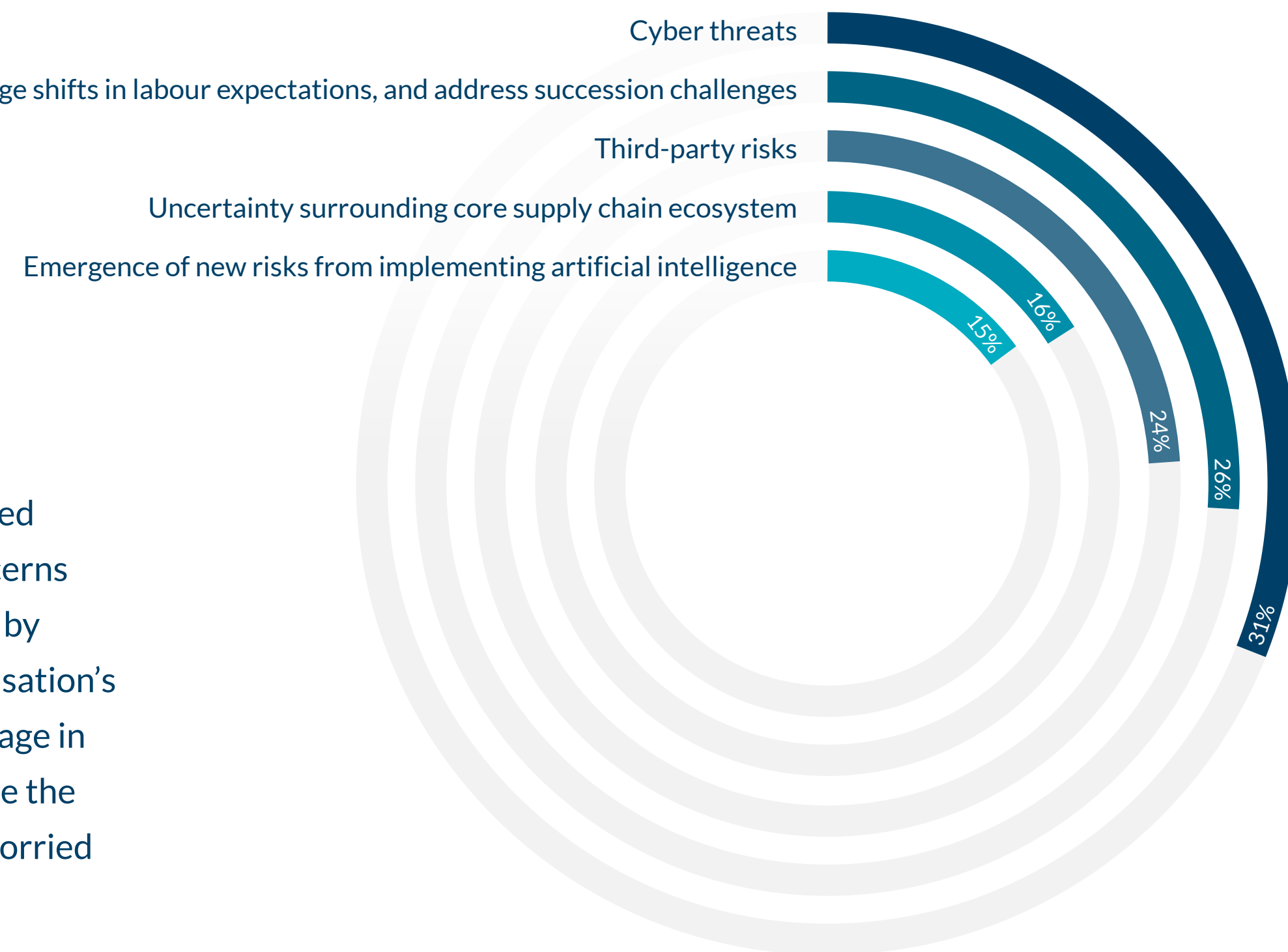
Considering the **fast pace of innovation and introduction of emerging technologies** such as generative AI, executives also indicate concern about how those developments might disrupt their business models in the long-term. Nearly 30 percent of respondents selected this risk as one of their top two long-term strategic concerns, followed by related concerns on whether their organisation will have the skills to leverage the strategic advantage that AI may provide.



Figure 7: Long-term operational risk outlook

Given dependence on technologies throughout all aspects of an organisation’s operations, threats associated with the potential for cyber-related breaches and disruption **dominate both near- and long-term risk** concerns for board members and executives. With the evolution of technologies and ever-changing techniques used by criminals and state actors to infiltrate systems, it is likely that **cyber threats** will always dominate an organisation’s top risk concerns. The nature of approaches used by cyber criminals and factors that motivate them to engage in those activities, including evolving geopolitics and hostile nation-states, means organisations cannot reduce the diligence needed to stay ahead of ever-evolving potential threats. Executives in our study signal they are worried that such diligence may have a gap that creates opportunities for a cybersecurity breach.

Consistent with long-term macroeconomic concerns related to talent and labour markets, executives signal concern over their organisation’s processes for **attracting, developing and retaining the talent and skills** they need to be successful. As they look out to 2035, respondents are concerned that challenges related to developing and securing key talent they need may lead to disruptions in key capabilities. Significant disruption to operations would occur if **succession plans** are not deployed successfully as leaders transition in roles over the long-term.





09

Analysis across
different executive
positions

We targeted our survey to individuals serving on the board of directors or in senior executive leadership positions in organisations they serve so that we could obtain top executive perspectives about near-term and long-term risks. We received 169 responses from members of boards of directors, and it is likely that many of the executive positions represented in our respondents also serve as a board member, particularly many of the 68 chief executive officers included in our sample. (The breakdown of respondents by position is provided on page 16.)

To determine how perspectives about near-term risks might vary across different executive positions represented, we separately examined responses received from board members and 11 C-suite positions. As illustrated in Table 8 on the following page, there is a noticeable difference in views about near-term risks across the different executive positions analysed.

Boards of directors rated six of the 32 near-term risks at a “Significant Impact” level, with three of the nine macroeconomic risks rated at that level. CEOs rated four of the 32 near-term risks at the “Significant Impact” level, with two of those risks being strategic in nature. Interestingly, CFOs and CLOs have the most optimistic views about near-term risks, given they did not rate any of the 32 near-term risks as “Significant Impact,” while COOs only rated two at that level. In contrast, executives in the Other C-suite category and CAEs are the most concerned, with 16 and 11, respectively, of the 32 near-term risks rated at the “Significant Impact” level, differentiating second- and third-line perspectives from the first line.

Nine of the 12 position categories rated concerns about economic conditions as a “Significant Impact” risk. CEOs, CFOs and CLOs all rated this risk at 3.00 or higher as well. Two additional macroeconomic risks were also rated as

“Significant Impact” risks by at least six of the 12 position categories. These relate to talent and labour availability and increasing labour costs. Two operational risks were also cited as “Significant Impact” risks by at least six of the position categories. These two relate to the ability to attract and retain talent and to cyber threats. Surprisingly, all positions except the Other C-suite category rated concerns about increases in global terrorism, crime and violence at the “Less Significant Impact” level.

Table 8: Near-term outlook – by executive position

Macroeconomic risk issues	Board	CEO	CFO	CIO/CTO	CRO	CAE	CDO	CHRO	CSO	CLO	COO	OCS
Economic conditions, including inflationary pressures	●	●	●	●	●	●	●	●	●	●	●	●
Increases in labour costs	●	●	●	●	●	●	●	●	●	●	●	●
Talent and labour availability	●	●	●	●	●	●	●	●	●	●	●	●
Geopolitical shifts, regional conflicts and instability in governmental regimes	●	●	●	●	●	●	●	●	●	●	●	●
Change in current interest rate environment	●	●	●	●	●	●	●	●	●	●	●	●
Changes in global markets and trade policies	●	●	●	●	●	●	●	●	●	●	●	●
Access to capital/liquidity	●	●	●	●	●	●	●	●	●	●	●	●
Impact of expected demographic changes	●	●	●	●	●	●	●	●	●	●	●	●
Increase in global terrorism, crime and violence	●	●	●	●	●	●	●	●	●	●	●	●

Classification	Risks with an average score of	
Significant impact	3.11 or higher	●
Potential impact	2.70 through 3.10	●
Less significant impact	Less than 2.70	●

Strategic risk issues	Board	CEO	CFO	CIO/CTO	CRO	CAE	CDO	CHRO	CSO	CLO	COO	OCS
Rapid speed of disruptive innovations enabled by new and emerging technologies and/or other market forces	●	●	●	●	●	●	●	●	●	●	●	●
Heightened regulatory change, uncertainty and scrutiny	●	●	●	●	●	●	●	●	●	●	●	●
Adoption of AI and other emerging technologies requiring new skills in short supply	●	●	●	●	●	●	●	●	●	●	●	●
Sustaining customer loyalty and retention	●	●	●	●	●	●	●	●	●	●	●	●
Ease of entrance of new competitors or other changes in competitive environment	●	●	●	●	●	●	●	●	●	●	●	●
Substitute products and services that affect the viability of our business	●	●	●	●	●	●	●	●	●	●	●	●
Impact of climate change and other environmental and sustainability requirements and expectations	●	●	●	●	●	●	●	●	●	●	●	●
Organisation not sufficiently resilient and/or agile to manage an unexpected crisis	●	●	●	●	●	●	●	●	●	●	●	●
Social media developments and platform technology innovations	●	●	●	●	●	●	●	●	●	●	●	●
Limited opportunities for organic growth	●	●	●	●	●	●	●	●	●	●	●	●

Operational risk issues	Board	CEO	CFO	CIO/CTO	CRO	CAE	CDO	CHRO	CSO	CLO	COO	OCS
Cyber threats	●	●	●	●	●	●	●	●	●	●	●	●
Ability to attract, develop and retain top talent, manage shifts in labour expectations, and address succession challenges	●	●	●	●	●	●	●	●	●	●	●	●
Third-party risks	●	●	●	●	●	●	●	●	●	●	●	●
Ensuring privacy and compliance with growing privacy and identity protection risks and expectations	●	●	●	●	●	●	●	●	●	●	●	●
Operations and legacy IT infrastructure unable to meet performance expectations	●	●	●	●	●	●	●	●	●	●	●	●
Emergence of new risks from implementing artificial intelligence	●	●	●	●	●	●	●	●	●	●	●	●
Managing multigenerational workforce demands and expectations	●	●	●	●	●	●	●	●	●	●	●	●
Resistance to change restricting organisation from adjusting business model and core operations	●	●	●	●	●	●	●	●	●	●	●	●
Inability to utilise rigorous data analytics to achieve market intelligence and increase productivity and efficiency	●	●	●	●	●	●	●	●	●	●	●	●
Uncertainty surrounding core supply chain ecosystem	●	●	●	●	●	●	●	●	●	●	●	●
Challenges in sustaining culture due to changes in overall work environment	●	●	●	●	●	●	●	●	●	●	●	●
Organisation's culture not sufficiently encouraging timely identification and escalation of emerging risk issues	●	●	●	●	●	●	●	●	●	●	●	●
Rising threat of catastrophic natural disasters and weather phenomena	●	●	●	●	●	●	●	●	●	●	●	●

Table 9: Long-term outlook – by executive position



Macroeconomic risk issues	Board	CEO	CFO	CIO/CTO	CRO	CAE	CDO	CHRO	CSO	CLO	COO	OCS
Economic conditions, including inflationary pressures												
Talent and labour availability												
Increases in labour costs												
Geopolitical shifts, regional conflicts and instability in governmental regimes												
Change in current interest rate environment												

Strategic risk issues	Board	CEO	CFO	CIO/CTO	CRO	CAE	CDO	CHRO	CSO	CLO	COO	OCS
Rapid speed of disruptive innovations enabled by new and emerging technologies and/or other market forces												
Heightened regulatory change, uncertainty and scrutiny												
Adoption of AI and other emerging technologies requiring new skills in short supply												
Sustaining customer loyalty and retention												
Ease of entrance of new competitors or other changes in competitive environment												
Impact of climate change and other environmental and sustainability requirements and expectations												

Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. Three risks may be shown in a column as a result of ties. Not all risks in each category are shown; rather, only risks that were selected as a top two risk by executive position are shown.

	Received highest percentage of responses in category as top risk issue for 2035 (ties included).
	Received second-highest percentage of responses in category as top risk issue for 2035 (ties included).

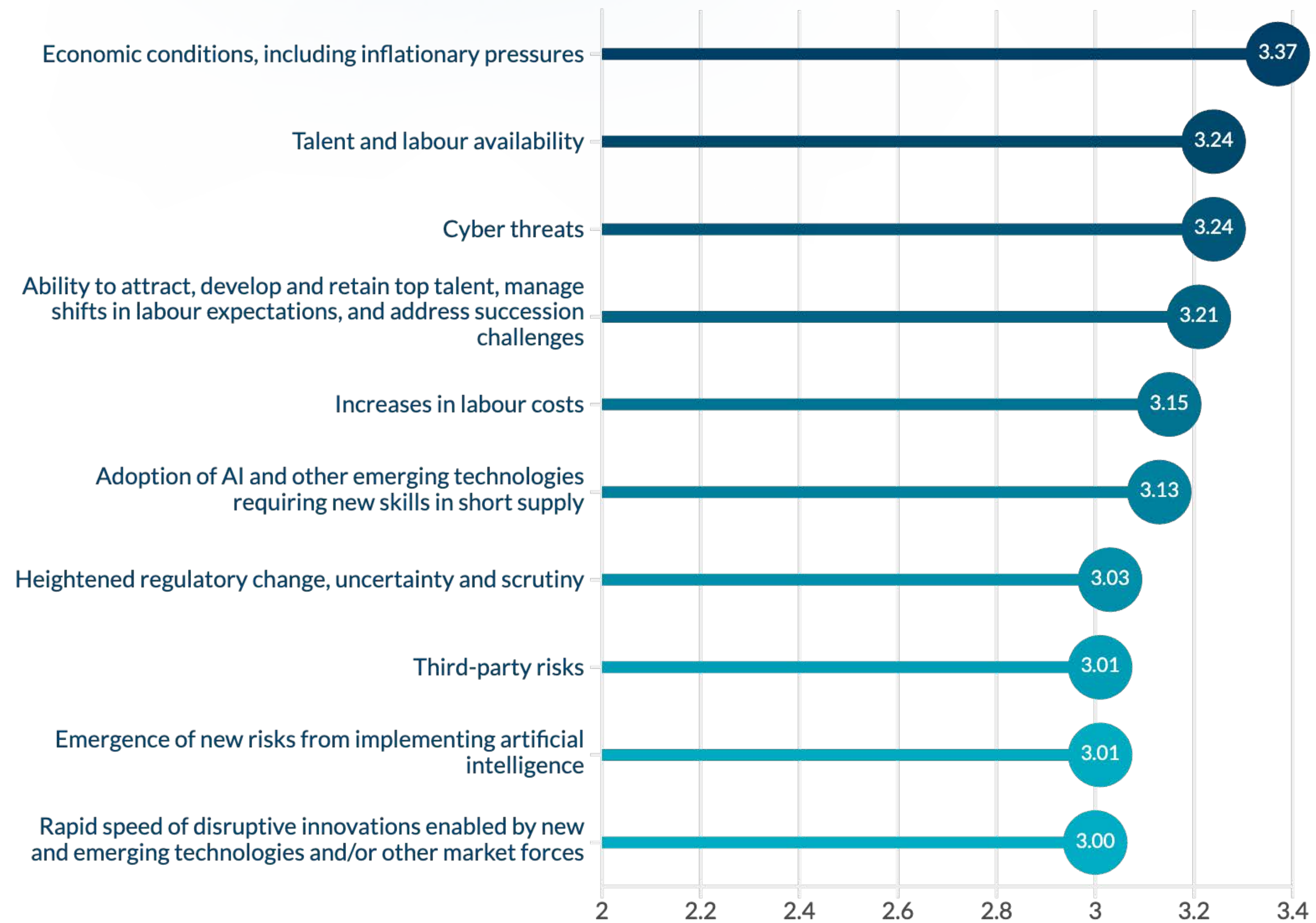
Operational risk issues	Board	CEO	CFO	CIO/CTO	CRO	CAE	CDO	CHRO	CSO	CLO	COO	OCS
Cyber threats	Second-highest	Highest	Second-highest	Highest	Highest	Highest	Highest			Highest	Highest	
Ability to attract, develop and retain top talent, manage shifts in labour expectations, and address succession challenges	Highest		Highest					Highest	Highest		Second-highest	Highest
Third-party risks		Second-highest		Second-highest	Second-highest	Second-highest	Second-highest					Highest
Emergence of new risks from implementing artificial intelligence		Second-highest						Second-highest				
Uncertainty surrounding core supply chain ecosystem									Second-highest			
Resistance to change restricting organisation from adjusting business model and core operations											Second-highest	
Challenges in sustaining culture due to changes in overall work environment										Second-highest		

	Received highest percentage of responses in category as top risk issue for 2035 (ties included).
	Received second-highest percentage of responses in category as top risk issue for 2035 (ties included).

Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. Three risks may be shown in a column as a result of ties. Not all risks in each category are shown; rather, only risks that were selected as a top two risk by executive position are shown.

Board Members – near-term outlook

Figure 8A: Top 10 near-term risks



Board Members – long-term outlook

Figure 8B: Macroeconomic

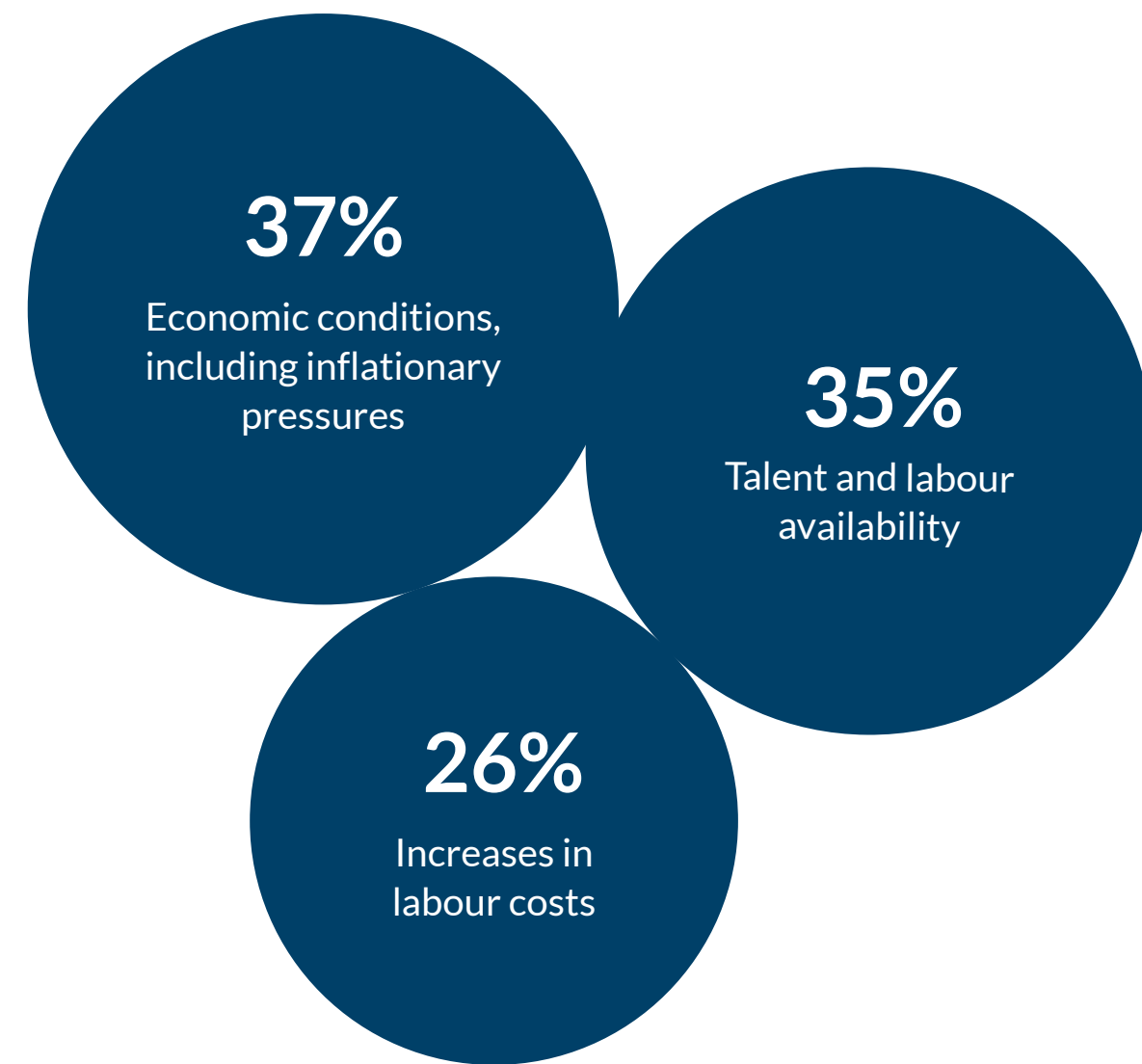


Figure 8C: Strategic

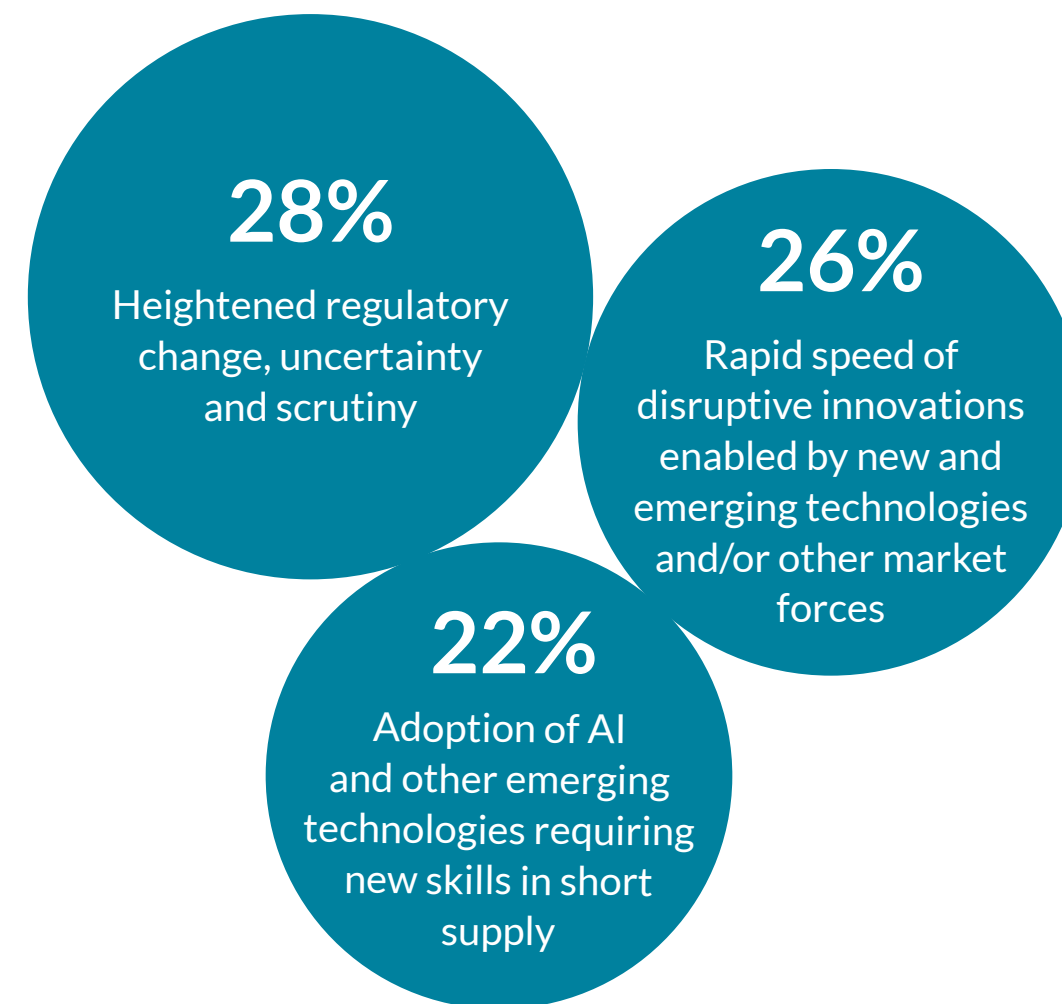


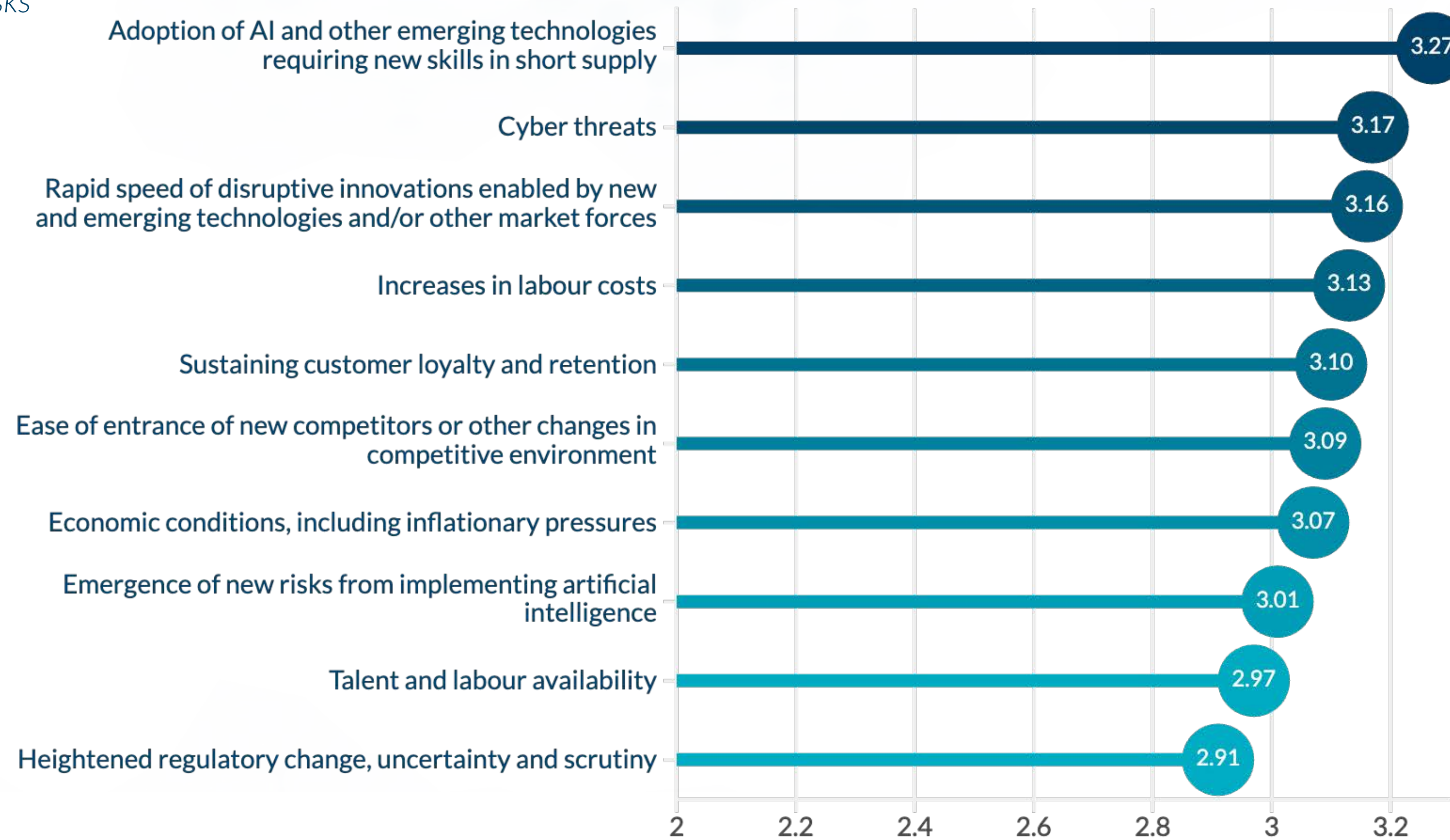
Figure 8D: Operational



Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.

CEOs – near-term outlook

Figure 9A: Top 10 near-term risks



CEOs – long-term outlook

Figure 9B: Macroeconomic

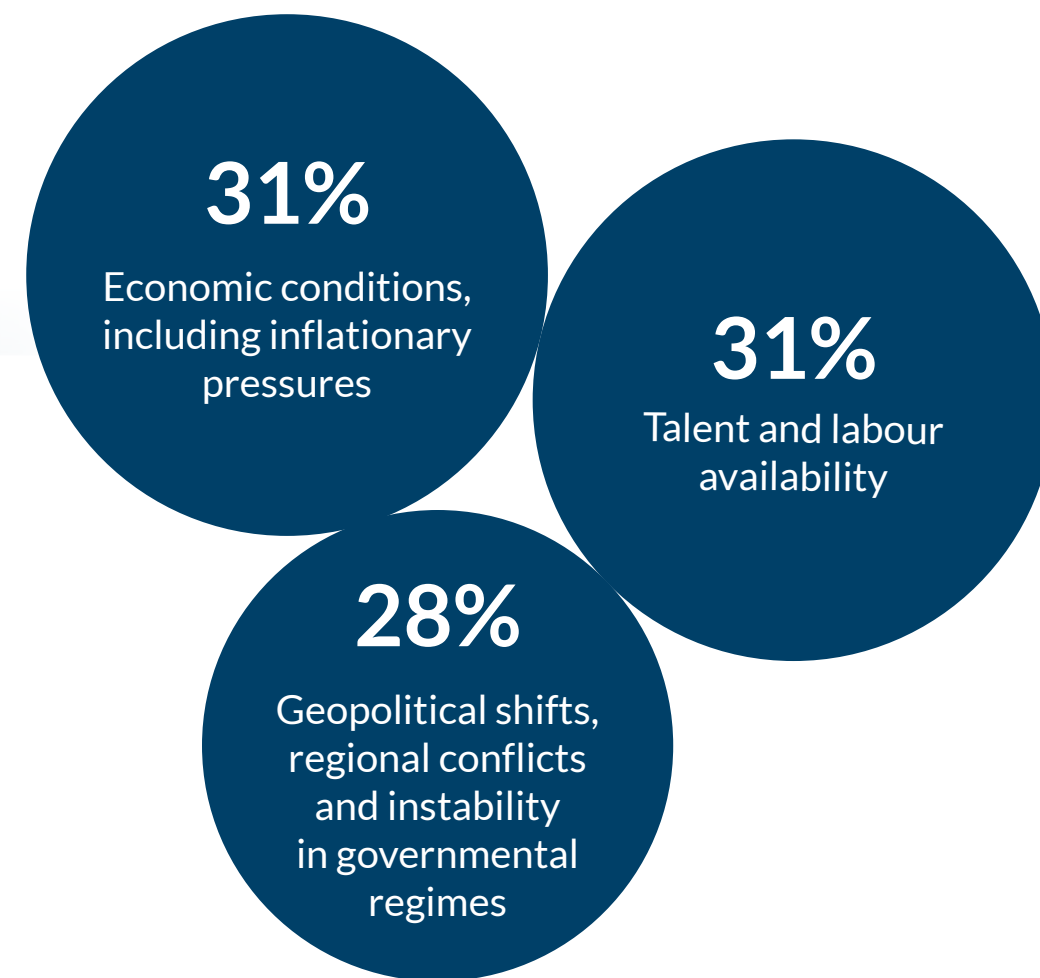


Figure 9C: Strategic

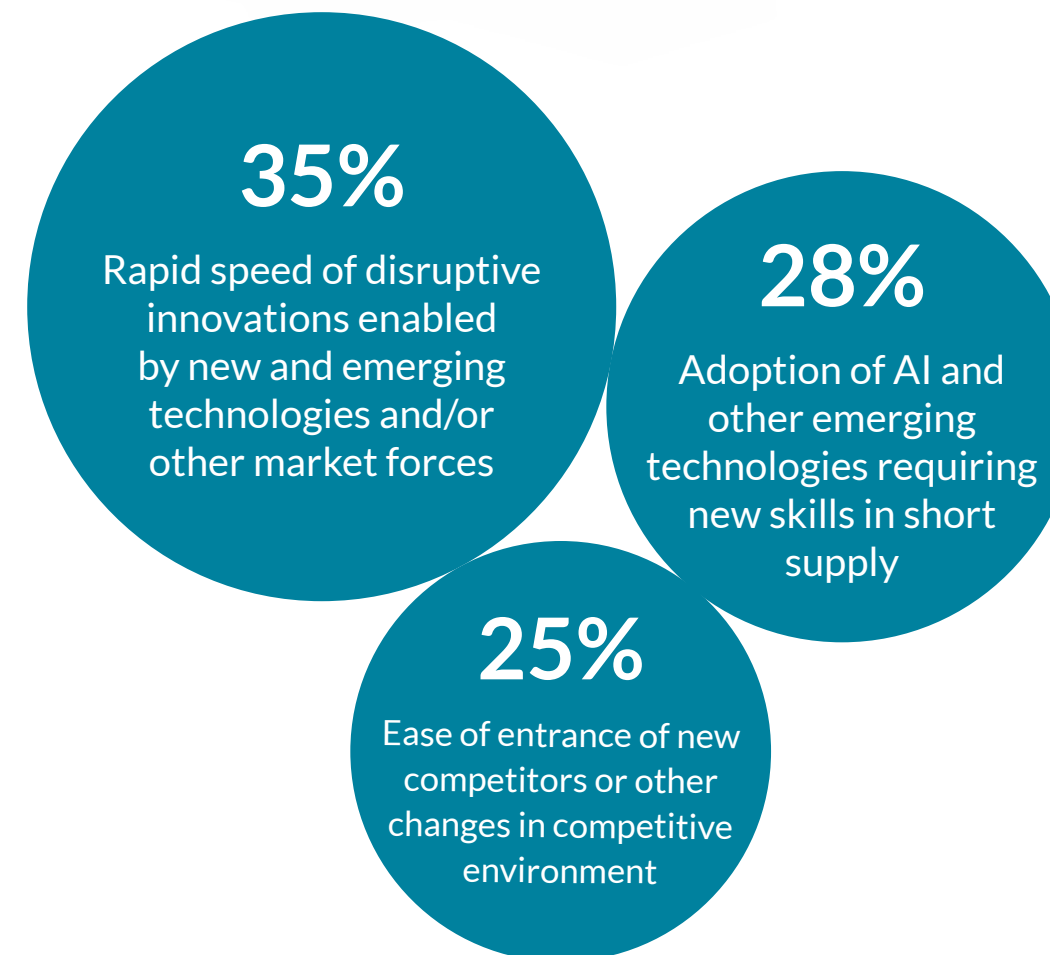
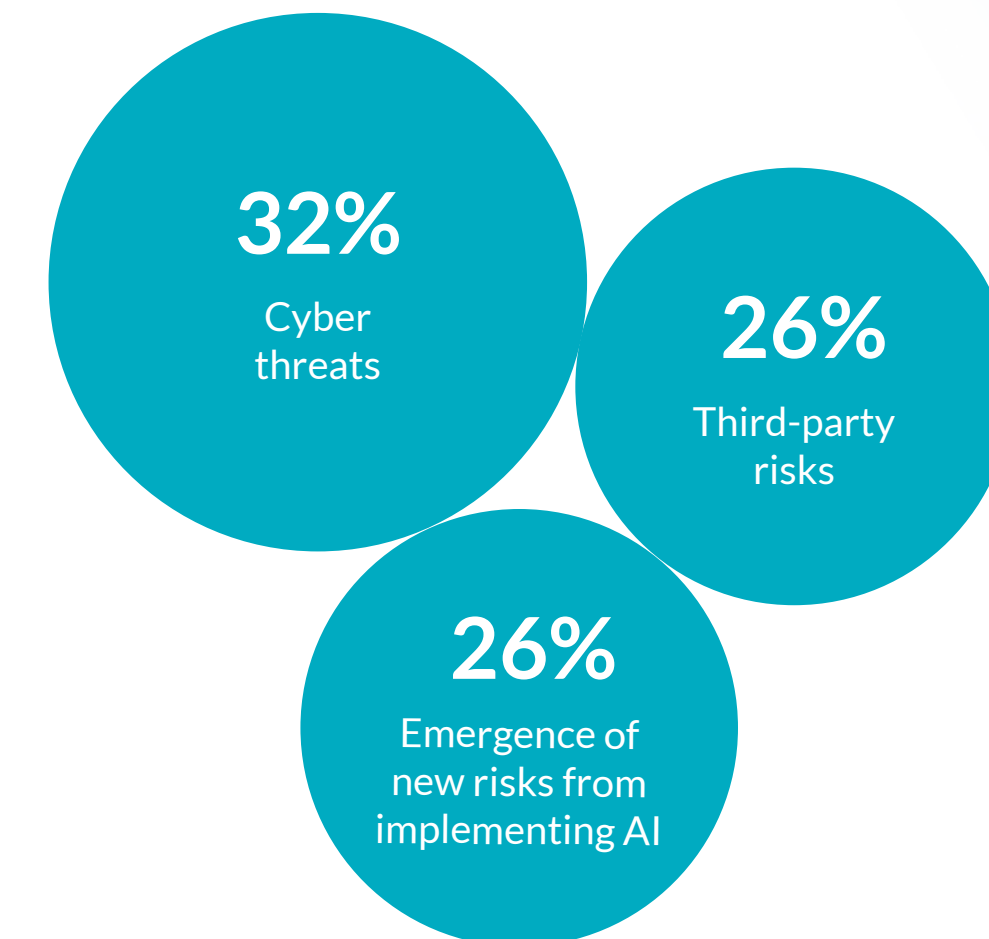


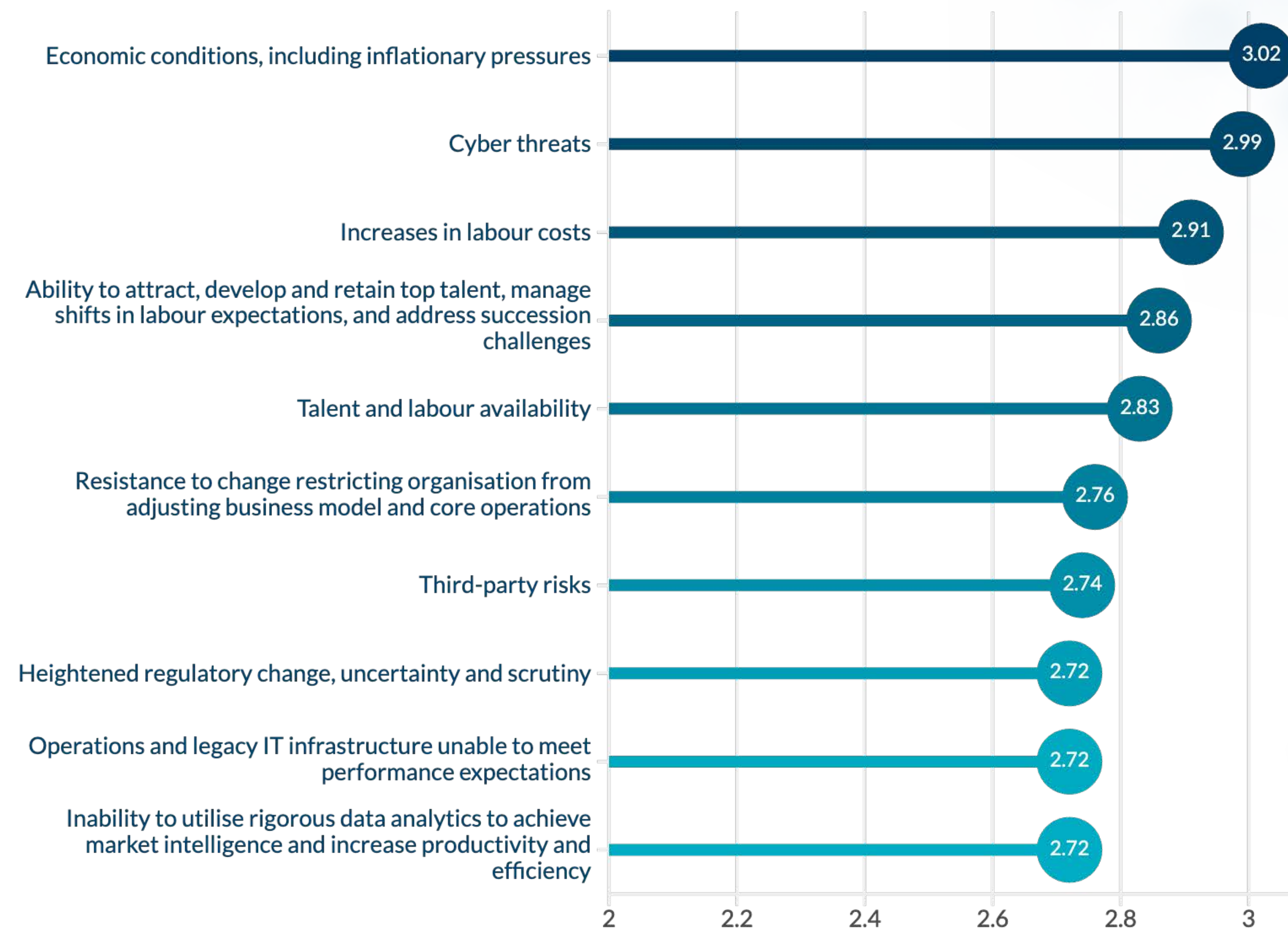
Figure 9D: Operational



Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.

CFOs – near-term outlook

Figure 10A: Top 10 near-term risks



CFOs – long-term outlook

Figure 10B: Macroeconomic

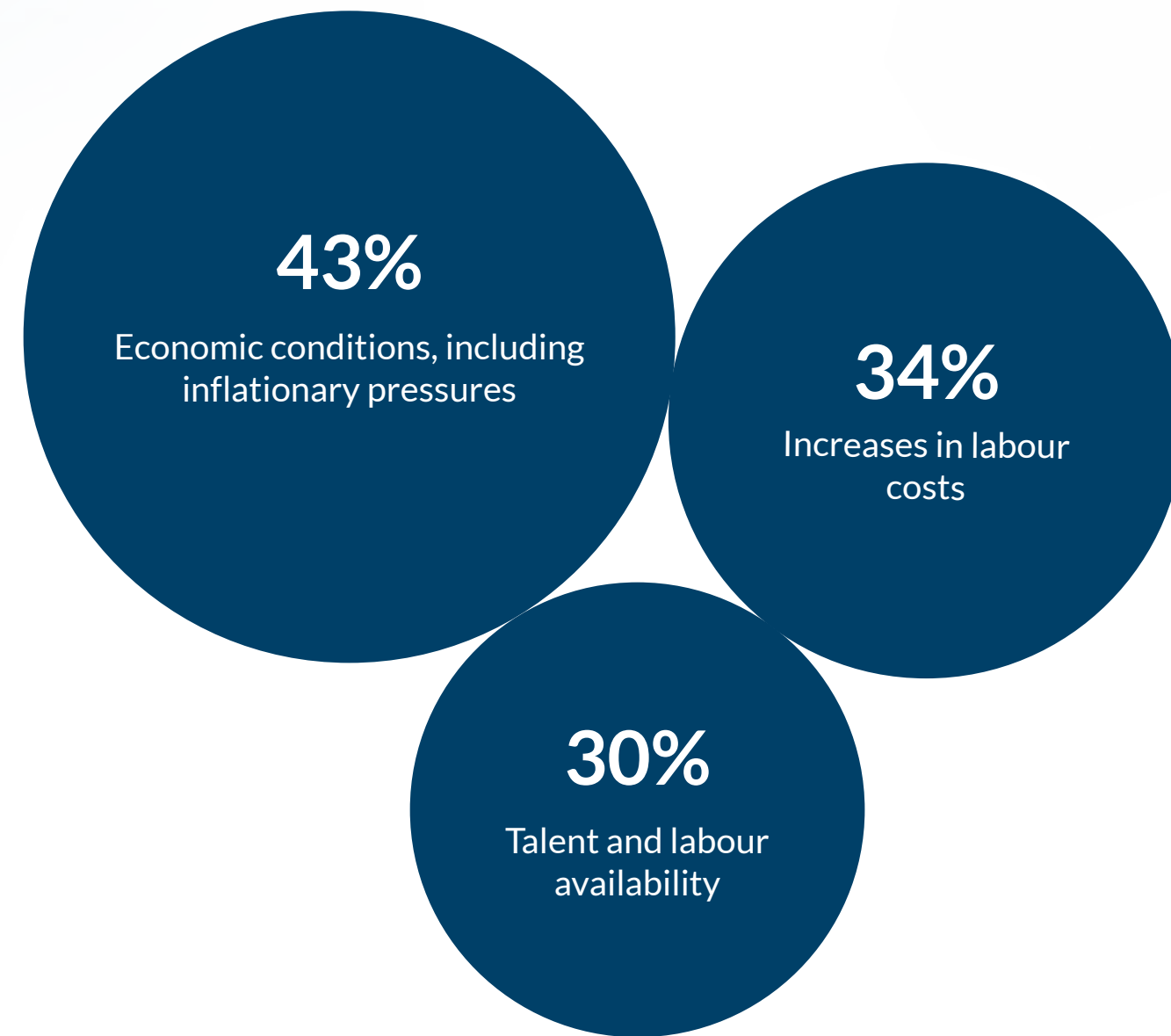


Figure 10C: Strategic

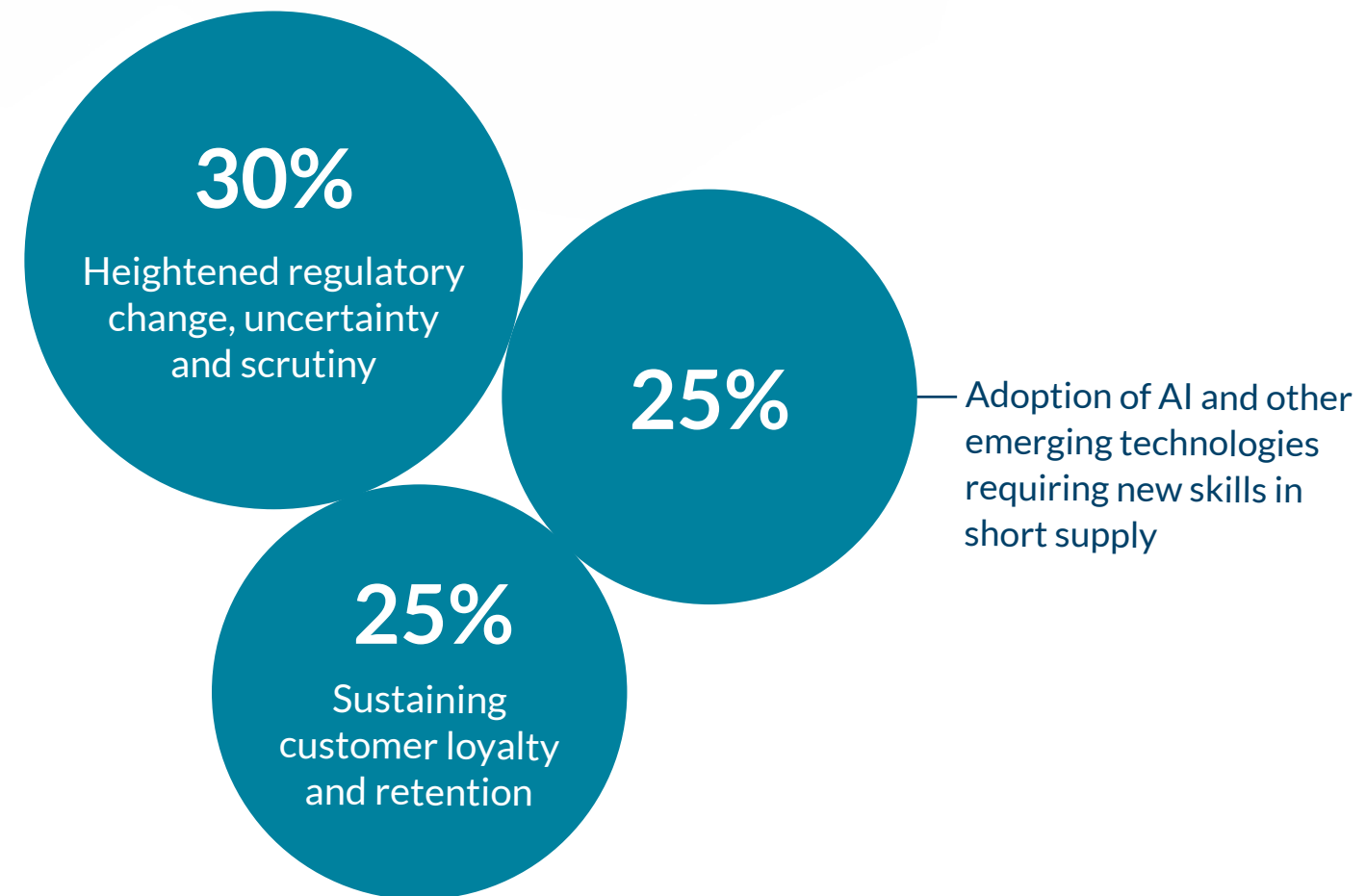
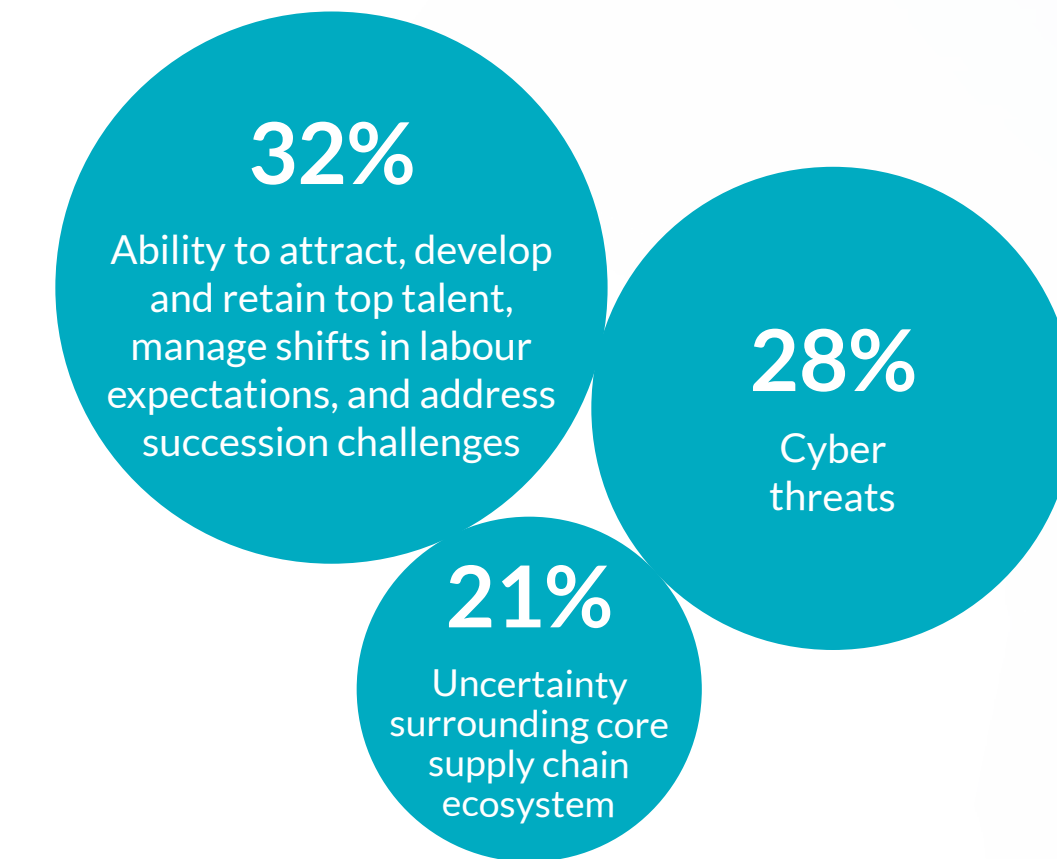


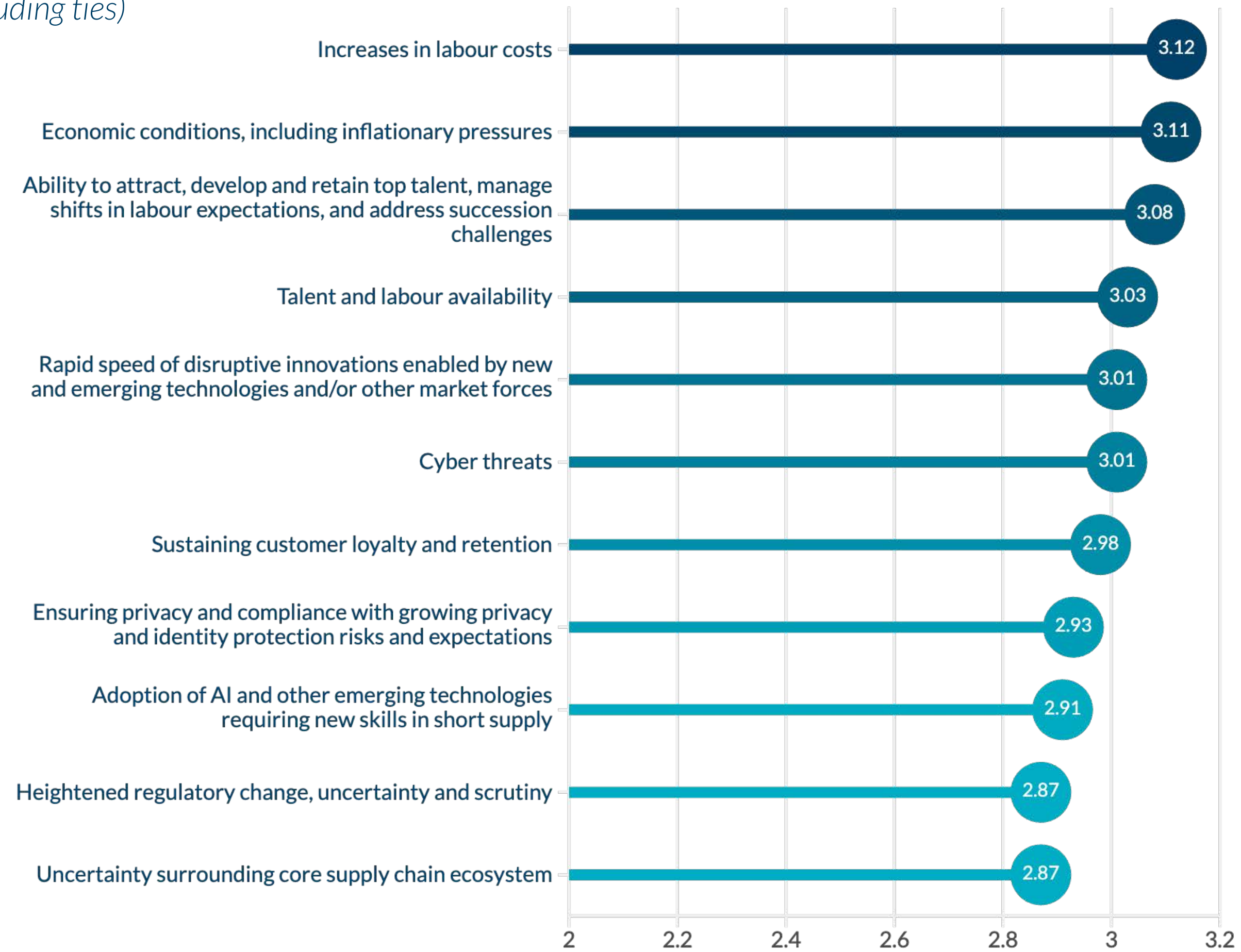
Figure 10D: Operational



Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.

CIOs/CTOs – near-term outlook

Figure 11A: Top 10 near-term risks (including ties)



CIOs/CTOs – long-term outlook

Figure 11B: Macroeconomic

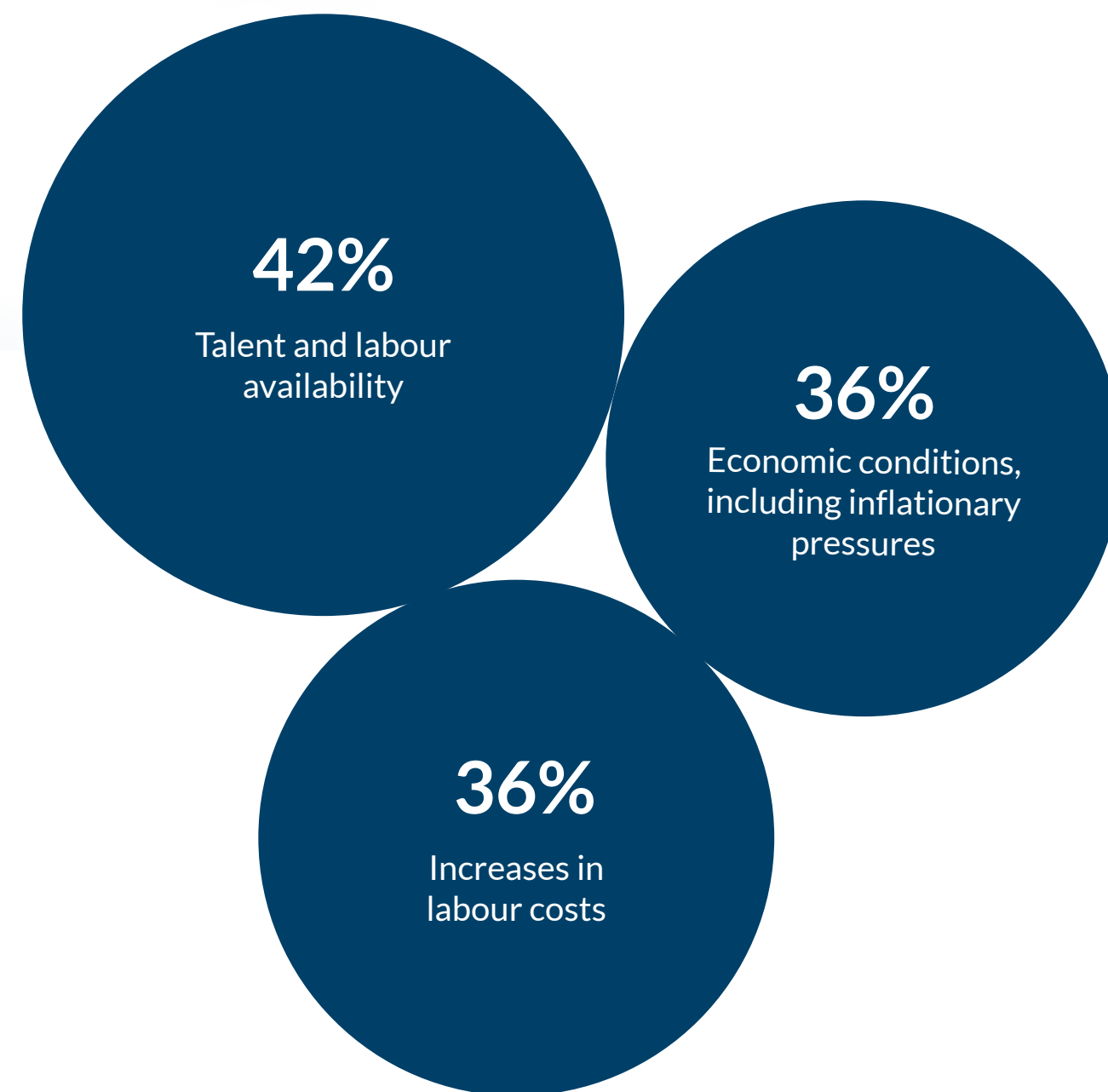


Figure 11C: Strategic

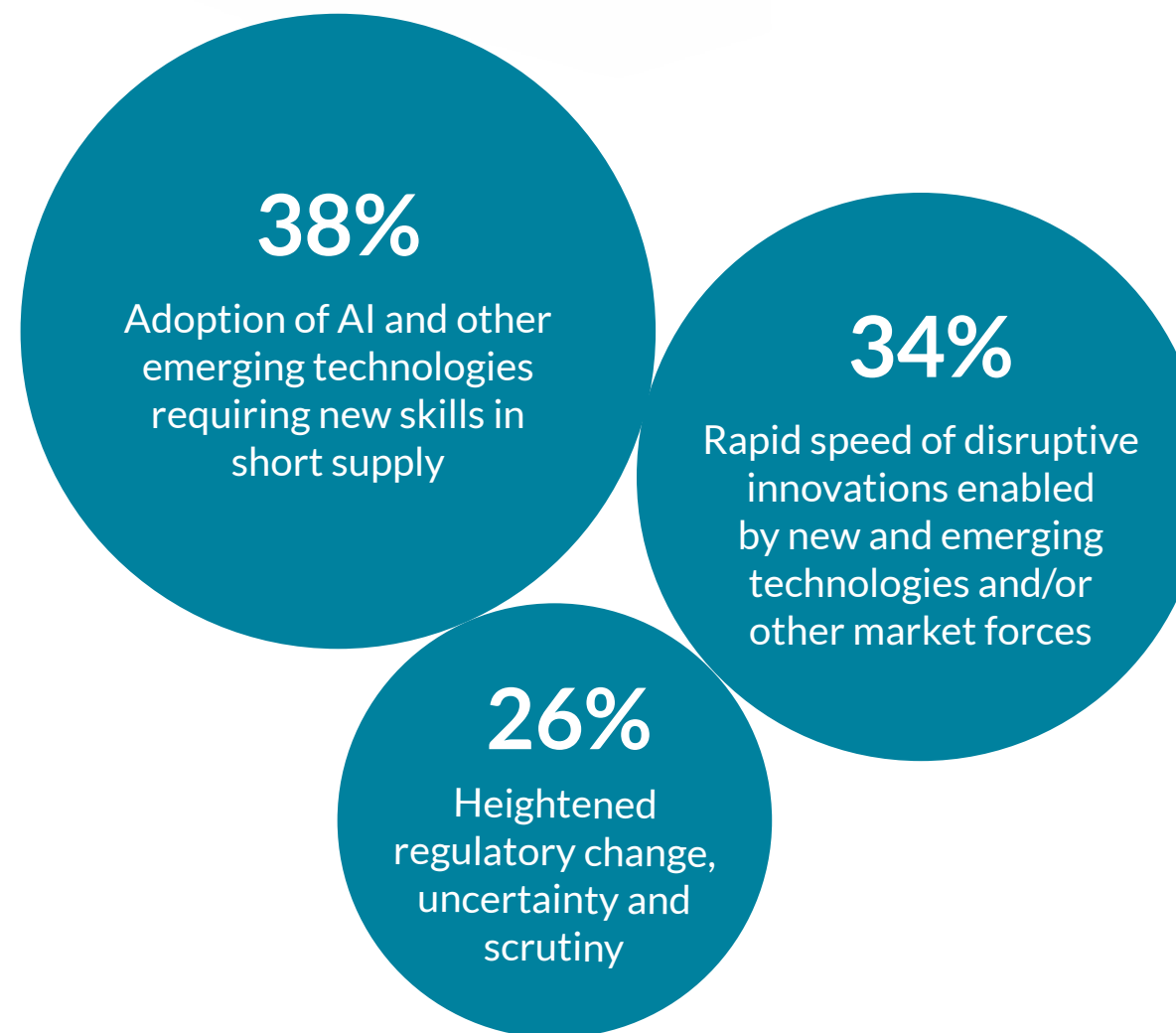


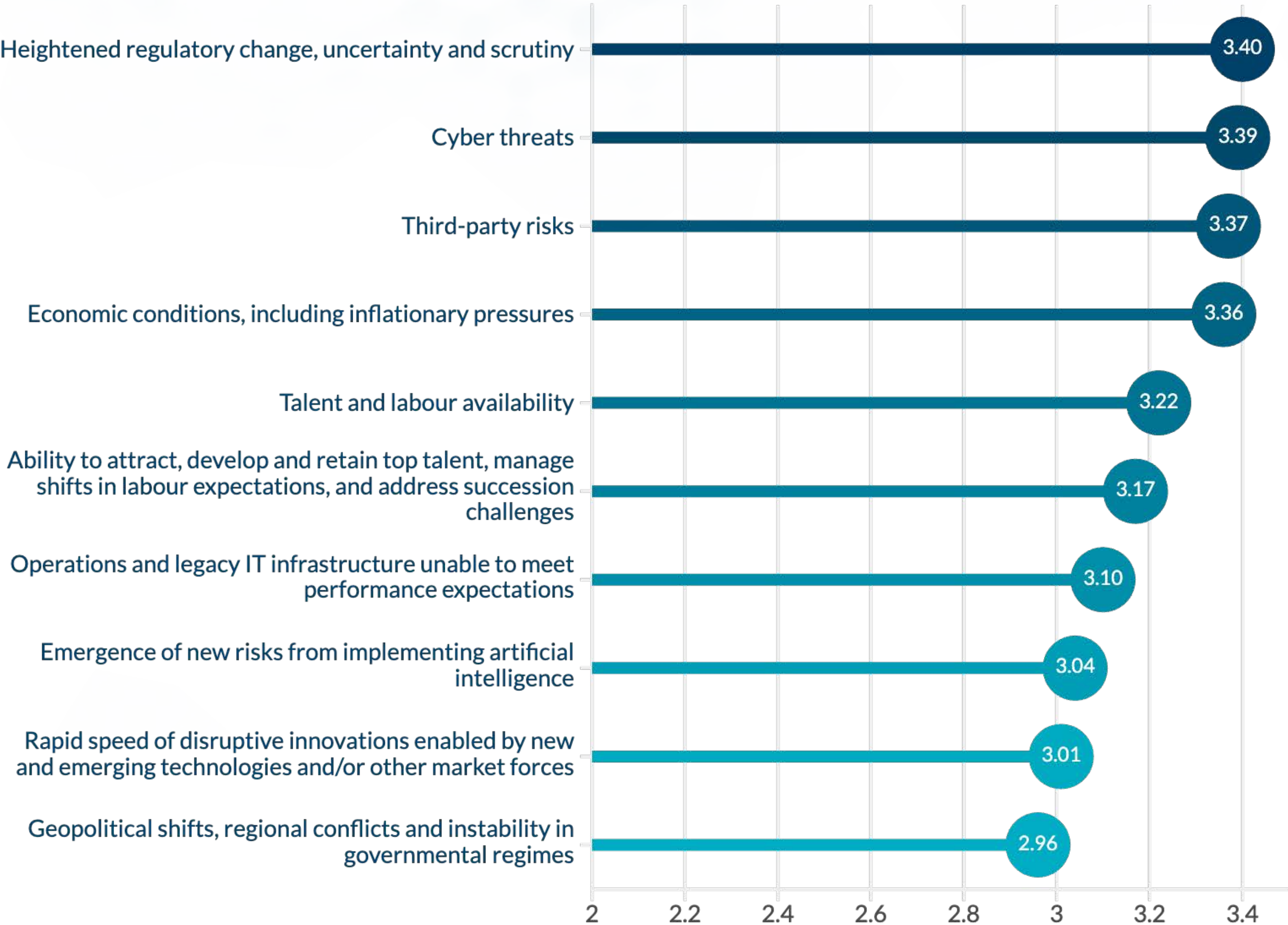
Figure 11D: Operational



Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.

CROs – near-term outlook

Figure 12A: Top 10 near-term risks



CROs – long-term outlook

Figure 12B: Macroeconomic

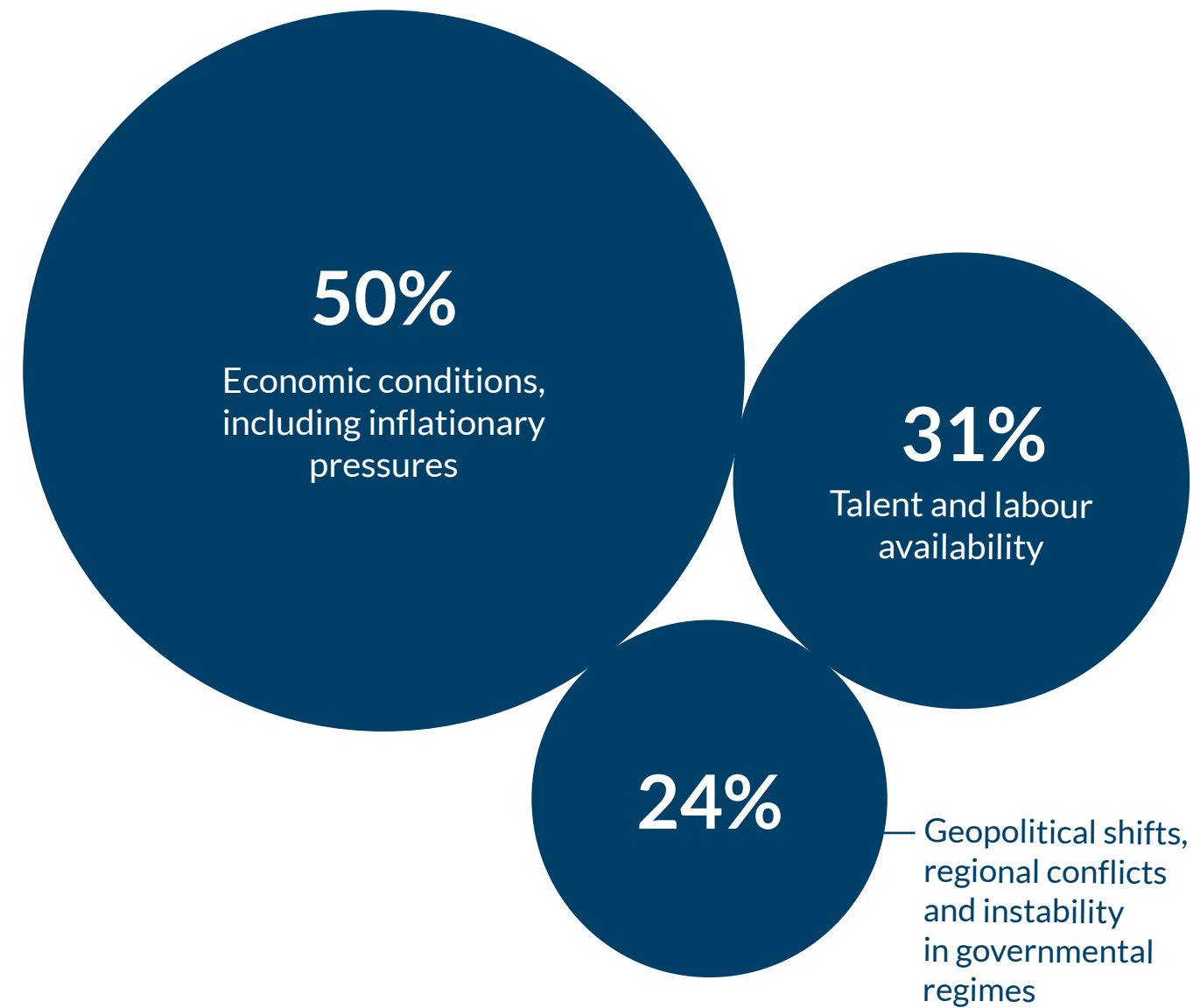


Figure 12C: Strategic

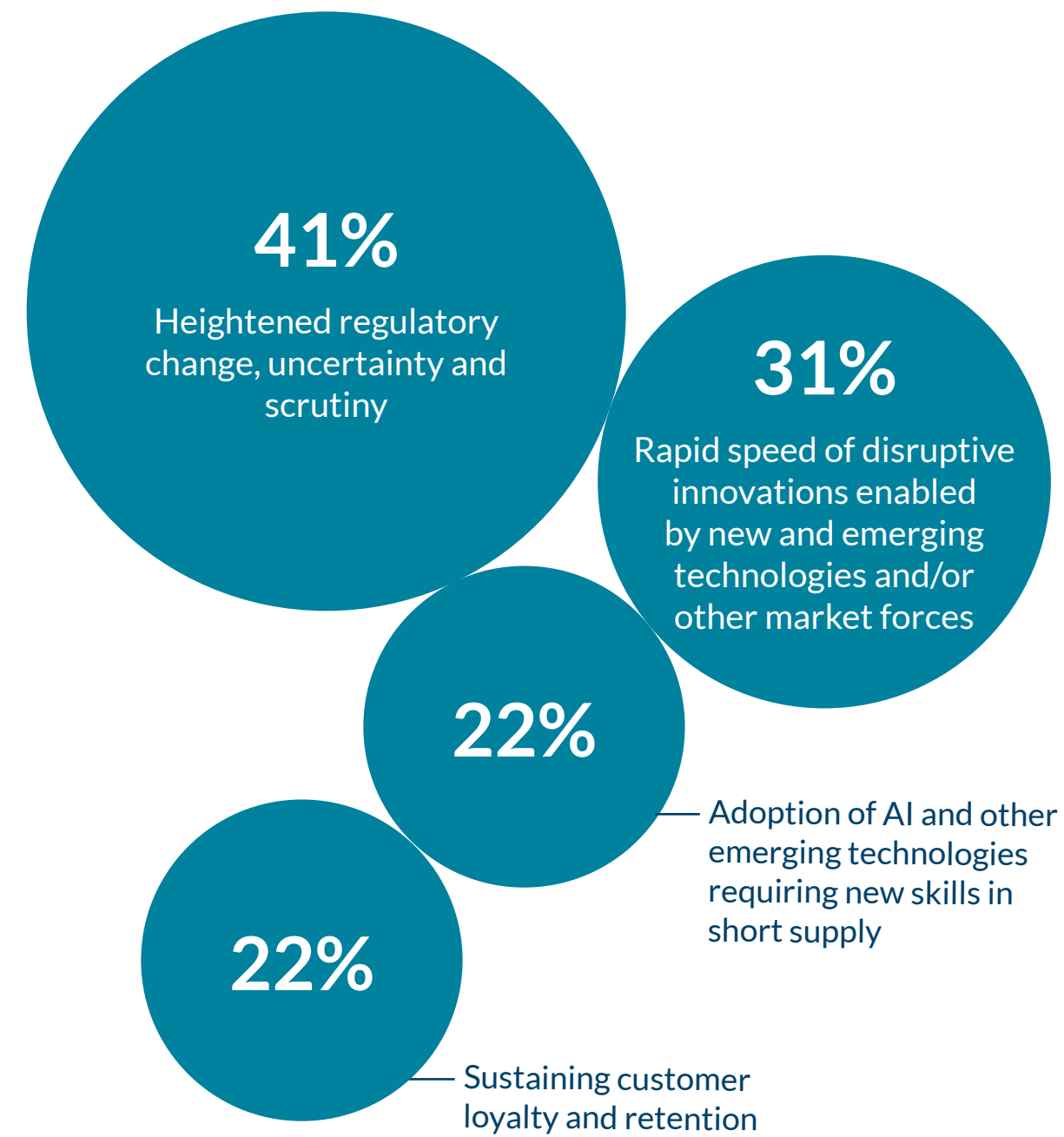


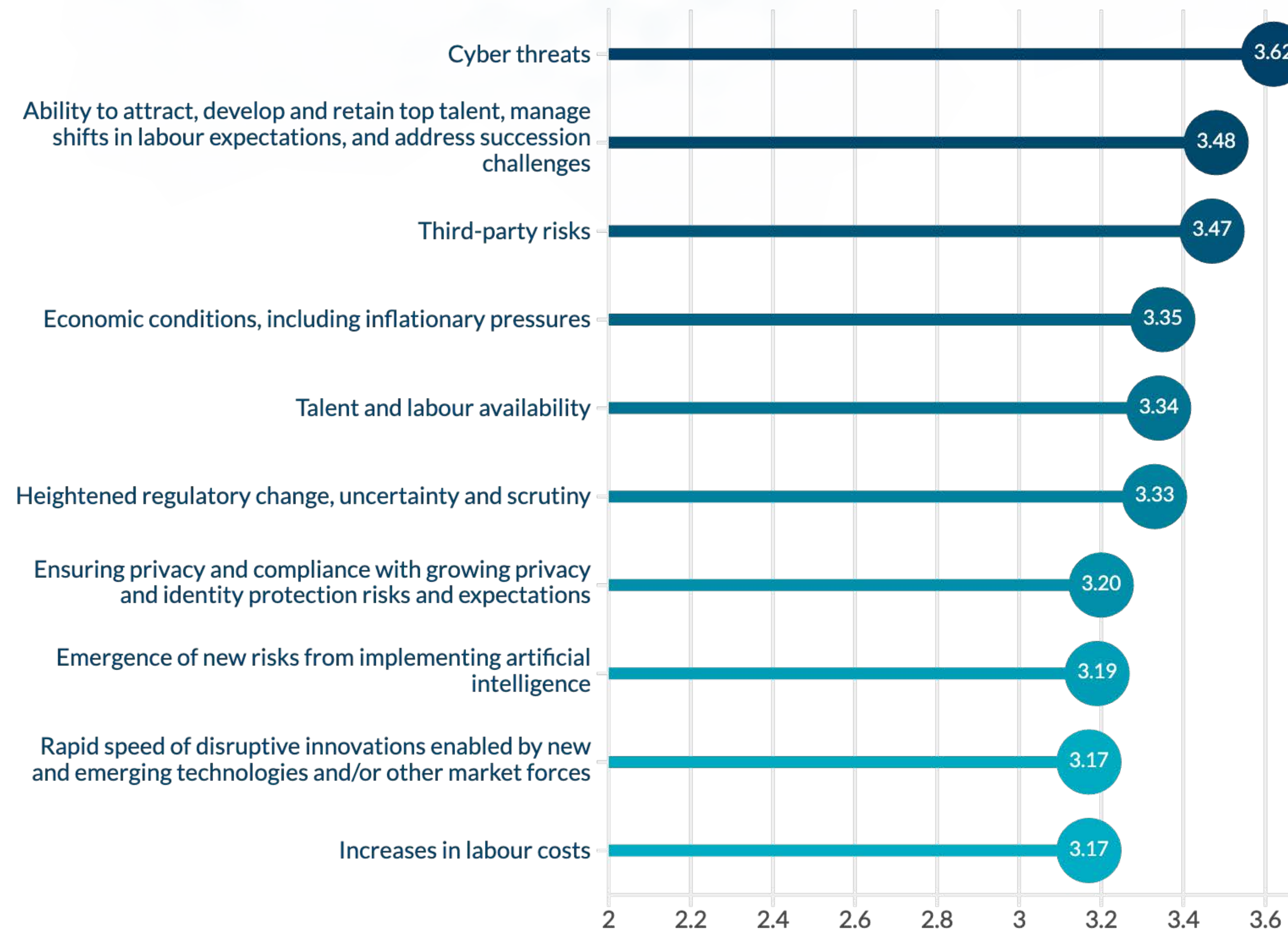
Figure 12D: Operational



Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.

CAEs – near-term outlook

Figure 13A: Top 10 near-term risks



CAEs – long-term outlook

Figure 13B: Macroeconomic

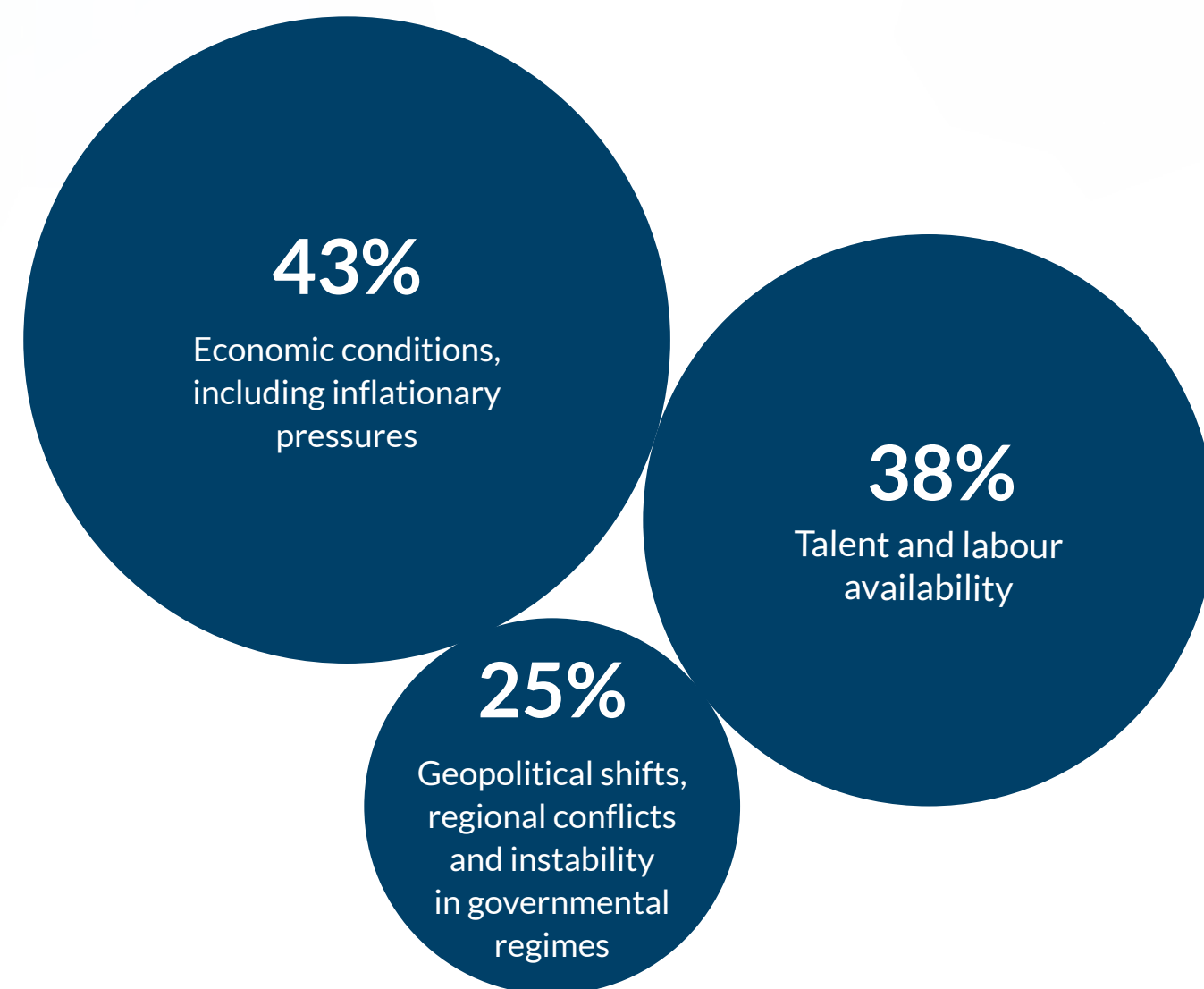


Figure 13C: Strategic

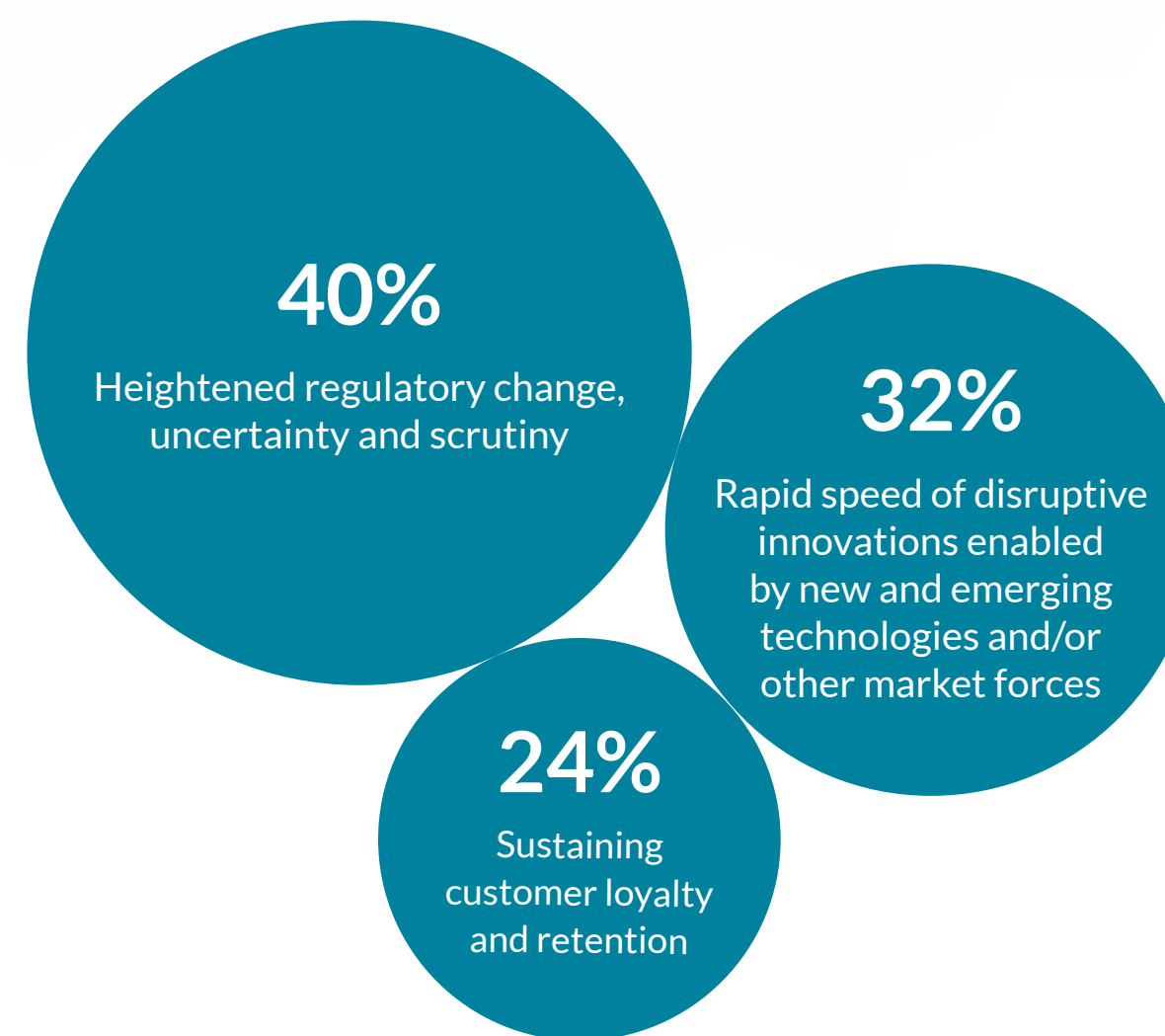
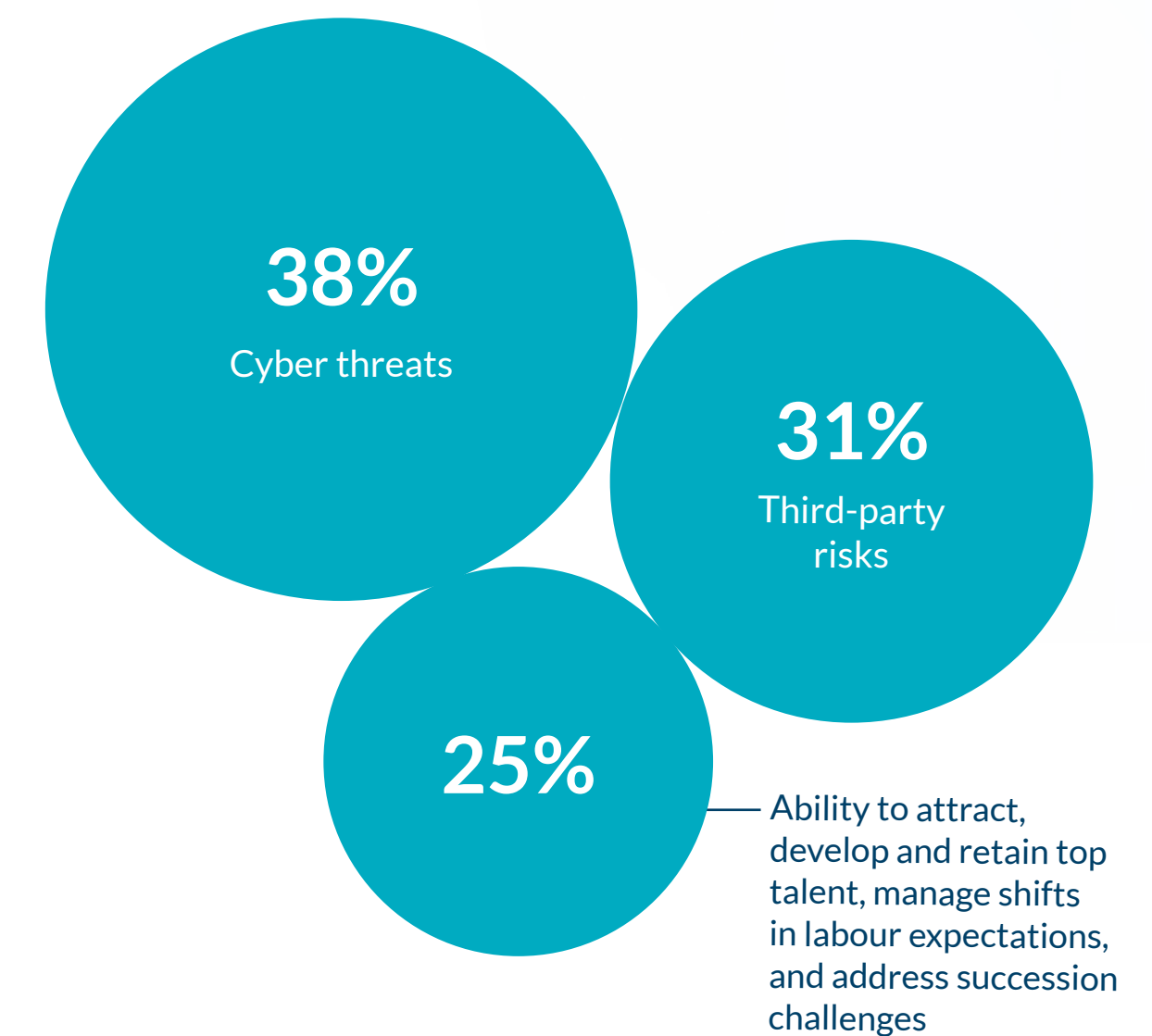


Figure 13D: Operational



Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.

CDOs – near-term outlook

Figure 14A: Top 10 near-term risks (including ties)



CDOs – long-term outlook

Figure 14B: Macroeconomic

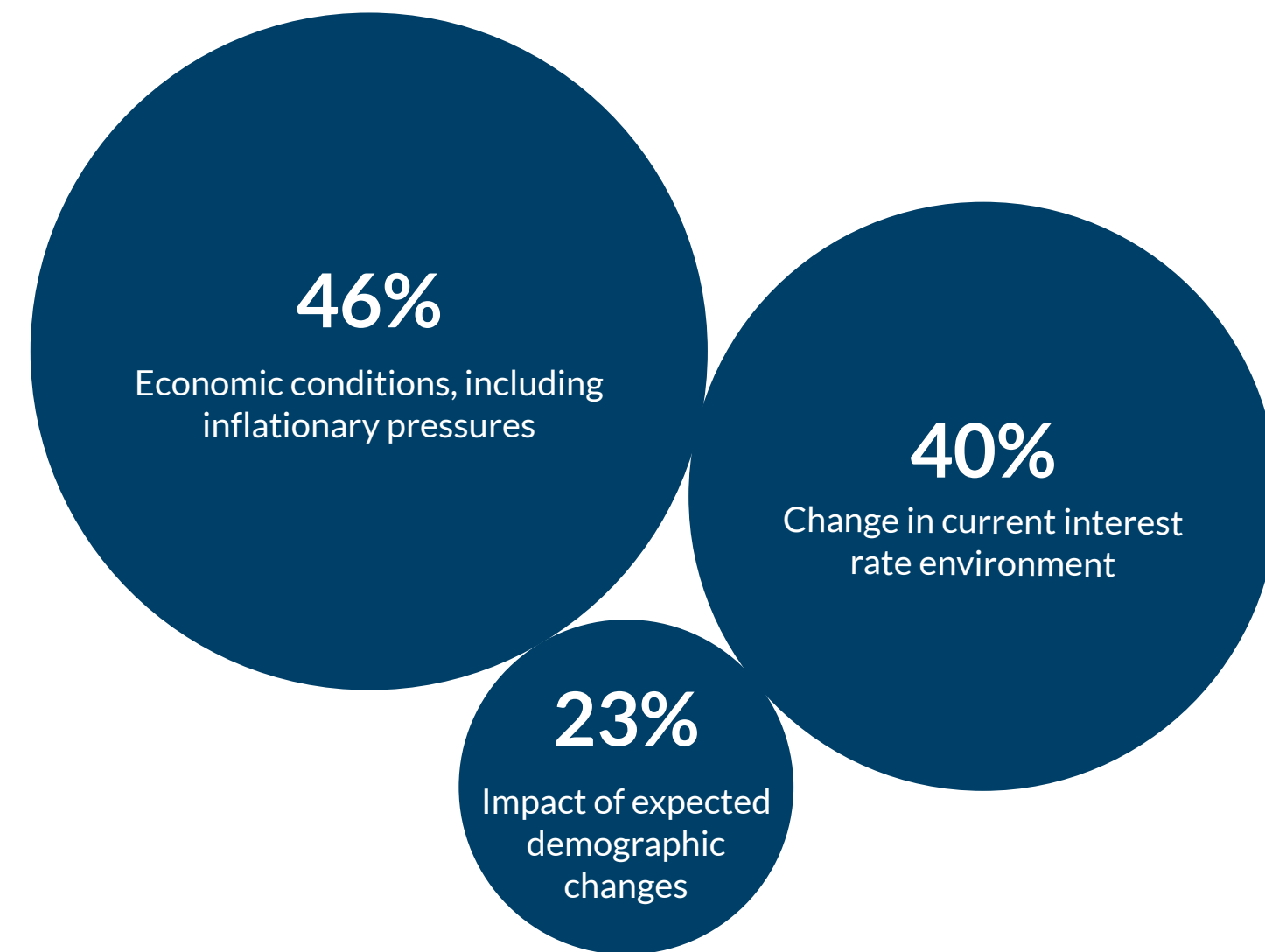


Figure 14C: Strategic

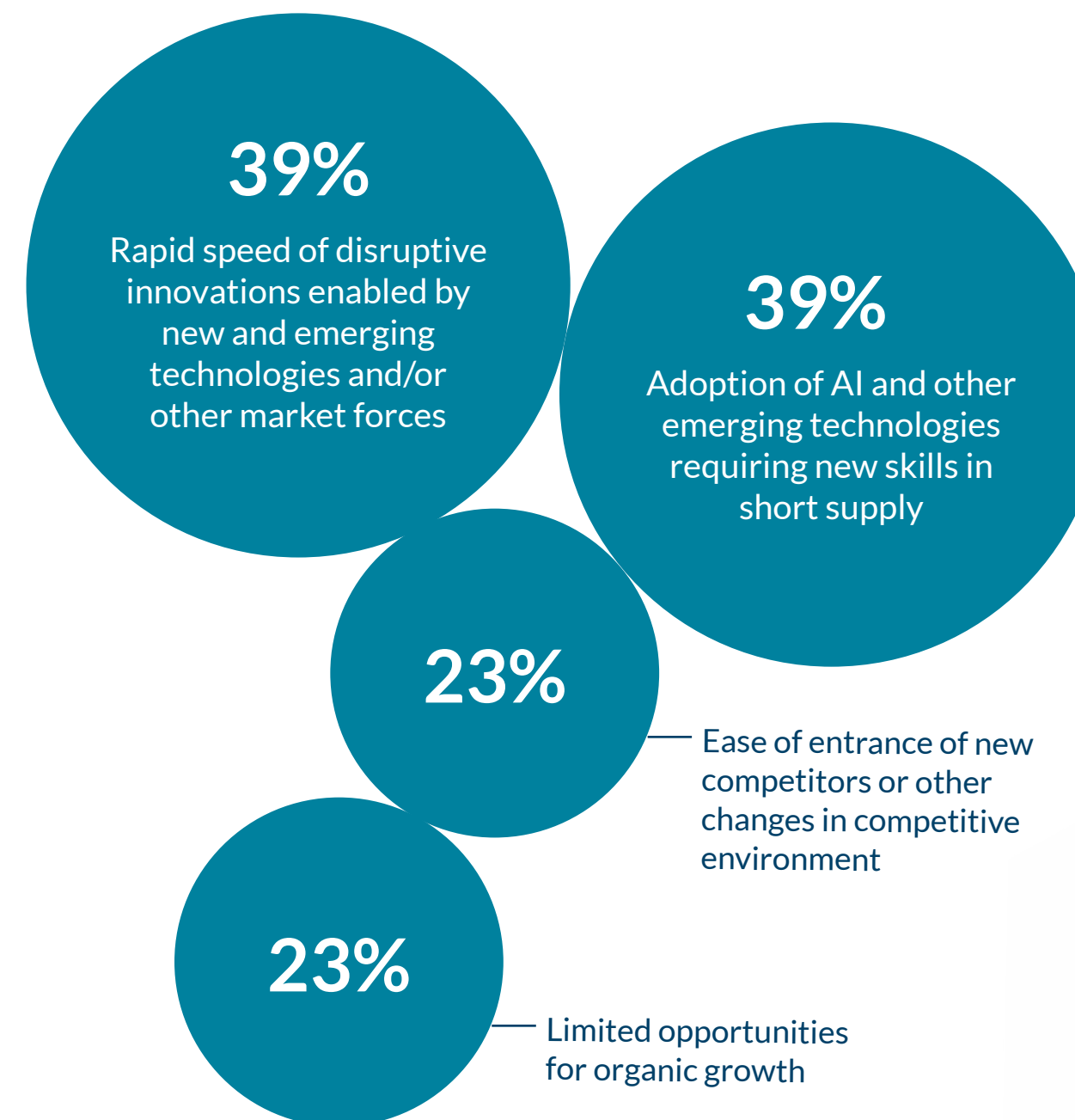
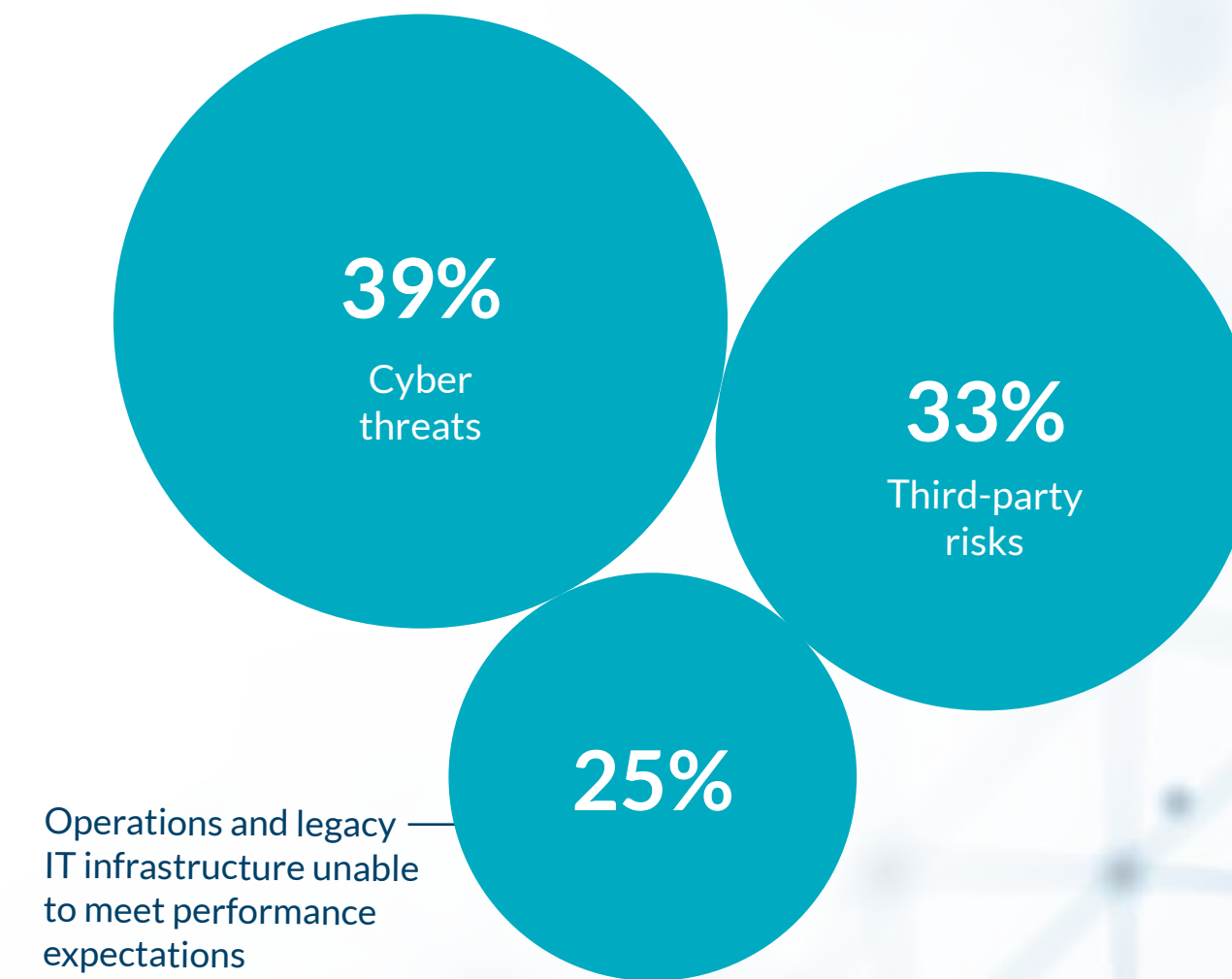


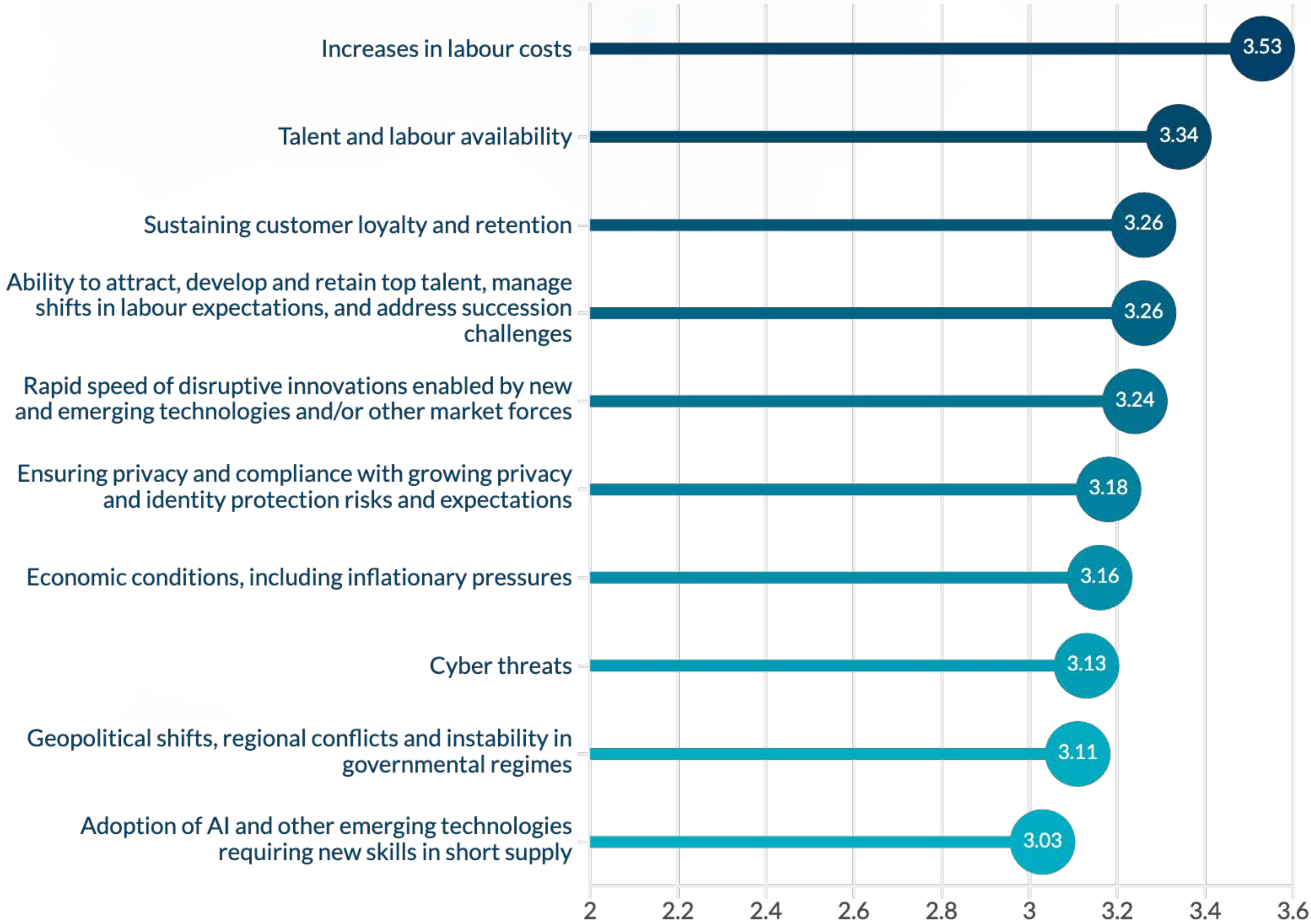
Figure 14D: Operational



Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.

CHROs – near-term outlook

Figure 15A: Top 10 near-term risks



CHROs – long-term outlook

Figure 15B: Macroeconomic

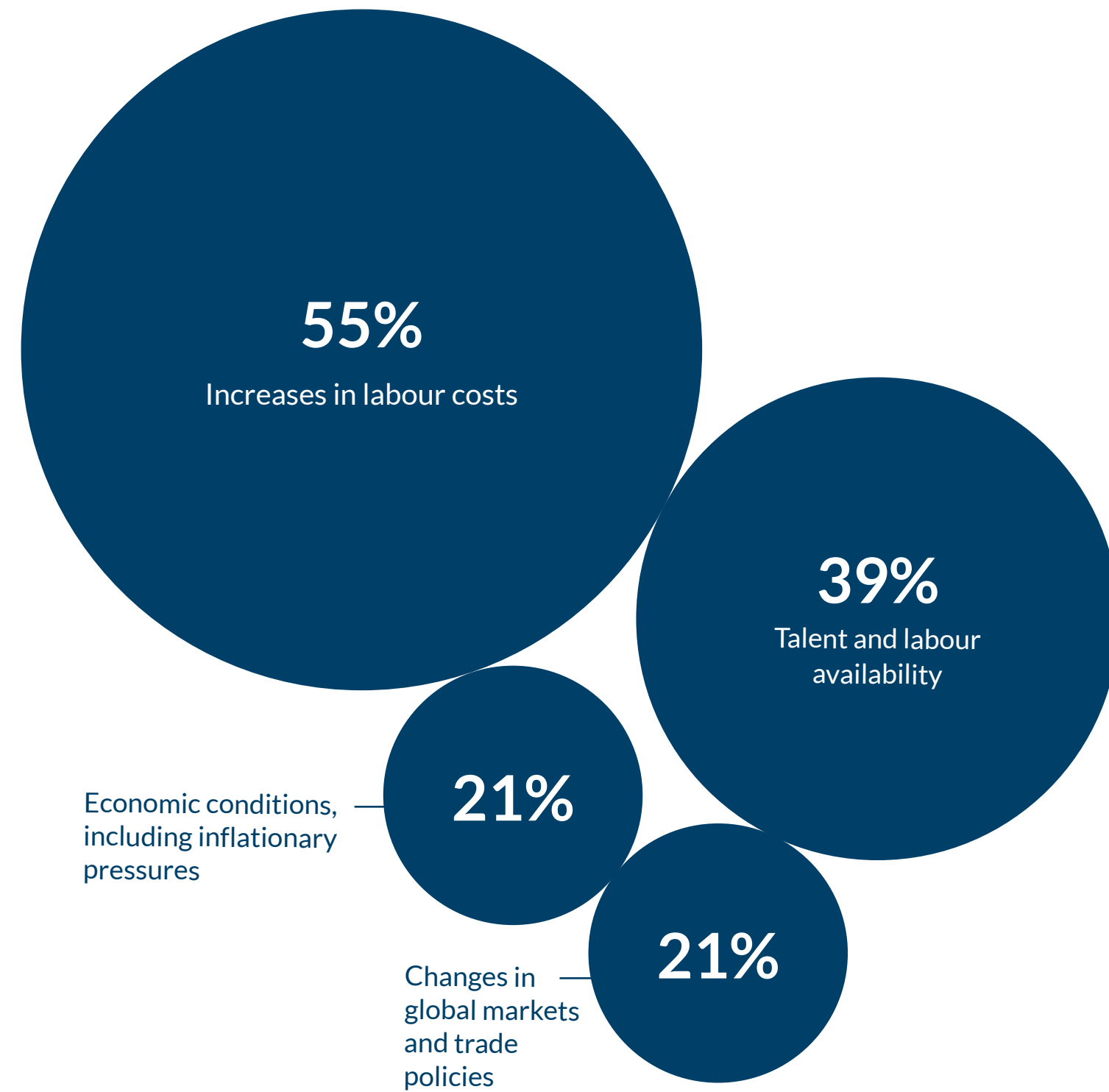


Figure 15C: Strategic

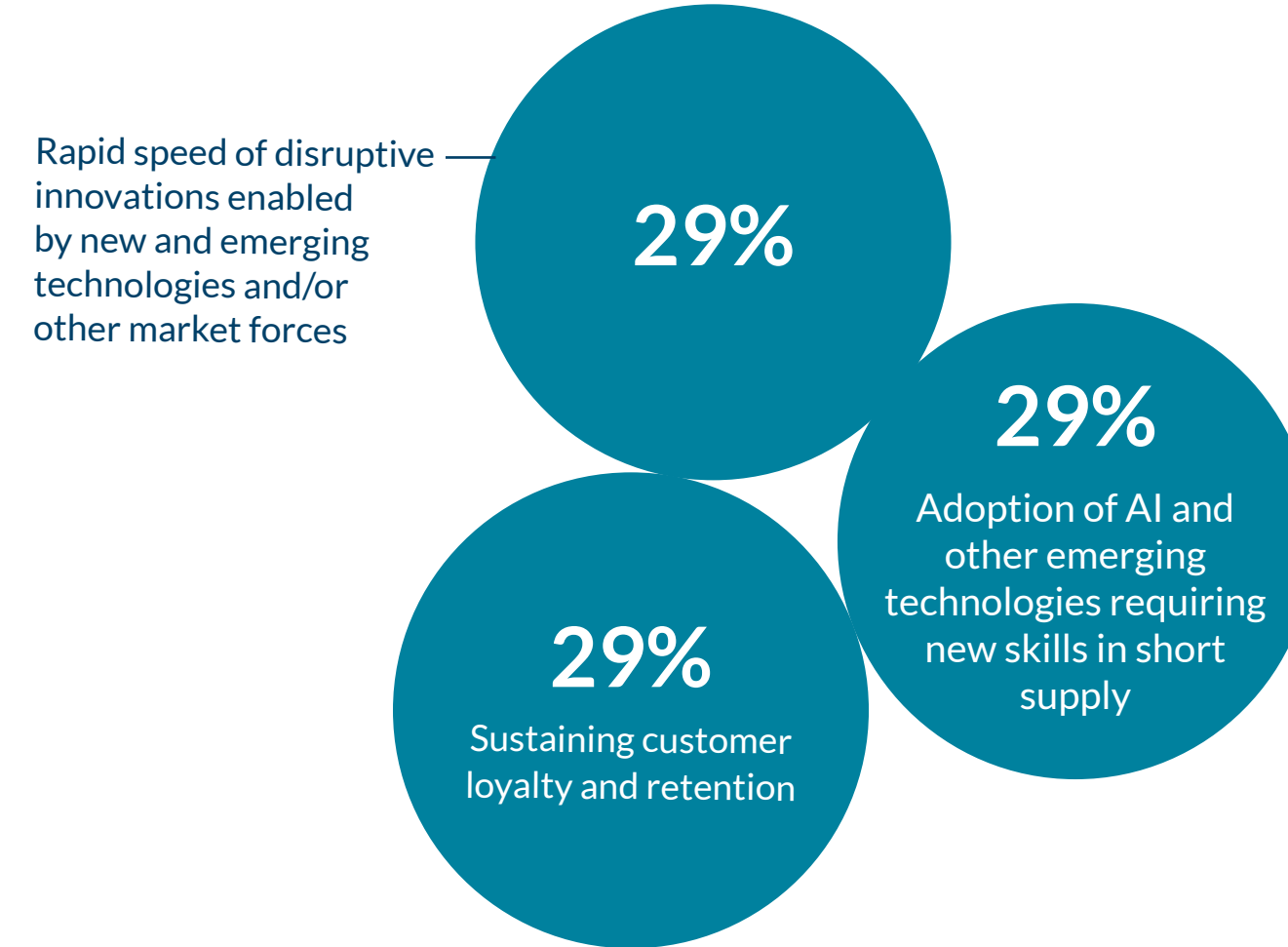


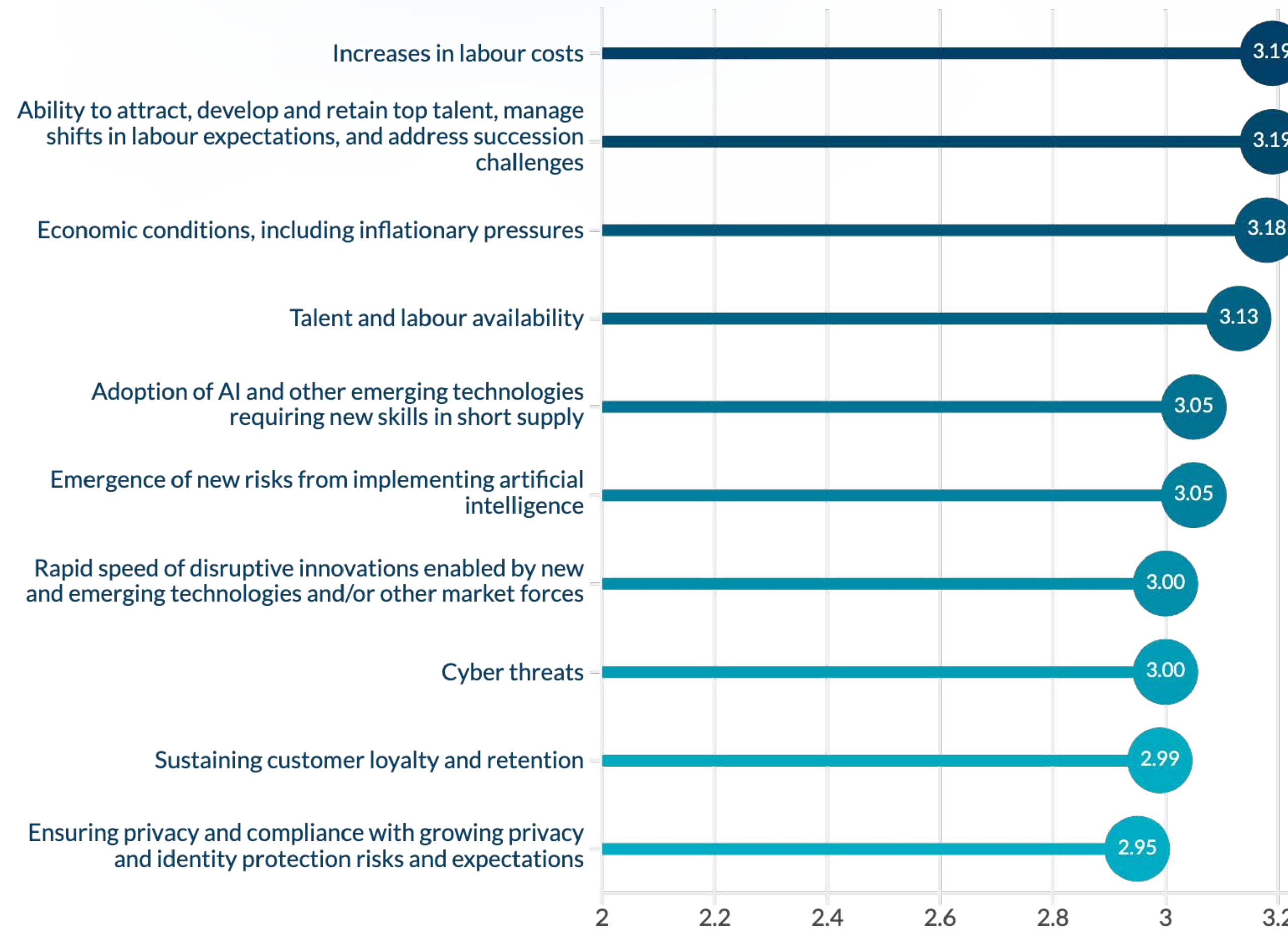
Figure 15D: Operational



Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.

CSOs – near-term outlook

Figure 16A: Top 10 near-term risks



CSOs – long-term outlook

Figure 16B: Macroeconomic

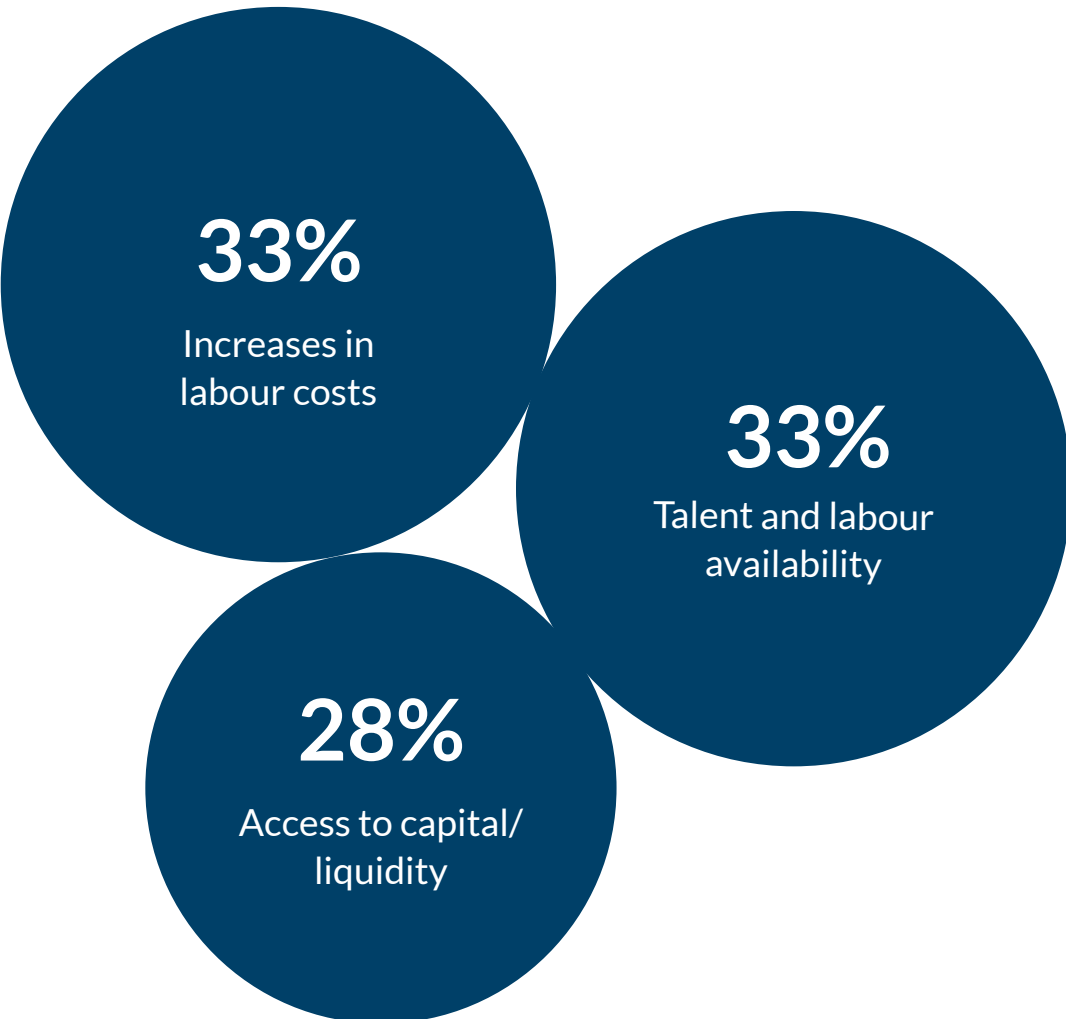


Figure 16C: Strategic

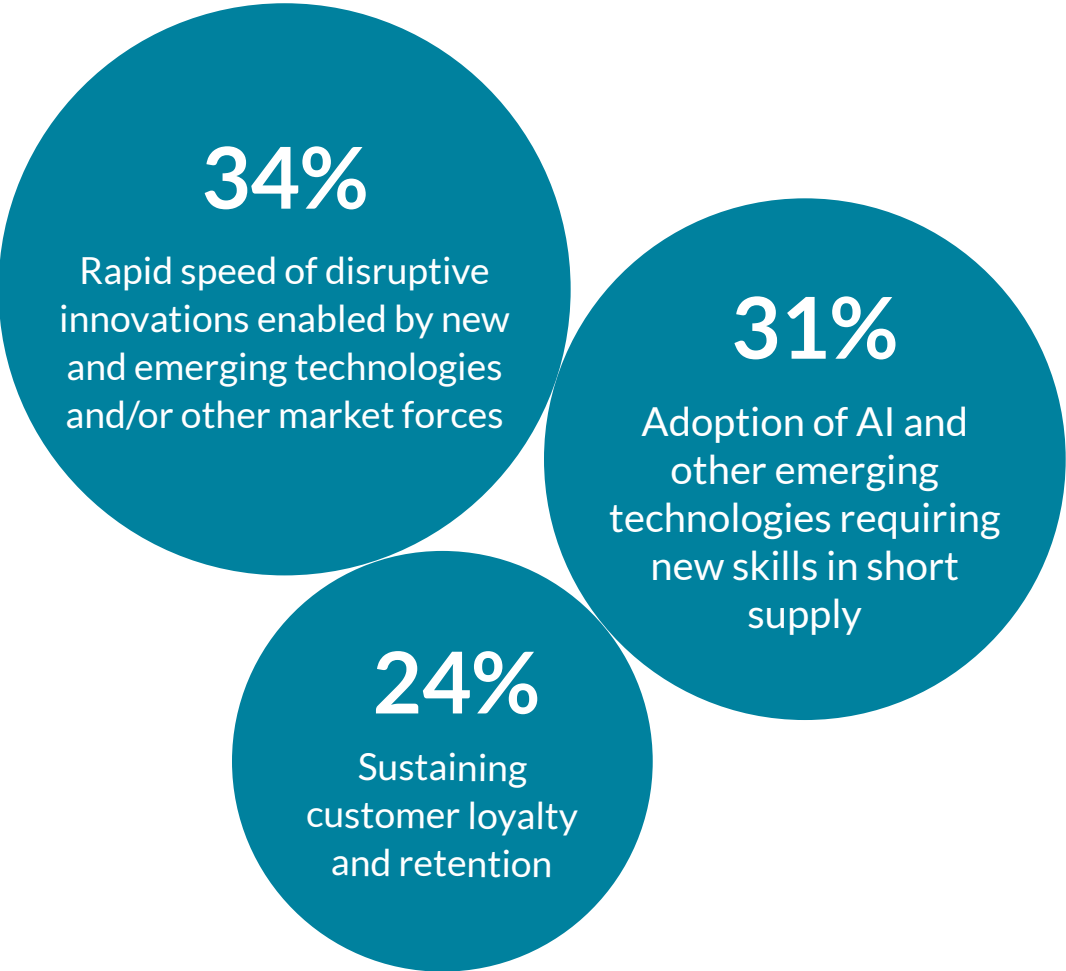
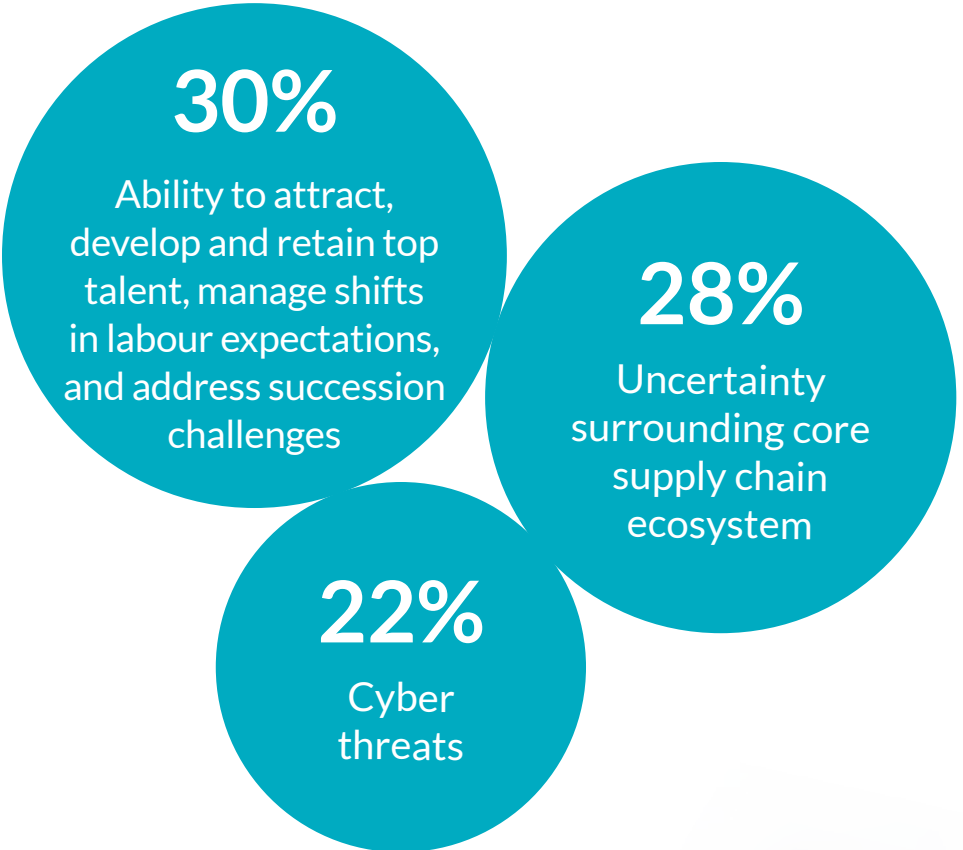


Figure 16D: Operational



Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.

CLOs/GCs – near-term outlook

Figure 17A: Top 10 near-term risks



CLOs/GCs – long-term outlook

Figure 17B: Macroeconomic



Figure 17C: Strategic

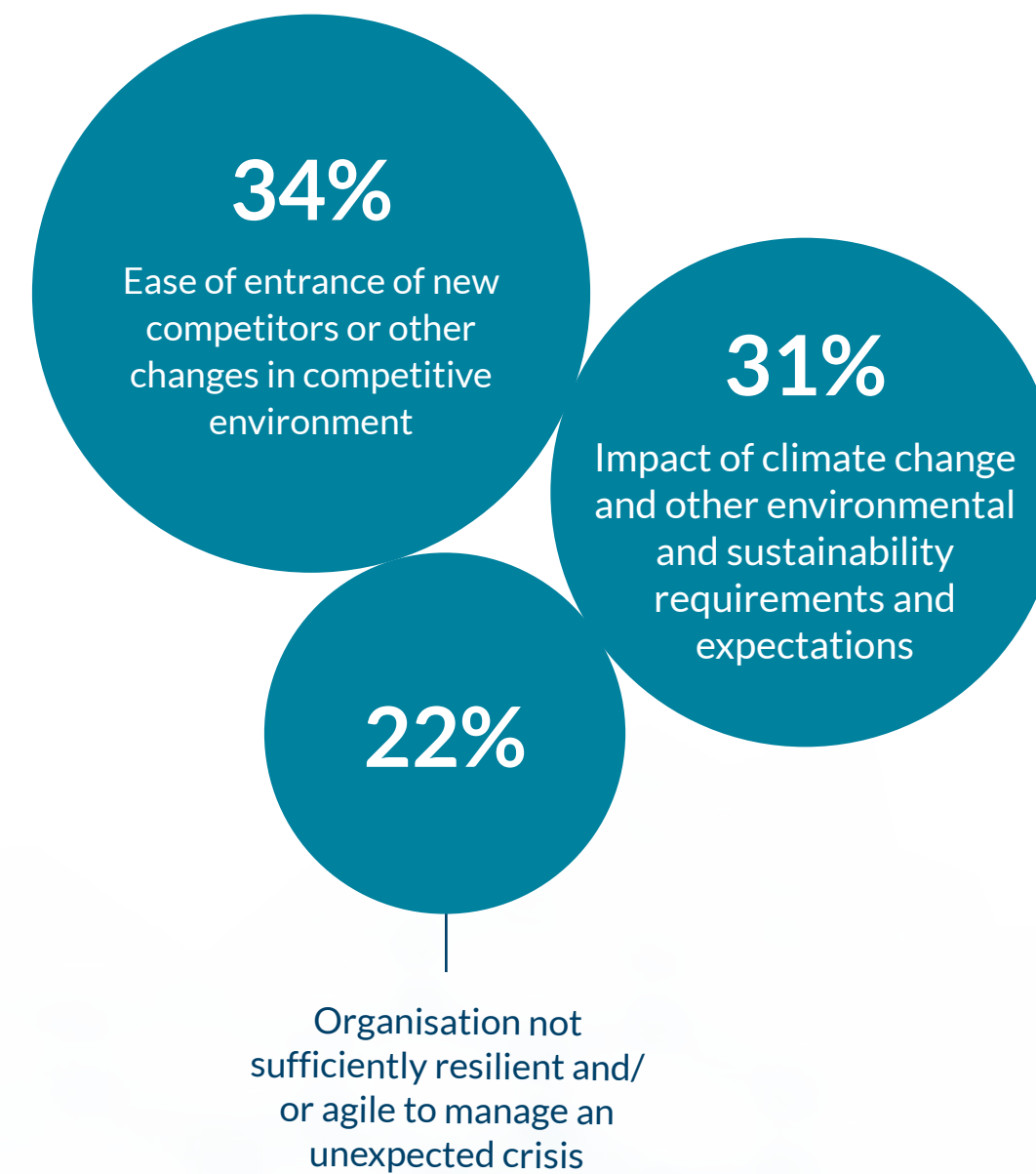


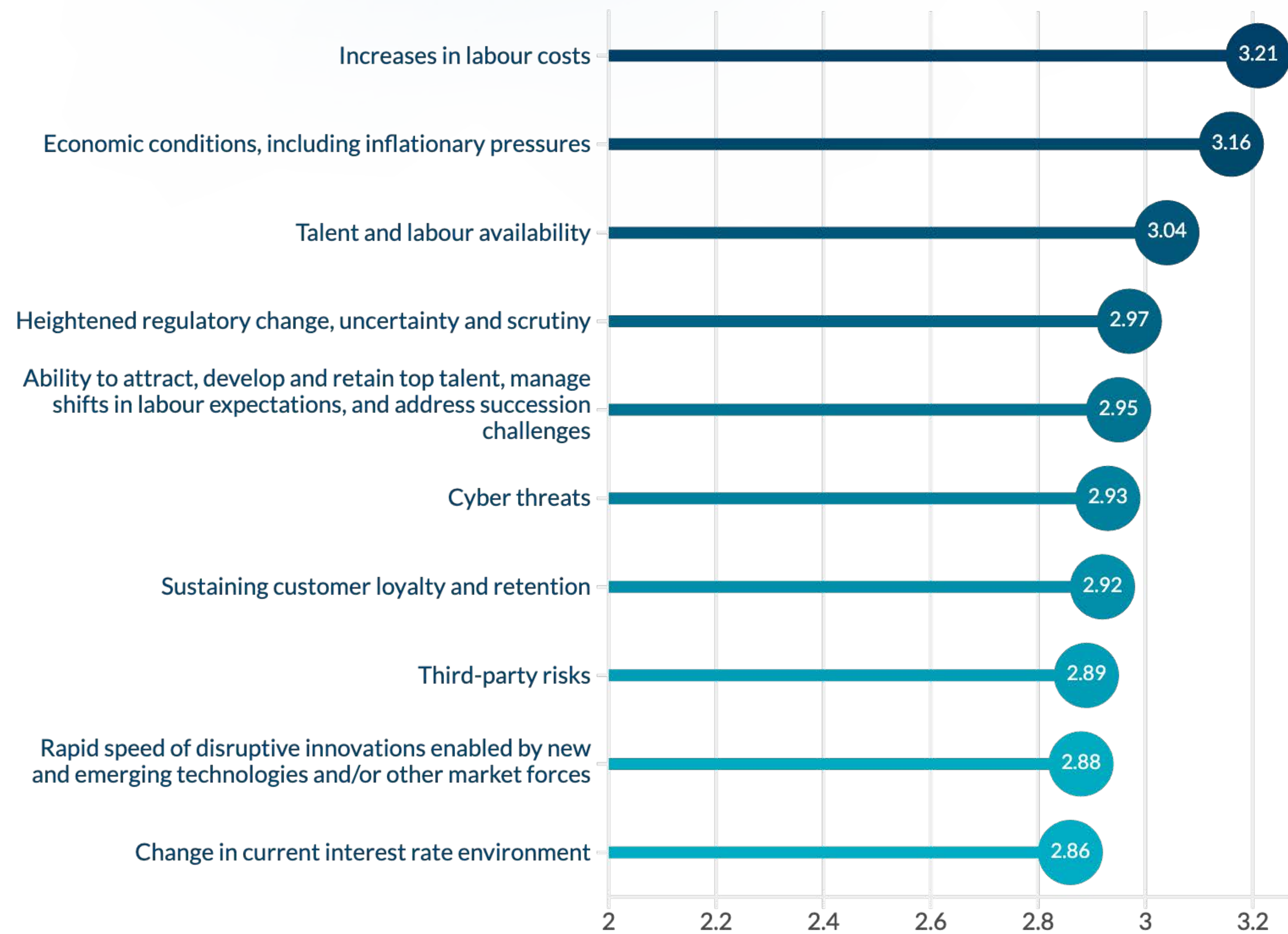
Figure 17D: Operational



Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.

COOs – near-term outlook

Figure 18A: Top 10 near-term risks



COOs – long-term outlook

Figure 18B: Macroeconomic

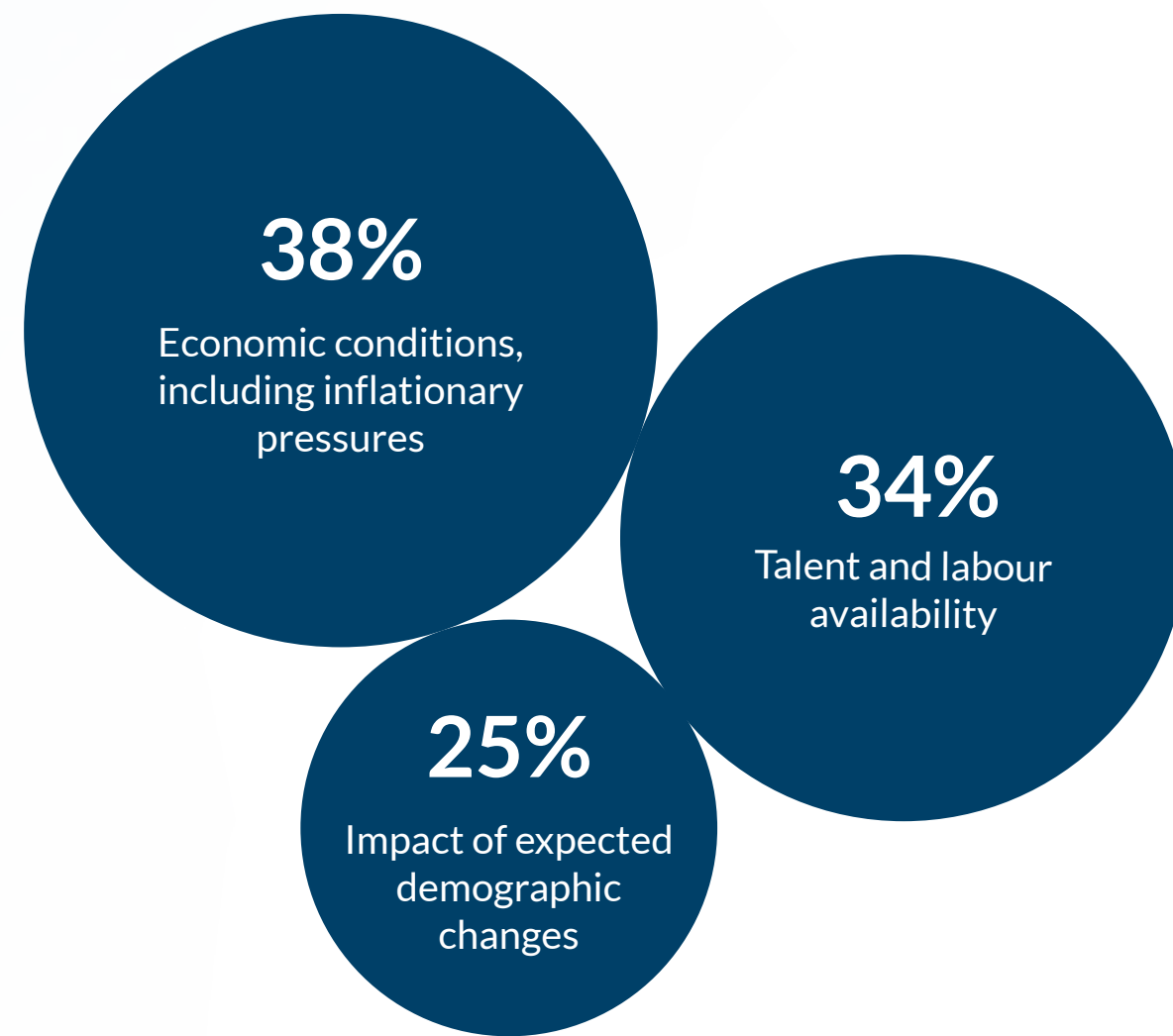


Figure 18C: Strategic

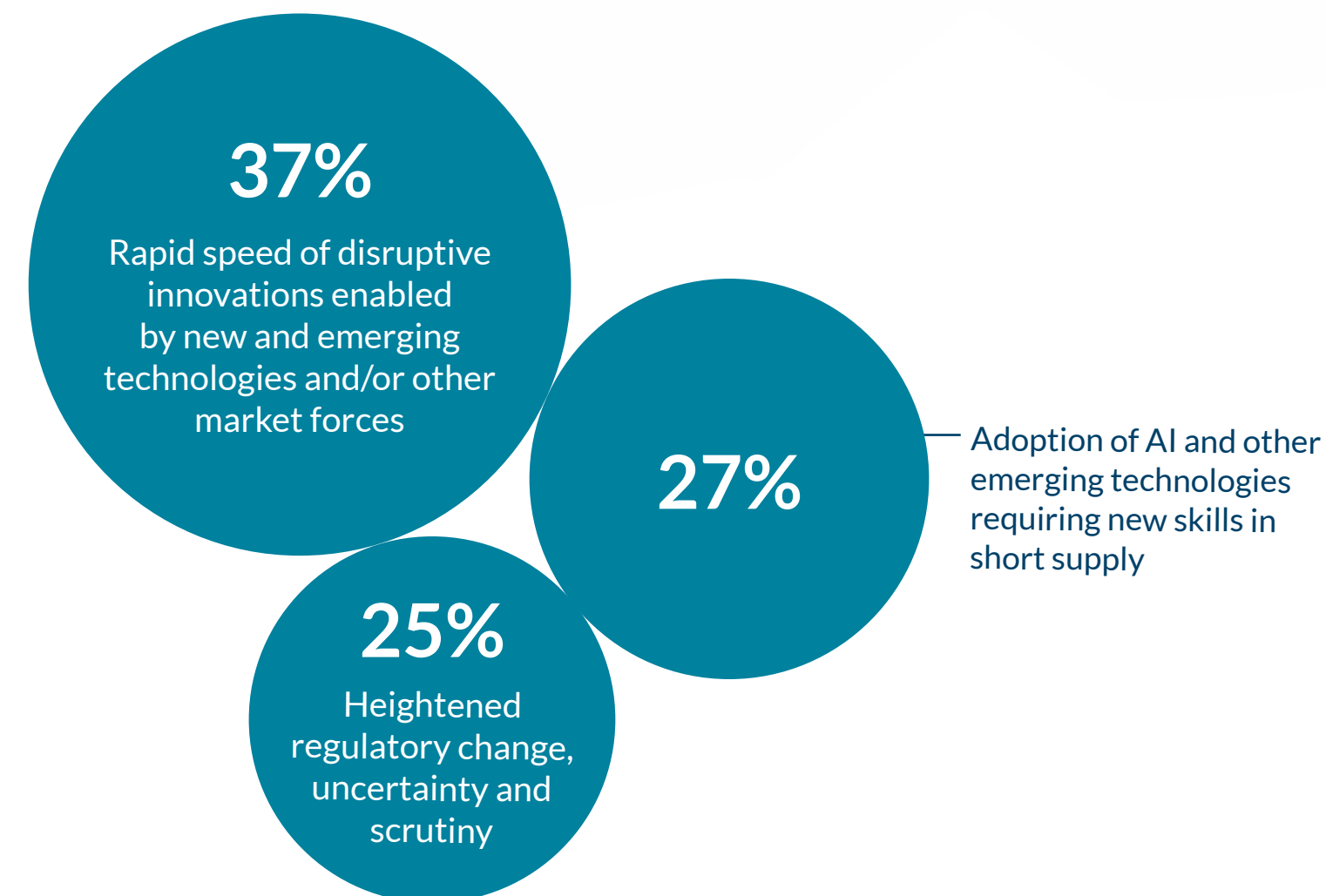
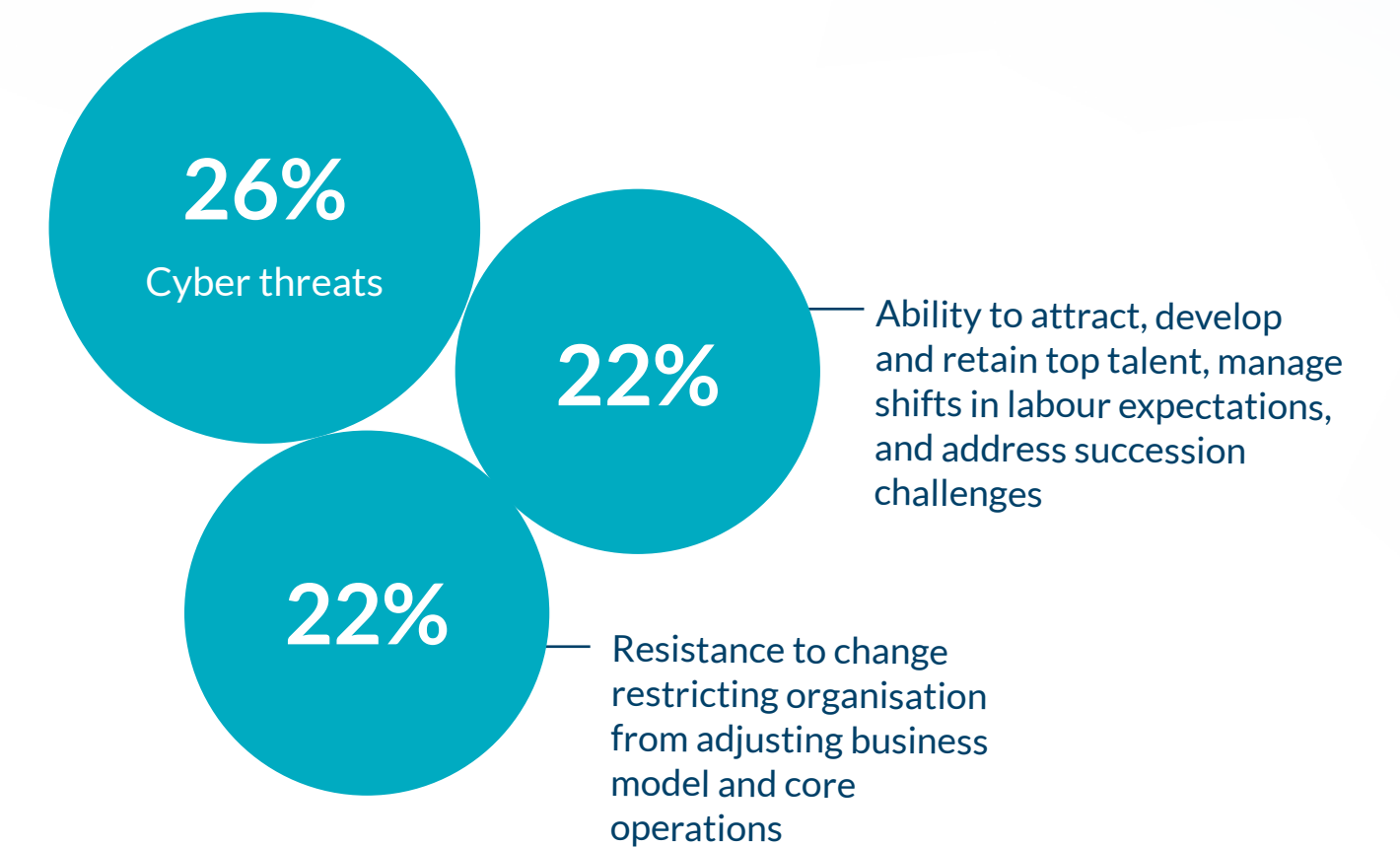


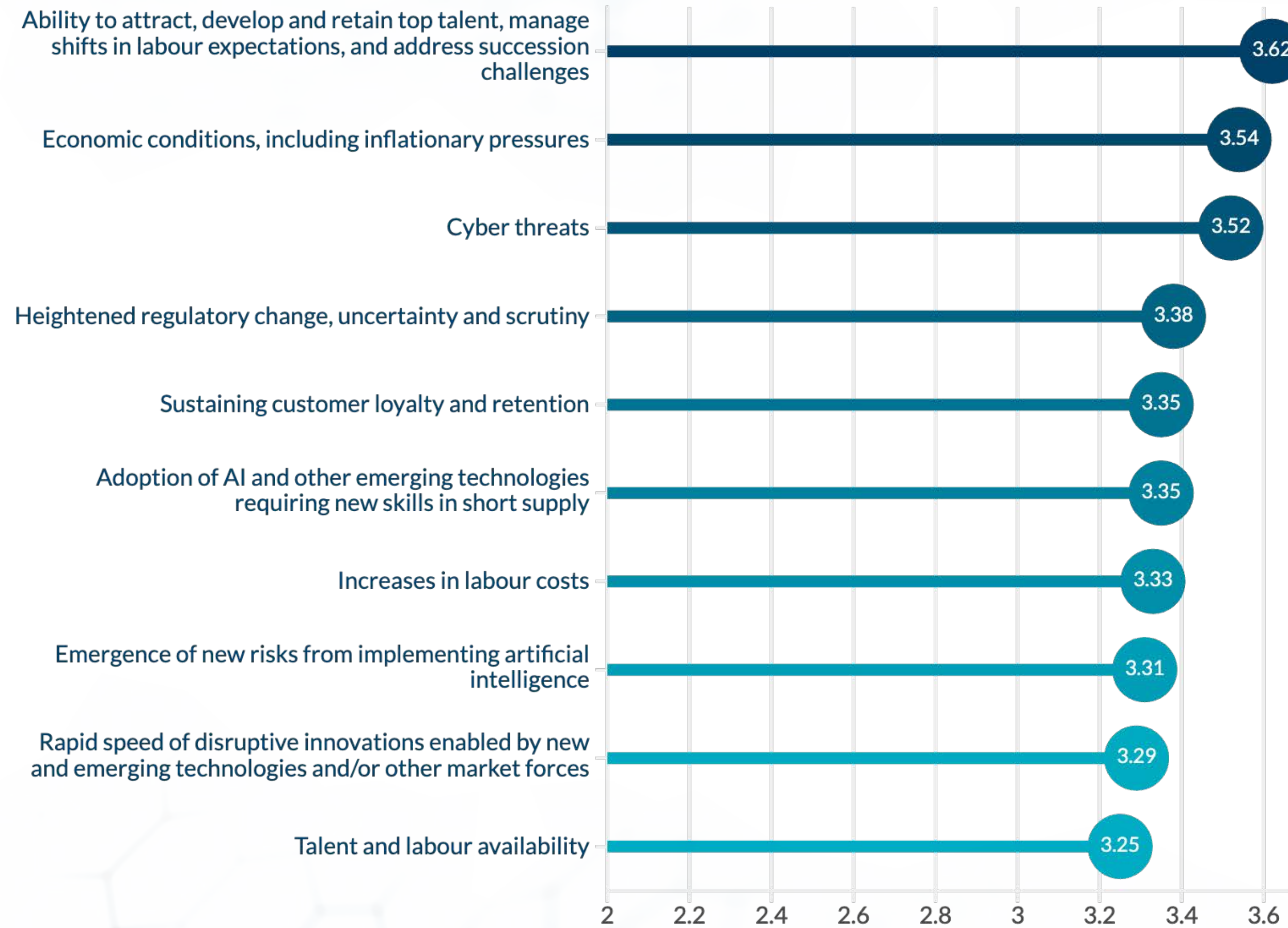
Figure 18D: Operational



Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.

Other C-Suite – near-term outlook

Figure 19A: Top 10 near-term risks



Other C-Suite – long-term outlook

Figure 19B: Macroeconomic

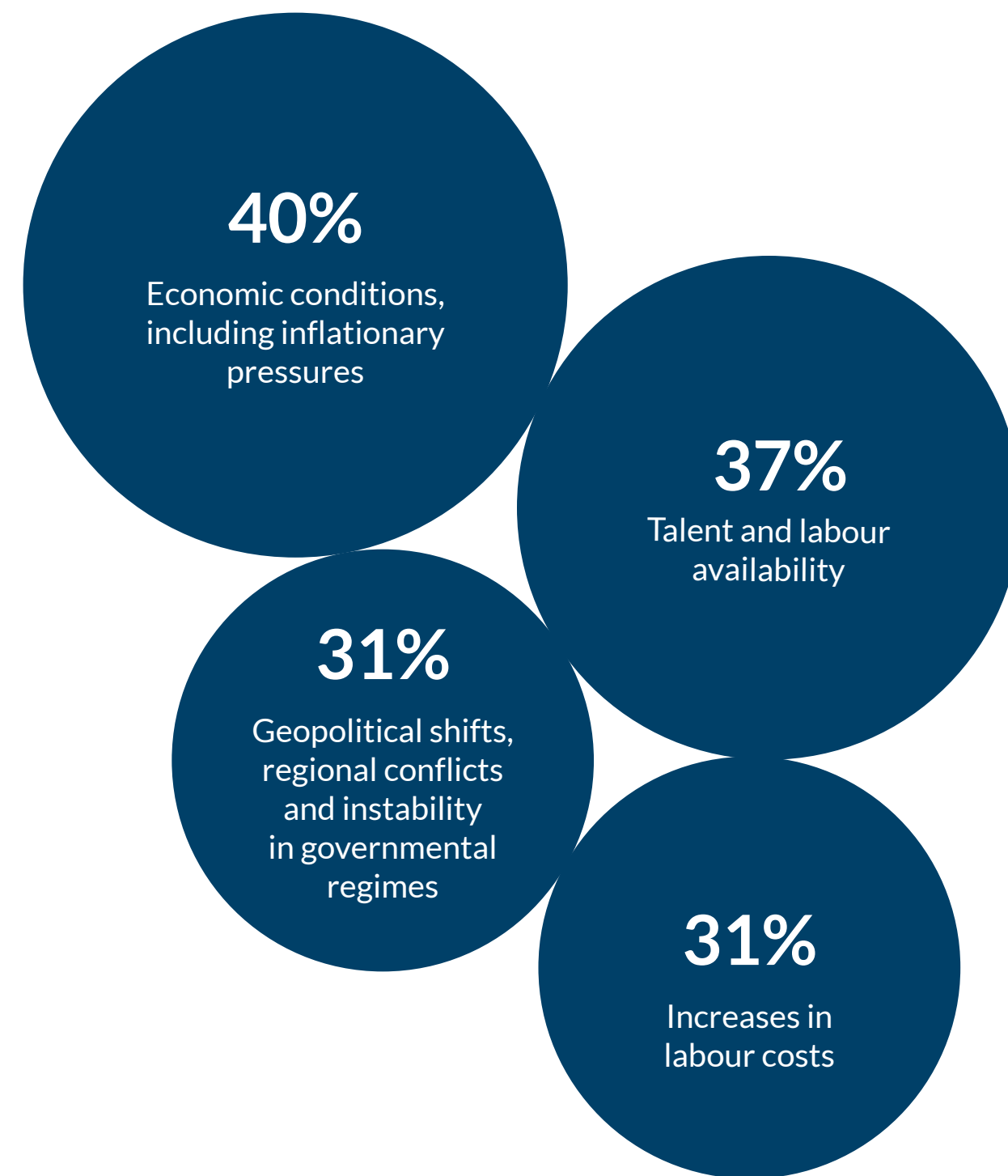


Figure 19C: Strategic

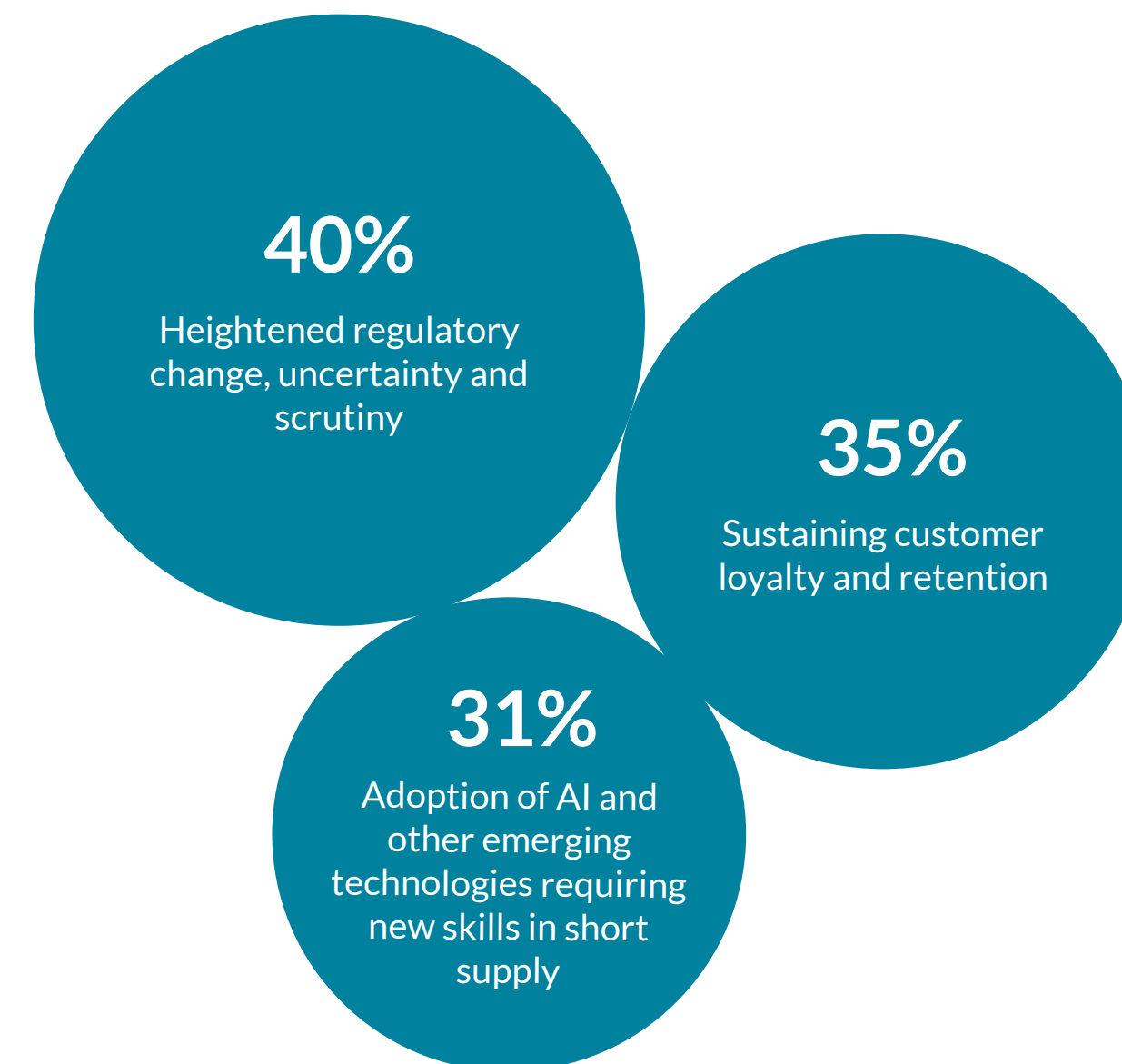
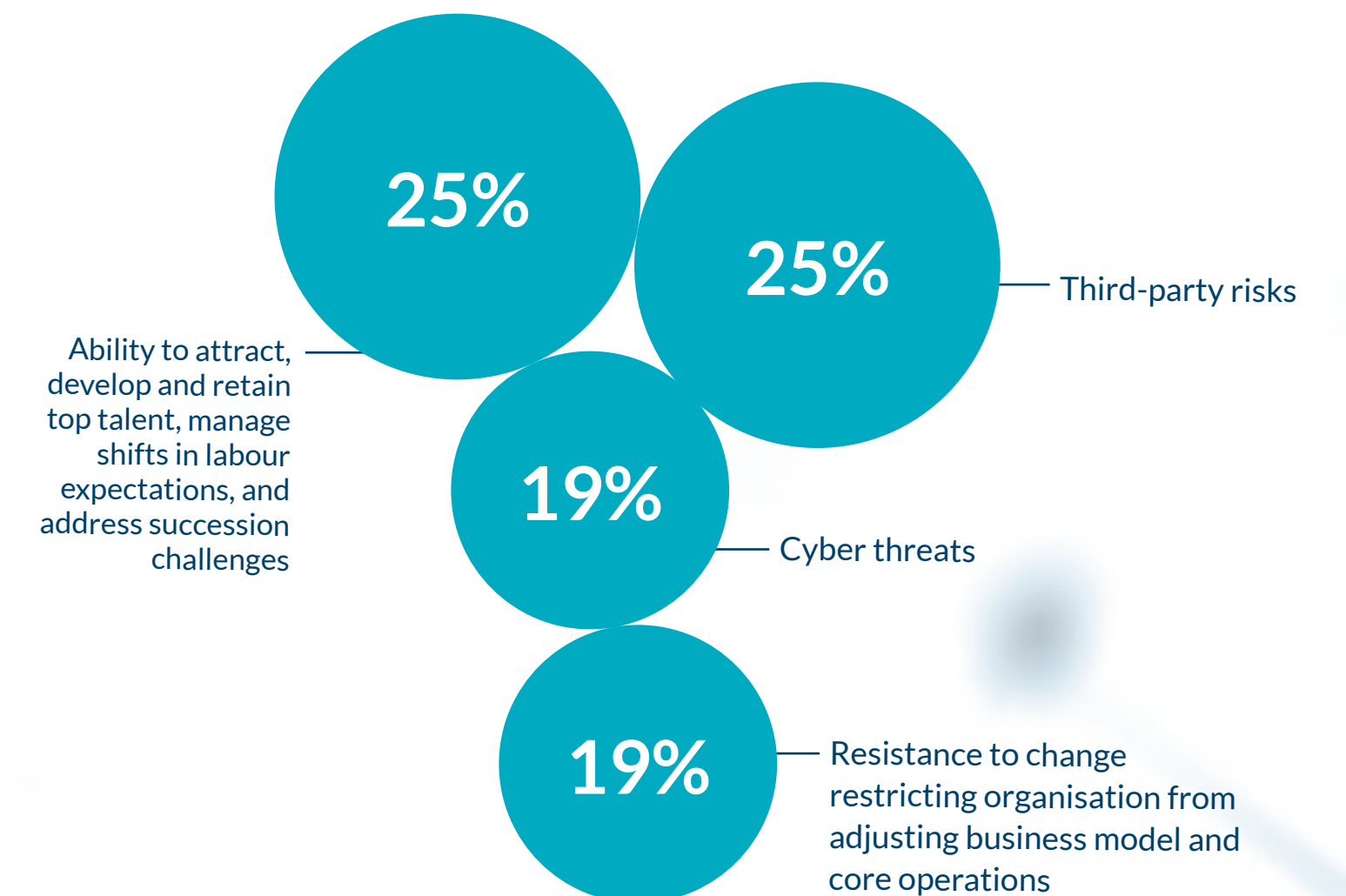


Figure 19D: Operational



Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.



10

Analysis across
different industry
groups

We analysed subsets of the full sample across eight different industry groupings, excluding 26 survey responses that did not provide an industry selection. A breakdown of the number of respondents in each industry category was provided earlier on page 19.

To determine how perspectives about near-term risks might vary across different industry groups, we separately analysed responses received from survey participants in each of the eight industry groups we examined. As illustrated by the colour-coded chart on the next page, there is a noticeable difference in views about near-term risks across the different industries and risk categories.

For the macroeconomic risks we asked about, risks associated with talent and labour availability, increases in labour costs, and economic conditions, including inflationary pressures, were most commonly rated at the “Significant Impact” level. The first two of these three risks (talent and labour availability and increases in labour costs) were rated as “Significant Impact” by five of the eight industry groups and the latter risk (economic conditions) was deemed a “Significant Impact” risk by four of

the eight. The Manufacturing and Distribution and Not-for-Profit/Higher Education industry groups rated four of the nine macroeconomic risks at the “Significant Impact” level. In contrast, the Technology, Media and Telecommunications and Government industry groups did not rate any macroeconomic risks as “Significant Impact” in the near-term.

For strategic risks, only the risk associated with heightened regulatory change, uncertainty and scrutiny was rated at the “Significant Impact” level by at least half of the industry groups. Financial Services, Healthcare, Energy and Utilities, and the Not-for-Profit/Higher Education industry groups all rated this risk as significant. Looking across industries, the Financial Services industry group rated four of the 10 strategic risks as “Significant Impact” risks. No other industry group rated more than two risks as “Significant Impact,” and the Manufacturing and Distribution, Technology, Media and Telecommunications, and Government industry groups did not identify any of the 10 strategic risks as “Significant Impact” risks.

Two operational risks were rated as “Significant Impact” risks by five of the eight industry groups. The risk associated with the ability to attract, develop and retain top talent, manage shifts in labour expectations, and address succession challenges, and the risk of cyber threats were both rated as “Significant Impact” by five industry groups. The Financial Services, Consumer Products and Services, Healthcare, and Not-for-Profit/Higher Education industry groups rated both risks as “Significant Impact.” In addition, the Financial Services, Healthcare, and Not-for-Profit/Higher Education industry groups identified the most operational risks as “Significant Impact.” The Financial Services industry group ranked six of the 13 operational risks as “Significant Impact,” while the Healthcare and Not-for-Profit/Higher Education industry groups ranked four of the 13 as “Significant Impact.” In looking across all three categories of risks, the Financial Services industry group stands out, identifying 13 of the 32 risks as near-term “Significant Impact” risks.

Table 10: Near-term outlook – by industry group

Macroeconomic risk issues	FS	CPS	MD	TMT	HC	EU	GOVT	NFP/HE
Economic conditions, including inflationary pressures	●	●	●	●	●	●	●	●
Talent and labour availability	●	●	●	●	●	●	●	●
Increases in labour costs	●	●	●	●	●	●	●	●
Changes in global markets and trade policies	●	●	●	●	●	●	●	●
Change in current interest rate environment	●	●	●	●	●	●	●	●
Impact of expected demographic changes	●	●	●	●	●	●	●	●
Geopolitical shifts, regional conflicts and instability in governmental regimes	●	●	●	●	●	●	●	●
Access to capital/liquidity	●	●	●	●	●	●	●	●
Increase in global terrorism, crime and violence	●	●	●	●	●	●	●	●

Classification	Risks with an average score of	
Significant impact	3.11 or higher	●
Potential impact	2.70 through 3.10	●
Less significant impact	Less than 2.70	●

Strategic risk issues	FS	CPS	MD	TMT	HC	EU	GOVT	NFP/HE
Heightened regulatory change, uncertainty and scrutiny	●	●	●	●	●	●	●	●
Adoption of AI and other emerging technologies requiring new skills in short supply	●	●	●	●	●	●	●	●
Rapid speed of disruptive innovations enabled by new and emerging technologies and/or other market forces	●	●	●	●	●	●	●	●
Sustaining customer loyalty and retention	●	●	●	●	●	●	●	●
Impact of climate change and other environmental and sustainability requirements and expectations	●	●	●	●	●	●	●	●
Ease of entrance of new competitors or other changes in competitive environment	●	●	●	●	●	●	●	●
Substitute products and services that affect the viability of our business	●	●	●	●	●	●	●	●
Organisation not sufficiently resilient and/or agile to manage an unexpected crisis	●	●	●	●	●	●	●	●
Limited opportunities for organic growth	●	●	●	●	●	●	●	●
Social media developments and platform technology innovations	●	●	●	●	●	●	●	●

Operational risk issues	FS	CPS	MD	TMT	HC	EU	GOVT	NFP/HE
Ability to attract, develop and retain top talent, manage shifts in labour expectations, and address succession challenges	●	●	●	●	●	●	●	●
Cyber threats	●	●	●	●	●	●	●	●
Emergence of new risks from implementing artificial intelligence	●	●	●	●	●	●	●	●
Third-party risks	●	●	●	●	●	●	●	●
Ensuring privacy and compliance with growing privacy and identity protection risks and expectations	●	●	●	●	●	●	●	●
Operations and legacy IT infrastructure unable to meet performance expectations	●	●	●	●	●	●	●	●
Organisation's culture not sufficiently encouraging timely identification and escalation of emerging risk issues	●	●	●	●	●	●	●	●
Rising threat of catastrophic natural disasters and weather phenomena	●	●	●	●	●	●	●	●
Challenges in sustaining culture due to changes in overall work environment	●	●	●	●	●	●	●	●
Inability to utilise rigorous data analytics to achieve market intelligence and increase productivity and efficiency	●	●	●	●	●	●	●	●
Resistance to change restricting organisation from adjusting business model and core operations	●	●	●	●	●	●	●	●
Uncertainty surrounding core supply chain ecosystem	●	●	●	●	●	●	●	●
Managing multigenerational workforce demands and expectations	●	●	●	●	●	●	●	●

Table 11: Long-term outlook – by industry group

Macroeconomic risk issues	FS	CPS	MD	TMT	HC	EU	GOVT	NFP/HE
Economic conditions, including inflationary pressures	■	■	■	■	■	■	■	■
Talent and labour availability		■	■	■	■	■		
Geopolitical shifts, regional conflicts and instability in governmental regimes							■	
Change in current interest rate environment	■							
Impact of expected demographic changes								■

Strategic risk issues	FS	CPS	MD	TMT	HC	EU	GOVT	NFP/HE
Heightened regulatory change, uncertainty and scrutiny	■		■		■	■		■
Rapid speed of disruptive innovations enabled by new and emerging technologies and/or other market forces	■	■	■	■				■
Adoption of AI and other emerging technologies requiring new skills in short supply				■	■			
Impact of climate change and other environmental and sustainability requirements and expectations						■	■	
Sustaining customer loyalty and retention		■						
Ease of entrance of new competitors or other changes in competitive environment							■	

Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. Three risks may be shown in a column as a result of ties. Not all risks in each category are shown; rather, only risks that were selected as a top two risk by industry group are shown.

■	Received highest percentage of responses in category as top risk issue for 2035 (ties included).
■	Received second-highest percentage of responses in category as top risk issue for 2035 (ties included).

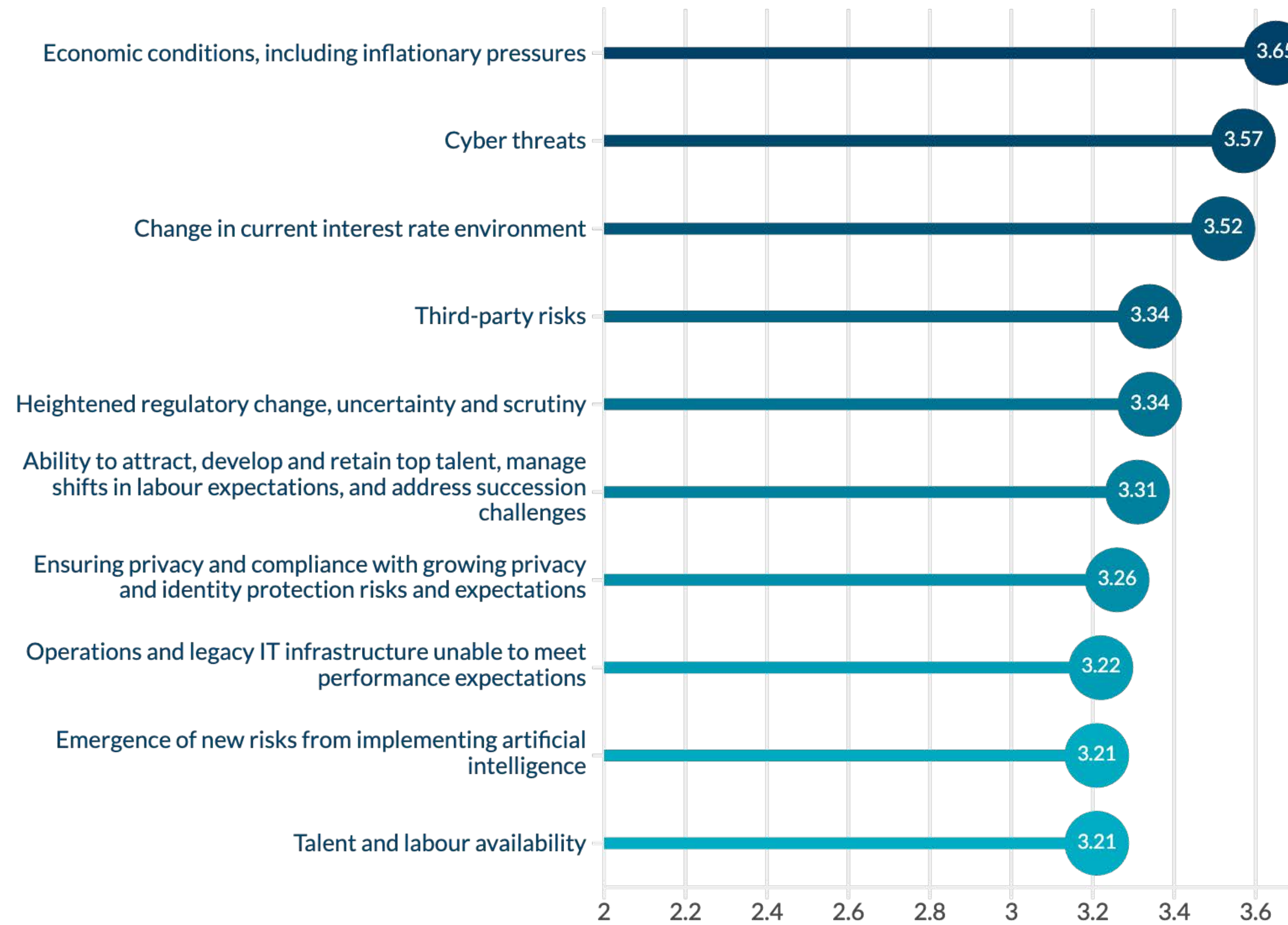
Operational risk issues	FS	CPS	MD	TMT	HC	EU	GOVT	NFP/HE
Cyber threats	Received highest percentage of responses in category as top risk issue for 2035 (ties included).	Received second-highest percentage of responses in category as top risk issue for 2035 (ties included).		Received highest percentage of responses in category as top risk issue for 2035 (ties included).	Received highest percentage of responses in category as top risk issue for 2035 (ties included).	Received highest percentage of responses in category as top risk issue for 2035 (ties included).	Received second-highest percentage of responses in category as top risk issue for 2035 (ties included).	Received second-highest percentage of responses in category as top risk issue for 2035 (ties included).
Third-party risks	Received second-highest percentage of responses in category as top risk issue for 2035 (ties included).	Received second-highest percentage of responses in category as top risk issue for 2035 (ties included).		Received second-highest percentage of responses in category as top risk issue for 2035 (ties included).	Received second-highest percentage of responses in category as top risk issue for 2035 (ties included).	Received highest percentage of responses in category as top risk issue for 2035 (ties included).		
Ability to attract, develop and retain top talent, manage shifts in labour expectations, and address succession challenges		Received highest percentage of responses in category as top risk issue for 2035 (ties included).	Received second-highest percentage of responses in category as top risk issue for 2035 (ties included).					Received highest percentage of responses in category as top risk issue for 2035 (ties included).
Rising threat of catastrophic natural disasters and weather phenomena						Received highest percentage of responses in category as top risk issue for 2035 (ties included).	Received highest percentage of responses in category as top risk issue for 2035 (ties included).	
Uncertainty surrounding core supply chain ecosystem			Received highest percentage of responses in category as top risk issue for 2035 (ties included).					

Received highest percentage of responses in category as top risk issue for 2035 (ties included).
Received second-highest percentage of responses in category as top risk issue for 2035 (ties included).

Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. Three risks may be shown in a column as a result of ties. Not all risks in each category are shown; rather, only risks that were selected as a top two risk by industry group are shown.

Financial Services – near-term outlook

Figure 20A: Top 10 near-term risks



Financial Services – long-term outlook

Figure 20B: Macroeconomic

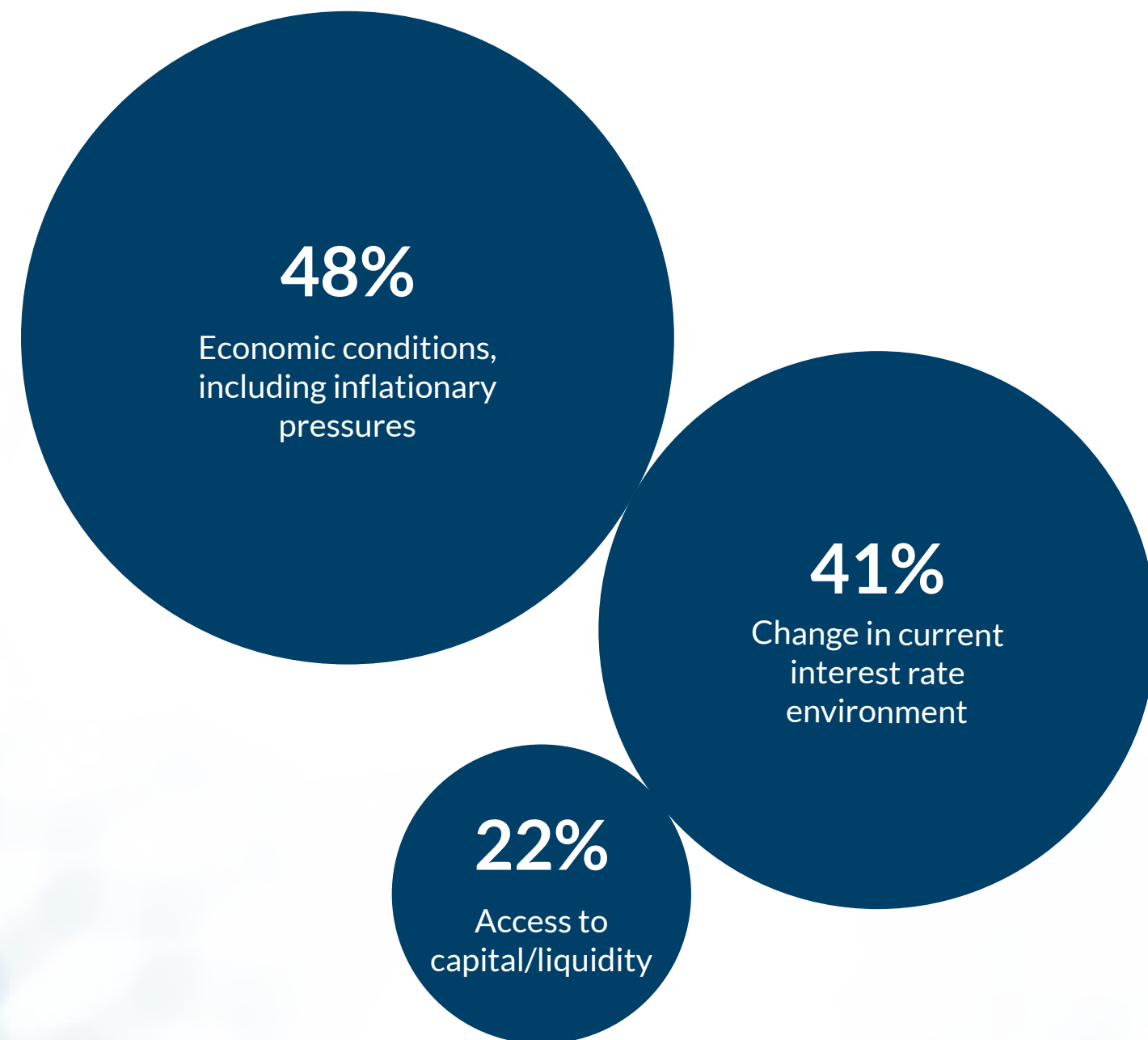


Figure 20C: Strategic

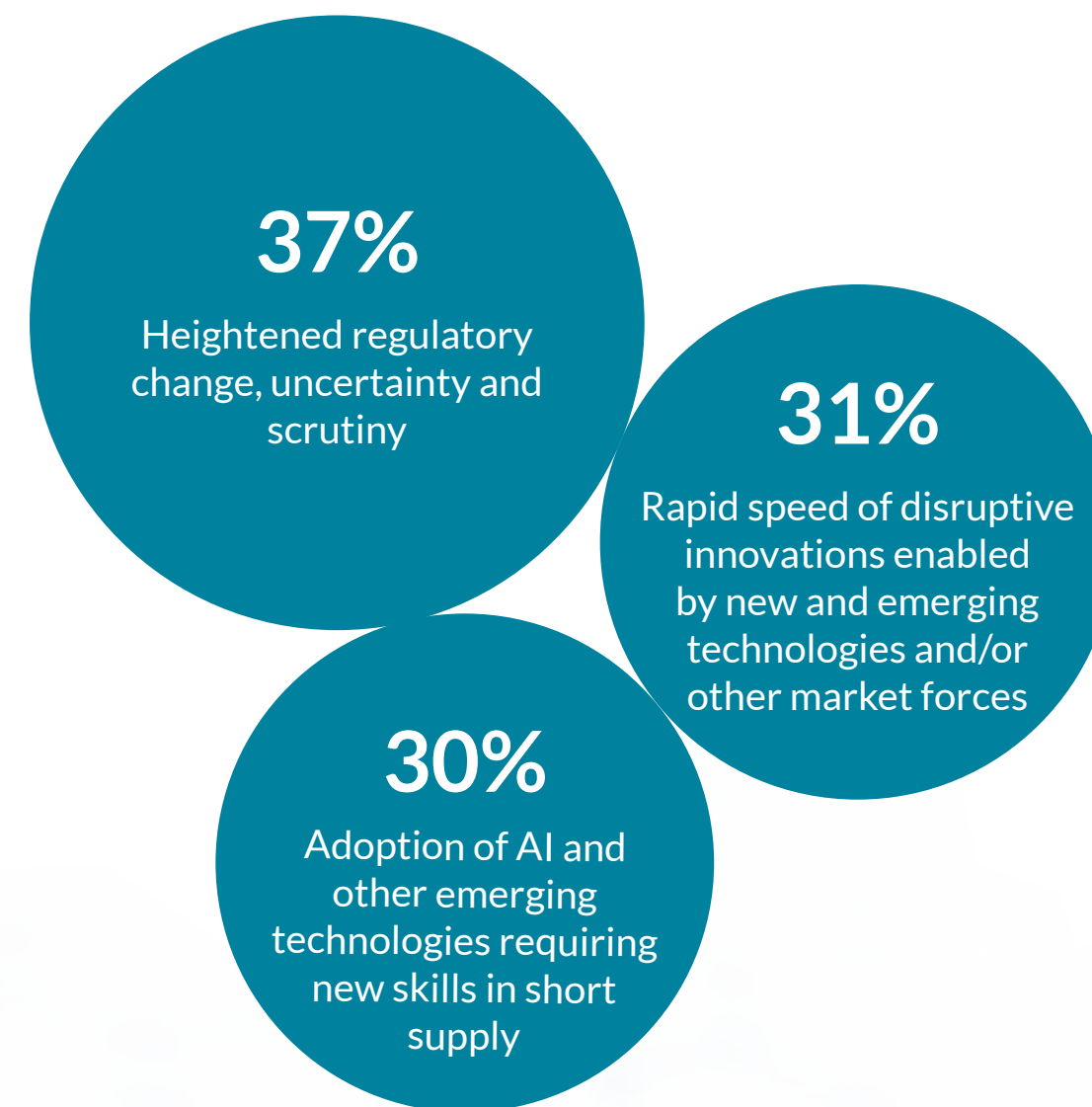
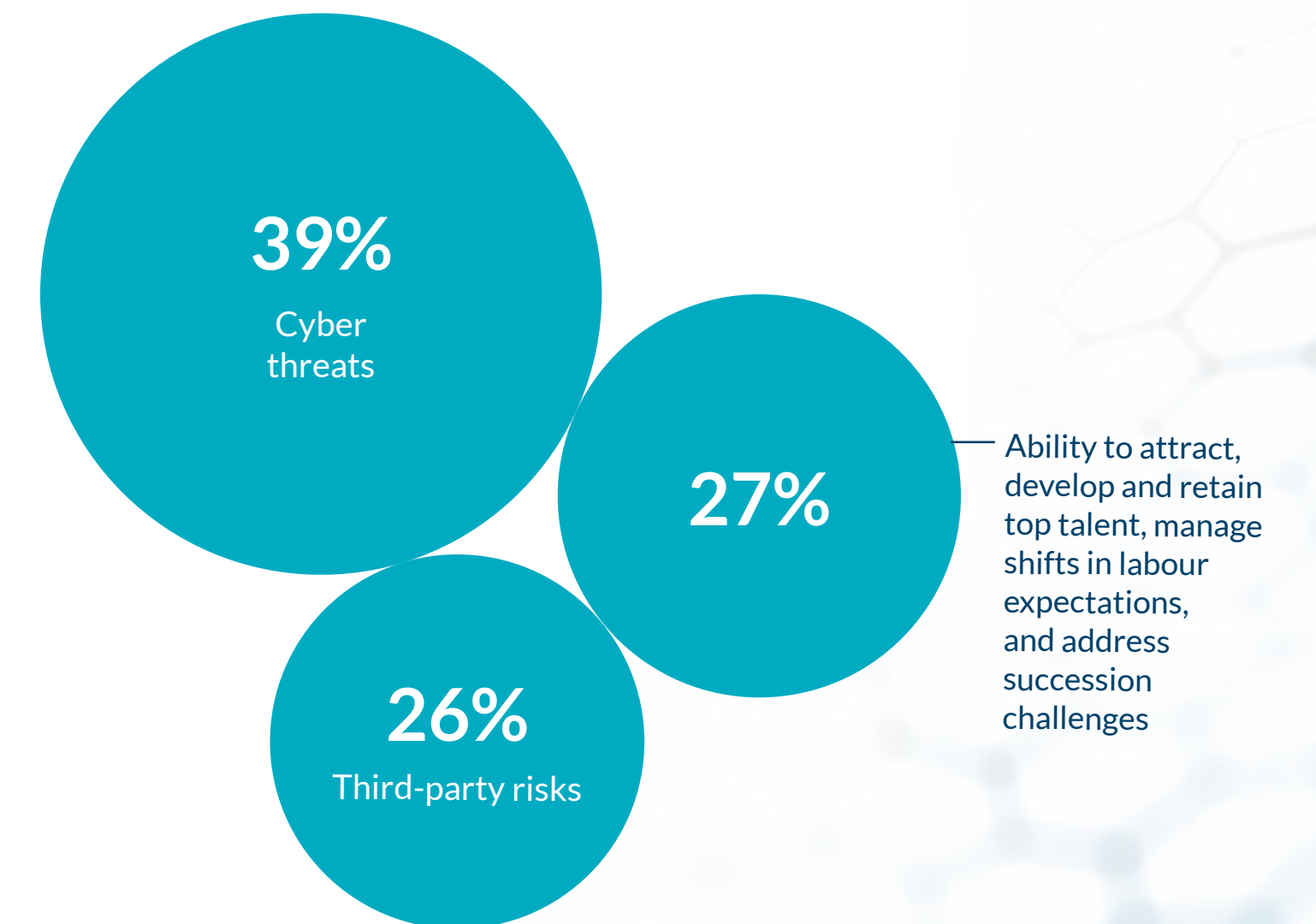


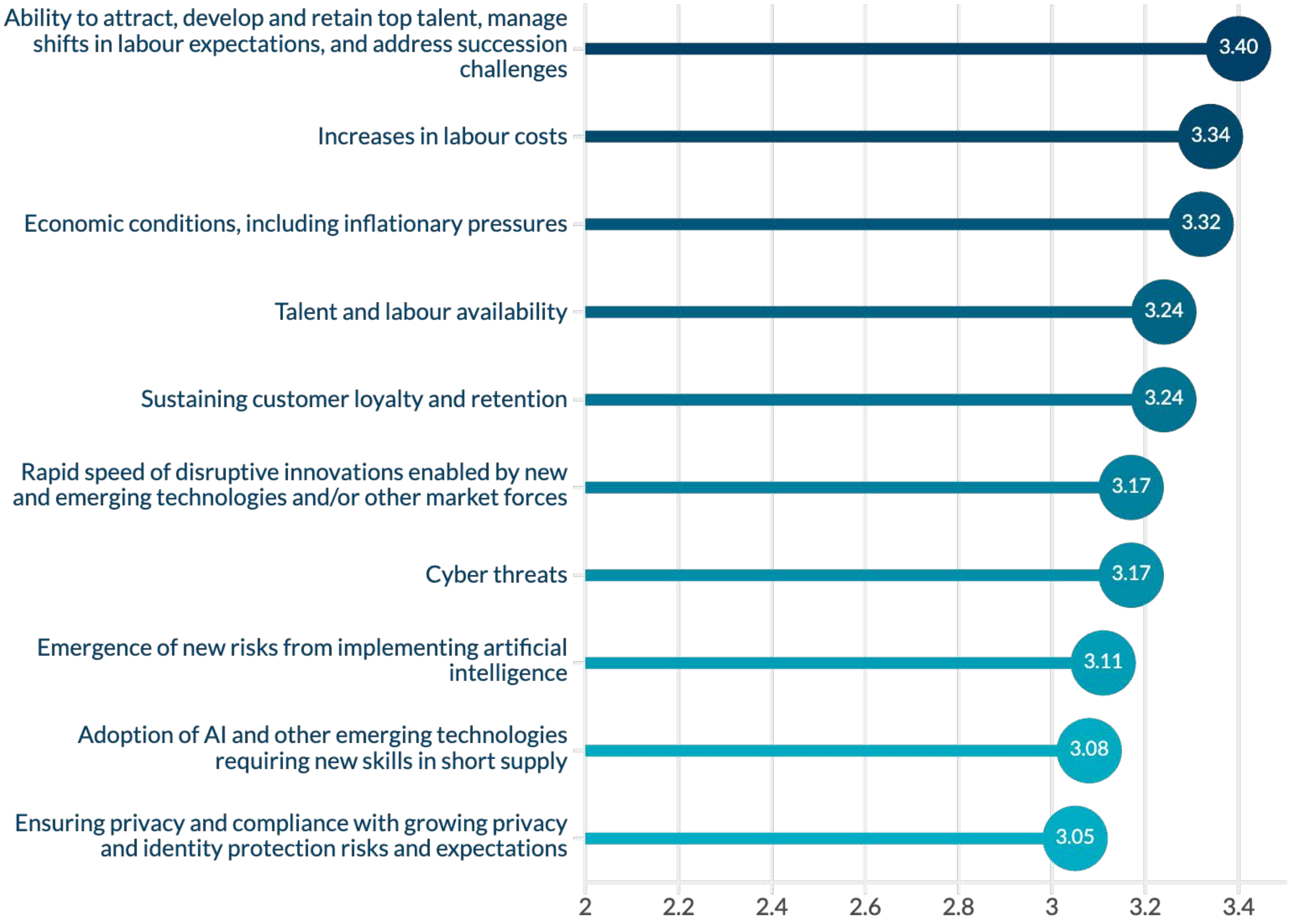
Figure 20D: Operational



Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.

Consumer Products and Services – near-term outlook

Figure 21A: Top 10 near-term risks



Consumer Products and Services – long-term outlook

Figure 21B: Macroeconomic

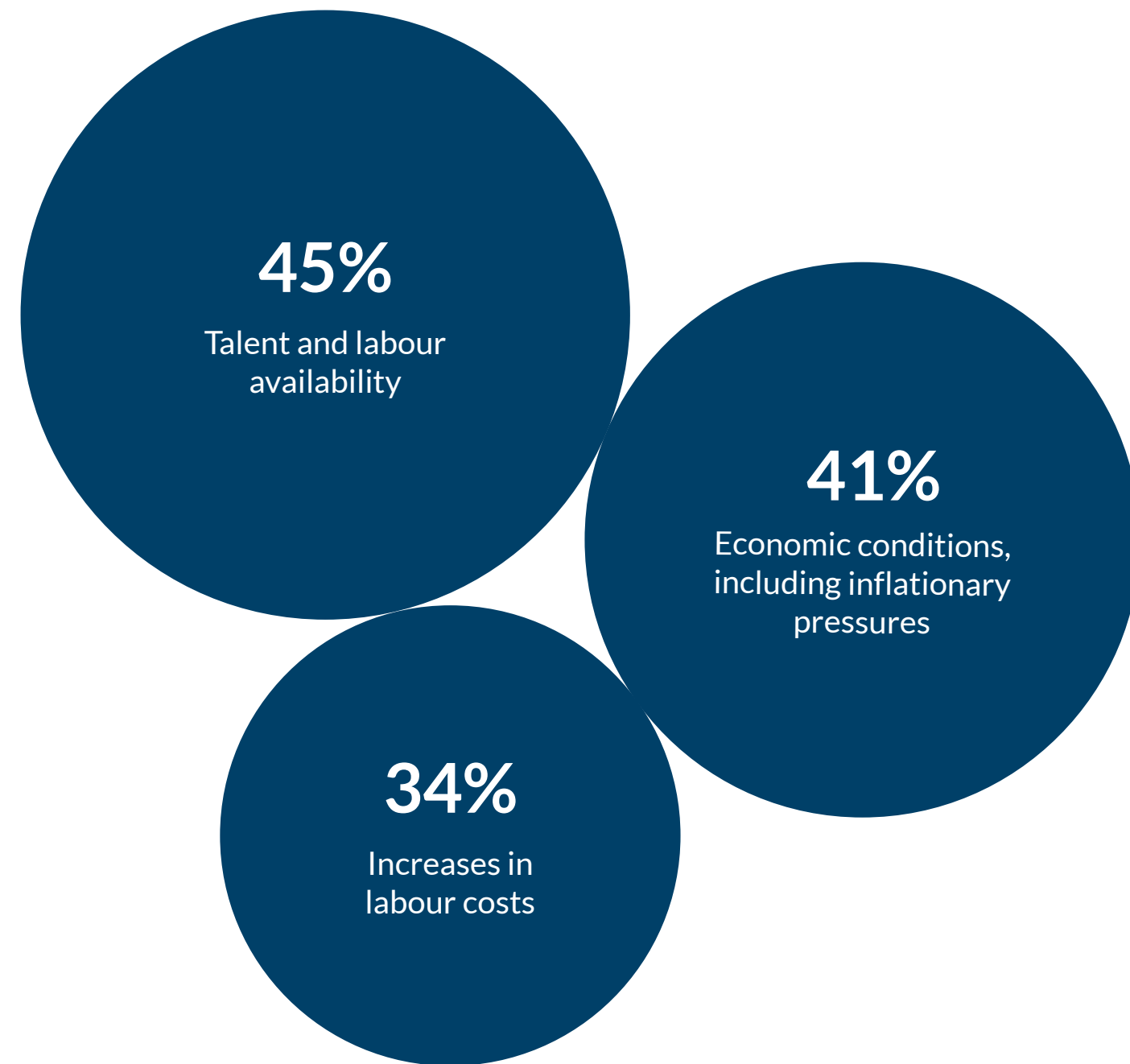


Figure 21C: Strategic

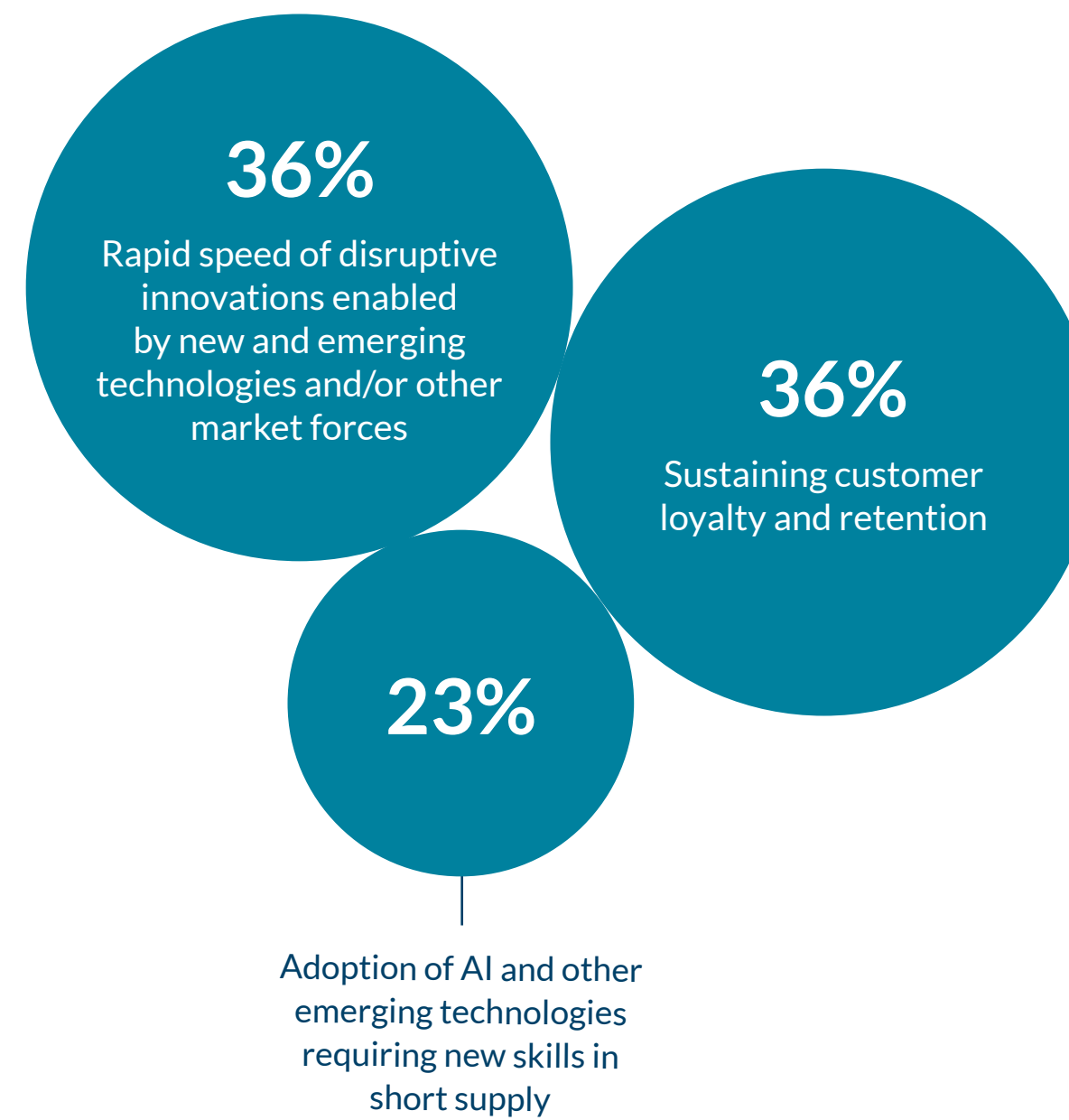


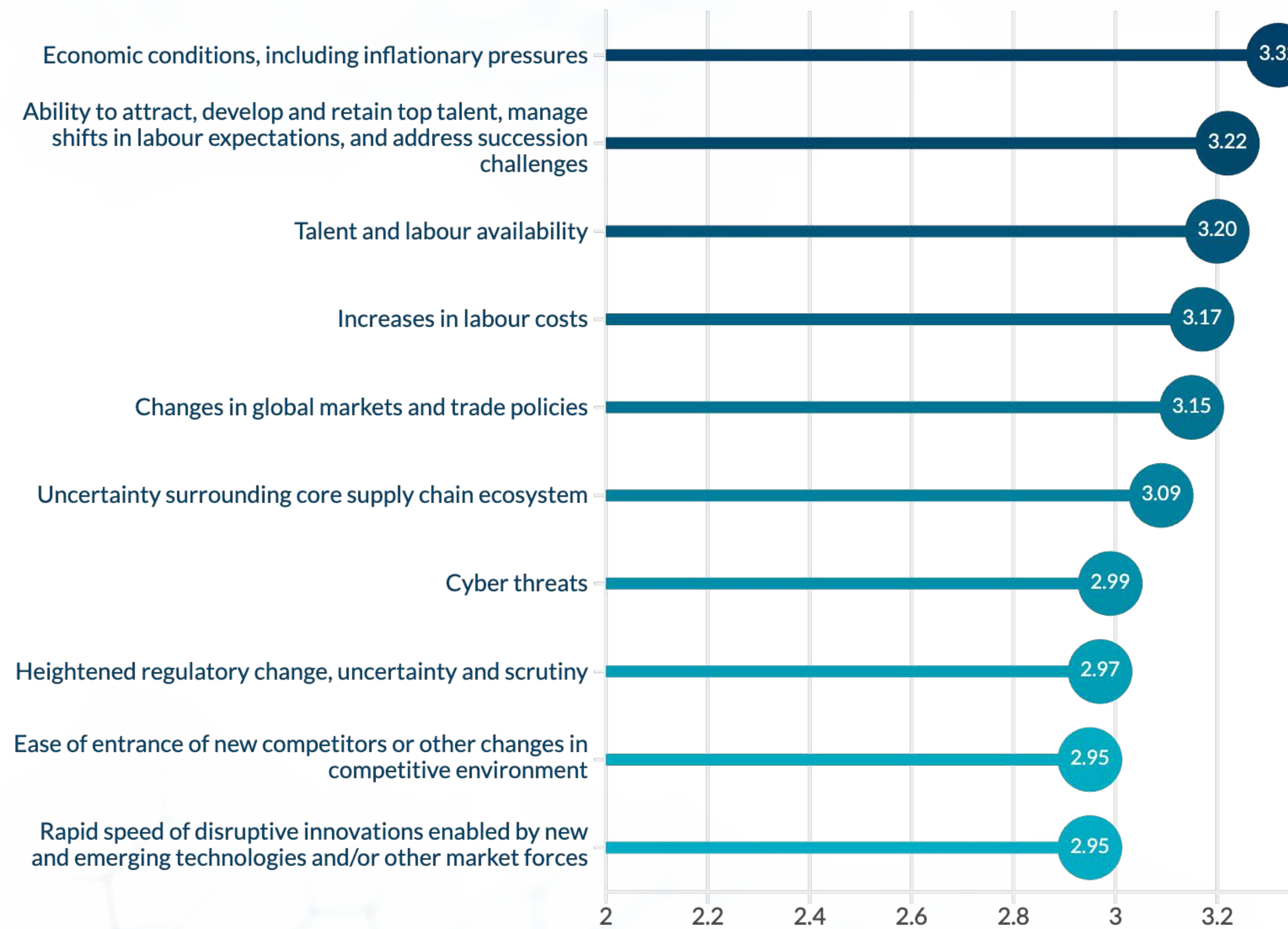
Figure 21D: Operational



Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.

Manufacturing and Distribution – near-term outlook

Figure 22A: Top 10 near-term risks



Manufacturing and Distribution – long-term outlook

Figure 22B: Macroeconomic

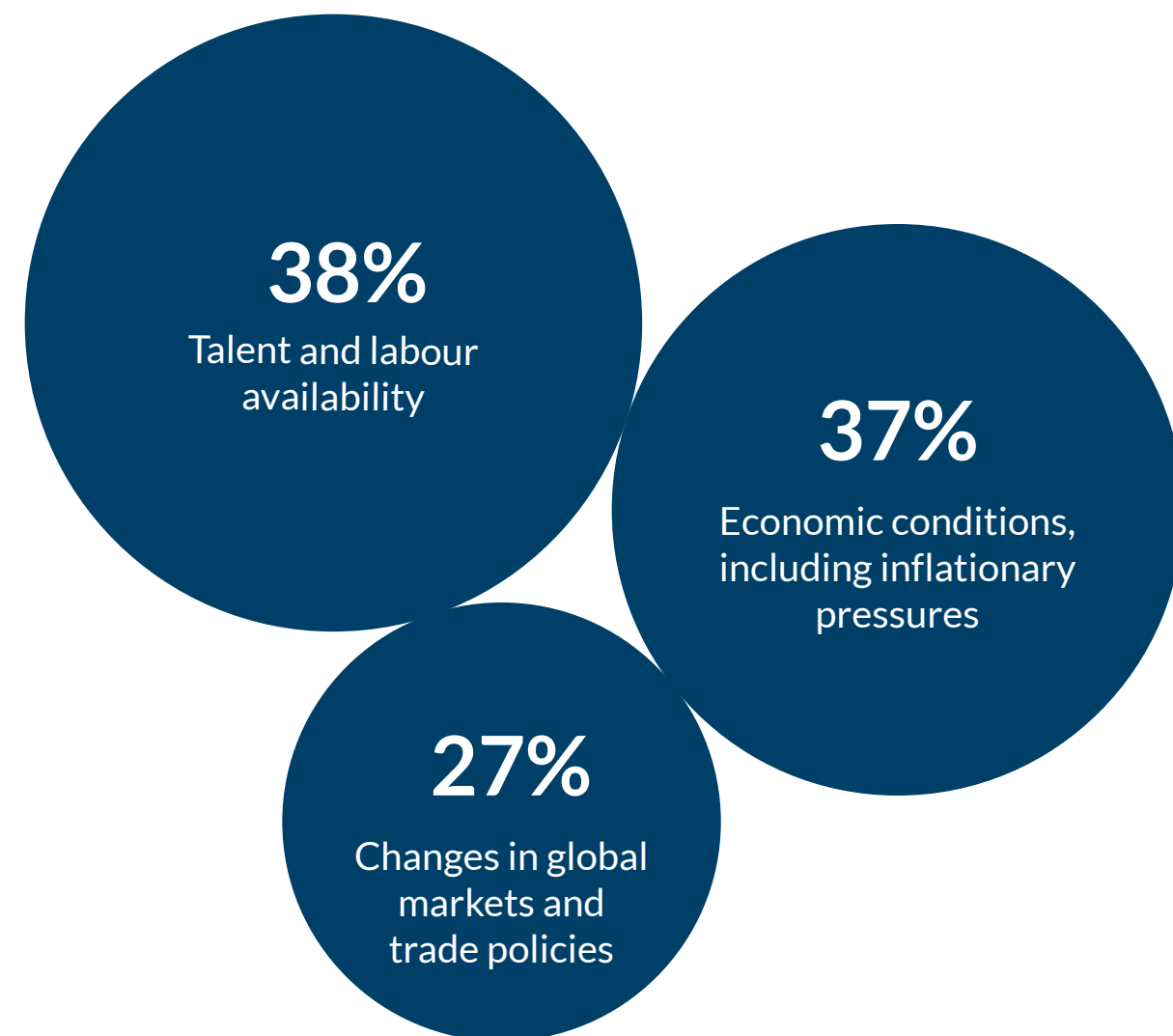


Figure 22C: Strategic

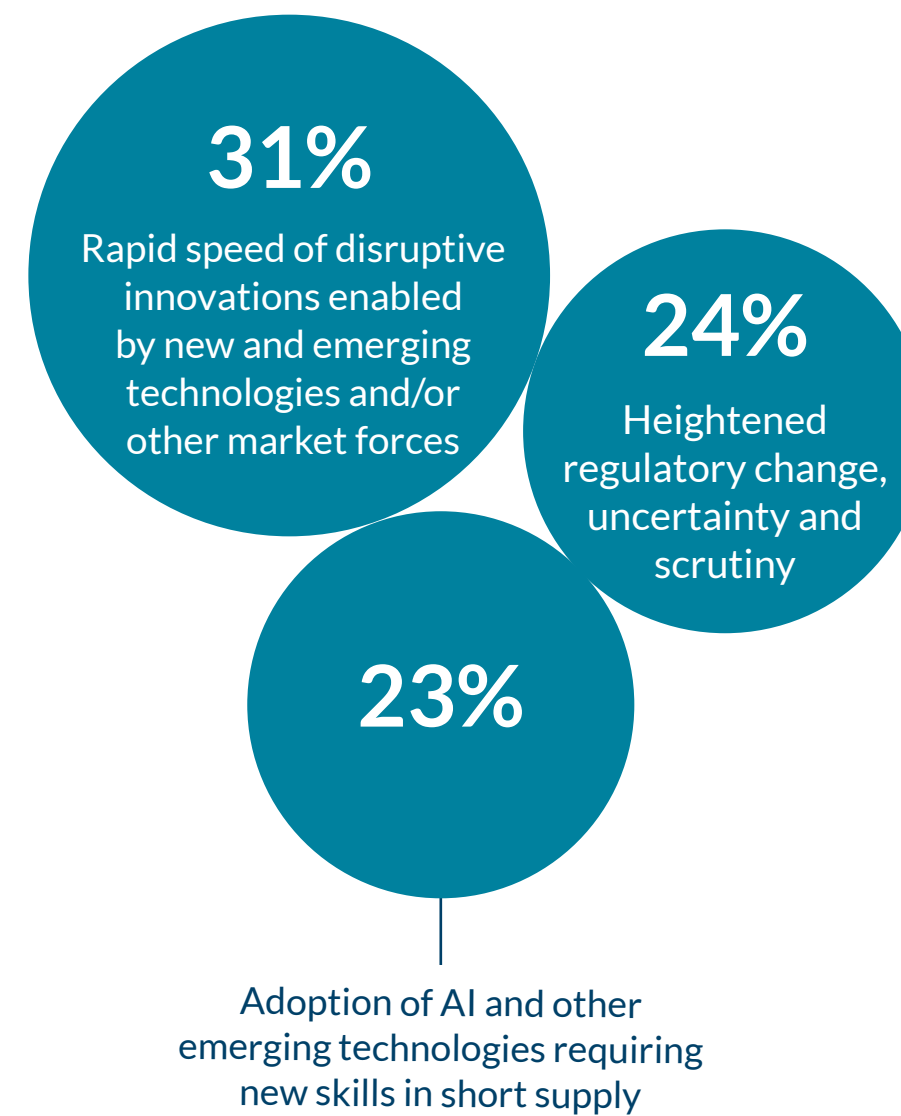


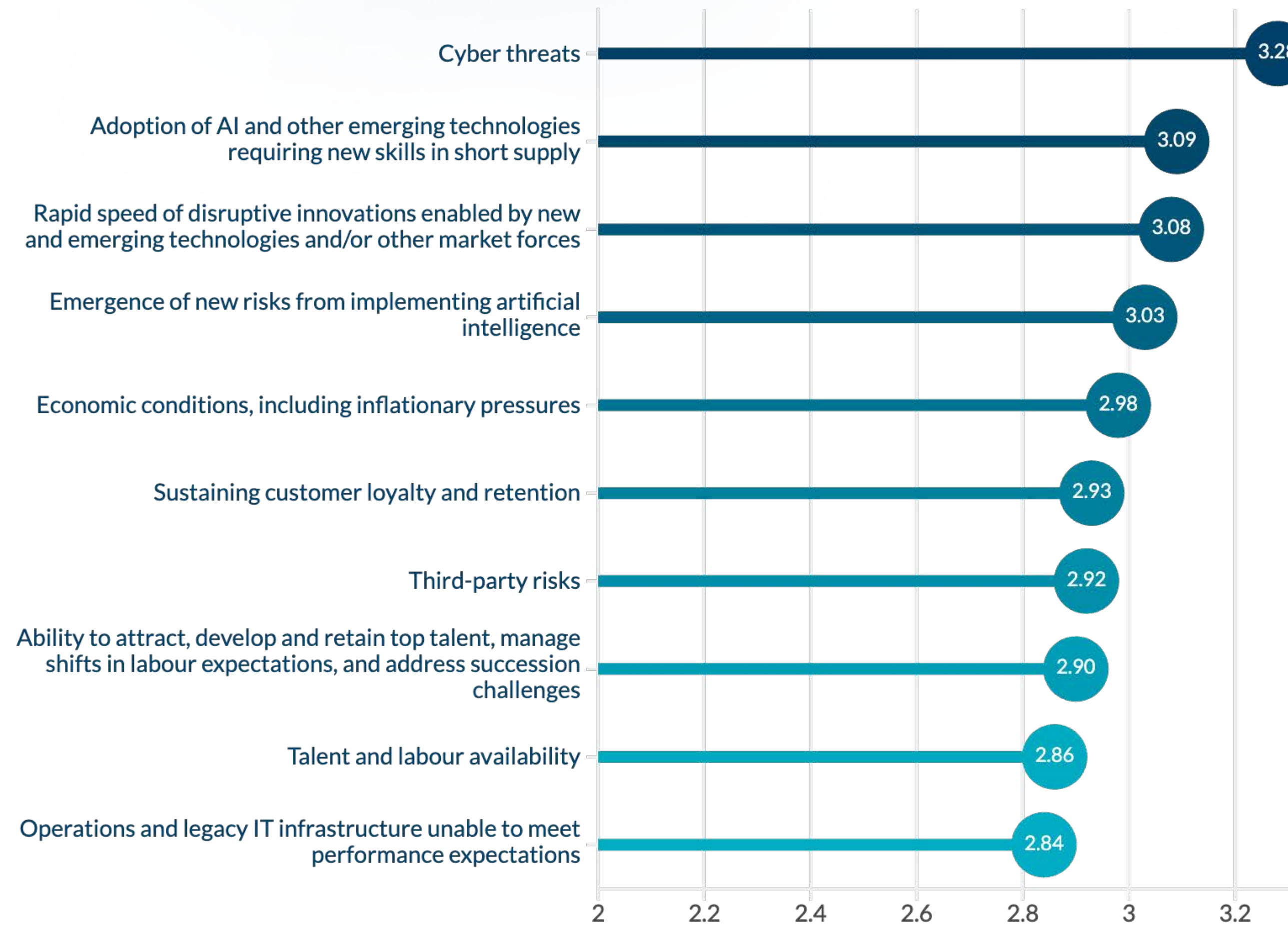
Figure 22D: Operational



Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.

Technology, Media and Telecommunications – near-term outlook

Figure 23A: Top 10 near-term risks



Technology, Media and Telecommunications – long-term outlook

Figure 23B: Macroeconomic

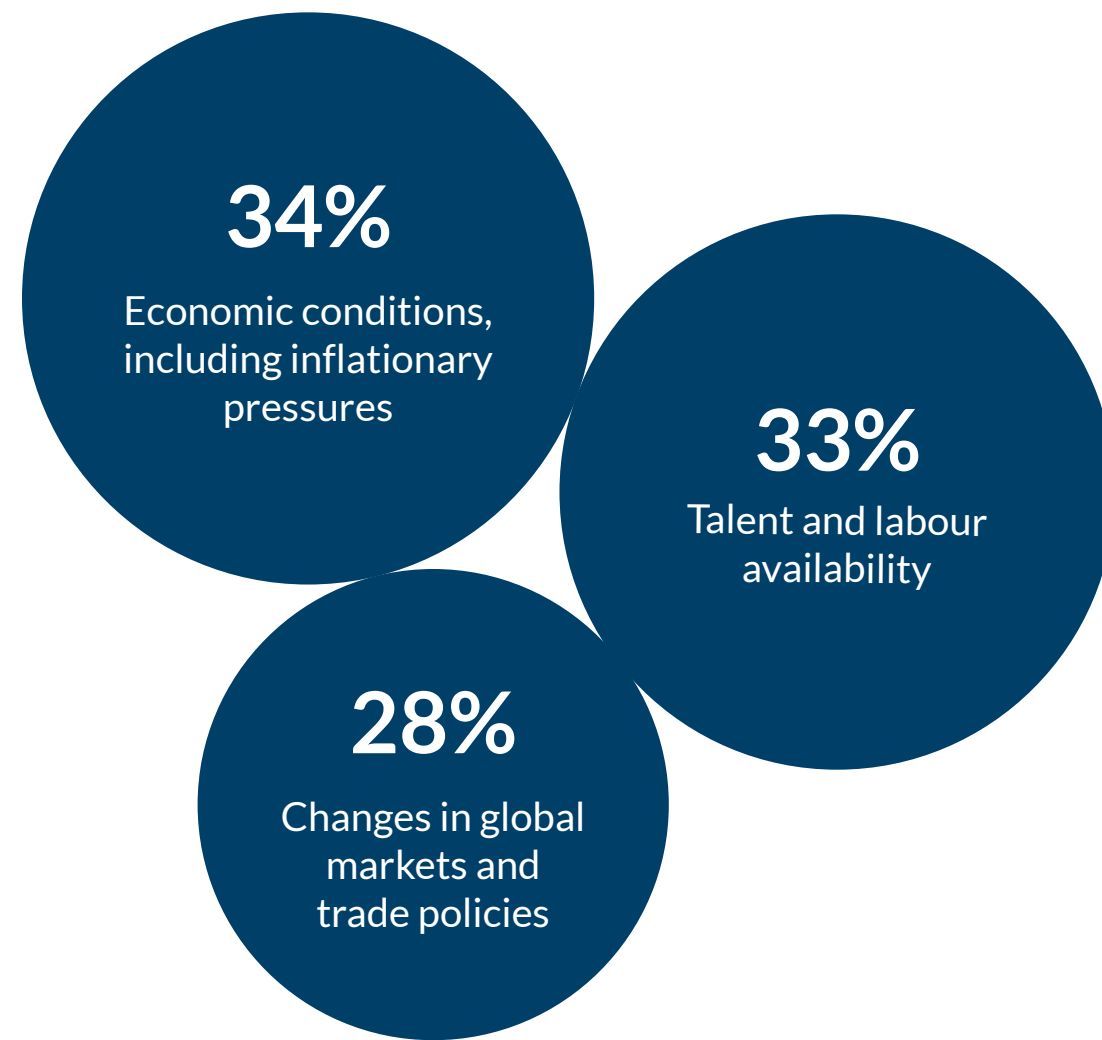


Figure 23C: Strategic

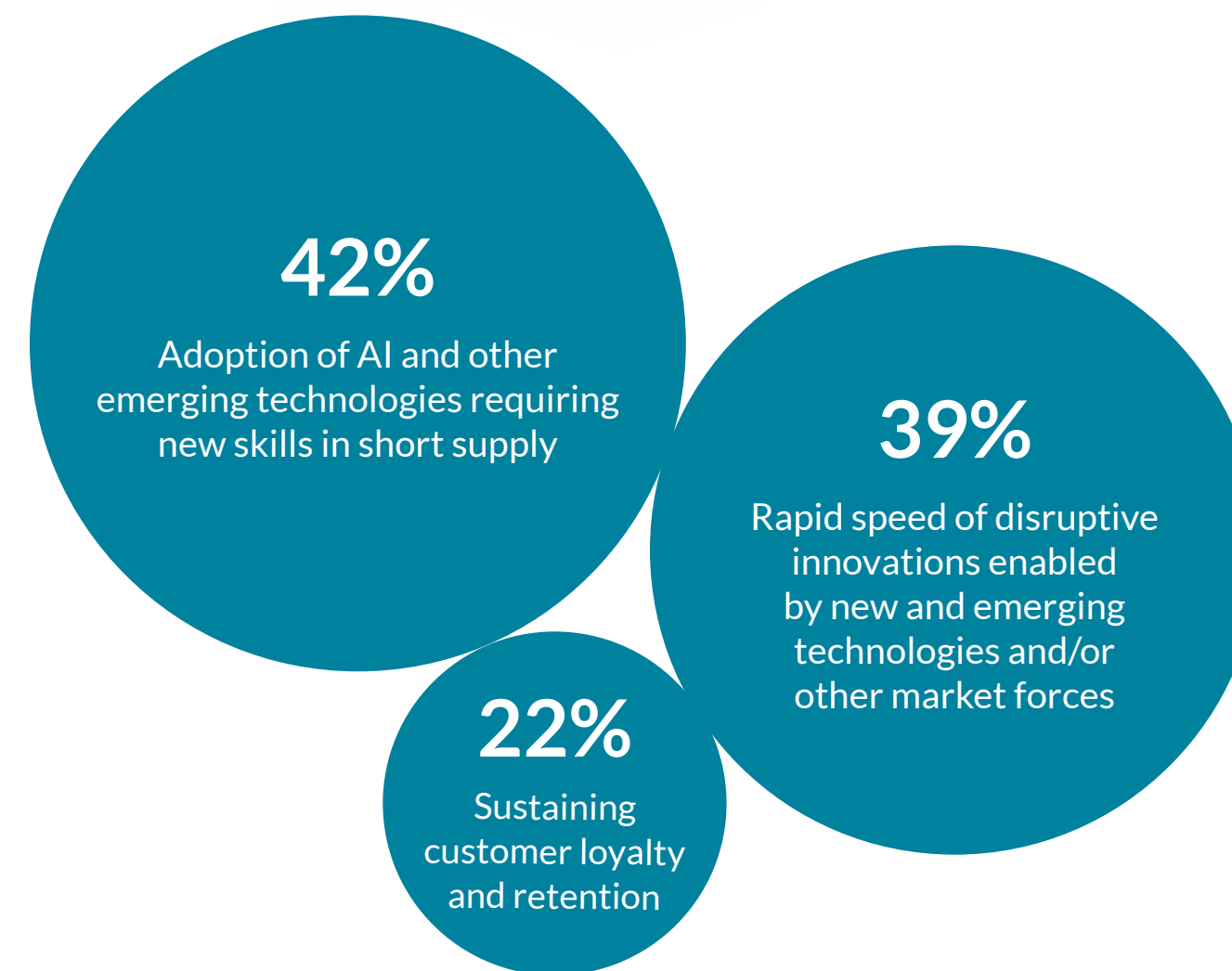
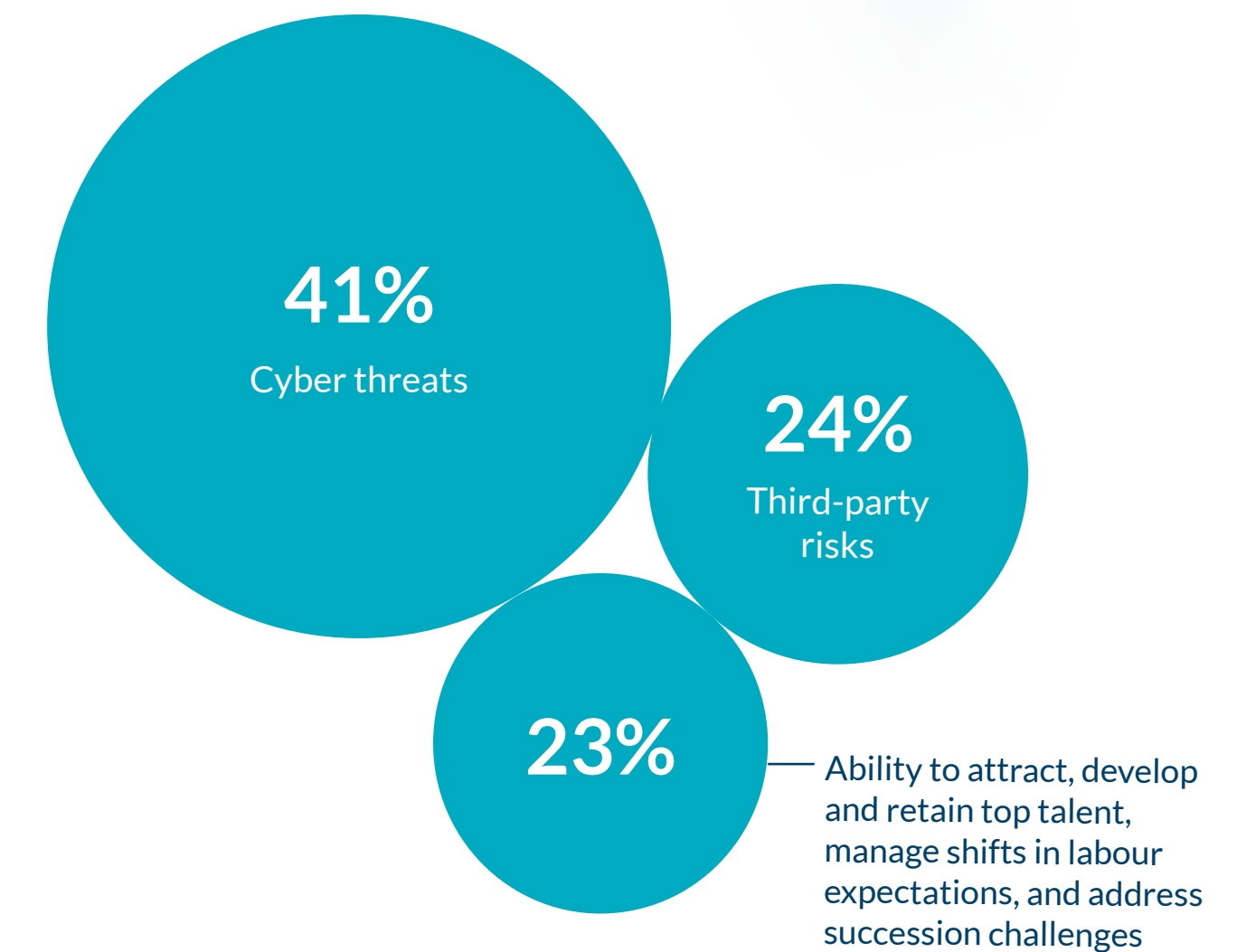


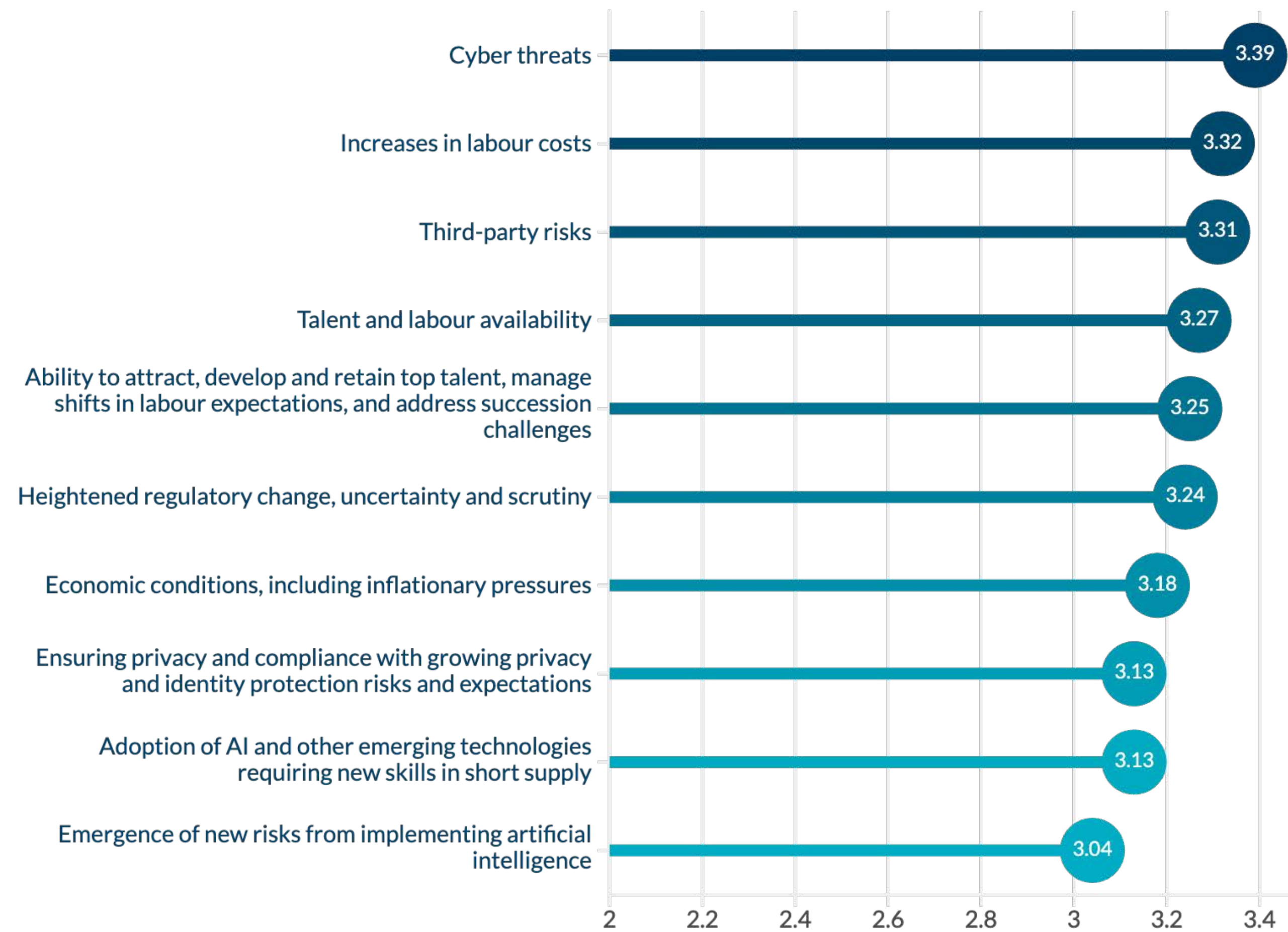
Figure 23D: Operational



Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.

Healthcare – near-term outlook

Figure 24A: Top 10 near-term risks



Healthcare – long-term outlook

Figure 24B: Macroeconomic

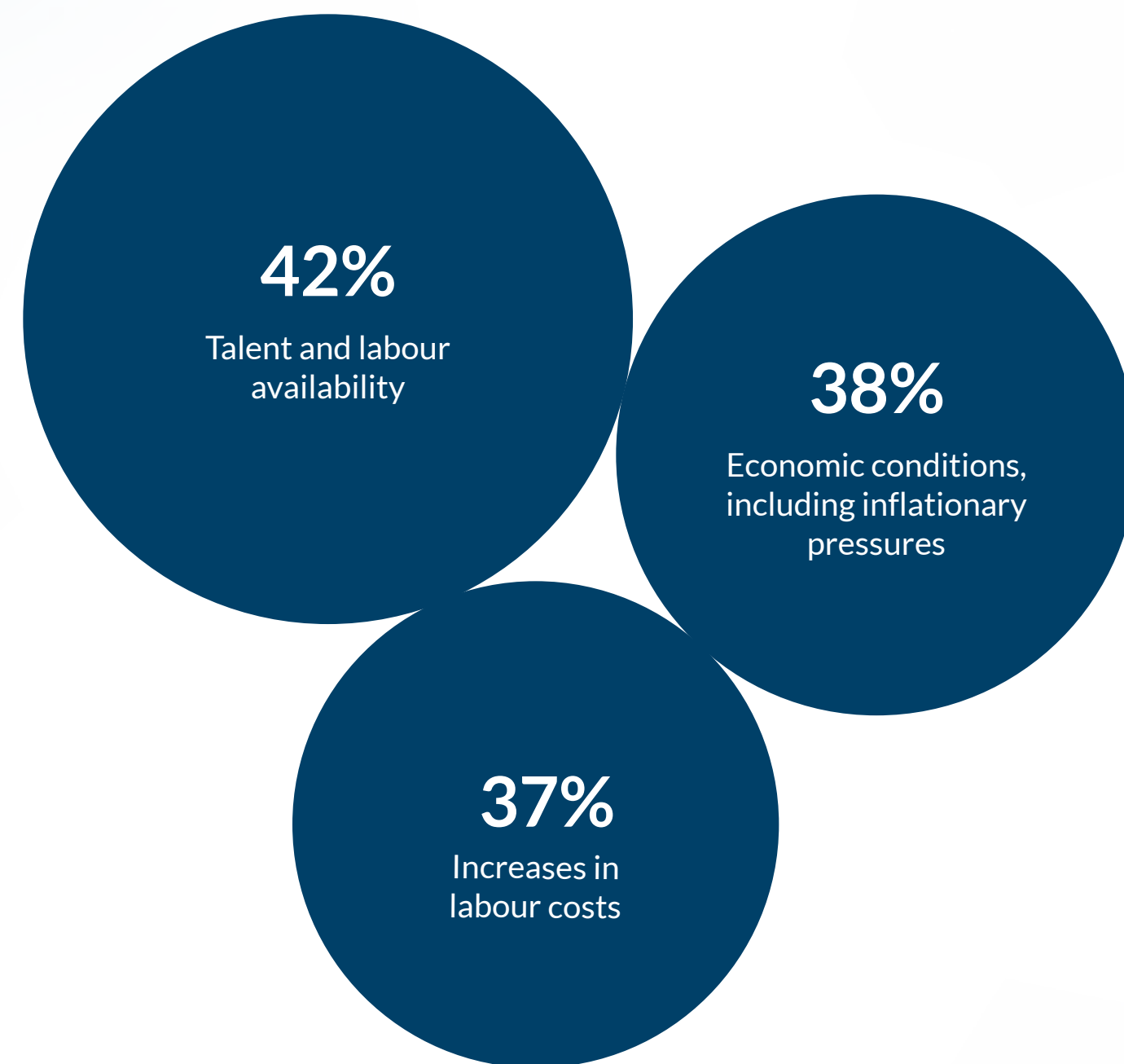


Figure 24C: Strategic

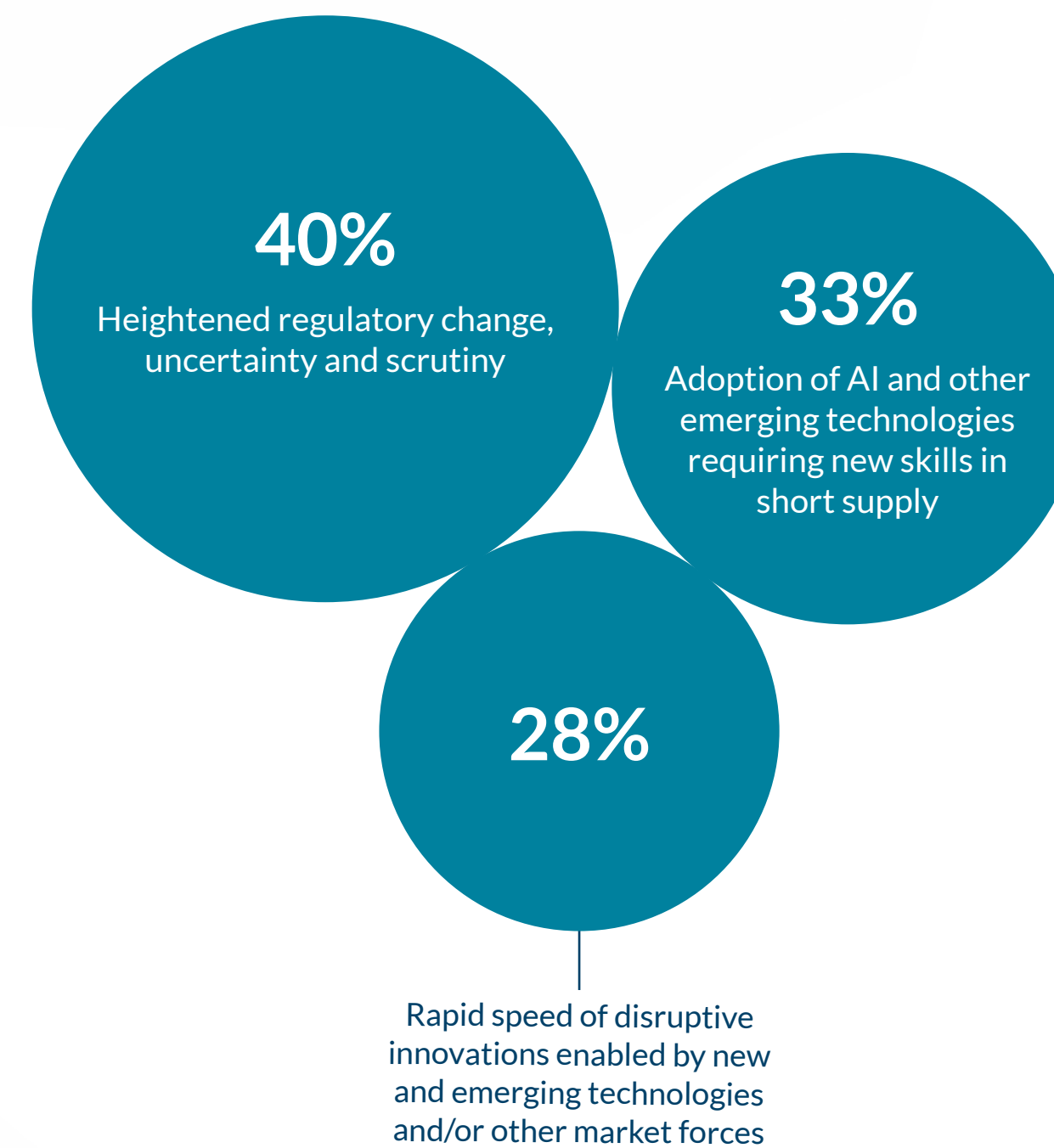
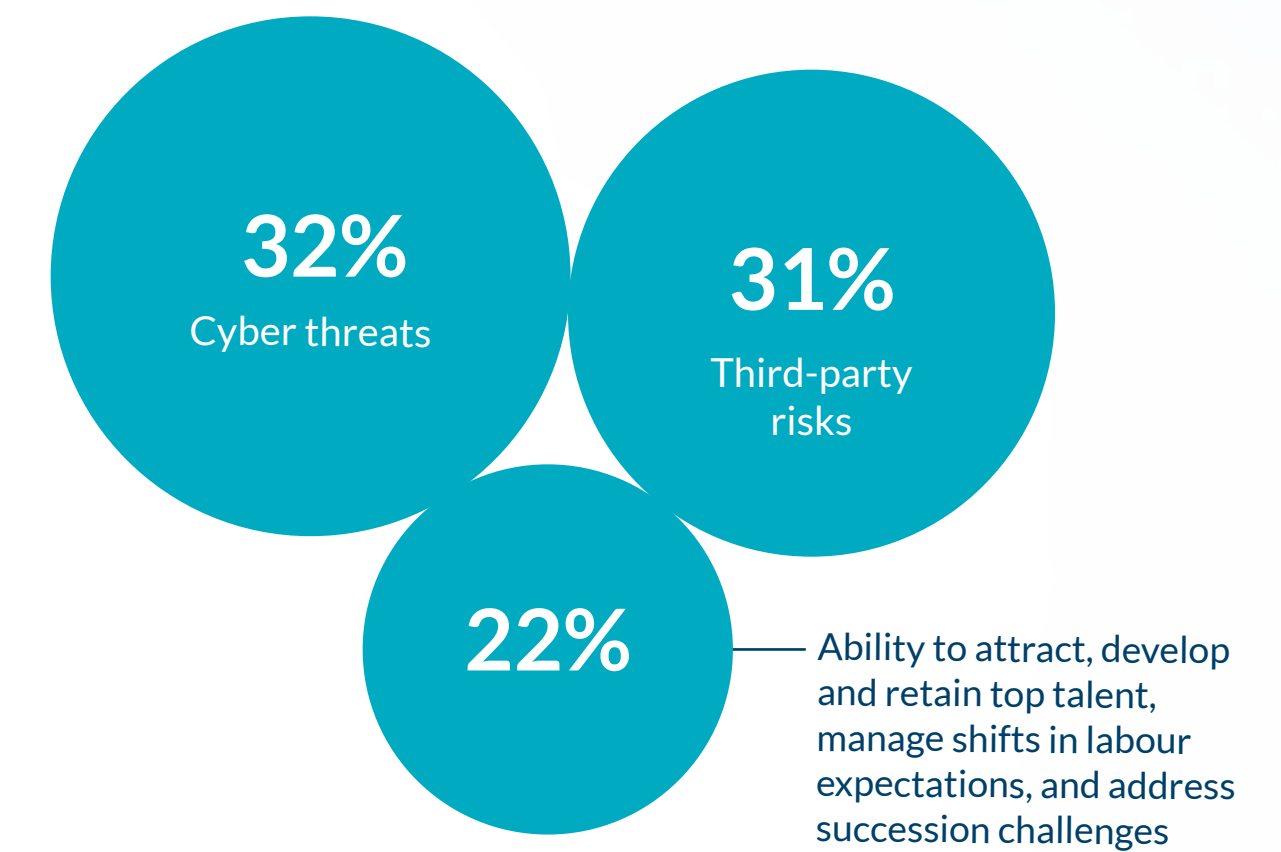


Figure 24D: Operational



Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.

Energy and Utilities – near-term outlook

Figure 25A: Top 10 near-term risks



Energy and Utilities – long-term outlook

Figure 25B: Macroeconomic

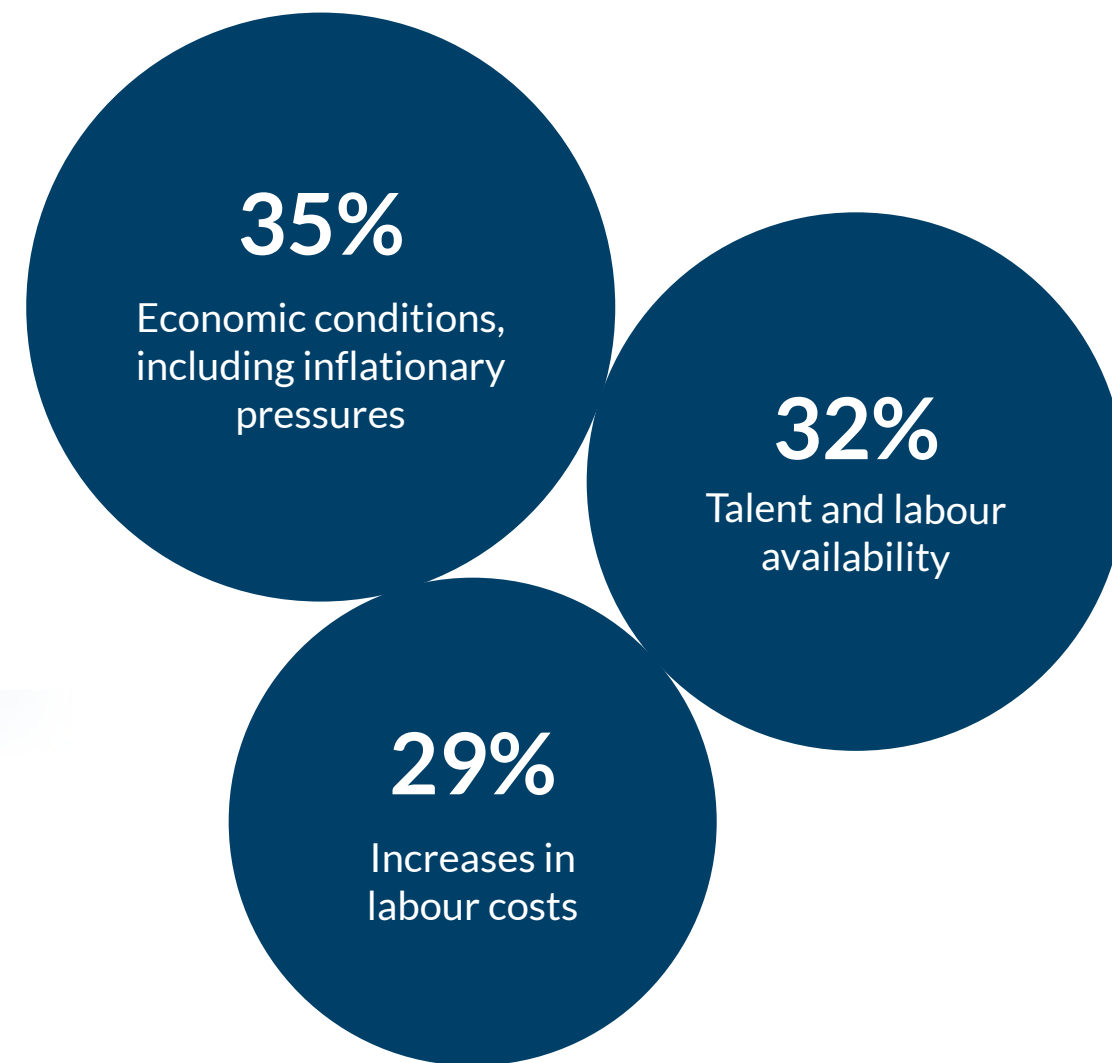


Figure 25C: Strategic

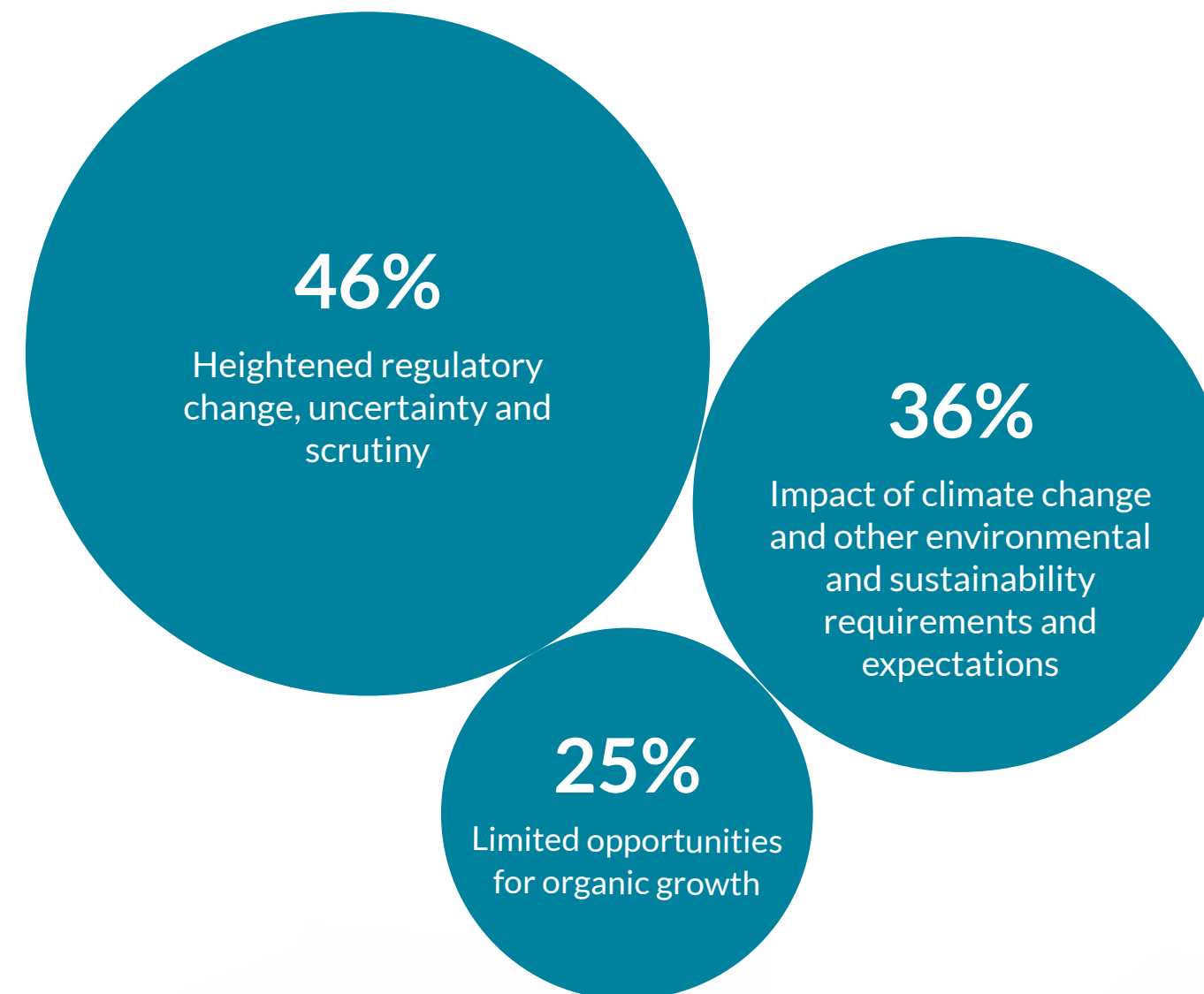
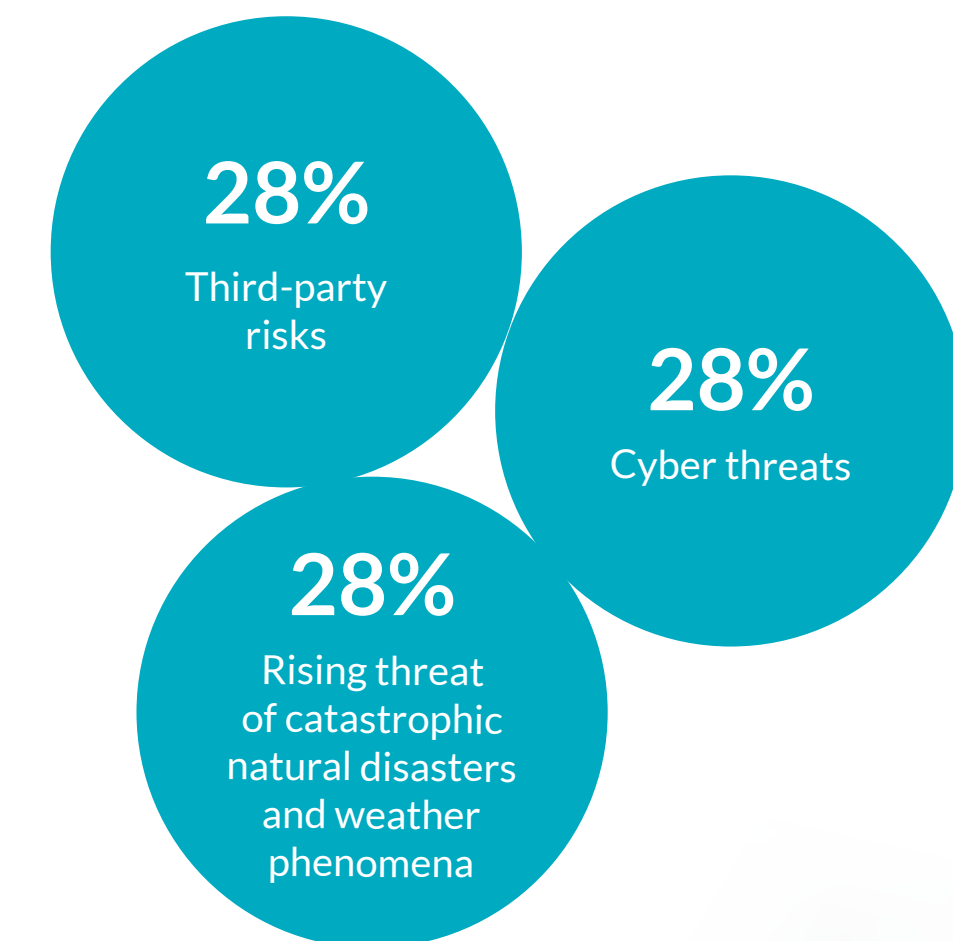


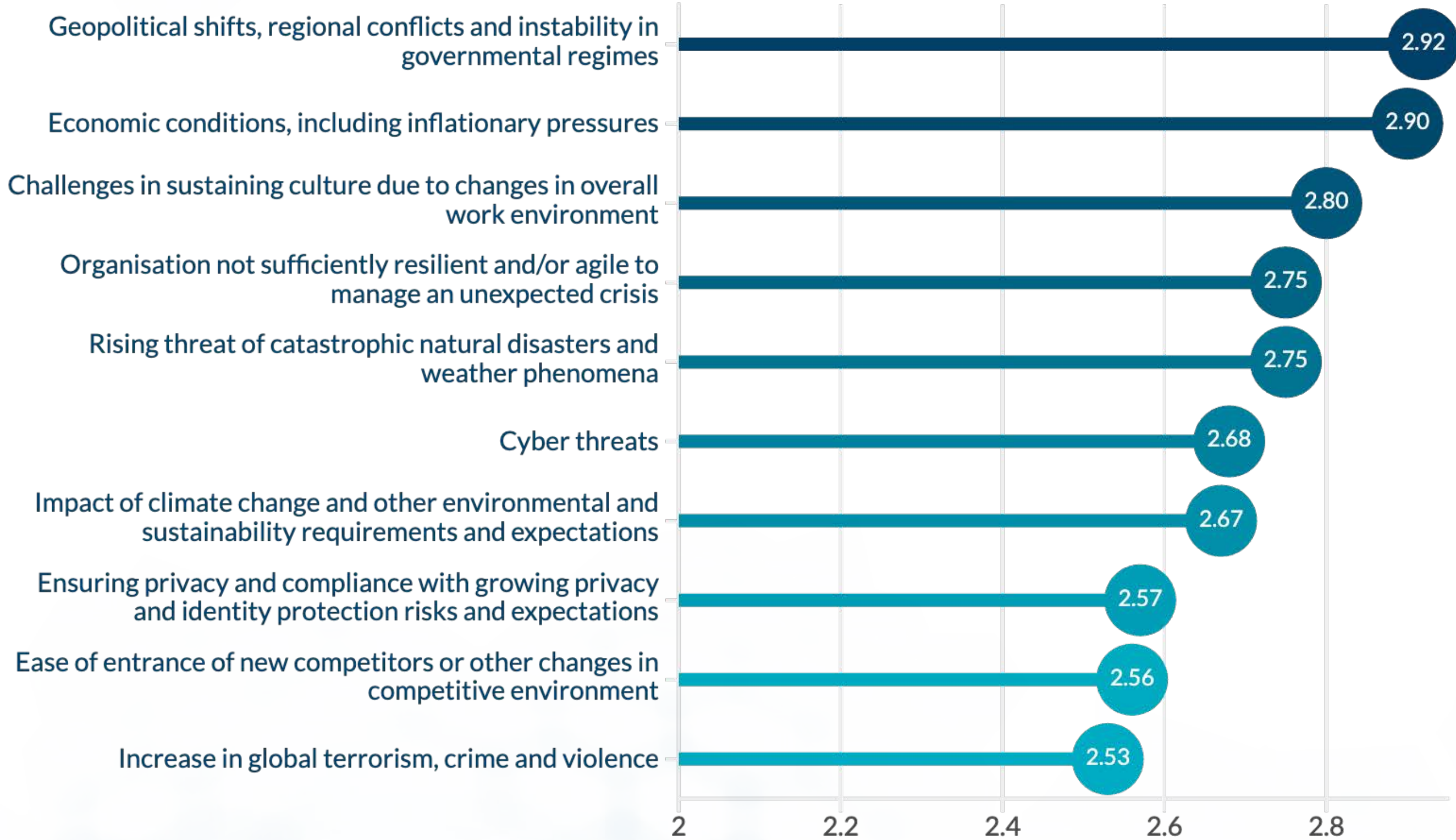
Figure 25D: Operational



Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.

Government – near-term outlook

Figure 26A: Top 10 near-term risks



Government – long-term outlook

Figure 26B: Macroeconomic

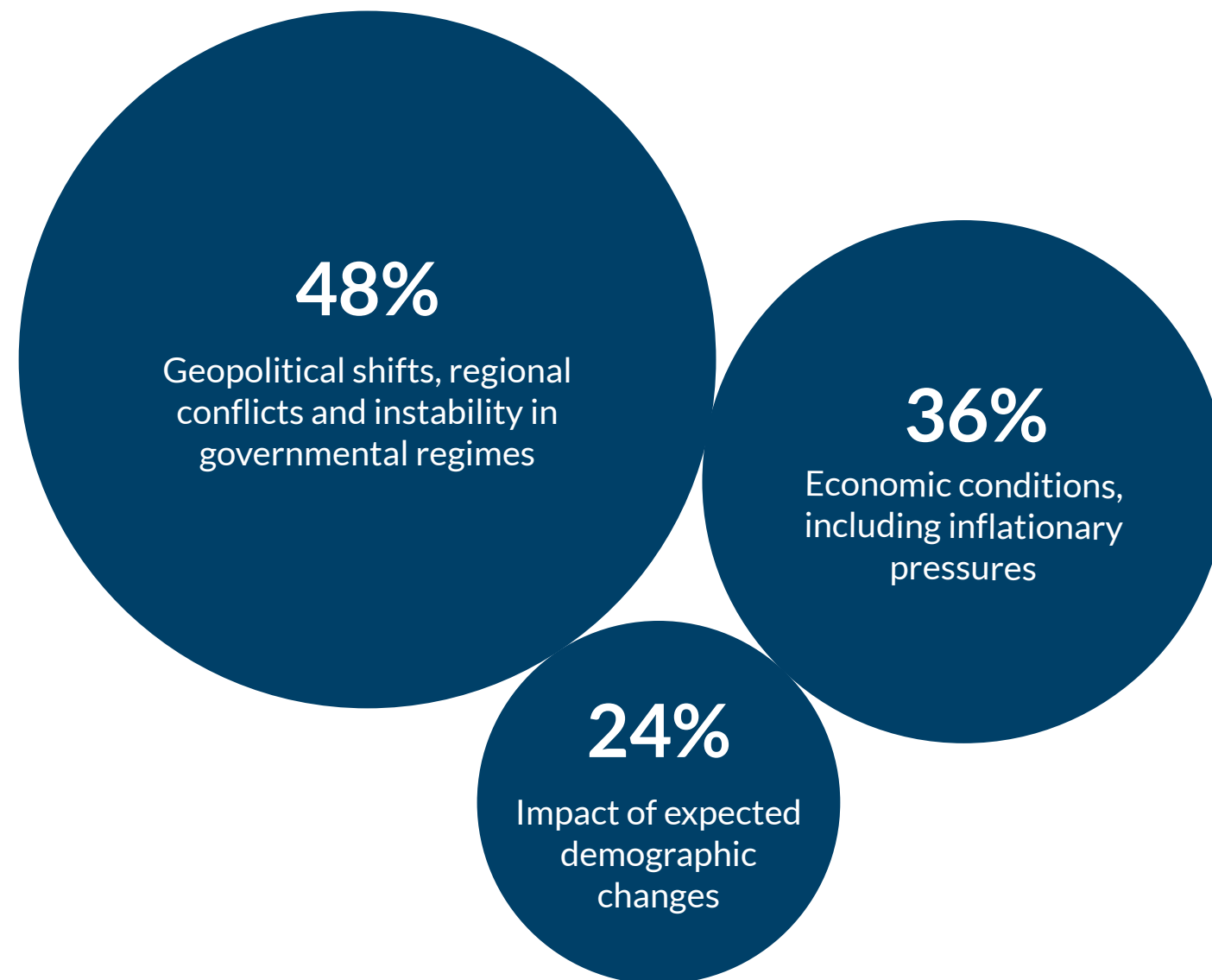
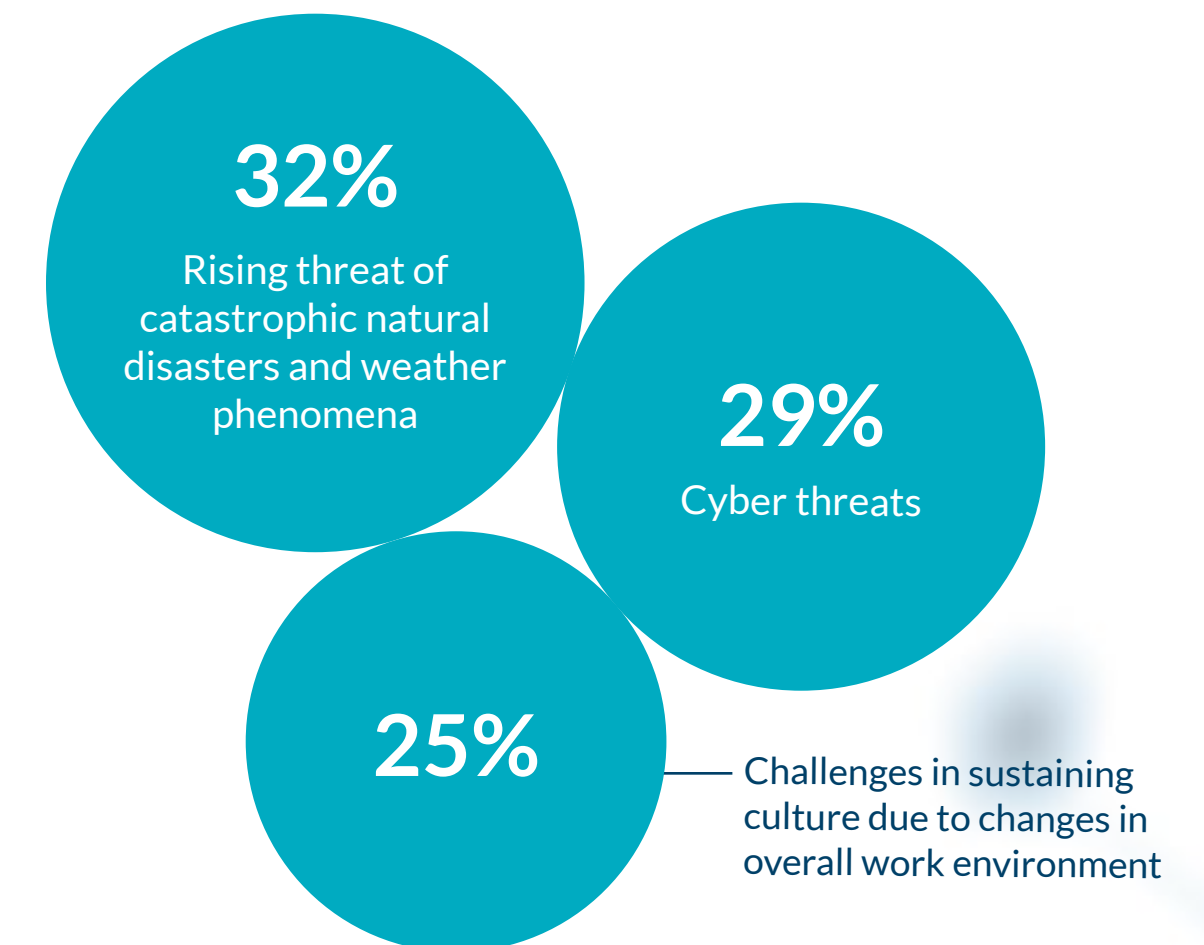


Figure 26C: Strategic



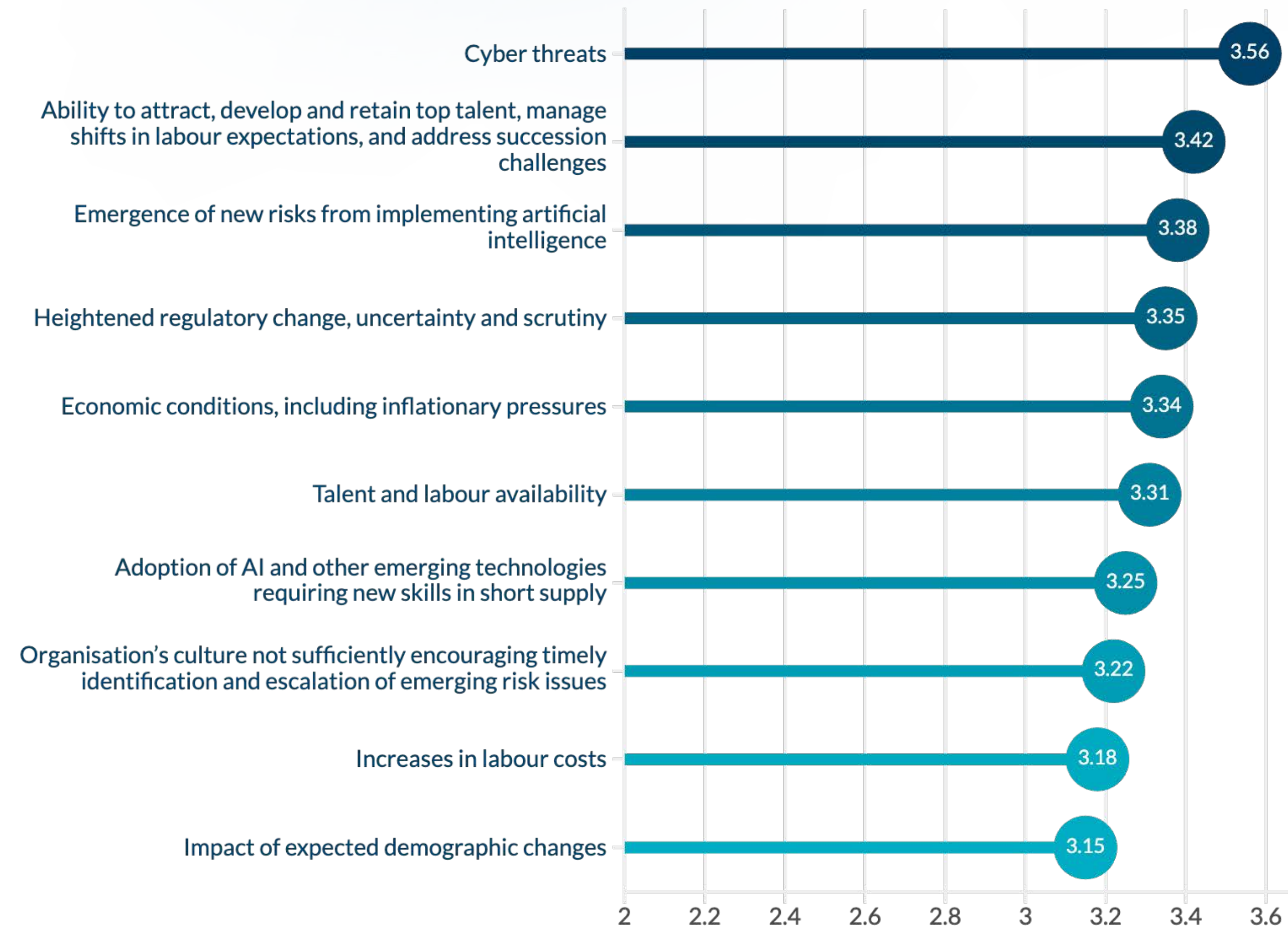
Figure 26D: Operational



Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.

Not-for-Profit and Higher Education – near-term outlook

Figure 27A: Top 10 near-term risks



Not-for-Profit and Higher Education – long-term outlook

Figure 27B: Macroeconomic

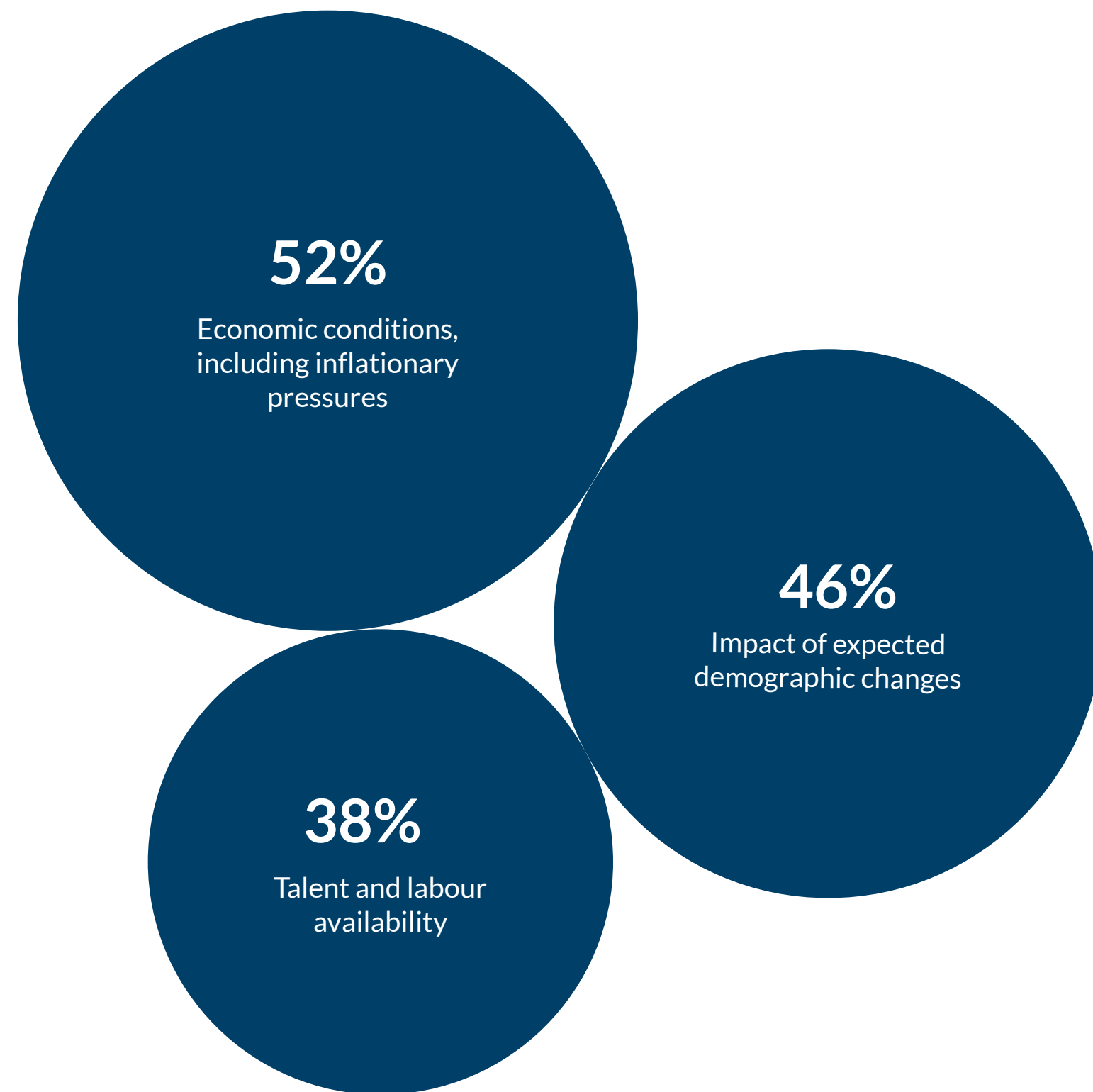


Figure 27C: Strategic

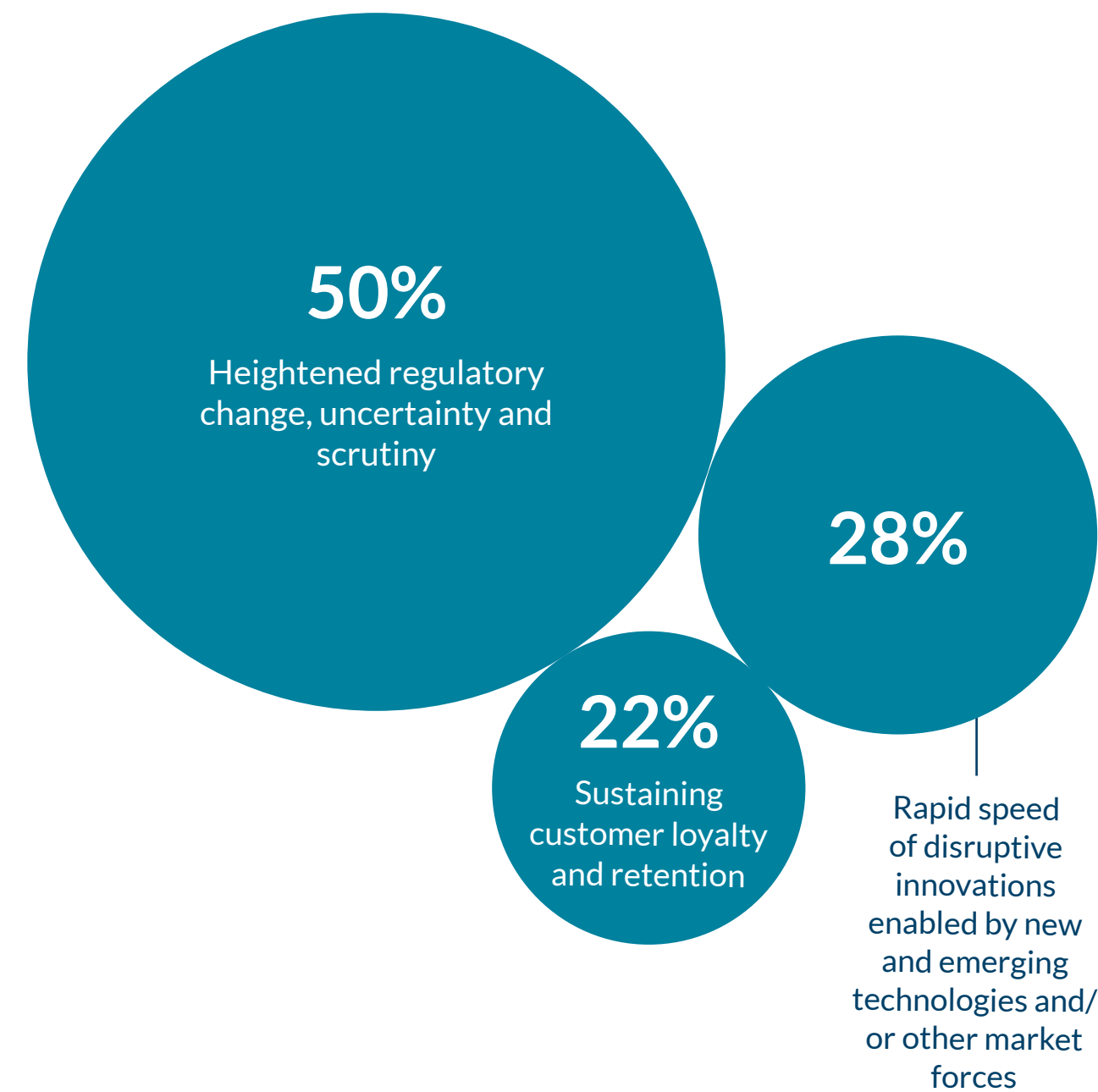
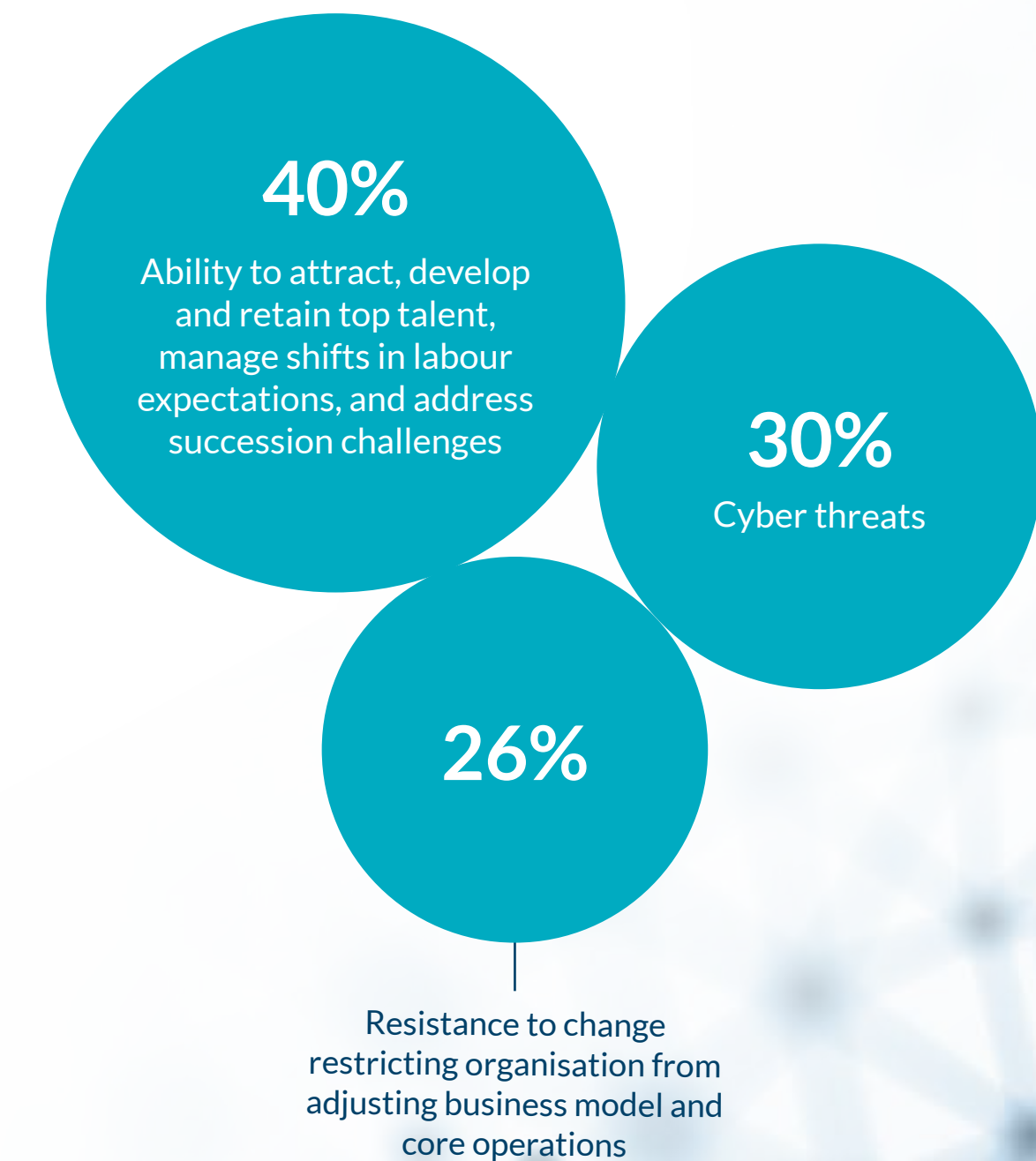


Figure 27D: Operational



Note: Respondents were asked to identify the “top two” risks in each category (macroeconomic, strategic, operational) separately. That is, respondents identified six risks (two in each category) as “top two” risks. For each category, the three risk issues (including ties) receiving the most responses by percentage are shown.



11

Closing comments

In summary, the economy remains the number one risk globally and cyber threats are a close second. Attracting, developing and retaining the necessary talent and skills to design and execute differentiating strategies as well as the availability and cost of such talent and skills are dominant risk themes. AI- and talent-related risks are intertwined, revealing concerns about the need to reskill and upskill to leverage emerging technologies. Regulatory concerns are also prominent. Geopolitical risk continues to escalate and influence multiple other risk issues. These and other risk concerns noted in our survey present few surprises and may, in fact, validate the perceptions of the well-informed.

But three points stand out:

- First, while many business leaders remain wary of what's around the corner, they believe their organisations are battle-tested and better prepared for change. The tone regarding organisational resilience, agility and preparedness in dealing with disruptive innovation and change is more positive. And that's good news.

- Second, the interrelationships among the various top risks in an increasingly complex and fragmenting world are striking. Understanding these interrelationships and their implications enables organisations to better anticipate potential scenarios, make more informed decisions and implement effective risk management strategies. It also places a premium on directors and senior executives aligning their perspectives on the risk environment. The varying risk perspectives noted in this survey among directors and senior business leaders suggest that this alignment should be a priority in strategy setting and the enterprise risk management process.
- Finally, near-term risks also dominate the 10-year outlook, suggesting that the risks business leaders face today are persistent long-term. The interconnectivity of these risks in our digital world likely means they will reinforce each other over time, adding further complexity to the risk landscape and making them even more challenging to manage.



12

Research study
methodology

Protiviti and NC State University are pleased to provide our 13th annual worldwide report focusing on the top risks currently on the minds of 1,215 directors and senior executives around the globe. This report highlights their views of the top risks in the near-term horizon (defined as risks over the next two to three years) across three risk dimensions: macroeconomic, strategic and operational. The report also reflects executive perspectives across a long-term 10-year horizon (2035).

Our survey was conducted online from mid-November 2024 through mid-December 2024 to capture executive perspectives on 32 risks as they looked at both near-term and long-term horizons. Each respondent was asked to rate 32 individual risks across three dimensions:

- **Macroeconomic** risks likely to affect the organisation's growth opportunities.
- **Strategic** risks the organisation faces that may affect the validity of its strategy for pursuing growth opportunities.
- **Operational** risks that might affect key operations of the organisation in executing its strategy.

Exhibit 1 on page 99 lists the 32 risk issues rated by our respondents.

Each risk was rated in terms of its relative impact using a five-point Likert scale, where a score of 1 reflects "No Impact at All" and a score of 5 reflects "Extensive Impact" to their organisation over the near-term (next two to three years). For each of the 32 risks, we computed the average score reported by all respondents. Using the mean scores across respondents, we rank-ordered risks from highest to lowest impact. We grouped all the risks based on their average scores into one of three classifications:

- Risks with an average score of **3.11 or higher** are classified as having a "**Significant Impact**" over the near-term.
- Risks with an average score of **2.70 – 3.10** are classified as having a "**Potential Impact**" over the near-term.
- Risks with an average score **less than 2.70** are classified as having a "**Less Significant Impact**" over the near-term.

We also asked executives to share their perspectives about long-term risks (over the next 10 years – 2035)

by selecting the top two risks from each of the three dimensions (macroeconomic, strategic and operational). For each of the 32 risks, we calculated the percentage of respondents who included that risk as one of their two top risks for each dimension.

In addition to providing an analysis of the results for the full sample of 1,215 executive respondents, results are analysed across the following categories of organisations:

- Organisation size
- Industry
- Position of executive respondent
- Geography
- Type of organisation (public, private, non-profit, government)

Exhibit 1 – List of 32 risks evaluated by executives

Macroeconomic risk issues (9)

Access to capital/liquidity – Our ability to access sufficient capital/liquidity may restrict growth opportunities for our organisation.

Change in current interest rate environment – The uncertain interest rate environment may have a significant effect on the organisation's capital costs and operations.

Changes in global markets and trade policies – Evolving changes in global trade policies, escalating tariffs, border restrictions, targeted embargoes, shifts to multilateralism, and emergence of regional trading alliances may affect our ability to operate and source in international markets.

Economic conditions, including inflationary pressures – Economic conditions (including inflationary pressures) in markets we currently serve may negatively impact growth opportunities and margins.

Geopolitical shifts, regional conflicts and instability in governmental regimes – Political uncertainty surrounding the influence and continued tenure of key global leaders, geopolitical shifts, regional conflicts and war, polarised politics and instability in governmental regimes may restrict the achievement of our global growth and profitability objectives.

Impact of expected demographic changes – Expected demographic changes around the world, such as the combination of declining birth rates and increasing numbers of retirees, may significantly impact GDP and growth, creating significant challenges to our organisation's business strategy and industry.

Increase in global terrorism, crime and violence – Rising incidents of terrorism, crime and violence in countries and territories in which our organisation operates may threaten our business model and core operations.

Increases in labour costs – Anticipated increases in labour costs may affect our opportunity to meet profitability targets.

Talent and labour availability – The availability of key talent, labour and skill sets, considering an overall ageing workforce, immigration policies, lower unemployment levels and potential disruption (e.g., workforce strikes), may affect our ability to meet profitability objectives.

Strategic risk issues (10)

Adoption of AI and other emerging technologies requiring new skills in short supply – Our organisation may struggle in a competitive marketplace for talent and skills needed to capture fully new capabilities and strategic opportunities introduced by rapidly evolving technologies emerging in the marketplace, including generative AI, without significant efforts to upskill and reskill existing employees.

Ease of entrance of new competitors or other changes in competitive environment – Ease of entrance of new competitors into the industry and marketplace or other changes in the competitive environment (such as major market concentrations due to M&A activity) may threaten our market share.

Heightened regulatory change, uncertainty and scrutiny – Regulatory changes and scrutiny may heighten, noticeably affecting the way our processes are designed and our products or services are produced or delivered.

Impact of climate change and other environmental and sustainability requirements and expectations – The short- and long-term impact of climate change, other environmental and sustainability issues, regulations and expanding disclosure requirements, as well as expectations of governments, current and potential employees, and other stakeholders about “green” initiatives, may require us to alter our strategy and business model.

Limited opportunities for organic growth – Opportunities for organic growth through customer acquisition and/or enhancement may be limited for our organisation.

Organisation not sufficiently resilient and/or agile to manage an unexpected crisis – Our organisation may not be resilient and/or agile enough to manage an unexpected crisis (including a catastrophic event) significantly impacting our operations or reputation.

Rapid speed of disruptive innovations enabled by new and emerging technologies and/or other market forces – Rapid speed of disruptive innovations enabled by advanced technologies (e.g., artificial intelligence, quantum computing) and/or other market forces may outpace our organisation’s ability to compete and/or operate successfully without making changes to our business model.

Social media developments and platform technology innovations – Rapidly expanding developments in social media, including the spread of misinformation and disinformation, and platform technology innovations may impact how we do business, interact with our customers, ensure regulatory compliance and/or manage our brand.

Substitute products and services that affect the viability of our business – Substitute products and services may arise from competitors that enhance the customer experience and affect the viability of our current business model and planned strategic initiatives.

Sustaining customer loyalty and retention – Sustaining customer loyalty and retention may be increasingly difficult due to evolving customer preferences for different products, services and buying experiences and/or demographic shifts in our existing customer base.

Operational risk issues (13)

Ability to attract, develop and retain top talent, manage shifts in labour expectations, and address succession challenges — Our organisation's ability to attract, develop and retain top talent, navigate evolving labour expectations and demands, and address succession challenges amid the constraints of the talent/labour market may limit our ability to achieve operational targets.

Challenges in sustaining culture due to changes in overall work environment — Changes in the overall work environment, including shifts to hybrid environments, expansion of digital labour (e.g., through generative AI), changes in the nature of work and who does that work, and M&A activities, may lead to challenges to sustaining our organisation's culture and business model.

Cyber threats — Our organisation may not be sufficiently prepared to manage cyber threats that have the potential to disrupt core operations and/or damage our brand.

Emergence of new risks from implementing artificial intelligence — The rapid pace at which AI, including generative AI, is being developed and deployed in organisations is creating new opportunities along with risks and unintended consequences related to business strategy, regulatory compliance, operations and the workforce, while also raising questions concerning the near- and long-term returns on the significant investments required.

Ensuring privacy and compliance with growing privacy and identity protection risks and expectations — Ensuring data privacy and compliance with growing identity protection expectations and regulations amid the growing use of AI may require significant restructuring in how we collect, process, store, share and govern the use of data to run our business.

Inability to utilise rigorous data analytics to achieve market intelligence and increase productivity and efficiency — Inability to utilise advanced data analytics and "big data" to achieve market intelligence, gain insights on the customer experience, and increase productivity and efficiency may significantly affect the effectiveness of how we manage our core operations and execute our strategic plans.

Managing multigenerational workforce demands and expectations — Our approach to managing ongoing demands on or expectations of a multigenerational workforce, from overall engagement in their work to flexibility, work/life balance, career growth aspirations, and remote and hybrid work preferences, may negatively impact our ability to retain talent as well as the effectiveness and efficiency of how we operate our business.

Operations and legacy IT infrastructure unable to meet performance expectations — Our operating processes, in-house talent, legacy IT infrastructure, lack of digital expertise and/or insufficient digital knowledge and proficiency in the C-suite and boardroom may result in failure to meet performance expectations related to quality, time to market, cost and innovation as well as our competitors, including those that are either "born digital" or investing heavily to modernise their technology.

Organisation's culture not sufficiently encouraging timely identification and escalation of emerging risk issues — Our organisation's culture may not sufficiently encourage the timely identification and escalation of emerging risk issues and market opportunities that have the potential to affect our core operations and achievement of strategic objectives.

Operational risk issues (13) – continued

Resistance to change restricting organisation from adjusting business model and core operations – Resistance to change in our organisation’s culture may restrict us from making necessary adjustments to our business model and core operations on a timely basis.

Rising threat of catastrophic natural disasters and weather phenomena – The rising threat associated with catastrophic natural disasters and weather phenomena (e.g., flooding, wildfires, extreme temperatures, etc.) may create operational challenges to our assets, employees, and our ability to deliver products and services to customers.

Third-party risks – Third-party risks arising from our reliance on outsourcing and strategic sourcing arrangements, ecosystem partners, IT vendor contracts, and other partnerships/joint ventures to achieve operational and go-to-market objectives may prevent us from meeting organisational targets or impact our brand image.

Uncertainty surrounding core supply chain ecosystem – Uncertainty surrounding our organisation’s core supply chain may make it difficult to deliver our products or services at acceptable margins.



Research team and authors

NC State University's ERM Initiative

Mark Beasley

Professor and Director of the ERM Initiative

Bruce Branson

Professor and Associate Director of the ERM Initiative

Don Pagach

Professor and Director of Research of the ERM Initiative

Protiviti

Carol Beaumier

Senior Managing Director

Matthew Moore

Managing Director

Jim DeLoach

Managing Director

Kevin Donahue

Senior Director

Shaun Lappi

Research Manager

Shannon West

Project Manager

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Protiviti (www.protiviti.com) is a global consulting firm that delivers deep expertise, objective insights, a tailored approach and unparalleled collaboration to help leaders confidently face the future. Protiviti and its independent and locally owned member firms provide clients with consulting and managed solutions in finance, technology, operations, data, digital, legal, HR, risk and internal audit through a network of more than 90 offices in over 25 countries.

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The Enterprise Risk Management (ERM) Initiative in the Poole College of Management at NC State University provides thought leadership about ERM practices and their integration with strategy and corporate governance. Faculty in the ERM Initiative frequently work with boards of directors and senior management teams helping them link ERM to strategy and governance, host executive workshops and educational training sessions, and issue research and thought papers on practical approaches to implementing more effective risk oversight techniques (erm.ncsu.edu).

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