**1 Cybersecurity and Data Risk Comments**

- Additional measures have been taken to mitigate and prevent cybersecurity and data risk in the face of increasing incidents in this area.
- It seems that foreign actors are stepping up their cyberattack efforts.
- Customers report little actual change in risk; although "fear of change" is on the rise.
- Hackers are more agile than our internal IT resources. Password management is a growing problem.
- Cybersecurity and data risk remains at a high level; it is one of our biggest risks.
- Election year turmoil will likely keep cybersecurity and data risks at bay.
- Cyberwarfare continues to rage... again, "geopolitics."
- There will be a continued increase in cyber threats as AI offers criminals more options.
- Bad guys are getting smarter; AI is assisting them.
- We're witnessing increased activity with regard to social engineering attacks to gain private information through personal and professional account manipulation.
- We expect this risk to increase due to the increased use of AI together with the large amount of data that is now stored in the cloud.
- Perceived vulnerability of the U.S., given the current political climate, may lead to bad players stepping up cyberattacks to weaken the U.S. at home, thereby weakening resolve overseas.
- We show weakness in international policies; China and Russia will take advantage.
- Risk will continue to rise, but our company has invested in cybersecurity as a focus.

We have already seen some cyberattacks in the form of fraudulent charges and, with the economy tightening, these may become more of an issue.

Organizations are far behind on updating systemic infrastructure.

**2 Government Intervention Risk Comments**

- Inflation, political division and increased global aggression are impacting risk.
- This risk is unpredictable, yet constant.
- Government intervention risk is predicted to increase due to the looming longshoremen strike.
- The US election will add risk in Q4.
- The US Government is ineffective. The nicely-termed "geopolitical risk" refers to the same world war-level conflict that we have been experiencing for a few years now, but folks are finally waking up to this.
- We expect risk to remain the same, as the China 301 tariff exclusions were extended for another year, which will help to mitigate costs.

Until the election happens, and unless the results are accepted, both sides will just keep tinkering with the issues to make money, rather than solve problems.

Tariffs threaten the cost of materials sourced from various countries outside the US.

Political unrest (Russia/Ukraine, Israel/Palestine) creates challenges as businesses refrain from trade agreements with embargoed nations.

Government intervention could be an upside in certain projects.

- The government is increasing taxes and being more aggressive in enforcement.
- US businesses need to know what they can count on from a regulatory standpoint. Increasingly complex regulations added with no effort towards streamlining regulations. Rules keep getting added without anyone looking at the overall system. One-off changes with no comprehensive reevaluation of the entire set of regulations leads to complexity and confusion. Government needs to look at regulations in their entirety and rewrite them to get the desired effect with a minimal amount of complexity / collateral damage.
- The US Government needs to stay out of the way.
- Again, we expect an increase in risk due to it being an election year.
- We expect an increase in risk due to it being an election year.
- This risk is always increasing. Russia is especially worrisome. The geopolitics in Europe are similar to 1939.

**3 Economic Risk Comments**

- Customers view labor shortage as the number one risk to their businesses.
- Bidenomics continues to put businesses at a disadvantage with ever increasing costs, demotivated workforce, and continued uncertainty about overall macro level economic outlook.
- Companies that don't treat or pay their employees well are having a hard time finding labor, and rightfully so. Some industries with poor workforce models will have significant problems heading into the future. Let them lose to more sustainable industries and companies.
- The increase in the price of commodities, like cocoa, along with potential impact of diet related drugs will increase risk.
- We expect an increase in risk as the presidential election in November will bring ambiguity to the commodity markets.

While inflation rates have slowed in the recent months/years since Covid, there are still inflationary pressures in housing and energy that continue to impact global pricing. China's inflation has significantly outpaced the rest of the world which increases pricing pressures and fear of anticipated tariffs.

Risk will increase as inflation is on the rise.

Prices will keep going up until the US government turns around the ridiculous deficit spending and balances the budget.

The Fed and US Government policies are causing issues.

**4 Customer Risk Comments**

- We expect no change in risk as we build long-lasting partnerships. Our customers love us! Customer loyalty averages +10 years.
- Customer cost pressure continues to increase as does customer demand volatility.
- We expect an increase in risk. From our point-of-view, this is similar to demand volatility.
- We expect a low level of risk.
- Inflation and cost of living are hurting customer buying power.
- Customer demand remains with high volatility.
- Customer risk will increase due to price sensitivity and shrinking of categories we operate in, such as frozen food.
Customer risk will remain the same until the spending stops!

To remain ahead of innovative options, product development is pressured to meet demands in certain markets or risk losing sales to competitive options. Disposable income seems to be decreasing, and customer loyalty with it.

We do not know the future of the economy, and this will have affects on consumers, hopefully positive. The intent to change providers in an effort to save costs has increased, thus increasing the customer retention risk. Customer loyalty is decreasing as firms strive to improve bottom lines.

5 Transportation Disruption Risk Comments
Inflationary risks are affecting fuel costs and demand significantly.
We're seeing a great improvement from the previous 48 months - a much more resilient and stable environment.
There is an increase in risk as we transition into the summer months, as we see more travel and higher demand.
Our remaining customers have mentioned an increase in demand. Shipping costs seem to rise with inflation.
Fuel prices continue to rise, causing inflation across the economy.
There are concerns regarding the stability of the electrical grid as incentives for renewables outstrip the grid's current ability to integrate these resources smoothly.
Policies are not helping - the government needs to get out of the way.
Fuel prices are painful.
We expect a decrease in risk as there's no increase in demand in sight, and more than enough capacity to replace carriers that perform poorly.

6 Supplier Risk Comments
We expect a decrease in risk as our suppliers are long reliable partners and fully vetted to conform with own ISO standards and 6S Lean principles. The pool of suppliers is periodically examined in case of capacity demand or unexpected retirement of current partnerships.
Customers report unpredictable "geopolitical shocks." Also, the surge in counterfeiting has created significant risk to perceived quality.
The main issues are 1) availability of natural gas (fuel source) and 2) availability of parts for the power plant if something breaks. Off-the-shelf parts are less readily available than you might think.
Customer demand for our products continues to increase at a rate that exceeds the business and supply-base's ability to keep up with capital improvements and other capacity, quality inputs...
Nearshoring efforts are going well, but guess who still owns the companies we are trying to do business with? - Communist China.

We expect a slight increase in risk, especially in the auto industry as small and medium-sized suppliers see falling earnings/margins due to flat sales and volatile mix changes away from Battery Electric Vehicles and back to Hybrid Electric Vehicles and Internal Combustion Engine Vehicles.
Prices will still be on the rise, as minimum order quantities will increase in an attempt to mitigate costs.
Risk remains the same, but "everyone" wants "someone else" to hold the inventory.
Threats or changes to tariffs on inbound purchases from China and other countries have generated a stronger desire to protect product sourcing alternatives to reduce or maintain cost effective options.
Risk remains the same, due to the geopolitical condition across globe.
Risk will increase as Taiwan and chips are an issue.
The coming election year may have a significant impact on suppliers, demands and buyer uncertainty.
Increased inventory levels and a semi-stable job market makes it easier to service customers in this environment.
Supplier risk remains at a very high level.

7 Technological or Competitive Risk Comments
Risk is expected to remain the same. Global Logistics is a highly competitive sector.
This risk is expected to remain the same. New entrants are falling off.
Green technologies and their inconsistent regulation raise the risk here.

Risk is expected to decrease. Combined cycle natural gas plants are sort of back in vogue as the power grid searches for supply to power new AI applications.
Customer demand for our products continues to increase at a rate that exceeds the business and supply-base's ability to keep up with technology and methods that will allow for the business to be effectively managed at scale.
"AI" is the new rage and tools like ChatGPT are changing the nature of work.
Continued increase fueled by AI and new technologies/disruptive innovations.
There is an increase in competition, which leads to increased risk.
We expect this risk to remain the same - there is no new competition in the plumbing wholesale field.
Pressure (optics) to use AI leading to ineffective and non-profitable uses of this technology, as well as increased regulatory/government grandstanding on the related issues, leads to increased risk.

8 Environmental Risk Comments
Unchanged level of risk. This is always a background issue.
<table>
<thead>
<tr>
<th>9 Operational Risk Comments</th>
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<tbody>
<tr>
<td>Risk will increase as the summer months bring more weather disruptions.</td>
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<tr>
<td>The level of Environment Risk remains the same. People are starting to wake up the fact that the &quot;climate crisis&quot; and associated narratives are yet another geopolitical battle ground.</td>
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<tr>
<td>Global warming continues to drive major changes in weather and more extreme weather events - the data is overwhelming and this trend is real.</td>
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<tr>
<td>An extremely active hurricane season is expected to disrupt the east coast of the US in Q3.</td>
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<tr>
<td>Adverse weather conditions are becoming more common.</td>
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<tr>
<td>Risk remains the same but contingencies need to be planned for ahead of time so there's more quick, planned response and less expensive reactions.</td>
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<tr>
<td>We expect an increased risk due to climate change.</td>
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<th>10 Quality Risk Comments</th>
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<tr>
<td>We expect a decrease in risk as part of our rigorous ISO 9000-2015 QP.</td>
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<tr>
<td>There will be increased risk due to the Bird Flu epidemic spreading to livestock.</td>
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<tr>
<td>Risk will not increase. Customers have seen little change in demand based upon products or services.</td>
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<tr>
<td>Producers in the steel and aluminum industry (suppliers of coil) continue to show inconsistent quality resulting in delays in on-time delivery.</td>
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<tr>
<td>Customer demand for our products continues to increase at a rate that exceeds the business and supply-base's ability to keep up with capital improvements and other capacity, quality inputs.</td>
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<td>There continues to be change and turnover in the workforce and the supply chain. The constant necessity to train new or inexperienced people can lead to product quality or reliability &quot;escapes&quot;.</td>
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<tr>
<td>This is an ongoing issue, but the level of risk is expected to stay the same with more product arriving from China.</td>
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<tr>
<td>The focus on cost reductions can create the intent to cut corners and create shortcuts to drive efficiencies, thereby increasing the level of risk.</td>
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<tr>
<td>System changes may lead to increased risk.</td>
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