1 Economic Risk Comments

- Increases risk in parallel with transportation risk.
- Commodity price volatility is driving the sudden inflation that thins profitability as each company absorbs some of it and not necessarily forwarding them all to their customers.
- Labor shortages are a huge issue and it is not easy to find a new employee with the right skills and fit in a week or two right now. One of the issues is the wages as many companies are fighting over labor, so they post a job with $1/hour more than the company across the street. This causes a lot of people to hop jobs because this ultimately earns them more money. Some studies say that the wage increase of continued employment from 2021 to 2022 was about 3 - 4% in average, whereas job hoppers increased their wages as high as 12% from 2021 to 2022. The inflation from 2021 to 2022 was about 7 - 8%, which significantly attracts more people to job hop. Another issue in labor shortage is the skilled labor. By monitoring the job applicants over 6 months, it is apparent that many job hoppers lack skills and education (not necessarily the highest education earned, but the quality of education they received). This country had shipped many jobs overseas in the past 30 years, resulting the loss of skilled labor over time. With the pandemic, many of the skilled workers who used to work in the 80s through 2020 took early retirement, resulting the labor shortage. Higher education is not necessarily a solution in most cases, but improving the quality of education up to 12th grade should prepare the individuals for real life world, but this would take a long time to see the results. The labor shortage outlook is very grim because of this reason.
- Inflation, food and energy costs related to massive government spending is damaging the American family.
- Continued inflation seems to point to an inevitable recession. Talk of the 'R' word alone causes reduction in most folks' buying behavior. (i.e., planning for the worst).
- The industry has settled from COVID times and seems to be as close to "steady".
- Anyone who say they have a handle on the upcoming economic impacts good or bad is only guessing. There is so much going on in the world and supply chains are so interconnected a storm in Madagascar can have major impacts in Europe which causes a whiplash in the United States.
- Energy costs will continue to go up due to misguided "green" initiatives that seem to pollute and cost more than standard solutions. Sustainability is in imperative; but political shell games are tanking our economy.
- Remain at high level while global inflation remains very high and war in Ukraine and other issues weigh on global economies.
- Inflation.
- We are a seasonal business so the 4th quarter is always poor compared to the 2nd and 3rd. Demand always goes down about 25-35%.
- Continued inflation, labor risk.
- Labor shortages are likely to impact productivity.
- Several nurse practitioners and a physician are leaving on short notice.
- Continued labor shortages and high inflation.
- Energy costs.
- New types of opportunities address this challenge. An innovative idea that comes from the current market needs has inherently come from economic risk.

2 Cybersecurity and Data Risk Comments

- Enhancement and sophistication of attacks on data and operations will increase risk in this area.
- Requires more periodical cyber literacy training of employees to mitigate the risks as well as strengthening the hardware side setup is needed.
- Hackers are constantly coming up with new and creative ways to beat the system. Shame is that their knowledge could be used for the greater good.
- We have a team working on migration and short and long term security needs, so we should stay flat here.
- This is a quiet hidden problem that many companies do not talk about. It has happened to numerous organizations however they do not want their clients or suppliers to know because it questions all the electronic interchanges.
- Desperate state actors and election cycle (domestic) activities represent a discernible risk to our SaaS platforms & internal data in Q4.
- Hacks at our SC partners continue to get worse.
- Remain the same which is at an elevated level.
- It seems Cyber security risks increase every quarter.
- Data theft, ransomware, and deep fake crimes remain a concern that will likely grow in the future.
- World instability is, I believe, increasing cybersecurity risk.
- More sophisticated bad actors with limited counter resources.
- I'd like to say decrease but the threat of a new attack remains very real.
- One can only hope not to have any cyber issues.
- Transit agencies such as mine are already facing this.
- There's a trade-off with cybersecurity and data breach risks because of the increased usage of cash. Cash saves money in some categories, and costs money in other categories.

3 Government Intervention Risk Comments

- Different administration imposing different regulations and tariffs, which a lot of times have no good reason to justify. In the previous administration, they decided to impose additional tariff on imported steel, which was unfairly ruled on some of the more expensive steels too (e.g., against made in Japan and Germany steel that are not cheap). This steel does not compete with U.S. steel manufacturers, but the previous administration did so anyway, causing more administrative work to calculate the increased cost and exemptions, and pushed to shut down some steel plants in the U.S. and as a result those who used to work for them lost jobs. The cost was also forwarded to tier 1s and OEMs, so ultimately that is a cost increase for consumers. Majority of these steel imported from Japan and Germany are used in automotive, which requires very high standard and the approval process takes very long time for a change, so it's not that the tariff can promote localization of the raw material manufacturing. It is also that the manufacturing process of steel wire is different between Japan and the U.S., and this difference in the process is making made in Japan steel wire grain flow more consistent and smoothly, and this is much preferred in some applications (e.g., safety critical part), but the government officials won't care to understand it regardless. The tariff was lifted for EU last year with annual limit, and Japan is still in talk but not fully lifted, but this type of abrupt and baseless government decisions can cause risks in business.

- Current administration's absence of business experience and accountability is dangerous for America.
- Potential to increase. Govt implementing 'AB 5' gig worker law has thrown the legal status of 70,000 truckers into jeopardy, possibly imperiling the supply chain. Related to independent contractor status, Two-thirds of California's port truckers could be forced off road, adding to the congestion of the largest ports in the US. Enacting this law would be shooting ourselves in the foot.
- Drug pricing pressure from Biden administration as a means to fight inflation.
- Again, EPA regulations directly impact what we can, and cannot buy and sell. Open bills on environmental controls will determine our business strategy for the next years to come.
- The government needs to stay out of business.
- The US federal government is out of control and, over the last 2 years, has caused all of our major disruptions.
- Trend of improved, more stable government trade continues overall. Future risk of continued friction with China though.
- concern for government getting involved in new regulations and the ILWU contract situation on the west coast.
- More restrictions on all things coming from China has injected a lot of risk into our supply chain. While we need to move away from China, it just takes time.
- Shifting governmental landscape. International chaos especially in the U.K.
- Illogical regulations especially with one party control at the Federal level.
- Blanket policies that do not allow for customization to different demographics.

4 Customer Risk Comments

- Planning manufacturing schedule in automotive business has become increasingly more difficult in the past few years after OEMs started to struggle with semiconductor shortages. They suddenly change or cancel their release schedules, and the suppliers are left with too much inventory on hand. This is especially difficult with some of the automotive parts and material that come from overseas as overseas products must be planned and arranged to be shipped at least 4 or 5 months ahead of time. Ocean freight and intermodal transportation issues adds more problems to this. Dealing with tier 1 customers is even harder because they are also left with too much inventory with sudden production changes by OEMs. Too much inventory with less sales causes poor cash flow, causing customer payment delays as well. Customer payment has become more inconsistent in the past year.
- Customer pressure to contain costs will lead to volatility to maintain existing relationships. Customer base may be chasing unicorns with low-cost approach in the logistics industry.
- Turnover of decision makers is constant...causing long term customer relationships to be set aside for reasons such as cost control (rather than proven reliability). Cost is important, but you typically get what you pay for when you buy cheap.
- things seem steady from sales forecasts.
- As inflation has increased consumers have to make choices on what they are going to spend their money. This will only continue to get worse.
- Not everyone is accepting price increases.
- Demand is scary right now.

- We have taken a large part of the market as our competitor has closed. As a result, our foot traffic and business have increased, so customers have nowhere else to go.
- Issues are the same across all like businesses. Customers have left only to receive worse service from other providers. They need to stay with a provider they have a relationship with. Jumping from vendor to vendor hasn't gotten the results some customers hoped it would.
- Inflationary pressure with customers.

5 Transportation Disruption Risk Comments

- Although existing infrastructure will not very much, both increases in expenses as well as the variability of demand will increase the risk of transportation risk.
- Ocean freight and intermodal transportation will continue to be disrupted through the end of the year and probably continue at least until the first half of 2023. The government intervention is weak and is a band aid, not solving the root cause of the issue. Record high import volume causing imbalance between import and export in the U.S. is causing issues with ocean freight transportation worldwide (containers not evenly distributed all over the world). The U.S. government needs to find ways to produce domestically and sustainably where possible, and improve the cost structure so the American consumers can consume made in the U.S.A. products. This also requires improving the quality of the products made in the U.S., which is also requiring investment in more education and vocational training. The U.S. government did not take any actions when corporations started to send jobs overseas for cheaper labor in the past, causing the issues of lack of skilled labor in this country. Labor issue is not something that was caused by the pandemic - it's the accumulation of what this country has done in the past, weakening manufacturing and producing skills as a whole nation.
- Fuel prices remain a serious concern, given the Biden Administration's foolish and not well thought out Energy policy. Federal, State, and Local governments are functionally bankrupt, so much needed improvements in road networks will suffer.
- While fuel prices will likely remain high, demand for trucking has decreased. This is likely due to over ordering during and after the pandemic after experiencing delays and supply chain issues that created hardships on manufacturers. Thus, many companies have excess inventory. As a result of the drop in demand for trucking, rates have dropped...causing difficulty for owner operator truckers as their fixed costs continue to rise. Many have considered closing their doors which could have long term effects on trucking supply. Owner operators make up nearly 90% of the trucks on the road. Driver shortage continues to be an issue that we will hear about for years to come. Too many barriers to entry in addition to the job itself not being particularly appealing to younger folks.
- Fuel prices causing driving spot rate increases.
- our outbound partners have stayed steady, and our contracts in a solid state.
- Fuel prices are dropping but cost of freight has minimally been reduced. Fuel surcharges have remained higher as a percentage of freight invoices. Trailers continue to be a problem for many carriers.
- Poor government policies continue to hurt us. Having someone as DOT secretary (Pete B) who has zero knowledge or care for the industry isn't helping the matter.
- Demand volatility unpredictable.
- We see some transportation/shipping costs going down.
- Ocean, rail, and motor transportation each have tremendous problems.

- Demand volatility remains difficult to predict. We have imports and exports and the US ports are a challenge to work with-too many delays, canceled sailings, reduced free time etc.
- N/A.
- Demand volatility likely to increase with recessionary pressures.
- Cost, equipment scarcity, and operator scarcity are growing problems.
- Fuel prices are going down.
- It's a cost category that directly and immediately impacts the sticker price to consumers.

6 Supplier Risk Comments

- No change from the prior quarter as the risk remains high.
- Risks runs higher in automotive business where many times the approval process takes long time and there are not a lot of options for multiple supplier sources. This is a big risk when some disasters happen to the limited supplier sources and when some difficult-to-solve quality issues occur. A lot of times it comes down to the management commitment to the business and their take on contingency plans, but it appears that this must-have skills in business management appears to be crippling down after the pandemic. People work differently and they do not seem to care as much as before.
- Delivery schedule inconsistency and price volatility are also big issues especially in automotive business. Automotive industry has been built with different mentality and attitude where OEMs have more power than none of suppliers and all suppliers are pressured to lower the prices of the parts each year despite cost of manufacturing increases each year with inflation. This makes in sense if the part you are making is something very new and requires new development where the initial cost of development of higher and can be reduced as time goes when mass production is successfully implemented, but for most suppliers, they are making similar parts each year where there aren't many new development, some standard parts are manufactured to the drawings from 30 - 40 years ago because there's no new technologies available, and the price reduction is only thinning the profitability, yet OEMs are selling the cars at higher prices compared to 10 - 20 years ago. In the midst of the current extreme inflation, suppliers are forced to increase the prices in order to survive, but OEMs and tier 1s still refuse to pay the cost of increase even if it is added as surcharges. By doing so, they're pushing the suppliers' businesses at financial risk, even though OEMs and tier 1s need the lower tier suppliers to survive.
- Remains very difficult to obtain needed equipment to support growth.
- Supply chain issues are starting to ease and products are becoming more available with shorter lead times. Still not totally back to normal but Q4 should experience some improvement.
- Qualitative - challenges faced in the heat of the pandemic have subsided to some extent.
- May suppliers are catching up on open POs, and we are seeing an uptick in inbound inventory.
- Suppliers have started to be gobbled up by larger companies and or just closing. Along with the global issues many suppliers even if they can produce may not be able to get components to your business.
- Global supply chain appears to be improving.
- Nearshoring and moving out of China have been good decisions for us.
- Slight improvement as more solutions are found and more chip and other supply slowly improves.
- I guess price volatility would address my inflation concern.
- Port, receiving congestion issues do not appear to be improving.

- Wholesale inventory is filling up. While there are some holes, the availability of most products is good. Not as good as pre-pandemic levels but decent.
- Supply disruption due to interrupted electric power, drought, delayed raw material delivery, workforce reduction.
- We hope supplier issues decrease, lead time for product and changing delivery dates could get worse, but while they are not good, they seemed to have stopped getting worse each week.
- Supply chain problems with suppliers are continuing and/or increasing in scope.
- Availability or materials. Schedule delays.
- Suppliers are a little more desperate to close deals. Price volatility is the biggest concern.

7 Technological or Competitive Risk Comments

- There has been little discussion as to how the Internet per se and new database technologies will affect supply chain development and management overall?
- My company competes with other logistics companies (which there is no shortage of), and also competes directly with trucking companies (who we essentially use as our vendors). Tons of competition, but standing on our service and communication to set us apart is vital. Providing visibility and easy to use software capabilities to customers is essential and becoming the new norm in logistics.
- EPA regulations continue to be a challenge for our industry.
- Technology is an empty bucket of cost. You spend money time and time again on it but does it ever really pay off. So many companies (AMAZON, Walmart, Target, etc.) are dictating technology which adds costs to the vendors. These costs are empty costs which just strip money off the top of margins from so many levels.
- We are ahead of peer CPGs for new product introduction that anticipates revisions to form of products in changing environment.
- New national firms are moving into the RI healthcare region and disrupting the market.
- Risks from overseas, ie. China.
- Technology is technology, people/customers are craving human attention, touch, and genuine connection.

8 Environmental Risk Comments

- Climate change is rarely discussed, but should be!!!!!
- Government leaders lack credibility around a serious Climate change strategy. John Kerry quoted in WSJ stating "Climate change reduces inflation," is not credible, or the work of an Administration serious about real solutions.
- Unpredictable, however a natural disaster could have a larger, more negative effect on our country now more than ever.
- People are concerned about extreme weather but the reality recently is that normal weather has had substantial impacts. IF the north East were to get hit with some of the larger typical storms of previous years it would shut down the NE United States A localized storm of 1 inch of rain today has huge impacts. Imagine if we got those storms of 5 inches, 10 inches or even the 22 inches of rain fall.
- We chose to take action to harden against weather problems. Competitors who are screaming for more regulation in hopes of just avoiding the inevitable are already starting to have problems. We worry about risks and disruptions from more costly, worthless regulation in the name of fighting "climate change."

- Remain elevated as global warming drives more extreme weather/ floods/ droughts / etc.

9 Operational Risk Comments

- Manpower and spare parts are increasing difficult to find.
- We are expanding our building and are mid-construction. There will be great amounts of downtime for the conveyor and standard processing equipment as new pieces our added. This interruption will continue into Q1 of 2023.
- It is still hard to get parts for existing machinery. And some of the parts are now coming from secondary markets.
- We are relying upon others for product storage.
- Increased operational risk from China & nationalist activities outside of the USA.
- Maintenance issues continue.
- Inflation is actually the biggest risk we have right now. Inability to properly project input costs.
- It seems like shippers are scrambling to make changes to their supply chains in an effort to drive savings and add structure to support future disruptions. This activity is adding complexity to existing operations.
- Natural disasters, climate change, Ukraine war, and latent Covid Supply Chain interruptions drive risk in my company's global supply chain.
- In e-commerce industry so risk is due to seasonal elevated throughput with black Friday and Christmas coming up.
- Cyber security threats.
- Less weather risk.
- Prices impact operations and with the combined effects of inflation and supply chain concerns, prices have increased all along the supply chain directly impacting labor.

10 Quality Risk Comments

- Staffing shortages appear to continue to be an issue in logistics. Port congestion continues to be an issue although word is beginning to spread that it may be getting closer to easing up.
- Added management to oversee inbound which should increase our accuracy in receiving the product, resulting in improved outbound quality.
- Many suppliers continue to push out on the edge quality levels. Tier 2 and tier 3 suppliers for components going into end items are closing unexpectedly and also consolidating creating additional issues.
- Introducing a new product line.
- Strain on personnel resources leads to increased quality risk.
- Reduction of quality personnel at companies.
- Same as above.
- Actions to close quality risks are successfully done on time through 2022.
- In e-commerce industry so risk is due to seasonal elevated throughput with black Friday and Christmas coming up. More focus on getting items out less focus on quality.
- Challenges with quality levels of ingredient sourcing.