Risk Factors Comparison 2024-02-28 to 2023-03-01 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

~~Risks Related to Our Business~~ **RISKS RELATED TO OUR BUSINESS** We have expanded our international operations, which subjects us to economic, political and other risks. With the Chubb Acquisition in January 2022, our international operations have been greatly expanded. We have significantly expanded our pre- Chubb Acquisition presence in Europe and Canada (including in the United Kingdom (" U. K.") and the Netherlands), and we have acquired ongoing operations in new markets across Europe and the Asian- Pacific region (including France, Australia, and Hong Kong). Approximately ~~38~~ **37** % of our revenue was derived from areas outside the United States for the year ended December 31, ~~2022~~ **2023** . Accordingly, our business is and will in the future be subject to risks associated with doing business internationally, including: • laws and regulations that dictate how we conduct business; • changes or instability in a specific country' s or region' s political or economic conditions, including inflation or currency devaluation; • political, financial market or economic instability relating to epidemics or pandemics; • laws and regulations that tax or otherwise restrict repatriation of earnings or other funds or otherwise limit distributions of capital; • changes to existing or new domestic or international tax laws; • trade protection measures, such as tariff increases, and import and export licensing and control requirements; • potentially negative consequences from fluctuations in foreign currency exchange rates; • difficulties repatriating income or capital, whether due to temporary blocking, taxes, tariffs or otherwise, where income from work outside the United States in non- U. S. dollars exceed our local currency needs; • expropriation and governmental regulation restricting foreign ownership or requiring reversion or divestiture; • laws and regulations governing our employee relations, including occupational health and safety matters and employee compensation and benefits matters; • our ability to comply with, and the costs of compliance with, anti- bribery laws such as the Foreign Corrupt Practices Act and similar local anti- bribery laws; • uncertainties regarding legal or judicial systems, including inconsistencies between and within laws, regulations and decrees, and judicial application thereof, and delays in the judicial process; and • difficulty in recruiting and retaining trained personnel in our international operations. In addition, applicable U. S. and non- U. S. anti- corruption laws, including but not limited to the U. S. Foreign Corrupt Practices Act (" FCPA ") and the U. K. Bribery Act, generally prohibit us from, among other things, corruptly making payments for the purpose of obtaining or retaining business. We pursue opportunities in certain parts of the world and in certain industries that may experience corruption, and in certain circumstances, compliance with these laws may conflict with longstanding local customs and practices. Our policies mandate compliance with all applicable anti- corruption laws. We have policies and procedures designed to ensure that our employees and intermediaries who work for us outside the United States comply with these laws, and we otherwise require such employees and intermediaries to comply with these laws. However, there can be no assurance that such policies, procedures and other requirements will protect us from liability under the FCPA or other similar laws for actions taken by our employees or intermediaries; moreover, detecting, investigating and resolving actual or alleged violations of such laws is expensive and could consume significant time and attention of our senior management, in- country management, and other personnel. Liability for such actions could result in severe criminal or civil fines, penalties, forfeitures, disgorgements or other sanctions. This in turn could have a material adverse effect on our financial condition, results of operations, and cash flows. We are a decentralized company and place significant decision- making authority with our subsidiaries' management, supported by certain integrated policies and processes. We believe our practice of conferring significant authority upon the management of our subsidiaries has been important to our successful growth and has allowed us to be responsive to opportunities and to our customers' needs. We seek to maintain business continuity within our subsidiaries while identifying and implementing operational efficiencies, cost synergies, and integration of organizational processes across these companies. This balance presents certain risks, including the risk we would be slower to identify a misalignment between a subsidiary' s and our overall business strategy or shared processes. If an operating subsidiary fails to follow our shared company policies and processes, including those relating to compliance with applicable laws, we could be subjected to risks of noncompliance with applicable regulations. As part of our business, we have entered into joint venture arrangements and likely will continue to do so. Our participation in joint ventures exposes us to liability and / or harm to our reputation for failures of our partners. The purpose of our joint ventures is typically to combine skills and resources to allow for the proposing on and performance of particular projects. Success of these jointly performed projects can be adversely affected by the performance of our joint venture partners, over whom we may have little or no control. Differences in opinions or views between us and our joint venture partners could result in delayed decision- making or failure to agree on material issues that could adversely affect the business and operations of our joint ventures. Additionally, the failure by a joint venture partner to comply with applicable laws, regulations or client requirements could negatively impact our business. We and our joint venture partners are generally jointly and severally liable for all liabilities and obligations of our joint ventures. If a joint venture partner fails to perform or is financially unable to bear its portion of required capital contributions or other obligations, including liabilities stemming from claims or lawsuits, we could be required to make additional investments, provide additional services or pay more than our proportionate share of a liability to make up for our partner' s shortfall. Further, if our partners experience cost overruns or project performance issues that we are unable to adequately address, the customer may terminate the project, which could result in legal liability to us, harm our reputation and reduce our profit or increase our loss on a project. Improperly managed projects or project delays may result in additional costs or claims against us, which could have a material adverse effect on our financial condition, operating results, and cash flows. The quality of our performance on any given project depends in large part upon the ability of the project manager (s) to manage relationships and the project itself and to timely assert contractual remedies and deploy appropriate resources, including both third- party contractors and our own personnel. Our results of operations, cash flows and liquidity could be adversely affected if a project manager or our personnel miscalculate the resources or time needed to complete a project with capped or fixed fees, or the resources or time needed to meet contractual milestones. Additionally, delays on a particular project, including delays in designs, engineering information or materials provided to us by the customer or a third party, delays or difficulties in equipment and material delivery, schedule changes, delays from failure to timely obtain permits or rights- of- way or to meet other regulatory requirements, weather- related delays, governmental, industry, political and other factors, some of which are beyond our control, could result in cancellations or deferrals of project work, which could lead to a decline in revenue, or, for project deferrals, could cause us to incur costs for standby pay, and could lead to personnel shortages on other projects scheduled to commence at a later date. ~~Risks Related to Acquisitions~~ **RISKS RELATED TO ACQUISITIONS** Our business strategy includes acquiring companies and making investments that complement our existing businesses. These acquisitions and investments could be unsuccessful or consume significant resources, which could adversely affect our operating results. We expect to continue to evaluate the acquisition of strategic businesses, service lines, and technologies with the potential to strengthen our industry position or enhance our existing offerings. However, we cannot assure you that we will identify or successfully complete suitable acquisitions in the future or that completed acquisitions will be successful. Acquisitions that do not achieve the intended strategic or operational benefits could adversely affect our operating results and may result in an impairment charge. Under certain circumstances, it may be difficult for us to complete transactions quickly and to integrate acquired operations efficiently into our current business operations. Acquisitions and investments may involve significant cash expenditures, the incurrence of debt, operating losses and expenses that could have a material adverse effect on our business, financial condition, results of operations and cash flows. Acquisitions involve numerous other risks, including: (i) diversion of management' s time and attention from daily operations; (ii) difficulties integrating acquired businesses, technologies and personnel into our business; (iii) inability to obtain required regulatory approvals; (iv) inability to obtain required financing on favorable terms or, if so obtained, risks associated with incurrence of additional indebtedness; (iv) potential loss of key employees, key contractual relationships, or key customers of acquired companies or from our existing businesses; and (v) assumption of the liabilities and exposure to unforeseen liabilities of acquired companies (including environmental, employee benefits, safety and health and third party property and casualty liabilities). Any acquisitions or investments may ultimately harm our business or financial condition, as such acquisitions may not be successful and may ultimately result in impairment charges. We may not realize the expected benefits of the Chubb Acquisition because of integration and transition difficulties or other challenges. On January 3, 2022, we closed the Chubb Acquisition. The success of the Chubb Acquisition depends, in part, on our ability to successfully integrate and operate the Chubb business in conjunction with our existing life safety businesses and transition from the services and systems provided by the seller. While we ~~successfully separated from Carrier as of December 31, 2022, the separation process has been complex, costly and time- consuming. While we~~ have largely been successful in replacing services provided by the seller in the Chubb Acquisition with capabilities and systems within APG or third parties, integrating legacy Chubb, new third party systems with APG' s current systems could pose operational challenges that impact the business. The potential difficulties of integrating the operations of the Chubb business include, among others: ~~• implementing our business plan and strategy for the business;~~ • continued unanticipated issues in integrating personnel, operations, systems and technology infrastructure, particularly after the end of the transitional services provided by the seller; • coordinating geographically dispersed organizations; • changes in applicable laws and regulations or conditions imposed by regulators; • deploying internal controls over financial reporting; • operating risks inherent in the Chubb business and our existing life safety businesses; and • realizing the expected synergies from the Chubb Acquisition. We may not accomplish the integration of the Chubb business smoothly, successfully or within the anticipated costs or timeframe. We have incurred and expect to incur additional non- recurring costs associated with the integration of Chubb into our business. These costs and expenses include fees paid to financial, legal and accounting advisors, facilities and systems implementation or consolidation costs, severance and other potential employment- related costs, including severance payments that may be made to certain Chubb employees. In addition, the Chubb business may not meet our expectations, causing our financial results to differ from our own or the investment community' s expectations. Any of these factors could have a negative effect on our financial condition, results of operations, and cash flows. ~~Financial Risks~~ **FINANCIAL RISKS** Adverse developments in the credit markets could adversely affect the funding of significant projects and therefore reduce demand for our services. Adverse developments in the credit markets, including reduced liquidity or rising interest rates, could reduce the availability of funding for large capital projects that require our services. Volatility in the credit and equity markets could reduce the availability of debt or equity financing for significant projects, causing a reduction in capital spending, which could materially and adversely affect our financial condition, results of operations, and cash flows. We may need additional capital in the future for working capital, capital expenditures or acquisitions, and we may not be able to access capital on favorable terms, or at all, which would impair our ability to operate our business or achieve our growth objectives. Our ability to generate cash is essential for the funding of our operations and the servicing of our debt. If existing cash balances and cash generated from operations together with the borrowing capacity under our ~~Credit~~ **credit** ~~Facilities~~ **facilities** are not sufficient to make future investments, make acquisitions or provide needed working capital, we may require financing from other sources. Our ability to obtain such additional financing in the future will depend on a number of factors including prevailing capital market conditions, conditions in our industry, and our operating results. If additional funds were not available on acceptable terms, we may not be able to make future investments, take advantage of acquisitions or pursue other opportunities. Our use of revenue recognition over time could result in a reduction or reversal of previously recorded revenue or profits. A significant portion of our revenue is recognized over time by measuring progress toward complete satisfaction of performance obligations in the proportion that our actual costs bear to our estimated contract costs at completion. The earnings or losses recognized on individual contracts are based on estimates of contract revenue, costs and profitability. We review our estimates of contract revenue, costs and profitability on an ongoing basis. Prior to contract completion, we may adjust our estimates on one or more occasions as a result of change orders to the original contract, collection disputes with the customer on amounts invoiced, claims against the customer for increased costs incurred by us due to customer induced delays and other factors, or other changes in facts and circumstances that require modifications to estimated costs. Contract losses are recognized in the fiscal period when the loss is determined. Contract profit estimates are also adjusted in the fiscal period in which it is determined that an adjustment is required. As a result of the requirements of over time revenue recognition, the possibility exists, for example, that we could have estimated and reported a profit or loss on a contract over several periods and later determined that all or a portion of such previously estimated and reported profits or losses were overstated or understated. If this occurs, the full aggregate amount of the overstatement or understatement will be reported for the period in which such determination is made, thereby eliminating all or a portion of any profits or losses from other contracts that would have otherwise been reported in such period or potentially resulting in a loss or gain being reported for such period. On a historical basis, we believe that we have made reasonably reliable estimates of the progress towards completion on our long- term contracts. However, given the uncertainties associated with these types of contracts, it is possible for actual costs to vary from estimates previously made, which may result in reductions or reversals of previously recorded revenue and profits. We carry a significant amount of goodwill and identifiable intangible assets on our consolidated balance sheets. Earnings for future periods may be impacted by impairment charges for goodwill and intangible assets. Goodwill is the excess of purchase price over the fair value of the net assets of acquired businesses. We assess goodwill and identifiable intangible assets for impairment each year, or more frequently if circumstances suggest an impairment may have occurred. While we believe we have made reasonable estimates and assumptions to calculate the fair values of our reporting units which were based on facts and circumstances known at such time, it is possible that existing or new events may result in forecasted cash flows, revenue and earnings that differ from those that formed the basis of our estimates and assumptions, which could be materially different from our estimates and assumptions. Any impairment in the value of our goodwill would have an adverse non- cash impact on our results of operations and reduce our net worth. As of December 31, ~~2022~~ **2023** , we had goodwill of $ 2, ~~382~~ **471** million, which is maintained in various reporting units. Additionally, we have a significant amount of identifiable intangible assets and fixed assets that could also be subject to impairment. If we determine that a significant impairment has occurred in the value of our unamortized intangible assets or fixed assets, we could be required to write off a portion of our assets, which could adversely affect our financial condition or results of operations. In connection with our preparation of our consolidated financial statements for the years ended December 31, **2023,** 2022, **and** 2021 ~~, and 2020~~ , we and our independent registered public accounting firm identified material weaknesses in our internal control over financial reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (" U. S. GAAP"). As previously disclosed in ~~its~~ **our** Annual Reports on Form 10- K for the years ended December 31, **2022 and** 2021 ~~and 2020~~ , management identified material weaknesses related to our internal control over financial reporting. **While** ~~Management~~ **management** ~~has taken meaningful steps to improve our~~ **was successful in completing its multi- year remediation of prior year material weaknesses within the legacy business, the establishment of** internal ~~control~~ **controls** over financial reporting ~~to remediate~~ **at certain subsidiaries of** the ~~previously~~ **recently acquired Chubb fire and security business and the inability of a third- party service organization to provide a service auditors'** ~~reported~~ -- **report led to the identification of new** material weaknesses ~~; however, certain IT general controls and process level controls were implemented late in 2022~~ . As a result and in connection with our preparation of our consolidated financial statements herein for the year ended December 31, ~~2022~~ **2023** , we and our independent registered public accounting firm identified ~~a~~ material ~~weakness~~ **weaknesses in financial reporting** ~~over user access controls related to an information technology system and a material weakness related to the ineffective operation of process level controls over revenue recognition~~ . Under standards established by the United States Public Company Accounting Oversight Board, a material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of annual or interim consolidated financial statements will not be prevented or detected and corrected on a timely basis. We cannot assure you that we have identified all, or that we will not in the future have additional, material weaknesses. If we fail to remediate the material weaknesses or if we otherwise fail to establish and maintain effective control over financial reporting, our ability to accurately and timely report our financial results could be adversely affected ~~. As anticipated, a remediation effort of this magnitude takes multiple years to complete and we have made significant progress in 2021 and 2022 with our multi- year remediation plans~~ . If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable when required in the future to express an unqualified opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could be adversely affected, and we could become subject to litigation or investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities, which could require additional financial and management resources. Our substantial indebtedness may adversely affect our cash flow and our ability to operate our business and fulfill our obligations under our indebtedness. As of December 31, ~~2022~~ **2023** , on a consolidated basis, we had $ ~~2~~ **1** , ~~212~~ **737** million in principal amount of debt outstanding under our credit facilities, $ 614 million of senior notes, and other indebtedness totaling approximately $ ~~6~~ **5** million. Our substantial indebtedness could have significant effects on our operations. For example, it may: • require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, dividends, innovation, and other general corporate purposes; • cause credit rating agencies to view our debt level negatively; • increase our vulnerability to general adverse economic and industry conditions; • limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate; • limit our ability to make strategic acquisitions, introduce new technologies or pursue business opportunities; and • place us at a competitive disadvantage compared to our competitors that have less indebtedness. In addition, the Credit Agreement governing the credit facilities contains covenants that restrict our operations. These covenants restrict, among other things, our ability to incur additional debt, grant liens, pay cash dividends, enter new lines of business, redeem our common stock, make certain investments and engage in certain merger, consolidation or asset sale transactions. These restrictions could limit our ability to plan for or react to market conditions, meet extraordinary capital needs or otherwise take actions that we believe are in our best interest. Further, a failure by us to comply with any of these covenants and restrictions could result in an event of default that, if not waived or cured, could result in the acceleration of all or a substantial portion of the outstanding indebtedness thereunder. In addition, subject to the restrictions in the agreements that govern the Credit Agreement, if we incur substantial additional indebtedness (including secured indebtedness) in the future, these risks will be exacerbated. The terms of our indebtedness may limit our ability to borrow additional funds or capitalize on business opportunities, and our future debt level may limit our future financial and operating flexibility. The Credit Agreement governing the credit facilities prohibits distributions on, or purchases or redemptions of, securities if any default or event of default is continuing. In addition, it contains various covenants limiting our ability to, among other things, incur indebtedness if certain financial ratios are not maintained, grant liens, engage in transactions with affiliates, enter into sale- leaseback transactions, and sell substantially all of our assets or enter into a merger or consolidation. The Credit Agreement governing the credit facilities also treats a change of control as an event of default and also requires us to maintain certain leverage ratios. Our ability to access capital markets to raise capital on favorable terms will be affected by our debt level, our operating and financial performance, the amount of our current maturities and debt maturing in the next several years, and by prevailing credit market conditions. Moreover, if lenders or any future credit rating agency downgrade our credit rating, then we could experience increases in our borrowing costs, face difficulty accessing capital markets or incurring additional indebtedness, be unable to receive open credit from our suppliers and trade counterparties, be unable to benefit from swings in market prices and shifts in market structure during periods of volatility in the crude oil and natural gas markets or suffer a reduction in the market price of our common stock. If we are unable to access the capital markets on favorable terms at the time a debt obligation becomes due in the future. The price and terms upon which we might receive such extensions or additional bank credit, if at all, could be more onerous than those contained in existing debt agreements. Any such arrangements could, in turn, increase the risk that our leverage may adversely affect our future financial and operating flexibility and thereby impact our ability to pay cash distributions at expected rates. Higher interest rates increase the interest costs on our credit facilities and on our other floating rate indebtedness and could impact adversely our ability to refinance existing indebtedness or to sell assets. Interest payments for certain of our indebtedness, including borrowings under the credit facilities are based on floating rates. As a result, an increase in interest rates will reduce our cash flow available for other corporate purposes. Higher interest rates could also limit our ability to refinance existing indebtedness and increase interest costs on any indebtedness that is refinanced. We have and may continue to enter into agreements such as floating- to- fixed interest rate swaps, caps, floors and other hedging contracts in order to hedge against the cash flow effects of changes in interest rates for floating rate debt. As of December 31, ~~2022~~ **2023** , the Company had $ 1, 120 million notional amount outstanding in interest rate swap agreements ~~, which includes an aggregate $ 400 million notional amount of forward- starting swaps~~ that ~~commence in January 2023 and a four- year $ 720 million notional swap that exchanges~~ **exchange** a variable rate of interest for a fixed rate over the term of the agreement. However, we may not maintain interest rate swaps with respect to all of our floating rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk. In addition, these agreements expose us to the risk that other parties to the agreements will not perform or that the agreements will be unenforceable. We are effectively self- insured against many potential liabilities. We are insured through a wholly- owned insurance captive and third party carriers. We maintain insurance policies covering a broad range of risks, including automobile liability, general liability, property risk, employer liability, workers' compensation, employee group health, business interruption, professional liability and other typical business coverages, and coverage for limited cyber incidents and pollution liability. If any of our insurance carriers default on their obligations to provide insurance coverage by reason of its insolvency or for other reasons, our exposure to claims would increase and our profits would be adversely affected. Certain of our coverages are subject to large deductibles or have high self- insured retention amounts, our policies do not cover all possible claims, and certain legacy risks at Chubb were assumed without insurance coverage. Accordingly, we are effectively self- insured for a substantial number of actual and potential claims. Additionally, if our estimates of liability for current or IBNR claims are substantially undervalued, we may incur unexpected losses higher than our reserves which we believe are adequate. Our estimates and accruals for unpaid claims and expenses are based on known facts, historical trends, industry averages, and reasonable estimates of future expenses, utilizing the assistance of third- party actuaries. We believe our accruals are adequate. The determination of such estimated liabilities and their appropriateness are reviewed and updated at least quarterly. In connection with the Chubb claims, we estimated the exposure to loss presented by such claims, negotiated an adjustment to the purchase price in connection with these anticipated costs and made associated accruals. However, claims liabilities are difficult to assess and estimate due to many relevant factors, the effects of which are often unknown, including the severity of an injury or damage, the determination of liability in proportion to other parties, the timeliness of reported claims, the effectiveness of our risk management and safety programs and the terms and conditions of our insurance policies. Additionally, unknown or changing trends, risks or circumstances, such as increases in claims, a weakening economy, increases in medical costs, changes in case law or legislation, or changes in the nature of the work we perform, could render our current estimates and accruals inadequate. If our estimates materially diverge from our realized liabilities, adjustments to our balance sheet may be required and these increased liabilities would be recorded in the period that the experience becomes known. ~~Risks Related to Our Contracts~~ **RISKS RELATED TO OUR CONTRACTS** We may not accurately estimate the costs associated with services provided under fixed price contracts, which could impair our financial performance. A portion of our agreements with customers contain fixed price terms. Under these contracts, we typically set the price of our services on a per unit or aggregate basis and assume the risk that costs associated with our performance may be greater than what we estimated. We also enter into contracts for specific projects or jobs that require the installation or construction of an entire infrastructure system or specified units within an infrastructure system, many of which are priced on a fixed price or per unit basis. Profitability for these contracts will be reduced if actual costs to complete a project exceed our original estimates. If estimated costs to complete the remaining work for a project exceed the expected revenue to be earned, the full amount of any expected loss is recognized in the period the loss is determined. Our profitability on these contracts is therefore dependent upon our ability to accurately estimate the costs associated with our services and our ability to execute in accordance with our plans. A variety of factors could negatively affect these estimates, including changes in expected productivity levels, conditions at work sites differing materially from those anticipated at the time we propose on the contract, and higher than expected costs of labor and / or materials. These variations, along with other risks inherent in performing fixed price contracts, could cause actual project results to differ materially from our original estimates, which could result in lower margins than anticipated, or losses, which could reduce our profitability, cash flows and liquidity. A portion of our contracts allocate the risk of price increases in supplies to us. For certain contracts, including where we have assumed responsibility for procuring materials for a project, we are exposed to market risk of increases in certain commodity prices of materials, such as copper and steel, which are used as components of supplies or materials utilized in all of our operations. In addition, our customers' capital budgets may be impacted by the prices of certain materials. These prices could be materially impacted by general market conditions and other factors, including U. S. trade relationships with other countries or the imposition of tariffs. We are also exposed to increases in energy prices, including as they relate to gasoline prices for our rolling- stock fleet of approximately ~~18~~ **12** , ~~500~~ **200** vehicles. Additionally, the price of fuel required to run our vehicles and equipment is unpredictable and fluctuates based on events outside our control. Any increase in fuel costs could materially reduce our profitability and liquidity to the extent we are not able to adjust our pricing for such expenses. While we believe we can increase our prices to adjust for some price increases in commodities, there can be no assurance that price increases of commodities would be recoverable. Additionally, some of our fixed price contracts do not allow us to adjust our prices and, as a result, increases in material or fuel costs could reduce our profitability with respect to such projects. Some of our subsidiaries are government contractors, and they are subject to complex rules and regulations governing government contractors, and their contracts with government entities are subject to audit. Violations of the applicable rules and regulations could result in a subsidiary being barred from future government contracts. Government contractors must comply with many regulations and other requirements that relate to the award, administration and performance of these contracts, and government contracts are subject to audit. A violation of these laws and regulations could result in imposition of fines and penalties, the termination of a government contract or debarment from proposing on government contracts in the future. Further, despite our decentralized nature, a violation at one of our locations could impact other locations' ability to propose on and perform government contracts. Additionally, because of our decentralized nature, we face risks in maintaining compliance with all local, state and federal government contracting requirements. Prohibition against proposing on future government contracts could have an adverse effect on our consolidated financial condition and results of operations. Our backlog is subject to reduction or cancellation, and revenues may be realized in different periods than initially reflected in our backlog. Our backlog includes the estimated unsatisfied performance obligations associated with the services to be performed under customer contracts. These estimates are based on contract terms and evaluations regarding the timing of the services to be provided. In many instances, our customers are not contractually committed to procure specific volumes of services under a contract. Revenue estimates reflected in our backlog can be subject to change due to a number of factors, including contract cancellations and contract changes made by our customers to the amount or nature of the work actually performed under a contract. As a result, our backlog as of any particular date is an uncertain indicator of the amount of or timing of future revenues and earnings. ~~Risks Related to Our Workforce~~ **RISKS RELATED TO OUR WORKFORCE** Our unionized workforce and related obligations could adversely affect our operations. As of December 31, ~~2022~~ **2023** , approximately ~~49~~ **48** % of our employees were covered by collective bargaining agreements in the U. S. or similar employment and labor obligations in other countries in which we conduct business. The terms of these agreements limit our discretion in the management of covered employees and our ability to nimbly implement changes to meet business needs. In addition, our employees in certain countries in Europe are subject to works council arrangements, exposing us to potential delays in implementing changes, works council claims and litigation. There can be no assurance that our non- unionized employees will not become members of a union or become covered by a collective bargaining agreement, including through an acquisition of a business whose employees are subject to such an agreement. Certain of our unionized employees have participated in strikes and work stoppages in the past, and we cannot be certain that strikes or work stoppages will not occur in the future. In the current inflationary environment, negotiations over union wage rates or increase in benefits may slow or derail contract renegotiations, which may lead to potential strikes or work stoppages. Strikes or work stoppages could adversely impact relationships with our customers and could cause us to lose business and experience a decline in revenues. Our ability to complete future acquisitions also could be adversely affected because of our union status. For instance, our union agreements may be incompatible with the union agreements of a business we want to acquire, and some acquisition targets may decline to become affiliated with a union- based company. Moreover, certain of our customers, where permissible by law, may require or prefer a non- union workforce, and they may reduce the amount of work assigned to us if our non- union labor crews become unionized, which could negatively affect our financial condition, results of operations and cash flows. Our pension commitments and obligations to make cash contributions to meet our obligations in certain pension plans subject us to risks. Certain collective bargaining agreements in the U. S. require us to participate with other companies in multiemployer pension plans. To the extent those plans are underfunded, U. S. regulations, including the Employee Retirement Income Security Act of 1974, as amended by the Multiemployer Pension Plan Amendments Act of 1980, may subject us to substantial liabilities under those plans if we withdraw from them or if they are terminated or experience a mass withdrawal. In addition, certain U. S. multiemployer pension plans to which we contribute or may contribute in the future are in " endangered, " " seriously endangered " or " critical " status. The Pension Protection Act of 2006 added special funding and operational rules generally applicable to plan years beginning after 2007 for multiemployer plans that are classified as " endangered, " " seriously endangered " or " critical " status based on multiple factors (including, for example, the plan' s funded percentage, cash flow position and whether it is projected to experience a minimum funding deficiency). Plans in these classifications must adopt measures to improve their funded status through a funding improvement or rehabilitation plan, as applicable, which may require additional contributions from employers (which may take the form of a surcharge on benefit contributions) and / or modifications to retiree benefits. The amount of additional funds, if any, that we may be obligated to contribute to these plans in the future cannot be estimated due to uncertainty of the future levels of work that require the specific use of union employees covered by these plans, as well as the future contribution levels and possible surcharges on contributions applicable to these plans. In connection with the Chubb Acquisition, we also maintain defined benefit pension plans outside of the U. S. Our non- U. S. defined benefit pension plans include both funded and unfunded plans. ~~The~~ **We completed a pension buy- in transaction during 2023 and entered into insurance contracts with a global insurance company for the** funded ~~plans~~ - **plan** ~~, such as~~ in the U. K. (closed to new members and future benefit accrual) ~~and~~ **. The funded plan in** Canada (closed to new members) **is** ~~, are~~ financed predominantly through externally invested pension plan assets via externally managed funds and insurance companies, which investments are subject to market, interest rate and inflation risks. If these investments do not perform well or are not managed properly and their values decline significantly, it could result in a coverage shortfall for these pension obligations and therefore significantly increase our pension obligations. Our future contribution obligations and potential withdrawal liability exposure with respect to our pension plans could increase significantly based on the investment and actuarial performance of those plans, the insolvency of other companies that contribute to those plans (in the case of multiemployer plans), and other factors. We maintain a workforce based upon current and anticipated workloads. We could incur significant costs and reduced profitability from underutilization of our workforce if we do not receive future contract awards, if contract awards are delayed, or if there is a significant reduction in the level of services we provide. Shortages of skilled labor could impede our ability to provide timely, cost- effective services to our customers. Our estimates of future performance and results of operations depend, among other factors, on whether and when we receive new contract awards, which affect the extent to which we are able to utilize our workforce. The rate at which we utilize our workforce is affected by a variety of factors, including our ability to forecast the need for our services, our ability to maintain an appropriately sized workforce, our ability to transition employees from completed projects to new projects or between internal business groups, our ability to manage attrition, and our need to devote resources to non- chargeable activities such as training or business development. While our estimates are based upon our good faith judgment, professional knowledge and experience, these estimates may not be accurate and may frequently change based on newly available information. In the case of large- scale projects where timing is often uncertain, it is particularly difficult to predict whether and when we will receive a contract award. The uncertainty of contract award timing can present difficulties in matching our workforce size to our project needs. If an expected contract award is delayed or not received, we could incur significant costs and reduced profitability resulting from underutilization of our workforce, redundancy of facilities, or from efforts to right- size our workforce and / or operations, which could reduce our profitability and cash flows. Conversely, we have in the past, and may from time to time in the future, face a shortage of skilled workers. Any significant deterioration in employee relations, shortages of labor or increases in labors costs at any of our businesses could have a material adverse effect on our business, financial condition and results of operations. Competition in the market for labor could drive up our costs, reduce our profitability, or impact our ability to deliver timely service to our customers. ~~Risks Related to Our Customer Base~~ **RISKS RELATED TO OUR CUSTOMER BASE** We serve customers who are involved in energy exploration, production and transportation, and adverse developments affecting activities in these industries, reduced demand for oil and natural gas products, or increased regulation of exploration and production, could have a material adverse effect on our results of operations. Our energy and infrastructure businesses depend on energy industry participants' willingness to make operating and capital expenditures to build pipelines to transport oil and natural gas and the development and production of oil and natural gas in the United States. The level of activity in the new construction of oil and natural gas pipelines, oil and natural gas exploration and production in the U. S. has been volatile. A reduction in these activities generally results in decreased demand for our support services in that industry. Therefore, if these expenditures decline, our business is likely to be adversely affected. A portion of our expected future growth is based on the ability and willingness of public and private entities to invest in infrastructure. A portion of our current business and a portion of our future growth is expected to result from public and private investments in infrastructure. As a result, reduced or delayed spending, including the impact of government sequestration programs or other changes in budget priorities could result in the deferral, delay or disruption of our projects. These potential events could also impact our ability to be timely paid for our current services, which could adversely affect our cash flows and margins. ~~Risks Related to Our Occupational Hazards~~ **RISKS RELATED TO OUR OCCUPATIONAL HAZARDS** Our businesses at times perform services under challenging conditions involving factors outside of our control. The challenging conditions we encounter in our projects may include, without limitation, (i) hard to reach terrain and difficult site conditions; (ii) challenging engineering, procurement and construction phases, which may occur over extended time periods; (iii) difficulties or delays in designs or materials provided by the customer or a third party; (iv) equipment and material delivery delays; (v) schedule changes; (vi) delays from customer failure to timely obtain rights- of- way; (vii) weather- related delays ~~,~~ **; and** (viii ~~) COVID- 19- related changes to working conditions or disruptions; and (ix~~) delays by subcontractors in completing their portion of the project. Such conditions can result in project delays or cancellations, potentially causing us to incur unanticipated costs, reductions in revenue or the payment of liquidated damages. In addition, some of our contracts require that we assume the risk should actual site conditions vary from those expected. In some cases, delays and additional costs may be substantial, and we may be required to cancel a project and / or compensate the customer for the delay.

We may not be able to recover any of such costs. Any such delays, cancellations, errors or other failures to meet customer expectations could result in damage claims substantially in excess of the revenue associated with a project. Delays or cancellations could also negatively affect our reputation or relationships with our customers, which could adversely affect our ability to secure new contracts. Our business is subject to operational hazards due to the nature of services we provide and the conditions in which we operate, including electricity, fires, explosions, mechanical failures and weather- related incidents. We are subject to occupational and safety laws in each of the countries in which we operate, including for example in the U. S., the Occupational Safety and Health Act of 1970, as amended (" OSH Act "), in France, the Health and Safety at Work Code (" HSW Code"), and in the U. K., the Health and Safety At Work Act (" HSW Act "). These laws and their implementing regulations establish certain employer responsibilities, including maintenance of a workplace free of recognized hazards likely to cause death or serious injury, compliance with standards promulgated by OSHA and various recordkeeping, disclosure and procedural requirements. Various standards, including standards for notices of hazards and safety, may apply to our operations. We incur capital and operating expenditures and other costs in the ordinary course of business in complying with the OSH Act, the HSW Code, the HSW Act, and other state and local laws and regulations, and could incur penalties and fines in the future, including, in extreme cases, criminal sanctions. However, we have experienced no material penalties and fines to date. While we invest substantial resources in occupational health and safety programs, the industries in which we operate involve a high degree of operational risk, and there can be no assurance that we will avoid significant liability. Although we have taken what we believe to be appropriate precautions, we have had employee injuries and fatalities in the past and may suffer additional injuries or fatalities in the future. Serious accidents of this nature may subject us to substantial penalties, civil litigation or criminal prosecution. Personal injury claims for damages, including for bodily injury or loss of life, could result in substantial costs and liabilities, which could materially and adversely affect our consolidated financial condition, results of operations or cash flows. In addition, if our safety record were to deteriorate, or if we suffered substantial penalties or criminal prosecution for violation of health and safety regulations, customers could cancel existing contracts and not award future business to us, which could materially adversely affect our liquidity, cash flows and results of operations. If we were not able to successfully resolve such issues, our ability to service our customers could be damaged, which could lead to a material adverse effect on our financial condition, results of operations and cash flows. Our projects expose our employees to electrical lines and equipment, pipelines carrying potentially explosive or toxic materials, heavy equipment, transportation accidents, adverse weather conditions and the risk of damage to equipment and property from hazardous conditions such as working at heights. These hazards, among others, can cause personal injuries and loss of life, severe damage to or destruction of property and equipment and other consequential damages and could lead to suspension of operations and large damage claims which could, in some cases, substantially exceed the amount we charge for the associated services. In addition, if serious accidents or fatalities occur, or if our safety records were to deteriorate, we may be restricted from proposing on certain work or obtaining new contracts, and certain existing contracts could be terminated. Our safety processes and procedures are monitored by various agencies and ratings bureaus. The occurrence of accidents in the course of our business could result in significant liabilities, employee turnover, increase the costs of our projects or harm our ability to perform under our contracts or enter into new customer contracts, all of which may subject us to liabilities, affect customer relationships, result in higher operating costs, negatively impact employee morale and result in higher employee turnover and could materially adversely affect our profitability and our financial condition. ~~Claims and Litigation Risks~~ **CLAIMS AND LITIGATION RISKS** We are and may become subject to periodic litigation which may adversely affect our business and financial performance. We are subject to various lawsuits, administrative proceedings and claims that arise in the ordinary course of business. We could be party to class and collective actions, along with other complex legal disputes, that could materially impact our business by requiring, among other things, unanticipated management attention, significant attorney fees and settlement spend, or operational adjustments implemented in response to a settlement, court order or to mitigate future exposure. In addition, if we do not meet our contractual obligations, our customers may seek action against us to pursue remedies, which may include payment of liquidated damages and reimbursement from us to cover the incremental cost of having a third party complete or remediate our work. We may have litigation in a variety of matters, some matters may be unpredictable or unanticipated, and the frequency and severity of litigation could increase. Because lawsuits are inherently unpredictable, assessing contingencies is highly subjective and requires judgements about future events. A judgement that is not covered by insurance or that is significantly in excess of our insurance coverage could materially adversely affect our financial condition or results of operations. We are exposed to workmanship warranty, casualty, negligence, construction defect, breach of contract, product liability, and other claims and legal proceedings. From time to time, we are subject to workmanship warranty, casualty, negligence, construction defect, breach of contract, product liability, and other claims and legal proceedings relating to the products we install that, if adversely determined, could adversely affect our consolidated financial condition, results of operations and cash flows. We rely on manufacturers and other suppliers to provide us with most of the products we install. Because we do not have direct control over the quality of such products manufactured or supplied by such third- party suppliers, we are exposed to risks relating to the quality of such products including the potential to be impacted by product recalls. In addition, we are exposed to potential claims arising from the conduct of our employees, and other subcontractors, for which we may be contractually liable. We have in the past been, and may in the future be, subject to liabilities in connection with injury, death, or damage incurred in conjunction with our installation of products or provision of services regarding the inspection, maintenance or monitoring of products and systems installed by us or others. Although we currently maintain what we believe to be suitable and adequate insurance, we may be unable to maintain such insurance on acceptable terms or such insurance may not provide adequate protection against potential liabilities. Such claims and legal proceedings can be expensive to defend and can divert the attention of management and other personnel for significant periods of time, regardless of the ultimate outcome. In addition, lawsuits relating to construction defects typically have statutes of limitations that can run as long as twelve years in some jurisdictions such as the U. K. Claims of this nature could also have a negative impact on customer confidence in our businesses and services. Current or future claims could have a material adverse effect on our reputation, business, financial condition and results of operations. We are and may become subject to periodic regulatory proceedings, including Fair Labor Standards Act (" FLSA ") and state wage and hour class action lawsuits, which may adversely affect our business and financial performance. Pending and future wage and hour litigation, including claims relating to the U. S. Fair Labor Standards Act, analogous state laws, or other state wage and hour laws could result in significant attorney fees and settlement costs. Resolution of non- litigated alleged wage and hour violations could also negatively impact our performance. The potential settlement of, or awards of damages for, such claims also could materially impact our financial performance as could operational adjustments implemented in response to a settlement, court order or in an effort to mitigate future exposure. Additionally, an increased volume of alleged statutory violations or matters referred to an agency for potential resolution could result in significant attorney fees and settlement costs that could, in the aggregate, materially impact our financial condition. ~~Risks Related to the Industries in Which We Operate~~ **RISKS RELATED TO THE INDUSTRIES IN WHICH WE OPERATE** We have significant operations in highly competitive markets, and our failure to effectively compete could reduce our market share and harm our financial performance. The safety services industry is highly fragmented, and we compete with other companies in each of the markets in which we operate, ranging from small independent firms servicing local markets to larger firms servicing regional and national markets. We also compete with existing and prospective customers who perform some of the services we offer, which could reduce the amount of services we perform for our customers. There are relatively few barriers to entry for certain of the services we provide and, as a result, any organization that has adequate financial resources and access to technical expertise and skilled personnel may become a competitor. Further, smaller competitors are more susceptible to consolidation. Consolidation of smaller entities could create larger national competitors which could adversely affect our business or profitability. Certain of our customers' work is awarded through proposal processes on a project- by- project basis. In connection with such project- based work, price is often a significant factor that determines whether we are awarded the project, especially on smaller, less complex projects. Smaller competitors may have an advantage against us based on price alone due to their lower costs and financial return requirements. Generally, it is difficult to predict whether and when we will be awarded a new contract due to lengthy and complex bidding and selection processes, changes in existing or forecasted market conditions, customers' access to financing, governmental regulations, permitting and environmental matters. Additionally, our proposals for certain projects may depend on customer perception, including our perceived relative ability to perform the work as compared to our competitors or a customer' s perception of technological advantages held by our competitors as well as other factors. Our market share and results of operations could be materially and adversely affected if we are unsuccessful in proposing on projects or renewing our master service agreements, or if our ability to be awarded such projects or agreements requires that we accept less desirable terms, including lower margins. Furthermore, because we derive revenue from projects awards that are subject to these uncertainties, our results of operations and cash flows can fluctuate materially from period to period. Our businesses are impacted by levels of construction activity and an economic downturn in that industry could materially and adversely affect our business. The demand for our services – including without limitation, safety services, electrical utility transmission buildouts, grid connections, pipeline construction, and general construction – is impacted by the demand for construction projects across multiple markets including energy and infrastructure, commercial, and industrial. Any period of economic recession affecting the volume or size of those projects is likely to adversely impact our business. Many of the projects that require our services involve long timelines from conception to completion, and many of the services that we offer are required later in the project' s lifecycle. Consequently, some of our businesses experience the results of economic trends later in an economic cycle. The construction industry and individual markets within that industry have historically been vulnerable to macroeconomic downturns and we expect that will continue to be the case. The industry is traditionally cyclical in nature and economic downturns can adversely affect the willingness and ability of our customers to commit to capital expenditures. Such a decline would likely reduce the demand for certain of our services. The industries we serve can be seasonal, cyclical and affected by weather conditions at project sites and other variations, the combined effects of which can potentially delay cash flows and adversely impact our results of operations. Our revenue and results of operations can be subject to seasonal and other variations. These deviations are influenced by various factors, including weather, customer spending patterns, proposal seasons, project schedules, holidays, and timing, in particular, for large, non- recurring projects. In particular, many of the construction projects in North America that demand our services include significant outdoor work. As a result, seasonal changes and adverse weather conditions can adversely affect our business operations through declines in demand for our services and alterations and delays in applicable schedules. Adverse weather conditions can reduce demand for our services and reduce sales or render our contracting operations less efficient resulting in under- utilization of crews and equipment and lower contract profitability. Furthermore, the industries we serve can be cyclical in nature. Fluctuations in end- user demand within those industries, or in the supply of services within those industries, can affect demand for our services. As a result, our business may be adversely affected by industry declines or by delays in new projects. Variations or unanticipated changes in project schedules in connection with large projects can create fluctuations in revenue and could adversely affect our business, financial condition, results of operations and cash flows. A failure in the systems we construct and install, whether due to employee acts or omissions or faulty workmanship or design, may subject us to significant liability. Our business involves professional judgments regarding the planning, design, development, construction, operations and management of electric power transmission, communications and pipeline infrastructure. Because our projects are often technically complex, our failure to make judgments and recommendations in accordance with applicable professional standards, including engineering standards, could result in damages. A significantly adverse or catastrophic event at a project site or completed project resulting from the services we performed could result in significant professional or product liability, personal injury (including claims for loss of life) or property damage claims or other claims against us, as well as reputational harm. These liabilities could exceed our insurance limits or applicable indemnification rights and could impact our ability to obtain third- party insurance in the future. In addition, customers, subcontractors or suppliers who have agreed to indemnify us against any such liabilities or losses might refuse or be unable to pay us. An uninsured claim, either in part or in whole, if successful and of a material magnitude, could have a substantial impact on our business, financial condition, results of operations and cash flows. Because many of our services are intended to protect lives and real and personal property (e. g., alarm and fire safety systems, products and monitoring services) and many of our businesses perform services at large projects and industrial facilities where accidents or system failures could be disastrous and costly, we may have greater exposure to litigation risks than businesses that provide other services, whether as a result of employee acts or omissions, faulty construction or system failures. In the event of litigation, it is possible that any contract limitation provisions may be deemed inapplicable or unenforceable, that our insurance coverage is insufficient or that insurers may deny coverage of our claims. Any claim, regardless of its merit or eventual outcome, could result in substantial costs, divert management' s attention and create negative publicity, particularly for claims relating to environmental matters where the amount of the claim could be extremely large. Such claims could have a material adverse effect on our business, consolidated financial condition, results of operations and cash flows. If a customer or third party believes that he or she has suffered harm to person or property due to an actual or alleged act or omission of one or more of our employees, faulty construction, or a failure of a system we installed or maintained, then they may pursue legal action against us. Under our contracts with customers, we may guarantee the work performed against, among other things, defects in workmanship, and we may agree to indemnify our customers for losses related to our services and materials. As much of the work we perform is inspected by our customers for any defects in construction prior to acceptance of the project, the claims that we have historically received have not been substantial. Additionally, materials used in construction are often provided by the customer or are warranted against defects by the supplier. If customer claims occur, we generally would be obligated to re- perform the services and / or repair or replace the item and any other facilities impacted thereby, at our sole expense, and we could also be responsible for other damages if we are not able to adequately satisfy customer claims. In addition, we may be required under contractual arrangements with our customers to honor any defects or failures in materials we provide. While we generally require the materials suppliers to provide us warranties or indemnification that are consistent with those we provide to our customers, if any of these suppliers default on their obligations to us, we may incur costs to repair or replace the defective materials. Costs incurred as a result of claims could adversely affect our business, financial condition, results of operations and cash flows. Our failure to comply with environmental laws could result in significant liabilities and increased environmental regulations could result in increased costs. We often perform services in and around environmentally- sensitive areas. These areas include underground environments and areas in proximity to rivers, lakes, and wetlands. Likewise, we perform directional drilling operations below certain environmentally- sensitive terrains and water bodies. It is possible that such directional drilling may cause a surface fracture, resulting in the release of subsurface materials. These subsurface materials may contain contaminants in excess of amounts permitted by law, potentially exposing us to remediation costs and fines. Our work may also cause unanticipated environmental damage or risks to employees, customers, or public health. If the field location maps supplied to us are not accurate, or if objects are present in the soil that are not indicated on the field location maps, our underground work could strike objects in the soil, some of which may contain pollutants. These objects may also rupture, resulting in the discharge of pollutants. In such circumstances, we may be liable for fines and damages, and we may be unable to obtain reimbursement from the parties providing the incorrect information. Additionally, we own and lease several facilities at which we store our equipment. Some of these facilities contain fuel storage tanks that are above or below ground. If these tanks were to leak, we could be responsible for the cost of remediation as well as potential fines. This work subjects us to various environmental laws and regulations, including those dealing with the handling and disposal of waste products, PCBs, industrial chemicals, fuel storage, water quality and air quality. New laws and regulations, stricter enforcement of existing laws and regulations, the discovery of previously unknown contamination or leaks, the discovery of previously unknown risks of materials or chemicals, or the imposition of new clean- up requirements could require us to incur significant costs or become the basis for new or increased liabilities that could negatively impact our financial condition, results of operations, and cash flows. For example, in August 2022, the U. S. Environmental Protection Agency (" EPA ") issued a proposal that, if enacted, would designate two types of per- and poly- fluoroalkyl substances (" PFAS") as hazardous substances, which could lead to legal claims or other liabilities. In certain instances, we have obtained indemnification or covenants from third parties (including predecessors or lessors) for such clean- up and other obligations and liabilities. However, such third- party indemnities or covenants may not cover all of our costs and the indemnitors may not pay amounts owed to us, and such unanticipated obligations or liabilities, or future obligations and liabilities, may have a material adverse effect on our business, financial condition, results of operations and cash flows. Further, we cannot be certain that we will be able to identify or be indemnified for all potential environmental liabilities relating to any acquired business. Certain of our businesses are party to personal injury litigation and could be named as defendants in similar cases in the future related to our use or disposal of hazardous materials, which could adversely affect our financial condition, results of operations and cash flows. Certain of our businesses, along with numerous other third parties, are named as defendants in personal injury lawsuits based on alleged exposure to various hazardous materials, including asbestos and PFAS. Hazardous materials that are the subject of these lawsuits could in the future include, among others, asbestos, PFAS, silica or solvents that may be or may have been previously used in the course of our work. These cases typically involve product liability claims based primarily on allegations of sale, distribution, installation or use of industrial products that either contained hazardous materials or were used with hazardous material containing components. Allegations of the presence of or exposure to these types of hazardous materials could be the basis of additional third- party claims and lawsuits. It is uncertain whether we will be successful in litigating or otherwise resolving these types of claims and lawsuits in the future and we continue to evaluate different strategies related to claims filed against us. Unfavorable rulings, judgments or settlement terms in future cases could have a material adverse impact on our financial condition, results of operations, and cash flows. ~~Risks Related to Our Organizational Structure and Ownership of Our Stock~~ **RISKS RELATED TO OUR ORGANIZATIONAL STRUCTURE**

AND OWNERSHIP OF OUR STOCK We operate as a holding company and our principal source of operating cash is income received from our subsidiaries. We have a holding company structure and do not have any material assets or operations other than ownership of equity interests of our subsidiaries. Our operations are conducted almost entirely through our subsidiaries, and our ability to generate cash to meet our obligations or to pay dividends is highly dependent on the earnings of, and receipt of funds from, our subsidiaries through dividends or intercompany loans. As a result, we are dependent on the income generated by our subsidiaries to meet our expenses and operating cash requirements. The amount of distributions and dividends, if any, which may be paid from APG and its subsidiaries to us will depend on many factors, including APG' s results of operations and consolidated financial condition, its constitutional documents, documents governing any indebtedness of us or APG, limits on dividends under applicable law, and other factors which may be outside of our control. If our subsidiaries are unable to generate sufficient cash flow, we may be unable to pay our expenses or make distributions and dividends on the common stock. In addition, to the extent we intend to pay dividends on our common stock, we will pay such dividends at such times (if any) and in such amounts (if any) as the Board determines appropriate. We have equity instruments outstanding that would require us to issue additional shares of common stock. Therefore, you may experience significant dilution of your ownership interests and the future issuance of additional shares of our common stock, or the anticipation of such issuances, could have an adverse effect on our stock price. We have 4, 000, 000 shares of Series A Preferred Stock and 800, 000 shares of our 5. 5 % Series B Redeemable Convertible Preferred Stock (" Series B Preferred Stock"), which are convertible into shares of our common stock, at any time at the option of the holder. We will be obligated to pay dividends on our 4, 000, 000 outstanding shares of Series A Preferred Stock based on the market price of our common stock if such market price exceeds certain trading price minimums and we are obligated to pay dividends on our 800, 000 shares of Series B Preferred Stock on a quarterly basis at 5. 5 % per annum. These dividends are payable in cash or shares of our common stock, at our sole option. The issuance of common stock pursuant to the terms of the Preferred Stock will reduce (by the applicable proportion) the percentage stockholdings of those stockholders holding common stock prior to such issuance which may reduce your net return on your investment in our common stock. In addition, we have various outstanding equity awards to employees and directors under the APi Group Corporation 2019 Equity Incentive Plan. As of December 31, ~~2022~~ **2023** , we had ~~13~~ **12** , ~~574~~ **625** , ~~813~~ **337** shares of common stock available under this Plan. We may also issue additional shares of our common stock or other securities that are convertible into or exercisable for our common stock in connection with future acquisitions, future issuances of our securities for capital raising purposes or for other business purposes. For example, in September 2021, we issued 22, 716, 049 shares of common stock in an underwritten public offering for capital raising purposes. Future sales by us of substantial amounts of our common stock, or the perception that sales could occur, could have a material adverse effect on the price of our common stock. We may issue preferred stock in the future, and the terms of the preferred stock may reduce the value of our common stock. Under the terms of our certificate of incorporation, our Board of Directors is authorized to create and issue one or more additional series of preferred stock, and, with respect to each series, to determine number of shares constituting the series and the designations and the powers, preferences and rights, and the qualifications, limitations and restrictions thereof, which may include dividend rights, conversion or exchange rights, voting rights, redemption rights and terms and liquidation preferences, without stockholder approval. If we create and issue one or more additional series of preferred stock, it could affect your rights or reduce the value of our outstanding common stock. Our Board of Directors could, without stockholder approval, issue preferred stock with voting and other rights that could adversely affect the voting power of the holders of our common stock and which could have certain anti-takeover effects. For example, in connection with the Chubb Acquisition, in January 2022 we issued shares of Series B Preferred Stock which have quarterly dividend rights and are convertible into common stock. Delaware law and our organizational documents contain certain provisions, including anti- takeover provisions, which limit the ability of stockholders to take certain actions and could delay or discourage takeover attempts that stockholders may consider favorable. Our certificate of incorporation and bylaws, and the Delaware General Corporate Law (" DGCL "), contain provisions that could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by our Board of Directors and therefore depress the trading price of our common stock. These provisions could also make it difficult for stockholders to take certain actions, including electing directors who are not nominated by the current members of our Board of Directors or taking other corporate actions, including effecting changes in our management. These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our Board of Directors or management. In addition, Section 203 of the DGCL restricts certain " business combinations " with " interested stockholders " for three years following the date that a person becomes an interested stockholder unless: (1) the " business combination " or the transaction which caused the person or entity to become an interested stockholder is approved by the Board of Directors prior to such business combination or transactions; (2) upon the completion of the transaction in which the person or entity becomes an " interested stockholder, " such interested stockholder holds at least 85 % of our voting stock not including (i) shares held by officers and directors and (ii) shares held by employee benefit plans under certain circumstances; or (3) at or after the person or entity becomes an " interested stockholder, " the " business combination " is approved by the Board of Directors and holders of at least 66 2 / 3 % of the outstanding voting stock, excluding shares held by such interested stockholder. A Delaware corporation may elect not to be governed by Section 203. We have not made such an election. Our stockholders may be required to bring certain actions or proceedings relating to us in the Delaware Court of Chancery and certain actions asserting claims arising under the Securities Act in the federal district courts of the United States. Pursuant to our certificate of incorporation, unless we consent in writing to an alternative forum, the Delaware Court of Chancery is the sole and exclusive forum for: (1) derivative actions or proceedings brought on behalf of us; (2) actions asserting a claim of fiduciary duty owed by any of our directors, officers or employees to us or our stockholders; (3) civil actions to interpret, apply, enforce or determine the validity of the our certificate of incorporation or bylaws; or (4) actions asserting a claim governed by the internal affairs doctrine. Under our certificate of incorporation, if the Delaware Court of Chancery lacks jurisdiction over any of the foregoing actions or proceedings, then the sole and exclusive forum for such actions or proceedings will be another state or federal court located in the State of Delaware, as long as such court has jurisdiction over the parties. These Delaware forum provisions require our stockholders to bring certain types of actions and proceedings relating to Delaware law in the Delaware Court of Chancery or another state or federal court located in the State of Delaware and therefore may prevent our stockholders from bringing such actions or proceedings in another court that a stockholder may view as more convenient, cost- effective or advantageous to the stockholder or the claims made in such action or proceeding, or may discourage them from bringing such actions or proceedings. In addition, pursuant to our certificate of incorporation, unless we consent in writing to an alternative forum, the U. S. federal district courts will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for any action asserting a claim arising under the Securities Act. This forum provision prevents our stockholders from bringing claims arising under the Securities Act in state court, which court our stockholders may view as more convenient, cost effective or advantageous to the claims made in such action and therefore may discourage such actions. In addition, while the Delaware Supreme Court has recently upheld provisions of the certificates of incorporation of other Delaware corporations that are similar to this forum provision, a court of a state other than the State of Delaware could decide that such provisions are not enforceable under the laws of that state. Neither the Delaware nor the Securities Act forum provisions are intended by us to limit the forums available to our stockholders for actions or proceedings asserting claims arising under the Exchange Act. Our stock price may be volatile and, as a result, you could lose a significant portion or all of your investment. The market price of our common stock on the NYSE may fluctuate as a result of several factors, including the following: • our operating and financial performance and prospects; • variations in our quarterly operating results or those of other companies in our industries; • volatility in our industries, the industries of our customers and suppliers and the securities markets; • risks relating to our businesses and industries, including those discussed above; • strategic actions by us or our competitors; • damage to our reputation, including as a result of issues relating to the quality or safety of the services we provide and systems we install; • actual or expected changes in our growth rates or our competitors' growth rates; • investor perception of us, the industries in which we operate, the investment opportunity associated with the common stock and our future performance; • addition to or departure of our executive officers; • changes in financial estimates or publication of research reports by analysts regarding our common stock, other comparable companies, or our industries generally, or termination of coverage of our common stock by analysts; • our failure to meet estimates or forecasts made by analysts, if any; • trading volume of our common stock; • future sales of our common stock by us or our stockholders; • economic, legal and regulatory factors unrelated to our performance; • adverse or new pending litigation against us; or • issuance of future annual Series A Preferred Stock dividends and quarterly Series B Preferred Stock dividends which are intended to be settled in common stock. Furthermore, the stock markets often experience significant price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions or interest rate changes may cause the market price of our common stock to decline. ~~General Risk Factors~~ **GENERAL RISK FACTORS In the event of a cybersecurity incident, we could experience operational interruptions, incur substantial additional costs, become subject to legal or regulatory proceedings or suffer damage to our reputation.** In the event of a cybersecurity incident, we could experience operational interruptions, incur substantial additional costs, become subject to legal or regulatory proceedings or suffer damage to our reputation. In addition to the disruptions that may occur from interruptions in our information technology systems, cybersecurity threats and sophisticated and targeted cyberattacks pose a risk to our information technology systems and the systems that we design and install. We have established security policies, processes and defenses designed to help identify and protect against intentional and unintentional misappropriation or corruption of our information technology systems, disruption of our operations or the secure operation of the systems we install. Despite these efforts, our information technology systems may be damaged, disrupted or shut down due to attacks by unauthorized access, malicious software, computer viruses, undetected intrusion, hardware failures or other events, and in these circumstances our disaster recovery plans may be ineffective or inadequate. These breaches or intrusions could lead to business interruption, exposure of proprietary or confidential information, data corruption, damage to our reputation, exposure to legal and regulatory proceedings and other costs. Such events could have a material adverse impact on our consolidated financial condition, results of operations and cash flows. In addition, we could be adversely affected if any of our significant customers or suppliers experiences any similar events that disrupt their business operations or damage their reputation. We maintain monitoring practices and protections of our information technology to reduce these risks and test our systems on an ongoing basis for potential threats. There can be no assurance, however, that our efforts will prevent the risk of a security breach of our databases or systems that could adversely affect our business. Data privacy, identity protection and information security compliance may require significant resources and presents certain risks. We maintain confidential data and information (inclusive of personal data and third- party confidential information) in the normal course of our business. We also maintain personal data, including sensitive types of data such as audio recordings of telephone calls and video images and footage of customer sites and personnel. We also partner with third- party data processors that collect, store, have access to and otherwise process such confidential data and information on our behalf. This confidential data and information is subject to data privacy and security laws, regulations and / or customer- imposed requirements. Despite our efforts to protect that data, our business and systems may be vulnerable to material security breaches, theft, misplaced or lost data, programming errors, or errors that could potentially lead to compromising such data, improper use of our systems, software solutions or networks, unauthorized access, use, disclosure, modification or destruction of information and operational disruptions. A significant actual or perceived risk of theft, loss, fraudulent use or misuse of customer, employee or other data, whether by us, our suppliers, vendors, customers or other third parties, as a result of employee error or malfeasance, or as a result of the imaging, software, security and other products we incorporate into the products we install or the services we provide, as well as non- compliance with applicable industry standards or our contractual or other legal obligations or privacy and information- security policies regarding such data, could result in costs, fines, litigation or regulatory actions, or could lead customers to seek the services of our competitors. In addition, any such event could harm our reputation, cause unfavorable publicity or otherwise adversely affect certain potential customers' perception of the security and reliability of our services and the products we install as well as our credibility and reputation, which could result in lost revenues. Furthermore, we operate in an environment in which there are different and potentially conflicting data privacy laws in effect in the various U. S. states and foreign jurisdictions in which we operate, we must understand and comply with each law and standard in each of these jurisdictions while ensuring the data is secure and we could be subject to potentially substantial fines and penalties for non-compliance for major breach, theft or loss of personal data. For example, under the E. U. General Data Protection Regulation (" GDPR ") and U. K. General Data Protection Regulation (" UK GDPR") companies must meet certain requirements regarding the handling of personal data or face penalties of up to 4 % of worldwide revenue. Furthermore, the collection and safeguarding of personal information has increasingly attracted enhanced scrutiny from the general public in the United States, which has resulted in additional actual and proposed legislative and regulatory rules at the federal and state levels (e. g., the California Consumer Privacy Act of 2018 and California' s Proposition 24 of 2020). Government enforcement actions can be costly and interrupt the regular operation of our business, and violations of data privacy laws can result in fines, reputational damage and civil lawsuits, any of which may adversely affect our business, reputation and financial results. The E. U.- U. S. and the Swiss-U. S. Privacy Shield frameworks were developed to allow the free flow of personal data to U. S. companies from the E. U. and Switzerland. The E. U.- U. S. Privacy Shield was declared invalid in 2021 as a consequence of the Schrems II decision of the Court of Justice of the E. U. In consequence, the Swiss Federal Data Protection and Information Commissioner issued a statement arguing that the Swiss- U. S. Privacy Shield is no longer regarded as providing an adequate level of date protection for transfers of personal data from Switzerland to the U. S. The European Commission and the U. S. government are currently involved in negotiations on a potential successor arrangement for the E. U.- U. S. Privacy Shield. The uncertainty this brings, together with the potential for future additional compliance obligations, could cause us to incur costs or require us to change our business practices in a manner adverse to our business, and failure to comply could result in significant penalties that may adversely affect our business, reputation, and financial results. Changes in accounting principles may cause unexpected fluctuations in our reported financial information. Accounting rules and regulations are subject to review and interpretation by the Financial Accounting Standards Board (the " FASB "), the SEC and various other governing bodies. A change in GAAP could have a significant effect on our reported financial results. Additionally, the adoption of new or revised accounting principles could require that we make significant changes to our systems, processes and controls. We cannot predict the effect of future changes to accounting principles, which could have a significant effect on our financial condition, results of operations, and cash flows. The loss of key senior management personnel or the failure to hire and retain highly skilled personnel could negatively affect our business. We depend on our senior management and other key personnel to operate our businesses. We also rely on other highly skilled personnel. Competition for qualified personnel in our industries, especially with respect to specialized projects or unique skill sets in applicable trades, is intense. The loss of any of our executive officers or other key employees or the inability to identify, hire, train, retain, and manage skilled personnel, could harm our business. Increases in healthcare costs could adversely affect our financial results. The costs of providing employee medical benefits have steadily increased over a number of years due to, among other things, rising healthcare costs and legislative requirements. Because of the complex nature of healthcare laws, as well as periodic healthcare reform legislation adopted by Congress, state legislatures, and municipalities, we cannot predict with certainty the future effect of these laws on our healthcare costs. Continued increases in healthcare costs or additional costs created by future health care reform laws adopted by Congress, state legislatures, or municipalities could adversely affect our consolidated results of operations and financial position. We are subject to many laws and regulations in the jurisdictions in which we operate, and changes to such laws and regulations may result in additional costs and impact our operations. We are committed to upholding the highest standards of corporate governance and legal compliance. We are subject to many laws and regulations in the jurisdictions in which we operate. We expect to be subject to various laws and regulations that apply specifically to U. S. public companies. These include the rules and regulations of the New York Stock Exchange, the Sarbanes- Oxley Act, and the Dodd- Frank Wall Street Reform and Consumer Protection Act, as well as the various regulations, standards and guidance put forth by the SEC and other governmental agencies to implement those laws. New laws, rules and regulations, or changes to existing laws or their interpretations, could create added legal and financial costs and uncertainty for us. In addition, our international operations are subject to laws and regulations that are in some cases different from those of the United States, including labor laws and laws and regulations governing information collected from employees, customers and others, including without limitation GDPR. These laws and regulations, and the economic, financial, political and regulatory impact of the U. K.' s decision to leave the European Union, could increase the cost and complexity of doing business in the U. K. and negatively impact our financial position and results of operations.