Quarterly Report

3rd Quarter 2026

European Supply Chain Risk Indicator (ESCRI)

Veit Kohnhauser, Logistikum, UAS Upper Austria

Europe's Supply Chain Managers see Light at the End of the Tunnel: ESCRI Falls from 71.15 to 70.00 as Transport and Government Intervention Risks reduces

The European Supply Chain Risk Indicator (ESCRI) for Q3 2026 signals a moderately declining risk path, with an average Risk Index of 70.00, following overall increases in the previous two quarters.

Three core messages define the outlook. First, the two categories that dominated the Q2 risk landscape are set to ease most visibly: Transportation Disruption Risk is expected to decline as anticipated de-escalation of the Iran conflict and Strait of Hormuz tensions reduces acute fuel and shipping volatility, even though driver shortages, rail infrastructure works and container shortages persist. Government Intervention Risk is also projected to fall clearly, as expected geopolitical stabilisation and new trade agreements are seen as offsetting continued regulatory friction.

Second, Economic Risk (82.43) and Supplier Risk (77.03) remain the two most pressing concerns, driven by compounding energy and labour costs, deteriorating supplier creditworthiness, and persistent geopolitical exposure, particularly around Israel and Iran.

Third, Cybersecurity and Data Risk stand out as a sharply rising category, as AI adoption simultaneously expands attack surfaces and lowers barriers for cybercriminals, while coordinated organisational responses remain fragmented. Customer and Demand Risk eases slightly amid growing market maturity, while Environmental, Quality and Operational Risk show modest, contained increases.

Given this outlook, SCM leaders should not ease attention despite the declining aggregate risk. Priority actions include strengthening cybersecurity governance against AI-enabled threats, closely monitoring supplier financial health and diversifying critical inputs, and hedging energy exposure through flexible sourcing.

Veit Kohnhauser

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TOP 4 – Supply Chain Risks

Our SCM-Experts across Europe compared ten different risks to see which ones are the most serious right now. They didn't worry about the past; they just ranked them by importance for the future. This results in the four biggest Supply Chain challenges we are facing for the next months.

1. **Economic Risk**
2. **Transportation Disruption Risk**
3. **Supplier Risk**
4. **Cyber-security and Data Risk**

ESCRI – Supply Chain Risk Development

The ESCRI Indicator does not show an absolute level of risk but rather the perceived change in risk. The Risk Indicator shows, on a scale of 0 to 100, whether overall risks are decreasing, remaining the same, or increasing. A value below 49 indicates decreasing risk, 50 represents no change, and values above 51 indicate increasing risk. The further the value is from 50, the greater the perceived change in risk.

Rank.	Risk Type	Risk Index	Trend
01	Economic Risk	82,43	↑
02	Supplier Risk	77,03	↓
03	Transportation Disruption Risk	75,68	↓↓
04	Cybersecurity and Data Risk	73,65	↑
05	Customer & Demand Risk	70,95	↓
06	Government Intervention Risk	69,59	↓↓
07	Technological or Competitive Risk	68,92	↑
08	Environmental Risk	63,51	↑
09	Quality Risk	59,46	↑
10	Operational Risk	58,78	↓
	Average Risk Index	**70,00**	↓

01 Economic Risk

82.43

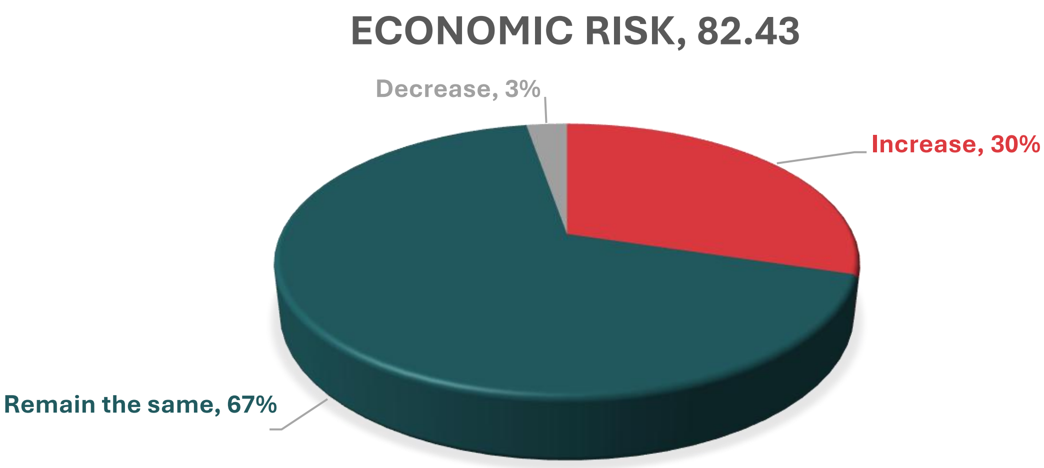
very sharp increase

Rising economic risk in European supply chains during Q3 2026 reflects the compounding of previously identified pressures rather than the emergence of new risk categories.

Energy costs remain the dominant driver, now explicitly linked by respondents to labour costs, indicating that firms perceive these two cost components as jointly eroding competitiveness rather than as isolated factors.

Geopolitical instability has sharpened, with explicit references to active conflict—most notably regarding Israel and Iran — reinforcing earlier concerns about border closures and cross-border disruption and extending the risk horizon beyond logistics delays into broader systemic uncertainty.

Cost inflation has become more structural, with new surcharges on land and sea freight and extended delivery times signalling that carriers are institutionalising cost pass-through rather than absorbing volatility temporarily. Commodity price volatility persists as a secondary but reinforcing factor. Internal restructuring and price adjustments passed through by partners further indicate that firms are actively repricing risk into their commercial relationships, embedding volatility into standard operating costs rather than treating it as exceptional.



02 Supplier Risk

77.03

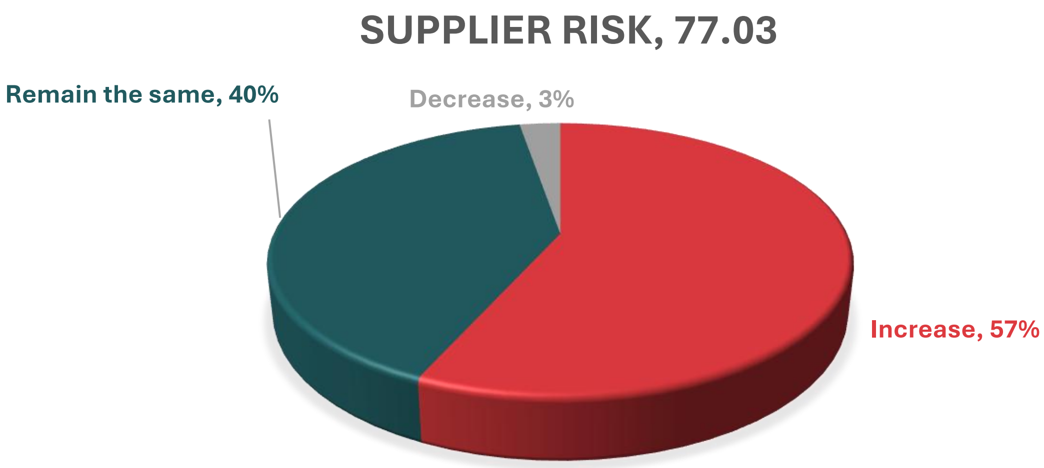
sharp increase

Supplier risk is projected to rise sharply in the third quarter of 2026 as financial fragility, geopolitical exposure and sector-specific supply constraints reinforce one another.

Deteriorating commercial credit ratings across industry branches signal weakening supplier solvency, raising the likelihood of delivery schedule inconsistencies and capacity shortfalls.

This financial vulnerability is compounded by mounting uncertainty over the Middle East conflict, which was initially treated as short-lived but is now increasingly affecting supplier confidence and planning horizons, heightening geopolitical exposure throughout supply networks. Sector-specific pressure is particularly acute in electronics, where AI-driven demand for memory components and a manufacturer-led shift to new RAM standards are straining sourcing capacity that European industry is not adequately prepared to absorb.

Regulatory and cost factors add further strain: CBAM-related obligations, rising transport costs and wage increases are pushing suppliers toward price adjustments, while sustainability requirements and instances of non-loyal competition distort market conditions. High energy dependence continues to underpin cost volatility across supplier tiers. Together, these dynamics indicate that supplier risk is shifting from episodic disruption toward a more structural condition, driven by simultaneous financial, geopolitical, technological and regulatory pressures affecting supplier reliability and long-term sourcing stability.



03 Transportation Disruption Risk

75.68

sharp increase

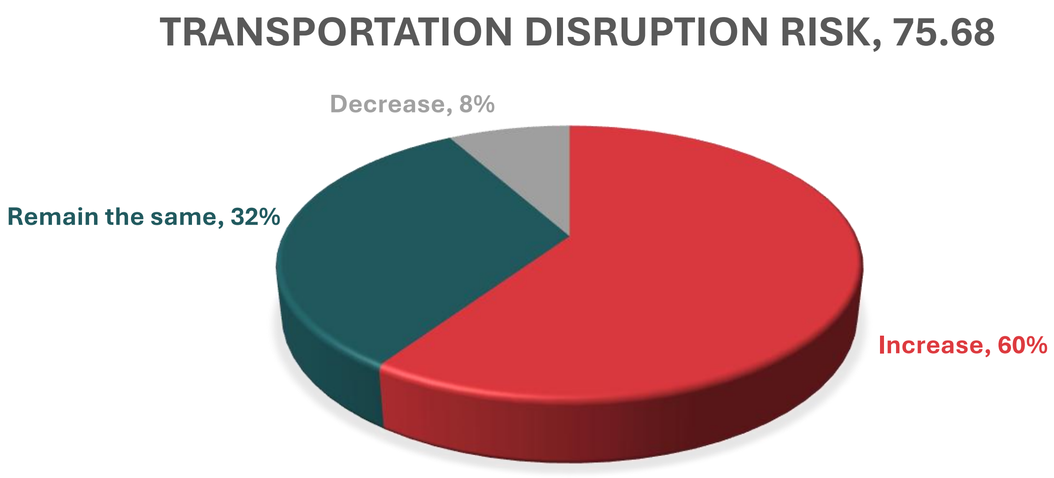
Transportation disruption risk is expected to decline in the third quarter of 2026 primarily due to anticipated easing of the Middle East conflict, even as several structural weaknesses persist.

Respondents indicate that geopolitical tensions surrounding Iran and the Strait of Hormuz are expected to de-escalate in Q3, reducing the acute volatility in fuel prices and shipping schedules that dominated Q2, although residual consequences from prior months are expected to remain.

This partial normalisation is offset by continuing constraints: driver shortages remain a persistent limiting factor for road capacity, compounded by a new EU regulation affecting non-EU truck drivers, which may further tighten labour availability.

Infrastructure-related disruption continues, with extensive rail maintenance works causing train cancellations and construction activity on relevant corridors constraining capacity. Container shortages and limited transshipment availability add further pressure. Infrastructure underinvestment in Spain and broader geopolitical volatility, including references to global political instability, sustain background risk. Diesel price increases and demand volatility continue to affect planning reliability.

Overall, the moderation reflects reduced acute geopolitical shock potential rather than resolution of underlying structural vulnerabilities, which remain latent and could re-intensify disruption risk beyond the short term.



04 Cybersecurity and Data Risk

73.65

sharp increase

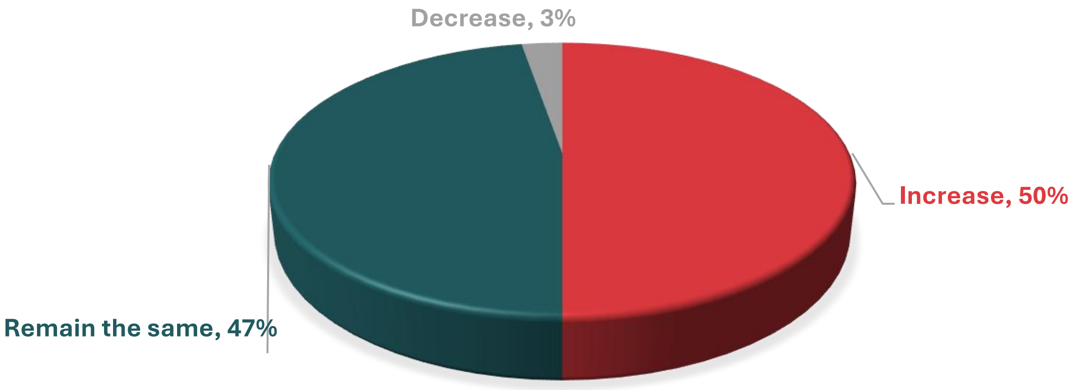
Cybersecurity and data risk is expected to rise sharply again in the third quarter of 2026, driven primarily by the accelerating integration of artificial intelligence into both logistics' operations and criminal attack methods.

Respondents highlight that AI adoption within supply chain systems simultaneously expands the digital attack surface and lowers the technical entry barrier for cybercriminals, enabling more frequent and more sophisticated attacks.

This dual effect marks a qualitative shift from the relatively contained risk perception observed in Q2. Growing digitalisation across logistics operations further increases exposure, as more processes become dependent on interconnected systems vulnerable to disruption. Several comments point to paused organizational responses, with the absence of coordinated global or local initiatives limiting structural improvement and leaving companies to develop fragmented, individual solutions.

Reports of platform failures and communication breakdowns illustrate ongoing operational fragility despite selective control measures. Increasing attack diversity and complexity are also cited as straining existing mitigation capacity, while a slowdown in the implementation speed of software-related security measures reduces organizational responsiveness. Collectively, these factors indicate that technological advancement, particularly AI-enabled threats, is outpacing current defensive and governance capabilities.

CYBERSECURITY AND DATA RISK, 73.65



05 Customer and Demand Risk

70.95

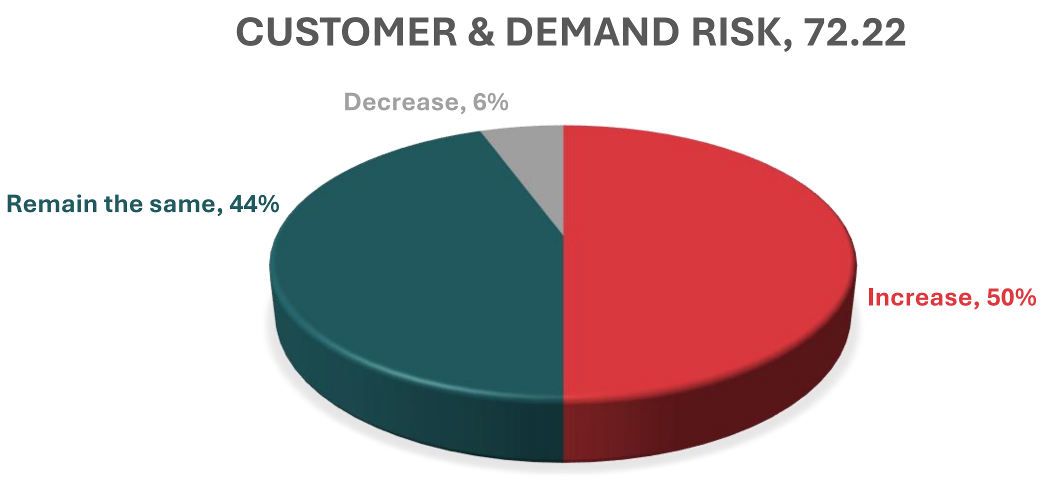
sharp increase

Customer and demand risk is expected to ease slightly in the third quarter of 2026, as emerging signs of customer-base maturity and delivery resilience offset persistent volatility.

Several respondents describe customers as increasingly "mature," suggesting more established, predictable relationship patterns that reduce erratic ordering behaviour compared to earlier quarters. Notably, despite external disruptions such as demonstrations and blockades affecting transport, deliveries continue to be fulfilled reliably in terms of both timing and specification, indicating that operational execution is absorbing demand-side uncertainty more effectively than before. T

he B2B environment is highlighted as inherently more structured than volatile consumer-facing markets, providing a degree of stability even amid difficult conditions. While concerns persist — including rising non-payments and insolvencies, heightened price sensitivity, falling sales volumes and customers demanding more without accepting corresponding cost or margin trade-offs — these pressures largely mirror dynamics already reflected in the Q2 assessment rather than representing new deterioration.

Market reputation is increasingly cited as a differentiating factor, suggesting demand is consolidating around trusted suppliers. Overall, continued instability and short lead times remain present, but stabilising relational and operational factors are sufficient to marginally lower the overall risk assessment.



06 Government Intervention Risk

69.59

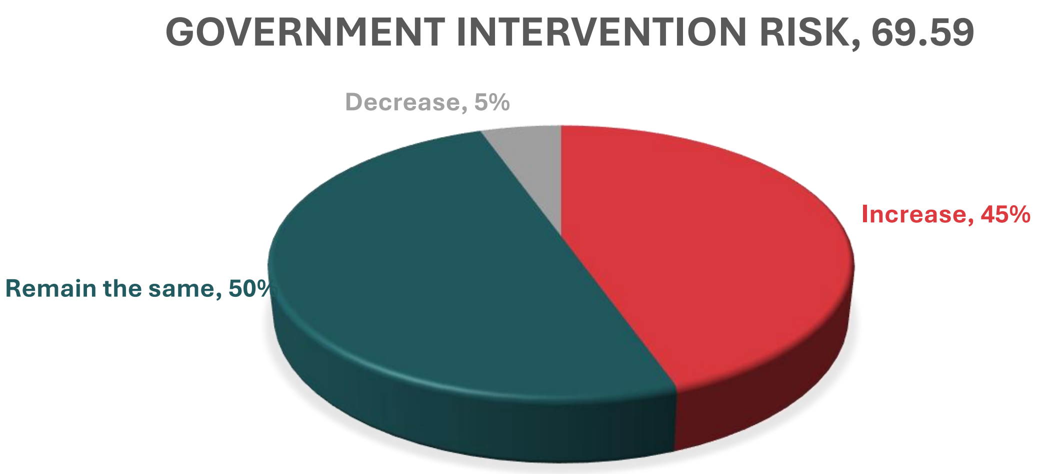
moderate increase

Government intervention risk is expected to decline clearly in the third quarter of 2026, primarily driven by anticipated geopolitical stabilisation and the emergence of new trade opportunities, even though underlying regulatory complexity persists.

Respondents expect geopolitical tensions to ease somewhat compared to the acute uncertainty of Q2, suggesting a reduced probability of abrupt political disruptions to trade and border procedures, although the situation remains fragile.

New trade agreements are explicitly cited as offering opportunities, indicating that some political developments are now perceived as potentially beneficial rather than purely burdensome, even as their implementation remains challenging. There is cautious optimism that new tariff regulations could eventually return positive returns, despite current customs documentation burdens and transit delays. Current adjustments are described as moving toward stabilisation, suggesting a maturing regulatory environment rather than continuous escalation. Nevertheless, structural concerns persist: EU regulations often arrive without advance notice due to delayed national implementation, sustainability-related rules are seen as poorly aligned with long-term societal and technological change, and new national measures, such as German emission limits, continue to emerge.

Overall, expected geopolitical easing and emerging trade opportunities outweigh persistent regulatory friction, driving the projected risk reduction.



07 Technological or Competitive Risk

68.92

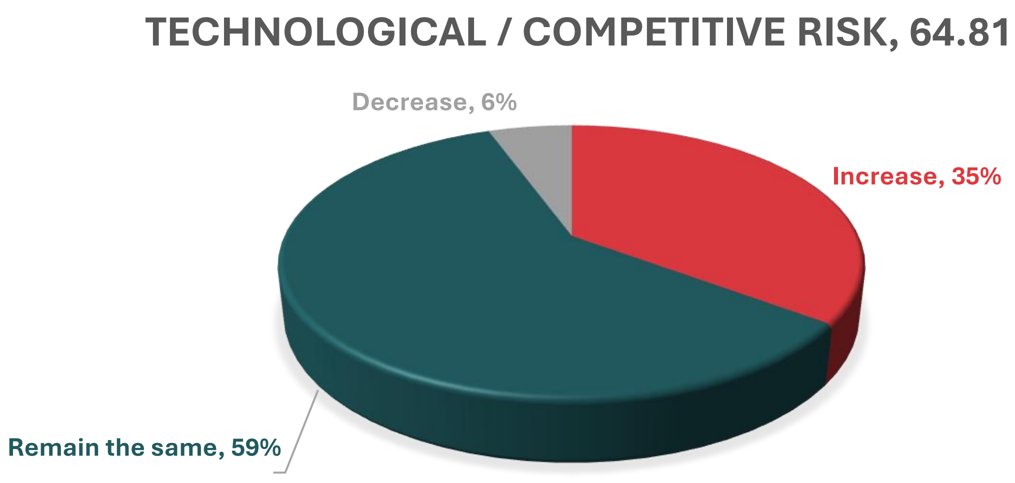
moderate increase

Technological and competitive risk is expected to rise slightly in the third quarter of 2026, as the pace of technological change begins to outstrip organisations' capacity for stable strategic response.

Respondents describe AI progress as exponential, indicating that the technology shift observed in Q2 is accelerating rather than stabilising, which increases the difficulty of long-term strategic planning. While increased use of AI in engineering work is helping companies rely less on customer specifications and input, this shift is offset by another effect: respondents now explicitly describe technological development itself as a source of volatility rather than stability.

Comments emphasising a VUCA environment reinforce the view that competitive conditions are becoming less predictable. Market unrest is reported to be intensifying competitive activity, with new entrants expected to enter the market, increasing pressure on established players and complicating differentiation strategies.

Regulatory developments, including significant changes in Spanish law, add further complexity by altering competitive conditions unevenly across regional markets. Although technology remains indispensable for maintaining competitiveness in the logistics industry, its accelerating pace, combined with rising market entry and regulatory divergence, is shifting the overall risk assessment slightly upward compared to the more contained outlook of Q2.



08 Environmental Risk

63.51

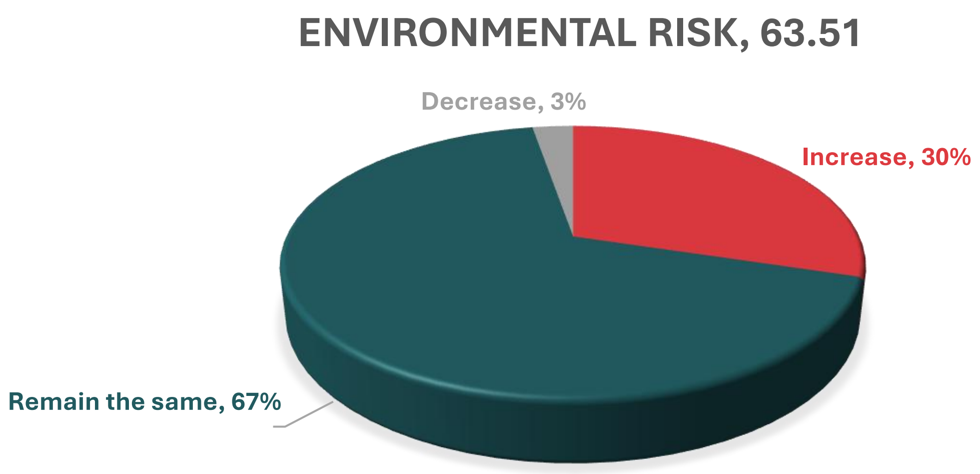
moderate increase

Environmental risk is expected to increase in the third quarter of 2026, driven primarily by the tangible operational impact of an ongoing heatwaves across Europe.

Unlike the comparatively stable assessment in Q2, current disruptions have moved from anticipated future risk to active infrastructure failure: extreme temperatures have caused service cancellations at Deutsche Bahn and physical damage to rail and road infrastructure, which was not designed to withstand such heat levels.

This marks a shift from environmental risk being managed proactively through planning and monitoring toward acute, unplanned operational disruption. Respondents continue to affirm that global warming represents an established and ongoing reality, reinforcing the view that environmental pressure is structural rather than exceptional.

While some report no direct disruption to daily operations from disaster events, broader commentary suggests that rapidly shifting social attention and policy responses to climate-related issues are increasingly amplifying supply chain vulnerability and disruption potential. This indicates that environmental risk is transitioning from a background, long-term concern into a more immediate operational threat, particularly affecting transport infrastructure reliability and is therefore assessed as rising compared to the previous quarter.



09 Quality Risk

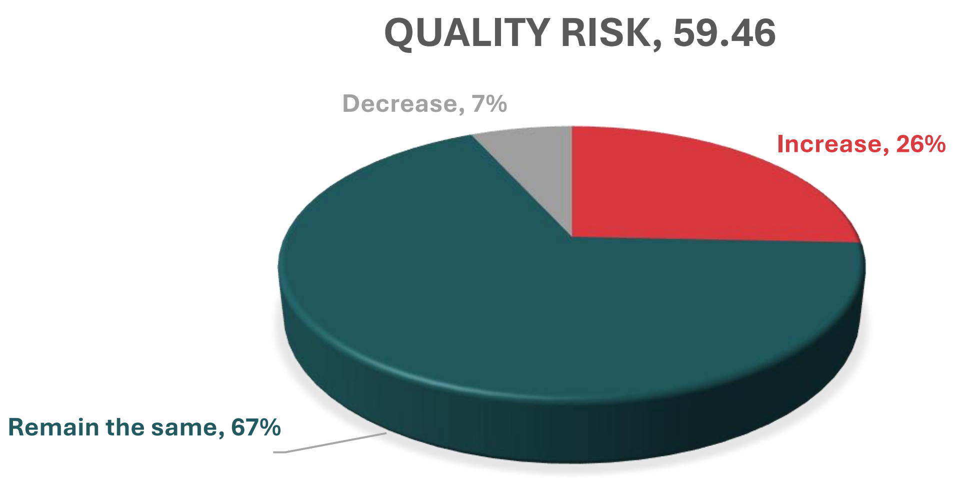
59.46
slightly increasing

Quality risk is expected to rise slightly in the third quarter of 2026, though it remains at a comparatively low level, as growing regulatory and structural pressures are only partially offset by strong underlying quality governance.

Increasing regulatory complexity is cited as a key factor, adding administrative burden and raising the difficulty of maintaining consistent quality standards. Structural challenges also contribute. Gaps in quality culture and difficulties in employee training and onboarding indicate that organisational capability is not uniformly keeping pace with rising demands.

Lean structures, while efficient, are noted as potentially having unintended quality-relevant effects and rising performance expectations across all areas, without corresponding cost adjustments add further pressure. A notable concern is that suppliers may cut corners to preserve profitability under cost pressure, introducing latent quality risk further upstream.

However, these pressures remain contained: well-established companies with strong operational discipline report multi-year track records without incidents, supported by strict communication controls. This combination of rising complexity and resilient governance explains the modest, rather than pronounced, increase.



10 Operational Risk

58.78

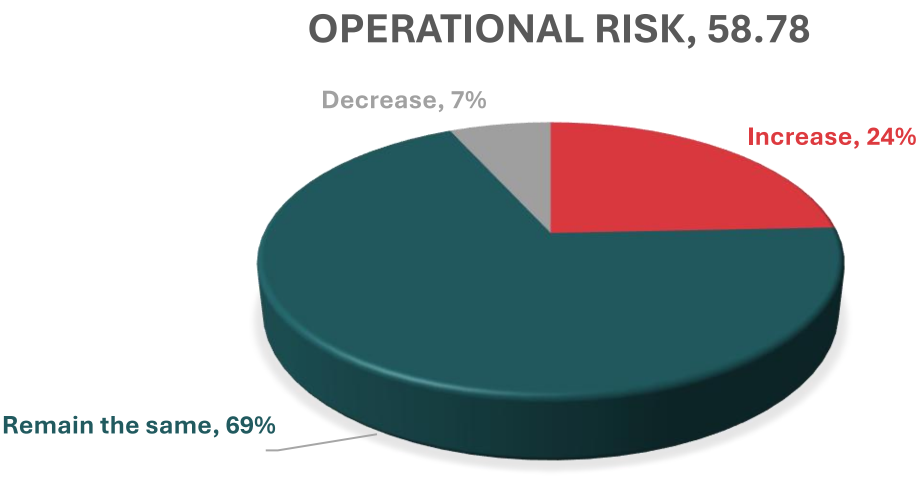
slightly increasing

Operational risk is expected to decline slightly in the third quarter of 2026, primarily reflecting a plateauing effect after the sharp deterioration seen in Q2, rather than genuine structural improvement.

One respondent explicitly notes that it is difficult for conditions to worsen further, suggesting operational risk has approached a saturation point where already-elevated disruption levels limit additional upward movement. Underlying pressures remain substantial: regional conflicts in Eastern Europe and the Middle East continue to trigger energy cost fluctuations, compounded by summer heatwaves and planned August factory closures across Europe.

Resource shortages, unclear geopolitical conditions and resulting investment delays continue to constrain planning and procurement capability. Internal system vulnerabilities also persist, with one company reporting potentially serious consequences from an unresolved ERP transition, while others note rising downtime as investment in new systems is postponed in favour of maintaining existing infrastructure.

Nevertheless, disciplined operational practices, such as consistent daily industrial safety procedures for material handling equipment, support baseline stability. Overall, the modest decrease reflects risk stabilising at a persistently high plateau rather than meaningful structural easing of underlying pressures.



Appendix A: Risk Indicator Summary

The Risk Index is a number between 0 – 100

Risk Index ≤ 49 suggests less risk

Risk Index = 50 indicates no change in risk

Risk Index ≥ 51 suggests greater risk

The further the number is from 50 greater the level of risk

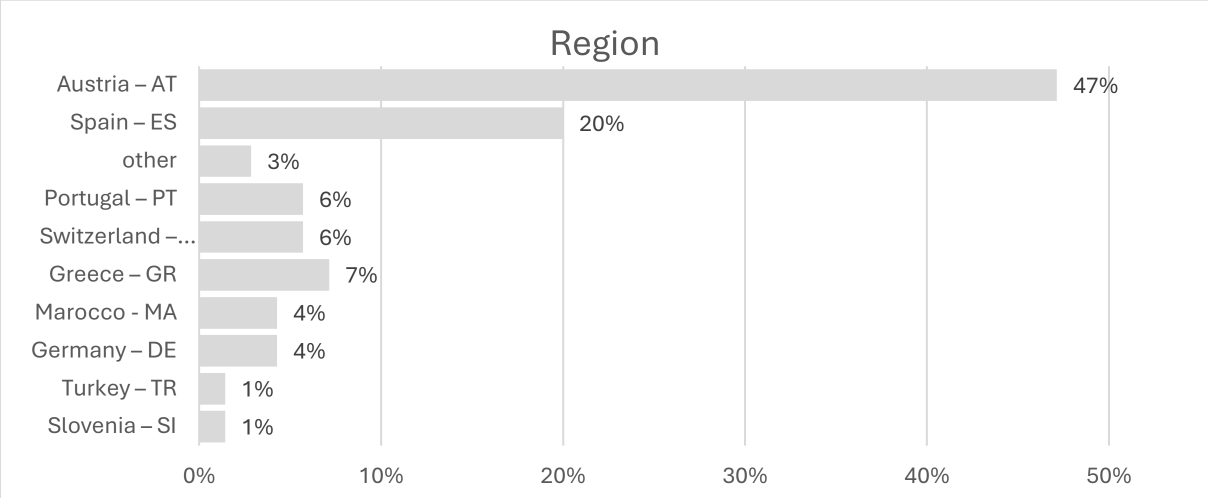
LBRI = (P1 * 1) + (P2 * 0.5) + (P3 * 0)

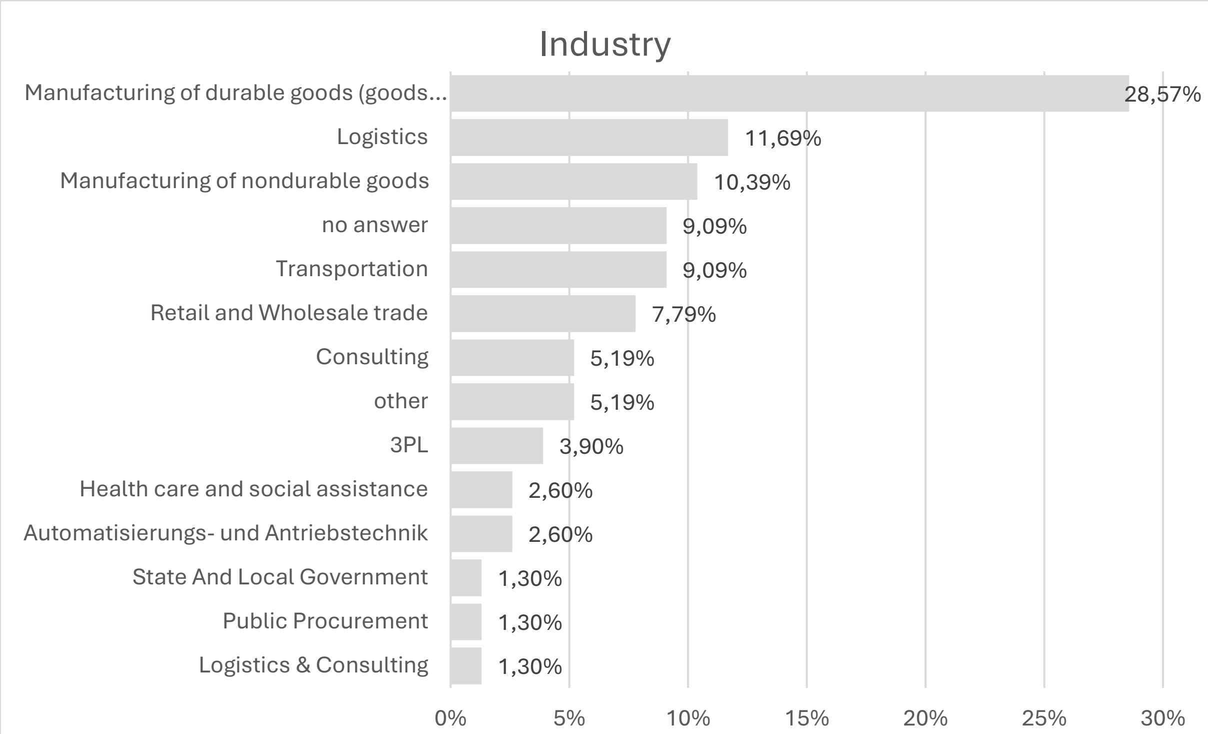
P1 = percentage of answers reporting an improvement

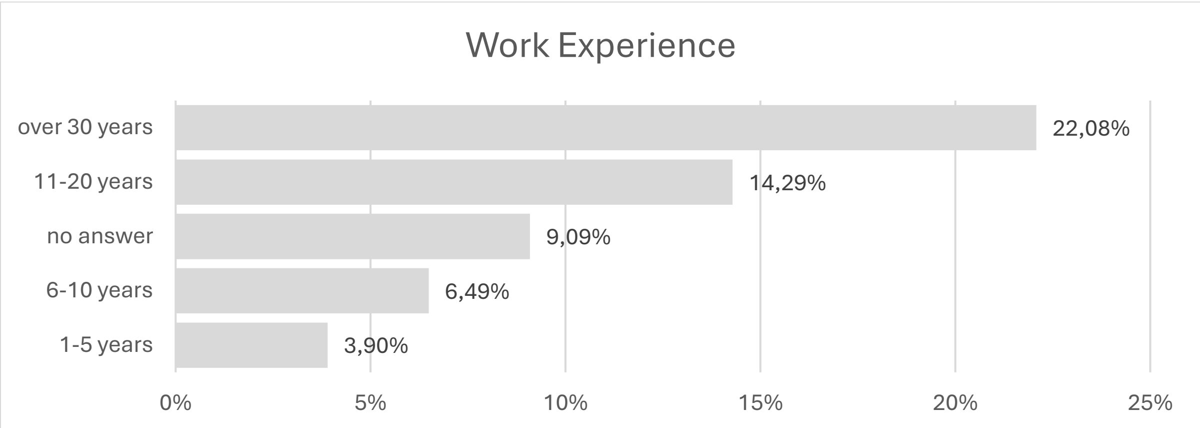
P2 = percentage of answers reporting no change

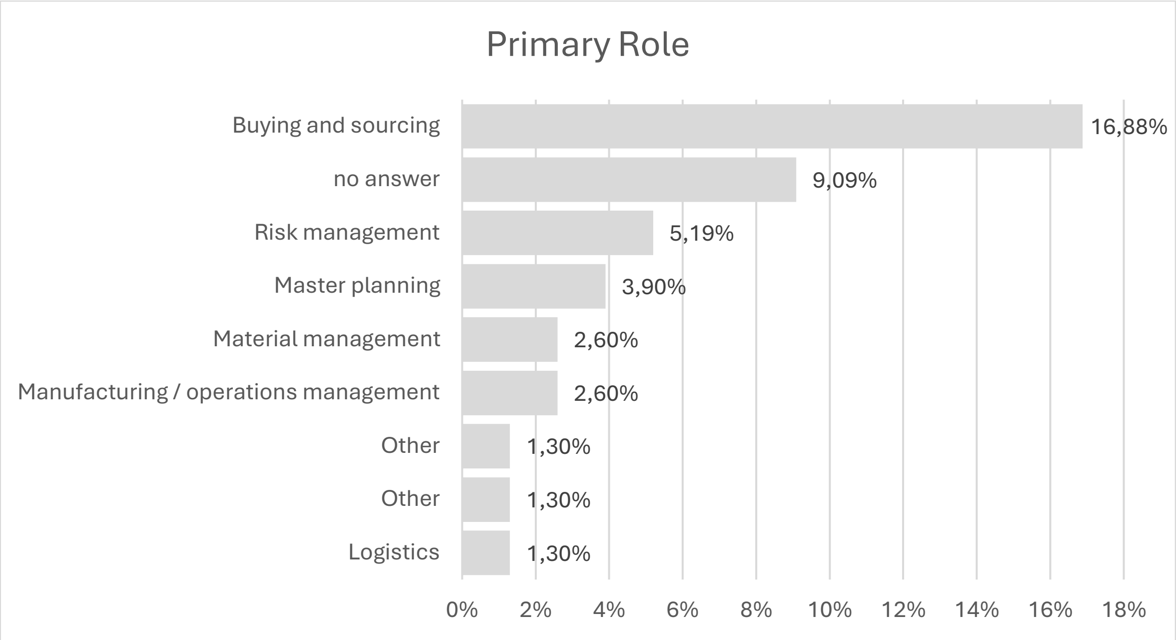
P3 = percentage of answers reporting a deterioration

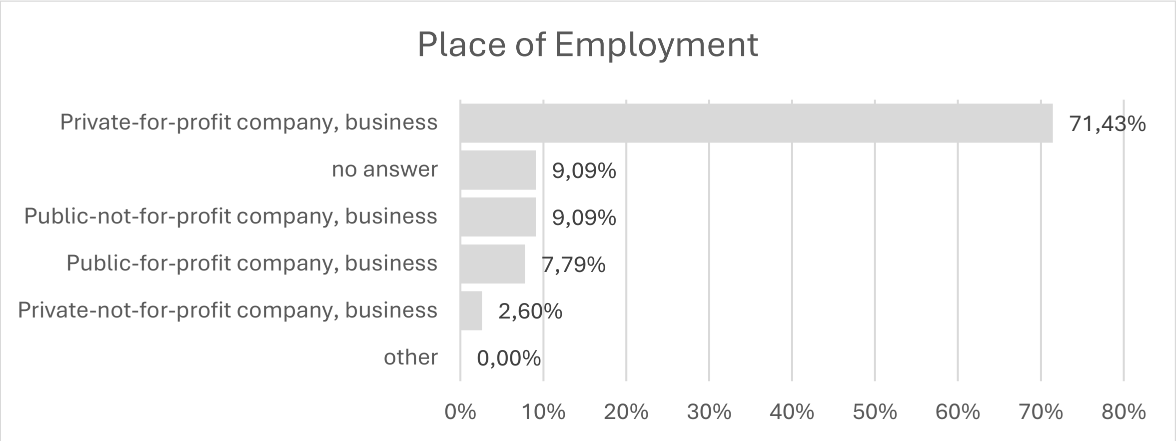
Appendix B: Demographics

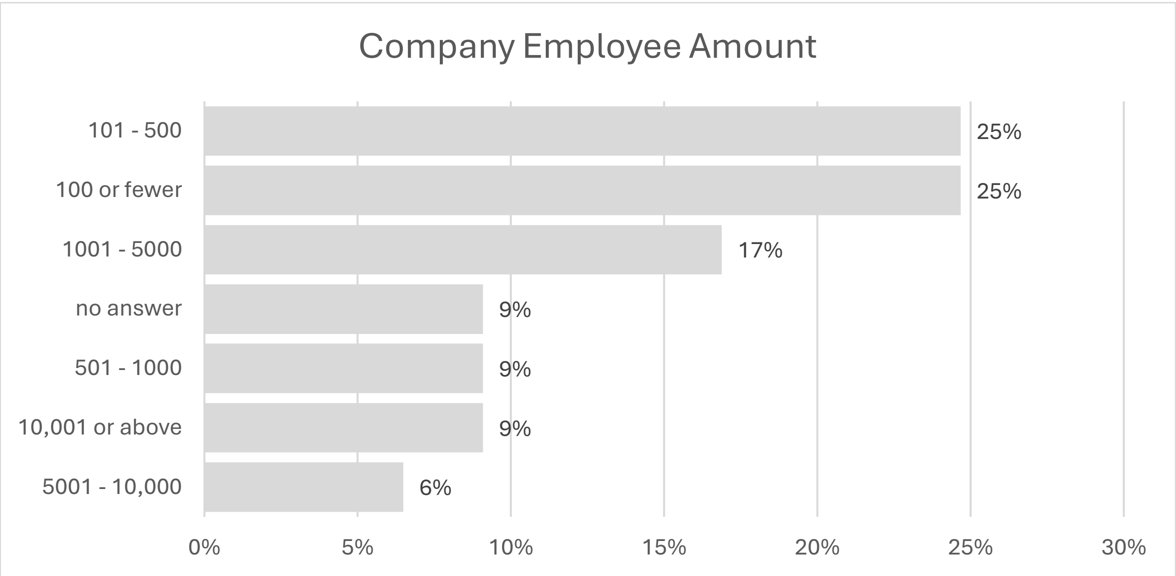







Primary Role
Buying and sourcing
no answer
Risk management
Master planning
Material management
Manufacturing / operations management
Other
Other
Logistics
16,88%
9,09%
5,19%
3,90%
2,60%
2,60%
1,30%
1,30%
1,30%
0%
2%
4%
6%
8%
10%
12%
14%
16%
18%


Place of Employment
Private-for-profit company, business
no answer
Public-not-for-profit company, business
Public-for-profit company, business
Private-not-for-profit company, business
other
71,43%
9,09%
9,09%
7,79%
2,60%
0,00%
0%
10%
20%
30%
40%
50%
60%
70%
80%


Company Employee Amount
101 - 500
100 or fewer
1001 - 5000
no answer
501 - 1000
10,001 or above
5001 - 10,000
25%
25%
17%
9%
9%
9%
6%
0%
5%
10%
15%
20%
25%
30%

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