Risk Factors Comparison 2024-03-08 to 2023-03-10 Form: 10-K

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We operate in a highly competitive and rapidly changing environment that involves numerous risks and uncertainties, some of which are beyond our control. In addition, we and our clients are affected by global economic conditions and trends. The following sections address significant factors, events and uncertainties that make an investment in our securities risky. We urge you to consider carefully the factors described below and the risks that they present for our operations, as well as the risks addressed in other reports and materials that we file with the SEC and the other information included or incorporated by reference in this Form 10- K. When the factors, events and contingencies described below or elsewhere in this Form 10- K materialize **,** there could be a material adverse impact on our business, prospects, results of operations, financial condition and cash flows, ~~and~~ **any of which** could ~~therefore~~ have a potential negative effect on the trading price of our common stock. Additional risks not currently known to us or that we now deem immaterial may also harm us and negatively affect your investment. In addition to the effects of the global economic and geopolitical climate on our business and operations discussed in Item 7 of this Form 10- K and in the risk factors below, additional or unforeseen effects from the global economic and geopolitical climate may give rise to or amplify many of these risks discussed below. Risks in this section are grouped in the following categories: (1) risks related to outstanding debt; (2) risks related to acquisitions; (3) strategy and operation risks; (4) risks related to management and employees; (5) macroeconomic risks; (6) risks related to data, cybersecurity and confidential information; and (7) general ~~risks~~ - **risk factors** . Many risks affect more than one category, and the risks are not in order of significance or probability of occurrence because they have been grouped by categories. Risks Related to Outstanding Debt We have a substantial amount of debt outstanding, which may limit our ability to fund general corporate requirements and obtain additional financing, limit our flexibility in responding to business opportunities and competitive developments and increase our vulnerability to adverse economic and industry conditions and changes in our debt rating. On ~~March 10~~ **February 22** , ~~2020~~ **2023** , the Company amended and restated its senior secured credit facility **to increase the revolving commitments per the revolving facility** (the " ~~2020~~ **2023** Credit Agreement ") **from** ~~to include an~~ $ ~~86~~ **54** . 0 million ~~term facility and~~ to ~~increase the revolving commitments per the revolving facility from~~ $ ~~30~~ **140** . 0 million **and eliminate its term loan** ~~to $ 54. 0 million~~ . As a result of the substantial ~~fixed~~ **variable** costs associated with the debt obligations, we expect that: ● a decrease in revenues will result in a disproportionately greater percentage decrease in earnings; ● we may not have sufficient liquidity to fund all of these ~~fixed~~ **variable** costs if our revenues decline or costs increase; ● we may have to use our working capital to fund these ~~fixed~~ **variable** costs instead of funding general corporate requirements, including capital expenditures; ● we may not have sufficient liquidity to respond to business opportunities, competitive developments and adverse economic conditions; and ● our results of operations will be adversely affected if interest rates increase because, based on our current outstanding borrowings in the amount of $ 79. 2 million as of December 31, ~~2022~~ **2023** , a 1 % increase in interest rates would result in a pre- tax impact on earnings of approximately $ 0. 8 million per year. These debt obligations may also impair our ability to obtain additional financing, if needed, and our flexibility in the conduct of our business. Our indebtedness under the senior secured revolving credit facility is secured by substantially all of our assets, leaving us with limited collateral for additional financing. Moreover, the terms of our indebtedness under the senior secured revolving credit facility restrict our ability to take certain actions, including the incurrence of additional indebtedness, mergers and acquisitions, investments and asset sales. Our ability to pay the fixed costs associated with our debt obligations will depend on our operating performance and cash flow, which in turn depend on general economic conditions and the advisory services market. A failure to pay interest or indebtedness when due could result in a variety of adverse consequences, including the acceleration of our indebtedness. In such a situation, it is unlikely that we would be able to fulfill our obligations ~~under~~ , repay the accelerated indebtedness or otherwise cover our fixed costs. As of December 31, ~~2022~~ **2023** , the total principal outstanding under the ~~term loan facility and~~ revolving credit facility was $ ~~70~~ **79** . 2 million ~~and $ 9. 0 million, respectively. On February 22, 2023, the Company entered into a third amended and restated senior secured credit facility comprising a $ 140. 0 million revolving credit facility, amending and restating the 2020 Credit Agreement~~ . Our failure to comply with the covenants in our credit agreement could materially and adversely affect our financial condition and liquidity. Our credit agreement contains financial covenants requiring that we maintain, among other things, certain ~~levels of debt~~ **leverage and interest** coverage **ratios** ~~and fixed charges~~ . Poor financial performance could cause us to be in default of these covenants. While we were in compliance with these covenants as of December 31, ~~2022~~ **2023** , there can be no assurance that we will remain in compliance in the future. If we fail to comply with the covenants in our credit agreement, we may have to seek an amendment or waiver from our lenders to avoid the termination of their commitments and / or the acceleration of the maturity of outstanding amounts under the credit facility. The cost of our obtaining an amendment or waiver could be significant, and further, there can be no assurance that we would be able to obtain an amendment or waiver. If our lenders were unwilling to enter into an amendment or provide a waiver, all amounts outstanding under our credit facility would become immediately due and payable. **Our variable rate indebtedness will subject us to interest rate risk, which could cause our annual debt service obligations to increase significantly. Borrowing under our credit facility bears interest at a rate per annum equal to either (i) the " Base Rate " (which is the highest of (a) the rate publicly announced from time to time by the administrative agent as its " prime rate, " (b) the Federal Funds Rate plus 0. 5 % per annum and (c) Term SOFR, plus 1. 0 %), plus the applicable margin (as defined below) or (ii) Term SOFR (which is the Term SOFR screen rate for the relevant interest period plus a credit spread adjustment of 0. 10 %) as determined by the administrative agent, plus the applicable margin. The applicable margin is adjusted quarterly based upon the Company' s consolidated leverage**

ratio. If interest rates increase, our debt service obligations on our variable rate indebtedness would increase even though the amount borrowed remained the same, and our cash flows could be adversely affected. An increase in debt service obligations under our variable rate indebtedness could affect our ability to make payments required under the terms of our credit facility. Risks Related to AcquisitionsWe have risks associated with acquisitions or investments. Since our inception, we have expanded through acquisitions. In the future, we plan to pursue additional acquisitions and investments as opportunities arise. We may not be able to successfully integrate businesses that we acquire in the future without substantial expense, delays or other operational or financial problems. We may not be able to identify, acquire or profitably manage additional businesses. If we pursue acquisition or investment opportunities, these potential risks could disrupt our ongoing business, result in the loss of key customers or personnel, increase expenses and otherwise have a material adverse effect on our business, results of operations and financial condition. Difficulties in integrating businesses we have acquired, or may acquire in the future, may demand time and attention from our senior management. Integrating businesses we have acquired, or may acquire in the future, may involve unanticipated delays, costs and / or other operational and financial problems. In integrating acquired businesses, we may not achieve expected economies of scale or profitability or realize sufficient revenue to justify our investment. If we encounter unexpected problems as we try to integrate an acquired firm into our business, our management may be required to expend time and attention to address the problems, which would divert their time and attention from other aspects of our business. ~~Strategic~~ **Strategy** and Operation RisksOur operating results have been, and may in the future be, adversely affected by worldwide economic conditions and credit tightening. Our results of operations are affected by the level of business activity of our clients, which in turn is affected by the level of economic activity in the industries and markets that they serve. A decline in the level of business activity of our clients, such as the impact of a pandemic, inflation, slowing growth, rising interest rates and recession, could have a material adverse effect on our revenue and profit margin. Future economic conditions could cause some clients to reduce or defer their expenditures for consulting services. We have implemented and will continue to implement cost- savings initiatives to manage our expenses as a percentage of revenue. However, current and future cost- management initiatives may not be sufficient to maintain our margins if the economic environment should weaken for a prolonged period. The rate of growth in the broadly defined business information services and advisory sector and / or the use of technology in business may fall significantly below the levels that we currently anticipate. Our business is dependent upon continued growth in sourcing activity, the use of technology in business by our clients and prospective clients and the continued trend towards sourcing of complex information technology and business process tasks by large and small organizations. If sourcing diminishes as a management and operational tool, the growth in the use of technology slows down or the cost of sourcing alternatives rises, our business could suffer. Companies that have already invested substantial resources in developing in- house information technology and business process functions may be particularly reluctant or slow to move to a sourcing solution that may make some of their existing personnel and infrastructure obsolete. ~~Our~~ **13Our** engagements may be terminated, delayed or reduced in scope by clients at any time. Our clients may decide at any time to abandon, postpone and / or reduce our involvement in an engagement. Our engagements can be terminated, or the scope of our responsibilities may be diminished, with limited advance notice. If an engagement is terminated, delayed ~~13or~~ **or** reduced unexpectedly, the professionals working on the engagement could be underutilized until we assign them to other projects. Accordingly, the termination or significant reduction in the scope of a single large engagement, or multiple smaller engagements, could harm our business results. Our operating results may fluctuate significantly from period to period as a result of factors outside of our control. Our revenues and operating results may vary significantly from accounting period to accounting period due to factors including: ● fluctuations in revenues earned on contracts; ● commencement, completion or termination of engagements during any particular period; ● additions and departures of key advisors; ● transitioning of advisors from completed projects to new engagements; ● seasonal trends; ● introduction of new services by us or our competitors; ● changes in fees, pricing policies or compensation arrangements by us or our competitors; ● strategic decisions by us, our clients or our competitors, such as acquisitions, divestitures, spin- offs, joint ventures, strategic investments or changes in business strategy; ● global economic and political conditions and related risks, including acts of terrorism, war, such as the war in Ukraine **and the conflict in the Middle East** , pandemics ~~, such as COVID- 19~~ , inflation, slowing growth, rising interest rates and recession; and ● conditions in the travel industry that could prevent our advisors from traveling to client sites. We depend on project- based advisory engagements, and our failure to secure new engagements could lead to a decrease in our revenues. Advisory engagements typically are project- based. Our ability to attract advisory engagements is subject to numerous factors, including the following: ● delivering consistent, high- quality advisory services to our clients; ● tailoring our advisory services to the changing needs of our clients; ● matching the skills and competencies of our advisory staff to the skills required for the fulfillment of existing or potential advisory engagements; and ● maintaining a global business operation. Any material decline in our ability to secure new advisory arrangements could have an adverse impact on our revenues and financial condition. If we are unable to achieve or maintain adequate utilization for our consultants, our operating results could be adversely impacted. Our profitability depends to a large extent on the utilization of our consultants. Utilization of our consultants is affected by a number of factors, including: ● additional hiring of consultants because there is generally a transition period for new consultants; ● the number and size of client engagements; ● the unpredictability of the completion and termination of engagements; ● our ability to transition our consultants efficiently from completed engagements to new engagements; ● unanticipated changes in the scope of client engagements or unexpected terminations of client engagements; ~~and~~ **and14** ● our ability to maintain an appropriate level of consultants by forecasting the demand for our services. ~~14We~~ **We** could lose money on our fixed- fee or capped- fee contracts. As part of our strategy, from time to time, we enter into fixed- fee contracts, in addition to contracts based on payment for time and materials with capped fees. Because of the complexity of many of our client engagements, accurately estimating the cost, scope and duration of a particular engagement can be a difficult task. If we fail to make accurate estimates, we could be forced to devote additional resources to these engagements for which we will not receive additional compensation. While losses on our fixed- fee contracts are rare, to the extent that an expenditure of additional resources is required on an engagement, this could reduce the profitability of, or result in a loss on, the engagement. Our contracts with contingent- based revenue may cause unusual variations in our operating results. As part of our strategy, from time to time, we earn incremental revenues, in addition to hourly or fixed- fee billings, which are contingent on the attainment of certain contractual milestones or objectives. Because it is uncertain when the milestones or objectives will be achieved, if ever, any such incremental revenues may cause unusual variations in quarterly revenues and operating results. Also, whether any contractual milestones or objectives are achieved may become subject to dispute. We may not be able to maintain our existing services and products. We operate in a rapidly evolving market, and our success depends upon our ability to deliver high- quality advice and analysis to our clients. Any failure to continue to provide credible and reliable information and advice that is useful to our clients could have a significant adverse effect on future business and operating results. Further, if our advice proves to be materially incorrect and the quality of service is diminished, our reputation may suffer and demand for our services and products may decline. In addition, we must continue to improve our methods for delivering our products and services in a cost- effective manner. Expanding our service offerings may not be profitable. We may choose from time to time to develop new service offerings because of market opportunities or client demands. Developing new service offerings involves inherent risks, including: ● a lack of market understanding; ● competition from more established market participants; ● our inability to estimate demand for the new service offerings; and ● unanticipated expenses to hire qualified consultants and to market our new service offerings. If we cannot manage the risks associated with new service offerings effectively, we are unlikely to be successful in these efforts, which could harm our ability to sustain profitability. We may not have the ability to develop and offer the new services and products that we need to remain competitive. Our future success will depend in part on our ability to offer new services and products. To maintain our competitive position, we must continue to enhance and improve our services and products, develop or acquire new services and products in a timely manner and appropriately position and price new services and products relative to the marketplace and our costs of producing them. These new services and products must successfully gain market acceptance by addressing specific industry and business sectors and by anticipating and identifying changes in client requirements. The process of researching, developing, launching and gaining client acceptance of a new service or product, or assimilating and marketing an acquired service or product, is risky and costly. We may not be able to introduce new, or assimilate acquired, services and products successfully. Any failure to achieve successful client acceptance of new services and products could have an adverse effect on our business results. We may fail to anticipate and respond to market trends. Our success depends in part upon our ability to anticipate rapidly changing technologies and market trends and to adapt our advice, services and products to meet the changing sourcing advisory needs of our clients. Our clients regularly undergo frequent and often dramatic changes. That environment of rapid and continuous change presents significant challenges to our ability to provide our clients with current and timely analysis, strategies and advice on issues of importance to them. Meeting these challenges requires the commitment of substantial resources. Any failure to continue to respond to developments, technologies and trends in a manner that meets market needs could have an adverse effect on our business results. 15We may be unable to protect important intellectual property rights. We rely on copyright and trademark laws, as well as nondisclosure and confidentiality arrangements, to protect our proprietary rights in our methods of performing our services, our data and our tools for analyzing financial and other information. There can be no assurance that the steps we have taken to protect our intellectual property rights will be adequate to deter misappropriation of our rights or that we will be able to detect unauthorized use and take timely and effective steps to enforce our rights. If substantial and material unauthorized uses of our proprietary methodologies, data and analytical tools were to occur, we may be required to engage in costly and time- consuming litigation to enforce our rights. There can be no assurance that we would prevail in such litigation. If others were able to use our intellectual property or were to independently develop our methodologies or analytical tools, our ability to compete effectively and to charge appropriate fees for our services may be adversely affected. We face competition and our failure to compete successfully could materially adversely affect our results of operations and financial condition. The business information services and advisory sector is highly competitive, fragmented and subject to rapid change. We face competition from many other providers ranging from large organizations to small firms and independent contractors that provide specialized services. Our competitors include any firm that provides sourcing or benchmarking advisory services, IT strategy or business process consulting, which may include a variety of consulting firms, service providers, niche advisors and, potentially, advisors currently or formerly employed by us. Some of our competitors have significantly more financial and marketing resources, larger professional staffs, closer client relationships, broader geographic ~~presence~~ **presences** or more widespread recognition than us. In addition, limited barriers to entry exist in the markets in which we do business. As a result, additional new competitors may emerge, and existing competitors may start to provide additional or complementary services. There can be no assurance that we will be able to successfully compete against current and future competitors and our failure to do so could result in loss of market share, diminished value in our products and services, reduced pricing and increased marketing expenditures. Furthermore, we may not be successful if we cannot compete effectively on quality of advice and analysis, timely delivery of information, client service or the ability to offer services and products to meet changing market needs for information, analysis or price. We derive a significant portion of our revenues from our largest clients and could be materially and adversely affected if we lose one or more of our large clients. Our 25 largest clients accounted for approximately **33 % and** 35 % ~~and 37 %~~ of revenue in **2023 and** 2022 ~~and 2021~~, respectively. If one or more of our large clients terminate ~~or~~ **,** significantly reduce their ~~engagements~~ - **engagement** or fail to remain a viable business, then our revenues could be materially and adversely affected. In addition, sizable receivable balances could be jeopardized if large clients fail to remain a going concern. Risks Related to Management and EmployeesThe loss of key executives could adversely affect our business. The success of our business is dependent upon the continued service of a relatively small group of key executives, including ~~Mr~~ **Michael P** . Connors, Chairman and Chief Executive Officer; ~~Mr~~ **Todd D** . Lavieri, Vice Chairman and President – ISG Americas and Asia Pacific; ~~Mr~~ **Michael A** . ~~Alfonso~~ **Sherrick** , Executive Vice President ~~,~~ **and** Chief Financial Officer; and ~~Mr~~

Thomas S . Kucinski, Executive Vice President and Chief Human Resources Officer, among others. Although we currently intend to retain our existing management, we cannot assure that such individuals will remain with us for the immediate or foreseeable future. The unexpected loss of the services of one or more of these executives could adversely affect our business. We rely heavily on key members of our management team. We are dependent on our management team. We grant restricted stock units (" RSUs ") from time to time to key employees and, in connection with such grants, require recipients to execute a restrictive covenant agreement. Vested and unvested RSUs will be forfeited upon any violation of the restrictive covenant agreement. We may not be able to retain these managers and may not be able to enforce the restrictive covenants. If we were to lose a number of key members of our management team and were unable to replace these people quickly, we could have difficulty maintaining our growth and certain key relationships with large clients and face competition from these former managers if the restrictive covenants are unenforceable. We depend upon our ability to attract, retain and train skilled advisors and other professionals. Our business involves the delivery of advisory and consulting services. Therefore, our continued success depends in large part upon our ability to attract, develop, motivate, retain and train skilled advisors and other professionals who have advanced information technology and business processing domain expertise, financial analysis skills, project management experience and other similar abilities. These advisors could resign and join one of our competitors or provide sourcing advisory services to our clients through their own ventures. 16We must also recruit staff globally to support our services and products. We face competition for the limited pool of these qualified professionals from, among others, technology companies, market research firms, consulting firms, financial services companies and electronic and print media companies, some of which have a greater ability to attract and compensate these professionals. Moreover, increasing wage inflation may affect our profit margin as we strive to provide compensation packages that are competitive. We face risks related to global labor shortages, and competitive markets have increased attrition throughout our sector. Some of the personnel that we attempt to hire may be subject to non- compete agreements that could impede our short- term recruitment efforts. Any failure to retain key personnel or hire and train additional qualified personnel as required supporting the evolving needs of clients or growth in our business could adversely affect the quality of our products and services, and our future business and operating results. We may have agreements with certain clients that limit the ability of particular advisors to work on some engagements for a period of time. We provide services primarily in connection with significant or complex sourcing transactions and other matters that provide potential competitive advantage and / or involve sensitive client information. Our engagement by a client occasionally precludes us from staffing certain advisors on new engagements with other clients because the advisors have received confidential information from a client who is a competitor of the new client. Furthermore, it is possible that our engagement by a client could preclude us from accepting engagements with such client' s competitors because of confidentiality concerns. Macroeconomic RisksOur international operations expose us to a variety of risks that could negatively impact our future revenue and growth. Approximately **39 % of our revenues for 2023 and** 42 % of our ~~revenues~~ - **revenue** for ~~both~~ 2022 ~~and 2021, respectively,~~ were derived from sales outside of the Americas. Our operating results are subject to the risks inherent in international business activities, including: ● tariffs and trade barriers; ● regulations related to customs and import / export matters; ● restrictions on entry visas required for our advisors to travel and provide services; ● tax issues, such as tax law changes and variations in tax laws as compared to the United States; ● cultural and language differences; ● an inadequate banking system; ● foreign exchange controls; ● restrictions on the repatriation of profits or payment of dividends; ● crime, strikes, riots, civil disturbances, pandemics, **terrorist attacks and wars,** such as ~~COVID- 19, terrorist attacks and wars, such as~~ the war in Ukraine **and the conflict in the Middle East** ; ● nationalization or expropriation of property; ● law enforcement authorities and courts that are inexperienced in commercial matters; and ● deterioration of political relations with the United States. Air travel, telecommunications and entry through international borders are all vital components of our business. If a pandemic, **military conflict** ~~such as COVID- 19~~ , or terrorist attack were to occur, our business could be disproportionately impacted because of the disruption, including potential cancellation of ISG events. Further, conducting business abroad subjects us to increased regulatory compliance and oversight. For example, in connection with our international operations, we are subject to laws prohibiting certain payments to governmental officials, such as the Foreign Corrupt Practices Act **of 1977, as amended** . A failure to comply with applicable regulations could result in regulatory enforcement actions as well as substantial civil and criminal penalties assessed against us and our employees. We intend to continue to expand our global footprint in order to meet our clients' needs. This may involve expanding into countries beyond those in which we currently operate **, including** ~~. We may involve expanding~~ into less- developed countries **that** ~~, which~~ may have less political, social or economic stability and less- developed infrastructure and legal systems. As we expand our business into new countries, regulatory, personnel, technological and other difficulties may increase our expenses or delay our ability to start up operations or become profitable in such countries. This may affect our relationships with our clients and could have an adverse effect on our business. 17We operate in a number of international areas which exposes us to significant foreign currency exchange rate risk. We have significant international revenue, which is predominantly collected in local currency. It is expected that our international revenues will continue to grow as European and Asian Pacific markets adopt sourcing solutions. The translation of our revenues into U. S. dollars, as well as our costs of operating internationally, may adversely affect our business, results of operations and financial condition. Risks Related to Data, Cybersecurity and Confidential InformationData protection laws and self- regulatory codes may restrict our activities and increase our costs. Various statutes and rules regulate conduct in areas such as privacy and data protection that may affect our collection, use, storage **,** and transfer of information both abroad and in the United States. Compliance with these laws and self- regulatory codes may require us to make certain investments or may dictate that we not offer certain types of services or only offer such services after making necessary modifications. Failure to comply with these laws and self- regulatory codes may result in, among other things, civil and criminal liability, negative publicity, restrictions on further use of data and / or liability under contractual warranties. In addition, there is an increasing public concern regarding data and consumer protection issues, with the result that the number of jurisdictions with data protection laws continues to increase and the scope of existing privacy laws and the data considered to be covered by such laws ~~are~~ **keep** expanding. Changes in these laws (including newly released interpretations of these laws by courts and regulatory bodies) may limit our **client** data access, use and disclosure, and may require increased expenditures by us or may dictate that we may not offer certain types of services. ~~The~~ **As a global firm, ISG must comply with various international and domestic data privacy regulations such as (i) the** EU ~~' s~~ **and UK** General Data Protection Regulation (" GDPR ") **, which** has extra- territorial scope and substantial fines for breaches (up to 4 % of global annual revenue or € 20 million, whichever is greater) ~~. Additionally~~ , ~~compliance~~ **(ii) the California Consumer Privacy Act, which, unlike data privacy provisions enacted by other US states, covers individuals acting in a commercial or employment context not just as consumers, and (iii) the Australian Privacy Act, among others. In addition, the new India Digital Personal Data Protection Act 2023 (" DPDP ") is likely to come into force in 2024. Like the GDPR, the DPDP has extra- territorial reach. The DPDP shares many provisions** with **existing privacy laws, and ISG therefore anticipates that its existing processes already broadly align with the new law. However, like** the GDPR **, failure** ~~is resulting in operational costs~~ to **comply with** ~~implement new procedures corresponding to new legal rights granted under~~ the **DPDP may lead to substantial fines** ~~law but has had little direct impact on ISG~~ . ISG is continuing to monitor the development of the EU' s ePrivacy Regulation proposal and industry response and will determine whether to take further action, as needed, ~~following~~ **if** ~~its~~ - **it** ~~final adoption~~ **is adopted** . To mitigate the risk and negative exposure of data outside ISG, we have put in place a data protection framework ~~which~~ **that** includes policies, procedures, guidance **,** and records. This includes policies and procedures for rights and usage of personal and client data ~~. ISG employs a Data Privacy Manager who works closely with a governing board made up of the Chief Financial Officer, Chief Human Resource Officer, Chief Information Officer, Chief Data and Analytics Officer, Chief Information Security Officer, Legal Counsel and Director of Corporate Compliance. The Data Privacy Manager completes an internal audit annually and works with a specialist third party to complete one external Data Protection Compliance review annually. Data Protection and Privacy training is included in the mandatory Information Security and Privacy training module for all new joiners. Training is updated and republished for completion by all employees and contractors on an annual basis~~ . We are exposed to risks related to cybersecurity. A significant portion of our business is conducted over the internet, and we rely on the secure processing, storage **,** and transmission of confidential, sensitive, proprietary and other types of information relating to our business operations and confidential and sensitive information about our clients and employees in our computer systems and networks, and in those of our third- party vendors. Individuals, groups **,** and state- sponsored organizations may take steps that pose threats to our operations, our computer systems, our employees **,** and our clients. The cybersecurity risks we face range from cyberattacks common to most industries, such as the development and deployment of malicious software to gain access to our networks and attempt to steal confidential information, launch distributed denial of service attacks, or attempt other coordinated disruptions, to more advanced threats that target us because of our prominence in the global research and advisory field. Ransomware risk has increased significantly in recent years and presents a significant risk of financial extortion and loss of data. **Our** ~~With the ISG NEXT~~ operating model **allows** employees **to** continue to work remotely or on a hybrid basis, which magnifies the importance of the integrity of our remote access security measures. We **have robust measures in place to address and mitigate cyber-related risks. Notwithstanding this, we continue to experience attack attempts against our environment. We have and continue to expect to invest in the security and resiliency of our networks and products and to enhance our internal controls and processes, which are designed to help protect our systems and infrastructure and the information they contain. These include timely detection of incidents through monitoring, training, incident response capabilities, and mitigating cyber and security risks to our data, systems, products, and services. However, given the complex, continuing and evolving nature of cyber and other security threats, these efforts may not be fully effective, particularly against previously unknown vulnerabilities that could go undetected for an extended period. We** also face ~~risk~~ **risks** ~~from~~ **related to** our **use of** third- party suppliers if ~~they~~ **such suppliers** are affected by ~~cyber~~ **a** ~~security~~ **cybersecurity threat or** incident, which could result in **a reduction in or loss of** their ~~loss of~~ **ability to** service **us** (which could be a significant component of our services to clients), **the** exposure of ISG or client data or a potential backdoor into ISG **' s** systems and network. ~~We~~ **18We** may be subject to claims for substantial damages by our clients arising out of disruptions to their businesses or inadequate service **,** and our insurance coverage may be inadequate. Most of our service contracts with clients contain service level and performance requirements, including requirements relating to the quality of our services. Failure to consistently meet service requirements of a client or errors made by our employees **while** ~~in the course of 18delivering~~ -- **delivering** services to our clients could disrupt the client' s business and result in a reduction in revenues or a claim for damages against us. Additionally, we could incur liability if a process we manage for a client were to result in internal control failures or impair our client' s ability to comply with ~~our~~ **their** own internal control requirements. Under our service agreements with our clients, our liability for breach of our obligations is generally limited to actual damages suffered by the client and is typically capped at the greater of an agreed amount or the fees paid or payable to us under the relevant agreement. These limitations and caps on liability may be unenforceable or otherwise may not protect us from liability for damages. In addition, certain liabilities, such as claims of third parties for which we may be required to indemnify our clients or liability for breaches of confidentiality, are generally not limited under those agreements. Although we have general commercial liability insurance coverage, the coverage may not continue to be available on acceptable terms or in sufficient amounts to cover one or more large claims. The successful assertion of one or more large claims against us that exceed available insurance coverage or changes in our insurance policies (including premium increases or the imposition of large deductible or co- insurance requirements) could have a material adverse effect on our business. We could be ~~liable to our clients for damages and~~ subject to liability and our reputation could be damaged if our confidential information or client data is compromised **through security breaches, cyberattacks or otherwise** . We may be liable to our clients for damages caused by disclosure of confidential information **or personal data** . We are often required to collect and store sensitive or confidential client data ~~in order~~ to perform the services we provide under our contracts. Many of our contracts do not limit our potential liability for breaches of confidentiality. If any person, including any of our current or former employees, penetrates our network security or misappropriates sensitive data or if we do not adapt to changes in data protection legislation, we could be subject to significant liabilities to our clients or to our clients' customers for breaching contractual confidentiality provisions or privacy laws. Also, we could face cyber- based attacks and attempts by hackers and similar unauthorized users to gain access to or corrupt our information technology systems ~~in order~~ to gain access to confidential information and client data. Such attacks could disrupt our business operations, cause us to incur unanticipated losses or expenses, and result in unauthorized disclosures of confidential or proprietary information. **We could have liability, or our reputation could be damaged, if we fail to protect client and / or our data from security breaches or cyberattacks. We are dependent on information technology networks and systems to securely process, transmit and store electronic information and to communicate among our locations around the world and with our people, clients, alliance partners and vendors. As the breadth and complexity of this infrastructure continues to grow, because of the use of mobile technologies, social media and cloud- based services, the risk of security breaches and cyberattacks increases. Such breaches could lead to shutdowns or disruptions of or damage to our systems and those of our clients, alliance partners and vendors and unauthorized disclosure of sensitive or confidential information, including personal data. In addition, Third Party Cyber Security Risk is a critical focus for us. All potential new suppliers go through our Data Protection Impact Assessment (" DPIA ") process. This starts with an initial screening questionnaire. The questionnaire covers what personal data and client data is processed, whether the third party has any access requirements to our environment and how is data is transferred. From this, our security team assesses the third party, conducts further due diligence, and reviews contractual clauses. If the risk assessment identifies that the baseline Information Security & Privacy technical and organizational controls are not met, the business will be advised accordingly. The outcome of all DPIAs is recorded on the DPIA register. All new third parties processing personal data or client data are assessed to be either Tier 1, 2 or 3, with Tier 1 being the highest risk in terms of data processed or interactions to our environment from a cyber security threat perspective. Tier 1 and 2 third parties are recorded on our business- critical services register and reviewed annually, and we review the compliance documentation, such as latest ISO certifications, SOC2 reports and pen tests, of those Tier 1 and 2 third parties. Tier 3 third parties are recorded on the DPIA register, but no further due diligence is performed by the security team, as Tier 3 third parties process no client or personal data and have no access or integration to ISG' s network or systems. As part of our continuous improvement in our third- party risk management process, we plan to engage the services of a third- party risk monitoring services to monitor threat intelligence and known vulnerabilities.** Although we seek to prevent, detect **,** and investigate ~~these network security~~ **cybersecurity threats and** incidents, and have taken steps to mitigate the likelihood of network security breaches, there can be no assurance that attacks by unauthorized users will not be attempted in the future or that our security measures will be effective. Unauthorized disclosure of sensitive or confidential client data, whether through breach of our processes, systems or otherwise, could ~~also~~ **subject us to liability,** damage our reputation and cause us to lose existing and potential clients. We may also be subject to civil actions and **/ or** criminal prosecution by government or **quasi-** government agencies for breaches relating to such ~~data. Our insurance coverage for breaches or mismanagement of such data may not continue to be available on reasonable terms or in sufficient amounts to cover one or more large claims against us. We could have liability, or our reputation could be damaged, if we fail to protect client and / or our data from security breaches or cyberattacks. We are dependent on information technology networks and systems to securely process, transmit and store electronic information and to communicate among our locations around the world and with our people, clients, alliance partners and vendors. As the breadth and complexity of this infrastructure continues to grow, including as a result of the use of mobile technologies, social media and cloud- based services, the risk of security breaches and cyberattacks increases. Such breaches could lead to shutdowns or disruptions of or damage to our systems and those of our clients, alliance partners and vendors and unauthorized disclosure of sensitive or confidential information, including personal data. Client restrictions on the use of client data could adversely affect our activities. The majority of the data we use to populate our databases comes from our client engagements. The insight sought by clients from us relates to the contractual data and terms, including pricing and costs, to which we have access in the course of assisting our clients in the negotiation of our sourcing agreements. Data is obtained through the course of our engagements with clients who agree to contractual provisions permitting us to consolidate and utilize on an aggregate basis such information. If we were unable to utilize key data from previous client engagements, our business, financial condition and results of operations could be adversely affected. General RisksFailure to maintain effective internal control over financial reporting could adversely affect our business and the market price of our common stock. Pursuant to rules adopted by the SEC implementing Section 404 of the Sarbanes Oxley Act of 2002, we are required to assess the effectiveness of our internal control over financial reporting and provide a management report on our internal control over financial reporting in all annual reports. This report contains, among other matters, a statement as to whether or not our internal control over financial reporting is effective and the disclosure of any material weaknesses in our internal control over financial reporting identified by management. The Committee of Sponsoring Organizations of the Treadway Commission (COSO) provides a framework for companies to assess and improve their internal control systems. Auditing Standard No. 5 provides the professional standards and related performance guidance for auditors to attest to, and report on, management' s assessment of the effectiveness of internal control over financial reporting under~~ 19