1 Economic Risk Comments

If the decrease in trucking demand is a result of a decrease in buying behavior, there could be a significant economic risk.

Increased operational costs combined with a "cooling" economy reducing demand is a recipe for increased competition and subsequently economic risk.

All of our prices are going up at unreasonable rates.

Raw materials costs and leadtime continue to be issues. Labor has been an ongoing issue.

War in Ukraine will continue to have an impact to fuel and material prices. Labor shortages are still plaguing a few of our plants and warehouses.

As mentioned in transportation, logistics risks and costs are increasing. Even with a potential economic slow down coming, demand continues to be high.

Inflation very high, Ukraine conflict elongating the period of high prices.

We will continue to feel the squeeze from past, present and future horrendous government policies.

Global shortages mean increased risk.

Commodity price volatility and labor shortages. Border delays and increasing energy costs.

Inflation followed by a likely recession. The government is more likely to make economic decisions which make the situation worse rather than better. The current administration's inflationary policies have declared war on the American family.

Labor shortages and the inability to implement automation rapidly to augment capacity requirements, the increase in energy costs and current price volatility are expected to contribute to the increased economic risk and is expected to continue.

We have an active hedge program for fuel and major commodities to reduce volatility.

2 Transportation Disruption Risk Comments

Shortage of shippers, it's taking longer to coordinate large shipments.

Demand has decreased in recent weeks and is expected to continue which is decreasing freight costs for truckloads despite rising fuel costs. Could be a sign of a decrease in purchasing which could have other economic implications.

Lead times and equipment costs have increased dramatically, and parts are backordered extending equipment downtime affecting my company's ability to both grow and provide reliable services. Total number of drivers both local and long haul now exceed pre-covid levels.

As international politics have ramped up so have transportation issues globally. Domestically the transportation issues will only increase as there are problems with availability of drivers, tractors, and trailers. Further crippling the situation is the cost base increase happening through out transportation.

Increasing fuel prices and covid cases to a lesser extent.

Diesel prices are currently at record highs, TL Market is beginning to loosen which combined with O/O jumping back into Carriers will provide relief for Driver Shortage. Demand is beginning to soften in LTL as TL spillover goes away. I believe the risk profile for shippers is decreasing, carriers will begin giving back some of the margins they enjoyed during the supply crunch.

Driver and moreover (now) equipment shortages and rail road service shortfalls.

Driver, equipment & fuel are all major issues we will continue to face for the remainder of 2022.

Demand volatility remains high combined with higher and higher 3rd party costs (including fuel).

Fuel prices are out of control with no clear understanding in our government on how to solve the problem by opening up exploration.

Uncertainty about the impending impacts to port traffic with the current situations in China and Europe. Driver shortage is most likely a flat risk.

Russia/Ukraine created additional risk especially on goods movements to Asia.

3 Supplier Risk Comments

All suppliers are at or above capacity and extending lead times and raising prices.

still very high with COVID and Russia.

May only decrease slightly. It appears that suppliers are beginning to better meet commitments.

Possibly due to creativity, adding suppliers...paying higher costs to source domestically?

China's port shutdowns and subsequent backorder of parts for repairs and equipment manufacturing remain issues.

Suppliers are already starting to go bankrupt. Armstrong declared bankruptcy. Small to medium are in a more delicate spot and will be failing at a much higher rate.

Continue to see supply shortages and extended leadtimes. Will continue throughout 2022.

Only increase as geopolitical shocks coupled with climate change become more prevalent.

War in Ukraine, export bans, fuel prices, etc are causing issues in getting certain materials and ingredients which is impacting supply.

We continue to see increased risk with our suppliers, as IC foundry capacity still remains extremely tight with many component lead times 1 to 2 years at this point.

Drastic inflation even with the Fed precipitously increasing interest rates.

Hopeful a macro economic slowdown may begin to bring things back to equilibrium by slowing demand.

Still have not enough supply for demand, limited suppliers, Ukraine conflict.

Supplier risk and shortages, pallets, vehicles, etc. remains high.

Looking for more local/regional/national solutions. I'm not looking forward to the ensuing effects of the China lockdowns.

Supplier quality issues leading to my quality issues.

Price volatility and extended lead times continue to plague us.

Already elevated, but challenging economic conditions (inflation, potential recession) will impact supplier "health" which can increase supplier risk.

We are actively pursing initiatives to reduce single/sole suppliers, suppliers from one geographical region, delivery schedule inconsistencies.

4 Cybersecurity and Data Risk Comments

It's been bad for many years now and will continue to be. Until our government takes action to aggressively combat these cyber criminals the risk will remain elevated. Largest fear is ransomware. (My company was taken for $36k last year and both the FBI won't even take our call after repeated attempts because they only get involved when tens of millions are at stake.)

There are few actual and implement penalties right now in the cyber world. Think about how few times you ever hear of anyone being prosecuted for any cyber issues except the smallest of them. There are going to be data battles over who owns the data. Systems companies are already holding their clients data hostage legally. This will only become a bigger problem over time.

We have implemented additional steps over the past few years to address this.

Continue to increase as more and more product is produced on-line. Plus, 1) the value of data itself will increase as folks find different ways for secondary usage; and, 2) methods for secondary usage will increase, much of which is unknown today.

Always a concern and will worsen in the next 2 years.

Implementing new TMS.

Cyber warfare is at a magnitude we've never seen before. No one really knows what will be next. In the age of digitalization, it seems like companies and people are taking a pause in some ways - trying to scale back a little bit, or at least make sure that what they are currently doing and hope to do next are going to be safe and remain tenable. Lots of assumptions being questioned right now.

This needs to be a focus until we can determine how to stop cyber security.

Huge unknown, generally we think it's not a matter of if it will happen but when. The next big hurdle is how fast we can recover.

I believe the risks remain the same, but there are active initiatives to help improve cybersecurity awareness and institute more controls on data.

We are on heightened alert based on cyber activity related to the Russia/Ukraine conflict.

5 Government Intervention Risk Comments

There is talk of regulations being imposed requiring 3PL's to disclose internal margins, which is proprietary info and could be extremely damaging to my company and the 3PL industry as a whole.

In trying to help the government will just screw things up further. More often then not it is about the money for a select few under the guise of helping the masses.

Government keeps putting additional regulations, testing and fees that are unnecessary but very costly.

Railroad service has deteriorated to the point of STB hearing recently on the topic. Current political environment favors government intervention and this is a very visible opportunity.

Always a laggard, government intervention will be just as haphazard. However, because of the myriad of external changes and stresses to the system, time to intervention will shorten.

Overactive US administration with no clue.

Sanctions affecting raw material availability and our sales plans.

The ongoing conflicts/wars are leading to interesting sanctions, alliances, etc.

Government needs to get out of the way

Regulatory compliance; international trade sanctions.

The government is more likely to make economic decisions which make the situation worse rather than better.

New regulations in effect prior to Q3 coupled with economic and political factors may have an adverse effect on the supply chain.

Sanctions impacting markets.

6 Customer Risk Comments

We see some customers returning to work and increasing the need to shuttle and charter transportation.

With trucking costs decreasing, my 3PL company needs to stay ahead of the curve and offer price concessions to clients wherever we can. Difficult to keep a finger exactly on where pricing is headed, but if we don't reduce where we need to, someone else will and we could damage customer relationships.

Customers have remained stable and abundant but as other issues resolve they will turn to changing their supply chain flows changing their expectations and who they work with. Also we are headed to a recession/slow down which will eliminate demand which is a threat to customer base.

Demand has been hard to pin down. Hard to discern whether it is sales volume driven or customers are trying to increase safety inventories due to supply issues.

We are taking another price increase this summer, but demand hasn't softened as our products are still cheaper than out of home alternatives. Our poor fill rates could lead consumers to choose other brands or customers to reduce item assortment.

From a carrier perspective we will likely begin seeing customers churn as reliable capacity becomes available and customers begin seeking discounts.

Perpetual conditions, worsened by government ineptitude.

Supply chain shortages on the front end cause short leadtimes on the backend.

Lack of valid historical data to forecast future demand due to Covid.

As customers try to find lower cost solutions, disruption is expected in some long standing customer relationships.

Changing market dynamics may accelerate risks as do inflationary pressures and residual effect of COVID in the past two years.

What impact will inflation have on the revenue per bill growth and customer loyalty?

Consumer behavior is hard to predict. Also, our demand is closely tied to disposal income levels, which are also an increased risk due to the inflationary environment.

7 Environmental Risk Comments

Wait until we have some really big storms on the coasts which shut down the ports. Or major floods hit inlad waterways and destroy infrastructure.

The unknown effects of climate change.

Hopefully all good.

Hurricane season.

After the past few years, we're about as robust to these things as we can be. We are focusing on many other risks now.

Extreme weather events.

Climate change will continue to increase.

The environment remains a large factor that affects greatly transportation.

Industrial accidents and extreme weather continue to cause challenges.

8 Technological or Competitive Risk Comments

Freight market is shifting from being 'service-centric' over the covid years (which is typically unheard of) back to 'price-centric'. We need to stay competitive in order to maintain our market share and customer trust/relationships.

The more technology there is the worse it becomes. It becomes a matter of what is the next best thing and who has it. Then customers will flock to those with the biggest an best even if is not really any better.

Chinese companies selling Knock-Offs of our products at a lower price in the USA.

New technologies will emerge. How they will be employed and whether or not they will make a difference is to be seen.

Cyber risks remain high.

Competition is always changing and improving.

Outside of the scope that we deal with on the supply chain as a transportation provider.

Expect competitive risk to remain the same. Competitors continue to be stretched thin, and are trying to keep up with existing demand. Technology for our sector continues to be over rated, over sold, lots of bells and whistles, but no real substance to reducing costs or improving processes.

The emergence of disruptors and new entrants in the market, along competitor integrations and acquisitions increases the risk in our organization.

I do not see this as the same level risk as the other questions, but I can't say that it's any better.

9 Quality Risk Comments

Lack of skilled personnel.

Over the past quarter quality has continued to reduce. As materials and items become more difficult to obtain the quality level will continue to diminish while the acceptance of substandard will also become more common.

NA Class 1 Railroad service is significantly below its 5-yr average, materially degrading the quality of our product.

For this quarter, quality risks will not emerge. It will take some time before the operational risks will result in an obvious decline in quality of manufactured product.

Continues unknown fall out from supply chain disruptions caused by conflict in Ukraine.

Material availabilities and fraudulent certifications related to the Russia - Ukraine situation.

With labor hard to come by, training is minimal and we are seeing increased quality issues.

Recalls seem to be on the upturn. Untrained labor forces hurt quality - Amazon drivers are nuts!

My company, suppliers and customers have quality issues.

Because demand is still very high and the labor pool is still a challenge Quality is still a concern.

as the transportation provider the quality risk isn't something we traditionally face.

Be the same her higher as staffing shortages continue.

I'm not certain of large exposures, but the focus on quality through our customer's eyes should help to continue to drive this down.

Mainly due to resource constraints and resource turnover.

Risk is still heightened due to the amount of employee turnover with our supply base.

Product shortages and supply chain issues are forcing buyers to source product from other sources, which brings an inherent risk in quality.

10 Operational Risk Comments

As supply shortages increase, counterfeiting of supplies will become more prevalent. Until the mechanism for making and validating supplies improves, this risk will only become more intense.

We did have a fire in a factory earlier this year which will impact one production line for Q3.

Russia invasion of Ukraine continues to worsen impact on metal scrap / alloy prices further deepening super cycle on commodities.

Potential ILWU strike, hurricane season, inflation.

Business continuity plans engaged to compensate for closing 2 Ukraine locations and pausing 2 Russia locations.

Concerns over labor and equipment availability.

Difficulties obtaining parts for machinery and equipment as well as raw materials due to government actions (domestic and international).

It's been hard to get some components to repair equipment in production lines.

Machine breakdowns are terrible. Maintenance is understaffed right now.

We are running at max capacity.

Equipment shortages is the primary issue we face at origin & final mile for delivery.

Continued changes due to key personnel changes and stretching of current staffing. Preparing for a SAP transition in early 2023.

Availability of physical assets (trailers, tablets, etc.) remains a major problem, but not any worse than before. If anything it may decrease by finding alternative avenues of procurement, but the need is only being controlled not improving.

Effects of pandemic and Russia/Ukraine conflict while still present are stabilizing.

Great power competition is wreaking havoc. Great powers include both nation-states and the global elite. Not sure what will happen.