### 1 Cybersecurity and Data Risk Comments

"Diligence" is our watchword.

- New hacking and phishing methods keep challenging us.
- Hackers continue to become increasingly more creative.
- Too many new cyberattacks are being created.
- Global uncertainty increases this risk substantially (e.g., nearshoring away from China, Middle East unrest, war in Ukraine).
- Risk increases, especially as new software comes online.
- Cyberattacks continue to be a major risk.
- Trend line of this risk is increasing.
- While not in my wheelhouse, this is a growing concern.
- There is an increased focus on transportation companies by cybercriminals. The recent Estes Express Lines cyber incident is proof of this.
- Slight increase in risk is likely due to more cybersecurity risks and identity theft, with technology/AI advances making this easier for criminals.
- This risk has been on the rise, and we expect more risk in this area than in others. The need to address the growth and sophistication of cyberattacks, combined with data theft and corruption, is critical.

### 2 Customer Risk Comments

- As we gain more customers, the risk to keep them all satisfied increases.
- All of the listed risks are going to go up as the inventory imbalance post-holiday season, and markdowns, are.
- More trucking capacity leads to lower rates on the market.
- As pricing drops in trucking and available capacity continues to be a non-issue, it commoditizes the value and services that we provide as a freight broker.
- There will be more customer risk in the near term than in recent memory for many supply chains.
- Increase in suppliers predicting relatively flat growth in 2024 driving additional and often unrealistic price sensitivity and expectations.
- Still emerging from COVID, our customer models may prove to be invalid.
- Due to an acquisition, we may not retain the customer base from that purchase, and service disruption to the existing customer base may cause issues.
- Not anticipating short-term demand fluctuations.
- Impacted by political decisions leading to uncertainty and an increase of taxes.
- The impact of both the consumer segment and ongoing industrial economic weakness leads to more risk.
- Overall macroeconomic factors and opaque demand are increasing risk.
- As inflation increases, it forces customers to seek lower cost alternatives. Several alternatives exist, with lower cost points.
- Businesses, overall, have serviced customers poorly. Although some technology, such as speech technology, has made some inroads, most automated designs are designed without the customer in mind. Therefore, there is growing customer dissatisfaction. We do not see it getting better anytime soon.

### 3 Economic Risk Comments

- Increased economic risk based on labor shortages, as well as higher gasoline and diesel prices.
- Interest costs are taking their toll. Looks like a soft landing.
- Prediction of a mild recession and entering an election year could have an effect on buying behavior.
- Too many global volatilities in countries today.
- Increase in energy costs.
- Prices are improving, labor remains an issue, cost of capital is driving issues.
As a mortgage REIT, the interest rate hiking cycle and related market volatility has put substantial pressure on us as a fixed income investment firm. The market currently believes that cycle is over, which should be beneficial to our outlook.

Inflation is being tamed and, while still a ways off, we get closer to a rate reduction.

We are continually challenged to bring in required technical support for our floor operations. As we continue to grow, we are concerned about support staffing availability.

Economic risk will increase due to political decisions, affecting demand and then supply.

Labor shortages and fuel cost have always been issues that most of the companies, especially manufacturing, face. I personally do not see any solution on the horizon, and I predict, from the political and economic data, that it could worsen in Q1 24.

Increased union activity will lead to increased risk.

Slight risk increase as winter approaches and energy supply tightens and more possible price volatility re: oil, other energy.

There are yet to be viable energy substitutions for fossil fuels and will not be for a long time. More electric vehicles will stress our electrical grids beyond capacity and will end up burning more fossil fuel to provide the infrastructure and electricity required. Our energy programs require an overhaul to address the most realistic (effective and efficient) energy sources and uses that on balance help preserve the environment and provide energy to our economy and population.

Consumers have less money to spend on our products.

### 4 Government Intervention Risk Comments

We anticipate more cross-border controls, which will increase risk.

We are seeing a more charged global landscape.

With an election year in 2024, the government may accelerate controversial initiatives for fear there could be a change from democratic to republican control.

Double brokering. FMCSA also has not enforced one single penalty for double brokering despite a law in place and over 100K known cases. Rate transparency for freight brokers is also an issue and it should not be in effect.

Besides being an antiquated law that was written prior to deregulation of the trucking industry in the early 1980's, it will force brokers to share proprietary data, some of which we are contractually prohibited from sharing by shipper contracts.

I don't see the Government affecting our industry.

Election year will likely increase government risk.

Sustainability is a great thing. Piecemeal, unrealistic state-level laws are not.

We are in a global war and governments are unstable.

Little new activity should be expected until after the election.

Our industry, plastics, is under heightened scrutiny.

Hard to predict...Israel-Hamas war is an example.

This is a key risk, to be addressed and monitored.

Russian steel sanctions are a large issue in that we must contact and affirm with suppliers that they are not sourcing from Russian mills. The addition to compliance agencies for Environment and Social Governance (ESG) and Forever Chemicals (PFAS) are slowing the supply chain while shifting our focus to these programs.

Many governments focusing on a shift toward more national independence means more tariffs and less friendly global trade policies.

### 5 Technological or Competitive Risk Comments

Buying will be driven by need.

Technological resources, visibility and connectivity are becoming the norm in the trucking industry. Adapt or get left behind.
Supply chain is catching up to other verticals quickly. This intent to make quick change to support AI/ML enhancements will increase the risk of disruption.

Decrease in the cost of automation, increase in the amount of automation, and in the ease of access to new automation, will lead to increased risk.

There is a lot of excess capacity in the marketplace. Competitors are getting desperate and offering very low prices in an attempt to increase market share.

Limited budget and organizations’ readiness limit deployment of new technology.

Implemented several projects in 2023 to improve technology.

Chinese alternatives to certain Wallbox products are threatening the market for big box retail (e.g., Home Depot, Lowe’s, Amazon). They offer a similar, but worse performing, product for a fraction of the cost.

AI is quickly accelerating the pace of technological advancement.

More and more options are out there. It can be difficult to make longer-term decisions on technology, especially to believe which companies/options will be flexible/able to address future needs.

### 6 Environmental Risk Comments

Severe drought and high heat conditions in 2024 will lead to shortages of crops and fresh goods.

With an election year in 2024, the government may accelerate controversial initiatives for fear there could be a change from democratic to republican control.

Unpredictable environmental risk.

Natural disasters and weather disasters seem to increase every year.

Uncertain effects of climate changes globally.

Anyone/company who thinks global warming is an issue, or any other popular press narratives, instead of focusing on real problems, deserves to go out of business.

We have made a sizable investment to mitigate environmental risks to key assets.

This risk continually increases as climate change/warming and more extreme weather breaks records.

This risk will likely increase. We forget that across the USA and much of the world there are many more people, towns, cities and infrastructure that were not around 50, let alone 20 years ago. This condition alone will continue to increase damage and destruction even if natural occurrences remain at a steady state year over year! This has a big impact across the entire world economy, impacting supply chains and much more.

Worse weather generally around the country.

### 7 Supplier Risk Comments

Chinese New Year production will lead to seasonal drops, but poor consumer confidence (especially in Europe) will lead to increased costs to make up from revenue shortfalls.

Supplier risks have declined due to many companies holding excess inventory. Suppliers are much more capable in meeting demand, and adjusting to new procedures and purchasing habits, after the difficulties during the

Too many suppliers vying for our business.

Nearshoring will increase risk.

If you haven’t reshored or friend-shored then you are too late. And rightfully so.

New brands, that were part of our acquisition of a player in the motorsport market, may not want to work with

Continued reduction in lead times as suppliers have recovered, for the most part, from the supply crisis.

Increased supplier risk due to response to customer risks.

Decoupling from China increases risk in the overall supply chain.

Pricing continues to rise in adhesives and insulator films. Alternatives need to be sought to either control costs or continue the flow of approved parts. Metal products, such as metal stampings or fasteners, have to be verified to not contain Russian steel.

Possible increase as geopolitical tensions are high (due to Russia/Ukraine, Hamas/Israel) and may expand, impacting supply. As an example, Israel is expected to begin bombing Hamas after the recent pause ends, and other terrorist groups may expand the current conflict in Europe.
We see more risk with counterfeit products from outside the USA.

## 8 Transportation Disruption Risk Comments

Low demand in the freight market, along with the rise of energy prices, has led to lower transportation risk. This will indirectly affect my company, as all of our clients use transportation to move their products.

Blank sailings, overly high container capacity, and demand will affect ocean shipping rates and schedules. North American road transport costs are going to rise and capacity will tighten.

<table>
<thead>
<tr>
<th>Comment</th>
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<tbody>
<tr>
<td>There is plenty of capacity; no changes seen.</td>
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<tr>
<td>Transportation capacity exceeds demand. Fuel prices down.</td>
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<tr>
<td>Fuel costs are going up, increasing transportation risk.</td>
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<tr>
<td>Fuel costs, driver shortages and demand volatility are currently very high and have been high over the last 12 months. There is no sign of decline in any of them in the near future, creating hardship on truckers. Many of the trucking companies without capital will be unable to sustain operations.</td>
</tr>
<tr>
<td>Hard to answer. Need to see how the truck landscape rates change.</td>
</tr>
<tr>
<td>Lot of uncertainty in a volatile economic state, especially in the transportation sector.</td>
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<tr>
<td>Current supply of drug materials and product has been less predictable in the last 90 days. Based on lack of awareness of root cause, I would suggest the risk may increase in the near term.</td>
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<tr>
<td>Projected recovery for freight market continues to be pushed further into 2024. Demand and fuel are big drivers of uncertainty.</td>
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<tr>
<td>Carriers are beginning to change agreements to shorten our work day.</td>
</tr>
<tr>
<td>LTL segment is still absorbing the impact of the Yellow freight shutdown.</td>
</tr>
<tr>
<td>Fuel prices, labor shortage (FTL), and company consolidation are increasing risk.</td>
</tr>
<tr>
<td>The risk of driver shortages and demand fluctuations were expect to be greater.</td>
</tr>
<tr>
<td>Looks like fuel prices are decreasing and hearing it's a good drivers market for now.</td>
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## 9 Operational Risk Comments

The biggest operational risk that we will encounter in the 1st quarter will be contract renewal risks based on our performance.

TBD - difficult to predict.

The continued lack of components, like chips, is going to lead to equipment breakdowns.

I feel we have SOPs in place. So any operational risk, whether positive or negative, would only happen as a result of an unexpected issue.

I maintain a fleet of delivery vans. They will continue to age and issues and breakdowns will occur more often.

We are operating within a global conflict where supply chains are a battlefield.

High economic uncertainty combined with hesitant Q4 decision-making will make the start of the year difficult, especially for those in the consumer space.

Implementation of the new robotic system.

Ambiguity in customer demand and labor cost increases.

## 10 Quality Risk Comments

Employee shortages continue.

Potential quality issues related to new sourcing locations due to nearshoring.

Labor turnover and training gaps can lead to quality issues.

Improved stability in supply chains and fewer companies chasing explosive growth allows for more focus on quality.

We continuously look to mitigate the quality of delivery risk and put controls and invest tools in place to support these efforts.

Inventory accuracy issues due to the implementation of the new robotic system.

Clearly defined quality requirements are in place and we are actively working to meet the risk.