

Risk Factors Comparison 2024-02-06 to 2023-02-08 Form: 10-K

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Set forth below are certain risks and uncertainties that could adversely affect our results of operations or financial condition and cause our actual results to differ materially from those expressed in forward- looking statements made by the Company. Also refer to the Cautionary Statement Regarding Forward- Looking Information in this Annual Report. Risks Related to Business Environment and Economic Conditions Disruptions in the supply of raw materials and other supplies that we and our customers use in our products may adversely affect our profitability. We and our customers use a broad range of materials and supplies, including copper and other metals, petroleum- based resins, chemicals, electronic components and semiconductors. A significant disruption in the supply of these materials for any reason could decrease our production and shipping levels, which could materially increase our operating costs and materially decrease our profit margins. We, as with other component manufacturers in the automotive industry, ship products to our customers' vehicle assembly plants throughout the world so they are delivered on a " just- in- time " basis in order to maintain low inventory levels. Our suppliers also use a similar method. However, this " just- in- time " method makes the logistics supply chain in our industry very complex and very vulnerable to disruptions. Such disruptions could be caused by any one of a myriad of potential problems, such as closures of one of our or our suppliers' plants or critical manufacturing lines due to strikes, mechanical breakdowns or failures, electrical outages, fires, explosions ~~or,~~ political upheaval, **terrorism or war, material shortages**, as well as logistical complications due to weather, global climate change, volcanic eruptions, or other natural or nuclear disasters, delayed customs processing, the spread of an infectious disease, virus or other widespread illness and more. Additionally, as we focus operations in best cost countries, the risk for such disruptions is heightened. The lack of any single subcomponent necessary to manufacture one of our products could force us to cease production, potentially for a prolonged period. Similarly, a potential quality issue could force us to halt deliveries while we validate the products. Even where products are ready to be shipped, or have been shipped, delays may arise before they reach our customer. Our customers may halt or delay their production for the same reason if one of their other suppliers fails to deliver necessary components. This may cause our customers, in turn to suspend their orders, or instruct us to suspend delivery, of our products, which may adversely affect our financial performance. When we fail to make timely deliveries in accordance with our contractual obligations, we generally have to absorb our own costs for identifying and solving the " root cause " problem as well as expeditiously producing replacement components or products. Generally, we must also carry the costs associated with " catching up, " such as overtime and premium freight. Additionally, if we are the cause for a customer being forced to halt production, the customer may seek to recoup all of its losses and expenses from us. These losses and expenses could be significant, and may include consequential losses such as lost profits. Any supply- chain disruption, however small, could potentially cause the complete shutdown of an assembly line of one of our customers, and any such shutdown that is due to causes that are within our control could expose us to material claims of compensation. Where a customer halts production because of another supplier failing to deliver on time, there can be no assurance we will be fully compensated, if at all. Due to various factors that are beyond our control, there ~~are currently have been~~ global supply chain disruptions **at times during recent years**, including a worldwide semiconductor supply shortage. The semiconductor supply shortage **impacted**, ~~due in part to increased demand across multiple industries, is impacting~~ production in automotive and other industries. ~~We anticipate these supply chain disruptions will persist in 2023.~~ We, along with most automotive component manufacturers that use semiconductors, have ~~been~~ **suffered interruptions in our production and were** unable to fully meet the vehicle production demands of OEMs **at times over the last several years** because of events which are outside our control, including but not limited to, the COVID- 19 pandemic, the global semiconductor shortage, fires in our suppliers' facilities, unprecedented weather events ~~in the southwestern United States,~~ and other extraordinary events. Although we ~~work~~ **are working** closely with suppliers and customers to minimize any **supply disruptions** ~~potential adverse impacts of these events~~, some of our customers have indicated that they expect us to bear at least some responsibility for their lost production and other costs. While no assurances can be made as to the ultimate outcome of these customer expectations or any other future claims, we do not currently believe a loss is probable. We will continue to actively monitor ~~our global all direct and indirect potential impacts of these supply chain disruptions,~~ and will seek to aggressively mitigate and minimize ~~their-- the~~ impact **of any future disruptions** on our business. In addition, we are carrying critical inventory items and key components, and we continue to procure productive, raw material and non- critical inventory components in order to satisfy our customers' vehicle production schedules. However, as a result of our customers' recent production volatility and cancellations, our balance of productive, raw and component material inventories has increased substantially from customary levels as of ~~both~~ December 31, **2023 and 2022 and 2021**. We will continue to actively monitor and manage inventory levels across all inventory types in order to maximize both supply continuity and the efficient use of working capital. ~~The extent to which~~ **Public health crises and other global health pandemics, epidemics and disease outbreaks and the measures taken in response thereto could adversely impact our business, financial condition, results of operations and cash flows. A significant public health crisis, such as** the COVID- 19 pandemic, **could adversely** ~~including its variants, and measures taken in response thereto impact our business , financial condition, results of operations and cash flows will depend on future developments, which are highly uncertain and difficult to predict. The global spread of COVID- 19, which originated in late 2019 and was~~ **as well as** later declared a pandemic by the ~~those~~ World Health Organization in March 2020, negatively impacted the global economy, disrupted supply chains and created significant volatility in global financial markets in 2020 with various adverse impacts continuing to date. The direct adverse impacts of **our suppliers and customers. For example,** the COVID- 19 pandemic **caused** on Aptiv, which primarily affected us in the first half of 2020,

included extended work stoppages and, travel restrictions at our facilities and those of our customers and suppliers, decreases and volatility in consumer demand and vehicle production schedules, disruptions to our supply chain and other adverse global economic impacts, particularly, **Any future significant public health crisis could adversely impact these -- the global economy, our industry and the overall demand for our products. In addition, preventative or reactionary measures taken by governmental authorities may disrupt the ability of our employees, suppliers and other business partners to perform their respective functions and obligations relative to the conduct of our business. Our ability to predict and respond to future changes** resulting from **potential health crises is uncertain as are** temporary governmental “lockdown” orders for all non-essential activities, initially in the first quarter of 2020 in China and subsequently in Europe, North America and South America. During the second half of 2020, many of these -- **the ultimate potential** impacts **on our business** abated, resulting in increased sales and profitability from the levels observed earlier in 2020. In 2021-2023, our manufacturing facilities were not impacted by prolonged shutdowns directly resulting from **any public health crises the COVID-19 pandemic. In Beginning late in the first quarter of 2022 and continuing into the second quarter, various regions certain of our operations** in China; including regions where Aptiv has operations, were subjected to **impacted by** lockdowns imposed by governmental authorities to mitigate the spread of COVID-19. In response, **resulting** our manufacturing facilities located in these areas implemented measures designed to minimize the impacts of any shutdowns. Despite these measures, industry-wide production interruptions adversely impacted our sales and profitability beginning at the end of the first quarter and continuing throughout much of the second quarter. Most of the lockdowns were eased in China late in the second quarter, however many lockdowns were re-imposed and production was once again adversely impacted for portions of the fourth quarter of 2022. Estimated total indirect and direct adverse impacts to revenue as a result of these lockdowns during 2022 was approximately \$ 270 million **during the year ended December 31, 2022**. The **extent to which** overall duration and impact, as well as possible recurrence, of these lockdowns in China or other regions, or other measures aimed at containing and mitigating the effects of the pandemic, including renewed travel bans and restrictions, quarantines, social distancing orders, “lockdown” orders and shutdowns of non-essential activities, remain uncertain and may adversely impact our results of operations and cash flows in future periods. Other than these production interruptions in China, our manufacturing facilities were not impacted by prolonged shutdowns directly resulting from the COVID-19 pandemic **or similar significant health crises will impact our business** in 2022. Due to the continuing uncertainties of the COVID-19 pandemic, including potential future governmental actions and economic impacts, it is **uncertain** possible that these adverse impacts could reoccur, resulting in further adverse impacts on our future operating earnings and cash flows. In addition, to the extent the factors indicated above **such significant health crises may** adversely affect our business, financial condition, results of operations and cash flows, they may also have the effect of heightening many of the other risk factors in this section. The cyclical nature of automotive sales and production can adversely affect our business. Our business is directly related to automotive sales and automotive vehicle production by our customers. Automotive sales and production are highly cyclical and, in addition to general economic conditions, also depend on other factors, such as consumer confidence and consumer preferences. Lower global automotive sales would be expected to result in substantially all of our automotive OEM customers lowering vehicle production schedules, which has a direct impact on our earnings and cash flows. In addition, automotive sales and production can be affected by labor relations issues, regulatory requirements, trade agreements, the availability of consumer financing, inflationary pressures, interest rate volatility, supply chain disruptions and other factors, including global health crises, **such as the COVID-19 pandemic**. Economic declines that result in a significant reduction in automotive sales and production by our customers have in the past had, and may in the future have, an adverse effect on our business, results of operations and financial condition. Our sales are also affected by inventory levels and OEMs’ production levels. We cannot predict when OEMs will decide to increase or decrease inventory levels or whether new inventory levels will approximate historical inventory levels. Uncertainty and other unexpected fluctuations could have a material adverse effect on our business and financial condition. A prolonged economic downturn or economic uncertainty could adversely affect our business and cause us to require additional sources of financing, which may not be available. Our sensitivity to economic cycles and any related fluctuation in the businesses of our customers or potential customers may have a material adverse effect on our financial condition, results of operations or cash flows. Global automotive vehicle production increased **5-9 % (5-10 %** on an Aptiv weighted market basis, which represents global vehicle production weighted to the geographic regions in which the Company generates its revenue) from 2021 to 2022 **to 2023**, reflecting increased vehicle production of **13 % in Europe, 10 % in China, 9 % in** North America, **3 % in China** and **8 % flat production** in South America, our smallest region, **and a decrease of 1 % in Europe**. Uncertainty relating to global or regional economic conditions may have an adverse impact on our business. A prolonged downturn in the global or regional automotive industry, or a significant change in product mix due to consumer demand, could require us to shut down plants or result in impairment charges, restructuring actions or changes in our valuation allowances against deferred tax assets, which could be material to our financial condition and results of operations. If global economic conditions deteriorate or economic uncertainty increases, our customers and potential customers may experience deterioration of their businesses, which may result in the delay or cancellation of plans to purchase our products. If vehicle production were to remain at low levels for an extended period of time or if cash losses for customer defaults rise, our cash flow could be adversely impacted, which could result in our needing to seek additional financing to continue our operations. There can be no assurance that we would be able to secure such financing on terms acceptable to us, or at all. A drop in the market share and changes in product mix offered by our customers can impact our revenues. We are dependent on the continued growth, viability and financial stability of our customers. Our customers generally are OEMs in the automotive industry. This industry is subject to rapid technological change, vigorous competition, cyclical and short product life cycles, reduced consumer demand patterns and industry consolidation. When our customers are adversely affected by these factors, we may be similarly affected to the extent that our customers reduce the volume of orders for our products. As a result of changes impacting our customers, sales mix can shift which may have either favorable or unfavorable impacts on our revenues and would include shifts

in regional growth, shifts in OEM sales demand, as well as shifts in consumer demand related to vehicle segment purchases and content penetration. For instance, a shift in sales demand favoring a particular OEMs' vehicle model for which we do not have a supply contract may negatively impact our revenue. A shift in regional sales demand toward certain markets could favorably impact the sales of those of our customers that have a large market share in those regions, which in turn would be expected to have a favorable impact on our revenue. The mix of vehicle offerings by our OEM customers also impacts our sales. A decrease in consumer demand for specific types of vehicles where we have traditionally provided significant content could have a significant effect on our business and financial condition. **For example, while we have identified high voltage electrification systems as a key product market, certain of our OEM customers have recently announced delays in their electric vehicle investment strategies amidst reduced expectations for future consumer demand for these products, which could adversely impact the growth of this product market within our business.** Our sales of products in the regions in which our customers operate also depend on the success of these customers in those regions. We operate in the highly competitive automotive technology and component supply industry, and are dependent on the acceptance of new product introductions for continued growth. The global automotive technology and component supply industry is highly competitive. Competition is based primarily on price, technology, quality, delivery and overall customer service. There can be no assurance that our products will be able to compete successfully with the products of our competitors. Furthermore, the rapidly evolving nature of the markets in which we compete has attracted, and may continue to attract, new and disruptive entrants from outside the traditional automotive supply industry, particularly in countries such as China or in areas of evolving vehicle technologies such as automated driving technologies and advanced software. These entrants may seek to gain access to certain vehicle technology and component markets. Any of these new competitors may develop and introduce technologies that gain greater customer or consumer acceptance, which could adversely affect the future growth of the Company. Additionally, consolidation in the automotive industry may lead to decreased product purchases from us. As a result, our sales levels and margins could be adversely affected by pricing pressures from OEMs and pricing actions of competitors. These factors led to selective resourcing of business to competitors in the past and may also do so in the future. In addition, any of our competitors may foresee the course of market development more accurately than us, develop products that are superior to our products, have the ability to produce similar products at a lower cost than us, adapt more quickly than us to new technologies or evolving customer requirements or develop or introduce new products or solutions before we do, particularly related to potential transformative technologies such as autonomous driving solutions. As a result, our products may not be able to compete successfully with their products. These trends may adversely affect our sales as well as the profit margins on our products. If we do not continue to innovate to develop or acquire new and compelling products that capitalize upon new technologies, this could have a material adverse impact on our results of operations. If we do not respond appropriately, the evolution of the automotive industry towards autonomous vehicles and mobility on demand services could adversely affect our business. The automotive industry is increasingly focused on the development of advanced driver assistance technologies, with the goal of developing and introducing a commercially- viable, fully automated driving experience. The high development cost of active safety and autonomous driving technologies may result in a higher risk of exposure to the success of new or disruptive technologies different than those being developed by us. There has also been an increase in consumer preferences for mobility on demand services, such as car- and ride- sharing, as opposed to automobile ownership, which may result in a long- term reduction in the number of vehicles per capita. These evolving areas have also attracted increased competition from entrants outside the traditional automotive industry. If we do not continue to respond quickly and effectively to this evolutionary process, our results of operations could be adversely impacted. We have invested substantial resources in markets and technologies where we expect growth and we may be unable to timely alter our strategies should such expectations not be realized. Our future growth is dependent on our making the right investments at the right time to support product development and manufacturing capacity in geographic areas where we can support our customer base and in product areas of evolving vehicle technologies. We have identified the Asia Pacific region, and more specifically China, as a key geographic market, and have identified intelligent systems software, advanced driver assistance systems, autonomous driving technologies, mobility solutions and high voltage electrification systems as key product markets. We believe these markets are likely to experience substantial long- term growth, and accordingly have made and expect to continue to make substantial investments, both directly and through participation in various partnerships and joint ventures, in numerous manufacturing operations, technical centers, research and development activities and other infrastructure to support anticipated growth in these areas. If we are unable to deepen existing and develop additional customer relationships in the Asia Pacific region, or if we are unable to develop and introduce market- relevant advanced driver assistance or autonomous driving technologies, we may not only fail to realize expected rates of return on our existing investments, but we may incur losses on such investments and be unable to timely redeploy the invested capital to take advantage of other markets or product categories, potentially resulting in lost market share to our competitors. Our results will also suffer if these areas do not grow as quickly as we anticipate. We may not be able to respond quickly enough to changes in regulations, technology and technological risks, and to develop our intellectual property into commercially viable products. Changes in legislative, regulatory or industry requirements or in competitive technologies may render certain of our products obsolete or less attractive. Our ability to anticipate changes in technology and regulatory standards and to successfully develop and introduce new and enhanced products on a timely basis are significant factors in our ability to remain competitive and to maintain or increase our revenues. For example, the evolving sector of automated driver assistance and autonomous driving technologies has led to guidance issued by the U. S. Department of Transportation (" DOT ") regarding best practices for the testing and deployment of automated driving systems, and outlining federal and state roles in the regulation of these systems, including providing state legislatures with best practices on how to safely foster the development and introduction of automated driving technologies onto public roads. There remains potential for the continued introduction of new and expanded regulations in this space, including potential requirements for autonomous vehicle systems to receive approval from the DOT or other

regulatory agencies prior to commercial introduction. It is also possible that regulations in this space may diverge among jurisdictions, leading to increased compliance costs. We cannot provide assurance that certain of our products will not become obsolete or that we will be able to achieve the technological advances that may be necessary for us to remain competitive and maintain or increase our revenues in the future. We are also subject to the risks generally associated with new product introductions and applications, including lack of market acceptance, delays in product development or production and failure of products to operate properly. The pace of our development and introduction of new and improved products depends on our ability to implement improved technological innovations in design, engineering and manufacturing, which requires extensive capital investment. Any capital expenditure cuts in these areas that we may determine to implement in the future to reduce costs and conserve cash could reduce our ability to develop and implement improved technological innovations, which may materially reduce demand for our products. To compete effectively in the automotive technology and components industry, we must be able to launch new products to meet changing consumer preferences and our customers' demand in a timely and cost-effective manner. Our ability to respond to competitive pressures and react quickly to other major changes in the marketplace, including the potential introduction of disruptive technologies such as autonomous driving solutions or consumer desire for and availability of vehicles with advanced driver assistance technologies or which use alternative fuels is also a risk to our future financial performance. We cannot provide assurance that we will be able to install and certify the equipment needed to produce products for new product programs in time for the start of production, or that the transitioning of our manufacturing facilities and resources to full production under new product programs will not impact production rates or other operational efficiency measures at our facilities. Development and manufacturing schedules are difficult to predict, and we cannot provide assurance that our customers will execute on schedule the launch of their new product programs, for which we might supply products. Our failure to successfully launch new products, or a failure by our customers to successfully launch new programs, could adversely affect our results. Certain of our businesses rely on relationships with collaborative partners and other third- parties for development of ~~certain~~ products and potential products, and such collaborative partners or other third- parties could fail to perform sufficiently. We believe that for certain of our businesses, success in developing market- relevant products depends in part on our ability to develop and maintain collaborative relationships with other companies. In particular, Motional is dependent on the success of our relationship with Hyundai, our joint venture partner. There are certain risks involved in such relationships, as our collaborative partners may not devote sufficient resources to the success of our collaborations; may be acquired by other companies and subsequently terminate our collaborative arrangement; may compete with us; may not agree with us on key details of the collaborative relationship; or may not agree to renew existing collaborations on acceptable terms. Because these and other factors may be beyond our control, the development or commercialization of our products involved in collaborative partnerships may be delayed or otherwise adversely affected. If we or any of our collaborative partners terminate a collaborative arrangement, we may be required to devote additional resources to product development and commercialization or may need to cancel certain development programs, which could adversely affect our business and operational results. Declines in the market share or business of our five largest customers may adversely impact our revenues and profitability. Our five largest customers accounted for approximately ~~39-40~~ % of our total net sales for the year ended December 31, ~~2022-2023~~. Accordingly, our revenues may be adversely affected by decreases in any of their businesses or market share. For instance, the ~~COVID-19 pandemic and the~~ worldwide semiconductor shortage ~~have~~ adversely impacted the automotive industry in recent years resulting in reduced vehicle production schedules and sales from historical levels, which adversely impacted our financial condition, operating results and cash flows for portions of the years ended December 31, ~~2023, 2022,~~ and 2021. **In addition, certain United Automobile, Aerospace and Agricultural Implement Workers of America (" UAW ") represented employees at General Motors (" GM ") , Ford Motor Company (" Ford ") and Stellantis N. V. (" Stellantis ") initiated labor strikes in September 2020-2023 , lasting more than six weeks in duration. As GM, Ford and Stellantis are among our largest customers, these labor strikes adversely impacted our financial condition, operating results and cash flows for the year ended December 31, 2023**. Furthermore, because our customers typically have no obligation to purchase a specific quantity of parts, a decline in the production levels of any of our major customers, particularly with respect to models for which we are a significant supplier, could reduce our sales and thereby adversely affect our financial condition, operating results and cash flows. Our business in China is subject to aggressive competition and is sensitive to economic and market conditions. Maintaining a strong position in the Chinese market is a key component of our global growth strategy. The automotive technology and components market in China is highly competitive, with competition from many of the largest global manufacturers and numerous smaller domestic manufacturers. As the size of the Chinese market continues to increase over the long- term, we anticipate that additional competitors, both international and domestic, will seek to enter the Chinese market and that existing market participants will act aggressively to increase their market share. Increased competition may result in price reductions, reduced margins and our inability to gain or hold market share. Additionally, there have been periods of increased market volatility and moderations in the level of economic growth in China, which resulted in periods of lower automotive production growth rates in China than those previously experienced. Our business in China is sensitive to economic and market conditions that drive automotive sales volumes in China and may be impacted if there are reductions in vehicle demand in China. For example, in 2022, various regions in China, including regions where Aptiv has operations, were subjected to lockdowns imposed by governmental authorities to mitigate the spread of COVID- 19, which resulted in industry- wide production interruptions during portions of the year. Estimated total indirect and direct adverse impacts to revenue as a result of these lockdowns during 2022 was approximately \$ 270 million. If we are unable to maintain our position in the Chinese market or if vehicle sales in China continue to experience minimal growth or decrease, our business and financial results could be materially adversely affected. We may not realize sales represented by awarded business. We estimate awarded business using certain assumptions, including projected future sales volumes. Our customers generally do not guarantee volumes. In addition, awarded business may include business under arrangements that our customers have the right to terminate without penalty.

Therefore, our actual sales volumes, and thus the ultimate amount of revenue that we derive from such sales, are not committed. If actual production orders from our customers are not consistent with the projections we use in calculating the amount of our awarded business, we could realize substantially less revenue over the life of these projects than the currently projected estimate. Continued pricing pressures, OEM cost reduction initiatives and the ability of OEMs to re-source or cancel vehicle programs may result in lower than anticipated margins, or losses, which may have a significant negative impact on our business. Cost-cutting initiatives adopted by our customers result in increased downward pressure on pricing. Our customer supply agreements generally require step-downs in component pricing over the period of production, typically one to three percent per year. In addition, our customers often reserve the right to terminate their supply contracts for convenience, which enhances their ability to obtain price reductions. OEMs have also possessed significant leverage over their suppliers, including us, because the automotive technology and component supply industry is highly competitive, serves a limited number of customers, has a high fixed cost base and historically has had excess capacity. Based on these factors, and the fact that our customers' product programs typically last a number of years and are anticipated to encompass large volumes, our customers are able to negotiate favorable pricing. Accordingly, as a Tier I supplier, we are subject to substantial continuing pressure from OEMs to reduce the price of our products. For example, our customer supply agreements generally provide for annual reductions in pricing of our products over the period of production. It is possible that pricing pressures beyond our expectations could intensify as OEMs pursue restructuring and cost-cutting initiatives. If we are unable to generate sufficient production cost savings in the future to offset price reductions, our gross margin and profitability would be adversely affected. See Item 1. Supply Relationships with Our Customers for a detailed discussion of our supply agreements with our customers. Our supply agreements with our OEM customers are generally requirements contracts, and a decline in the production requirements of any of our customers, and in particular our largest customers, could adversely impact our revenues and profitability. We receive OEM purchase orders for specific components supplied for particular vehicles. In most instances our OEM customers agree to purchase their requirements for specific products but are not required to purchase any minimum amount of products from us. The contracts we have entered into with most of our customers have terms ranging from one year to the life of the model (usually three to seven years, although customers often reserve the right to terminate for convenience). Therefore, a significant decrease in demand for certain key models or group of related models sold by any of our major customers or the ability of a manufacturer to re-source and discontinue purchasing from us, for a particular model or group of models, could have a material adverse effect on us. To the extent that we do not maintain our existing level of business with our largest customers because of a decline in their production requirements or because the contracts expire or are terminated for convenience, we will need to attract new customers or win new business with existing customers, or our results of operations and financial condition will be adversely affected. See Item 1. Supply Relationships with Our Customers for a detailed discussion of our supply agreements with our customers. Adverse developments affecting one or more of our suppliers could harm our profitability. Any significant disruption in our supplier relationships, particularly relationships with sole-source suppliers, could harm our profitability. Furthermore, some of our suppliers may not be able to handle commodity cost volatility and / or sharply changing volumes while still performing as we expect. To the extent our suppliers experience supply disruptions, there is a risk for delivery delays, production delays, production issues or delivery of non-conforming products by our suppliers. Even where these risks do not materialize, we may incur costs as we try to make contingency plans for such risks. The loss of business with respect to, or the lack of commercial success of, a vehicle model for which we are a significant supplier could adversely affect our financial performance. Although we receive purchase orders from our customers, these purchase orders generally provide for the supply of a customer's requirements for a particular vehicle model and assembly plant, rather than for the purchase of a specific quantity of products. The loss of business with respect to, or the lack of commercial success of, a vehicle model for which we are a significant supplier could reduce our sales and thereby adversely affect our financial condition, operating results and cash flows. Increases in costs of the materials and other supplies that we use in our products may have a negative impact on our business. Significant changes in the markets where we purchase materials, components and supplies for the production of our products may adversely affect our profitability, particularly in the event of significant increases in demand where there is not a corresponding increase in supply, inflation or other pricing increases. In recent periods there have been significant fluctuations in the global prices of copper, petroleum-based resin products, semiconductors and fuel charges, which have had and may continue to have an unfavorable impact on our business, results of operations or financial condition. We will continue efforts to pass some supply and material cost increases onto our customers, although competitive and market pressures have limited our ability to do that, particularly with U. S. OEMs, and may prevent us from doing so in the future, because our customers are generally not obligated to accept price increases that we may desire to pass along to them. Even where we are able to pass price increases through to the customer, in some cases there is a lapse of time before we are able to do so. The inability to pass on price increases to our customers when raw material prices increase rapidly or to significantly higher than historic levels could adversely affect our operating margins and cash flow, possibly resulting in lower operating income and profitability. We expect to be continually challenged as demand for our principal raw materials and other supplies, including electronic components, is significantly impacted by demand in key growth markets, particularly in China. We cannot provide assurance that fluctuations in commodity prices will not otherwise have a material adverse effect on our financial condition or results of operations, or cause significant fluctuations in quarterly and annual results of operations. Our hedging activities to address commodity price fluctuations may not be successful in offsetting future increases in those costs or may reduce or eliminate the benefits of any decreases in those costs. In order to mitigate short-term volatility in operating results due to the aforementioned commodity price fluctuations, we hedge a portion of near-term exposure to certain raw materials used in production. The results of our hedging practice could be positive, neutral or negative in any period depending on price changes in the hedged exposures. Our hedging activities are not designed to mitigate long-term commodity price fluctuations and, therefore, will not protect from long-term commodity price increases. Our future hedging positions may not correlate to actual raw material costs, which could

cause acceleration in the recognition of unrealized gains and losses on hedging positions in operating results. We may encounter manufacturing challenges. The volume and timing of sales to our customers may vary due to: variation in demand for our customers' products; our customers' attempts to manage their inventory; design changes; changes in our customers' manufacturing strategy; our customers' production schedules; acquisitions of or consolidations among customers; and disruptions in the supply of raw materials or other supplies used in our customers' products. Due in part to these factors, many of our customers do not commit to long- term production schedules. Our inability to forecast the level of customer orders with certainty makes it difficult to schedule production and maximize utilization of manufacturing capacity. We rely on third- party suppliers for components used in our products, and we rely on third- party manufacturers to manufacture certain of our assemblies and finished products. Our results of operations, financial condition and cash flows could be adversely affected if our third- party suppliers lack sufficient quality control or if there are significant changes in their financial or business condition. If our third- party manufacturers fail to deliver products, parts and components of sufficient quality on time and at reasonable prices, we could have difficulties fulfilling our orders, sales and profits could decline, and our commercial reputation could be damaged. From time to time, we have underutilized our manufacturing lines. This excess capacity means we incur increased fixed costs in our products relative to the net revenue we generate, which could have an adverse effect on our results of operations, particularly during economic downturns. If we are unable to improve utilization levels for these manufacturing lines and correctly manage capacity, the increased expense levels will have an adverse effect on our business, financial condition and results of operations. In addition, some of our manufacturing lines are located in China or other countries that are subject to a number of additional risks and uncertainties, including increasing labor costs, which may result from market demand or other factors, and political, social and economic instability. Changes in factors that impact the determination of our non- U. S. pension liabilities may adversely affect us. Certain of our non- U. S. subsidiaries sponsor defined benefit pension plans, which generally provide benefits based on negotiated amounts for each year of service. Our primary funded non- U. S. plans are located in Mexico and the United Kingdom and were underfunded by \$ ~~73-104~~ million as of December 31, ~~2022-2023~~. The funding requirements of these benefit plans, and the related expense reflected in our financial statements, are affected by several factors that are subject to an inherent degree of uncertainty and volatility, including governmental regulation. In addition to the defined benefit pension plans, we have retirement obligations driven by requirements in many of the countries in which we operate. These legally required plans require payments at the time benefits are due. Obligations, net of plan assets, related to these non- U. S. defined benefit pension plans and statutorily required retirement obligations totaled \$ ~~344-405~~ million at December 31, ~~2022-2023~~, of which \$ 18 million is included in accrued liabilities, \$ ~~351-415~~ million is included in long- term liabilities and \$ ~~25-28~~ million is included in long- term assets in our consolidated balance sheets. Key assumptions used to value these benefit obligations and the cost of providing such benefits, funding requirements and expense recognition include the discount rate and the expected long- term rate of return on pension assets. If the actual trends in these factors are less favorable than our assumptions, this could have an adverse effect on our results of operations and financial condition. We may suffer future asset impairment and other restructuring charges, including write downs of long- lived assets, goodwill, or intangible assets. We have taken, are taking, and may take future restructuring actions to realign and resize our production capacity and cost structure to meet current and projected operational and market requirements. Charges related to these actions or any further restructuring actions may have a material adverse effect on our results of operations and financial condition. We cannot ensure that any current or future restructuring actions will be completed as planned or achieve the desired results. Additionally, from time to time, we have recorded asset impairment losses relating to specific plants and operations. Generally, we record asset impairment losses when we determine that our estimates of the future undiscounted cash flows from an operation will not be sufficient to recover the carrying value of that facility' s building, fixed assets and production tooling. For goodwill, we perform a qualitative assessment of whether it is more likely than not that a reporting unit' s value is less than its carrying amount. If the qualitative assessment is not met, the Company then performs a quantitative assessment by comparing the estimated fair value of each reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit is less than its carrying amount, the Company recognizes an impairment loss in an amount equal to the excess, not to exceed the amount of goodwill allocated to the reporting unit. It is possible that we could incur such charges in the future as changes in economic or operating conditions impacting the estimates and assumptions could result in additional impairment. Employee strikes and labor- related disruptions involving us or one or more of our customers or suppliers may adversely affect our operations. Our business is labor- intensive and we have a number of unions, works councils and other represented employees. A strike or other form of significant work disruption by our employees would likely have an adverse effect on our ability to operate our business. A labor dispute involving us or one or more of our customers or suppliers or that could otherwise affect our operations could reduce our sales and harm our profitability. A labor dispute involving another supplier to our customers that results in a slowdown or a closure of our customers' assembly plants where our products are included in the assembled parts or vehicles could also adversely affect our business and harm our profitability. In addition, **certain UAW- represented employees at GM, Ford and Stellantis initiated labor strikes in September 2023, lasting more than six weeks in duration. As GM, Ford and Stellantis are among our largest customers, these labor strikes adversely impacted our financial condition, operating results and cash flows for the year ended December 31, 2023. In addition,** our inability or the inability of any of our customers, our suppliers or our customers' suppliers to negotiate an extension of a collective bargaining agreement upon its expiration could reduce our sales and harm our profitability. Significant increases in labor costs as a result of the renegotiation of collective bargaining agreements could also adversely affect our business and harm our profitability. We are exposed to foreign currency fluctuations as a result of our substantial global operations, which may affect our financial results. We have currency exposures related to buying, selling and financing in currencies other than the local currencies of the countries in which we operate. Approximately ~~64-65~~ % of our net revenue for the year ended December 31, ~~2022-2023~~ came from sales outside the U. S., which were primarily invoiced in currencies other than the U. S. dollar, and we expect net revenue from non- U. S. markets to continue to represent a significant

portion of our net revenue. Accordingly, significant changes in currency exchange rates, particularly the Euro and Chinese Yuan (Renminbi), could cause fluctuations in the reported results of our businesses' operations that could negatively affect our results of operations. Price increases caused by currency exchange rate fluctuations may make our products less competitive or have an adverse effect on our margins. Currency exchange rate fluctuations may also disrupt the business of our suppliers by making their purchases of raw materials more expensive and more difficult to finance. Historically, we have reduced our currency exposure by aligning our costs in the same currency as our revenues or, if that is impracticable, through financial instruments that provide offsets or limits to our exposures, which are opposite to the underlying transactions. However, any measures that we may implement to reduce the effect of volatile currencies and other risks of our global operations may not be effective. We face risks associated with doing business in various national and local jurisdictions. The majority of our manufacturing and distribution facilities are in Mexico, China and other countries in Asia Pacific, Eastern and Western Europe, South America and Northern Africa. We also purchase raw materials and other supplies from many different countries around the world. For the year ended December 31, 2022-2023, approximately 64-65% of our net revenue came from sales outside the U. S. International operations are subject to certain risks inherent in doing business globally, including: • exposure to local economic, political and labor conditions; • unexpected changes in laws, regulations, economic and trade sanctions, trade or monetary or fiscal policy, including interest rates, foreign currency exchange rates and changes in the rate of inflation in the U. S. and other countries; • tariffs, quotas, customs and other import or export restrictions and other trade barriers; • expropriation and nationalization; • difficulty of enforcing agreements, collecting receivables and protecting assets through certain non- U. S. legal systems; • reduced technology, data or intellectual property protections; • limitations on repatriation of earnings; • withholding and other taxes on remittances and other payments by subsidiaries; • investment restrictions or requirements; • violence and civil unrest in local countries, including the conflict between Ukraine and Russia **and the conflicts in the Middle East**; and • compliance with the requirements of an increasing body of applicable anti- bribery laws, including the U. S. Foreign Corrupt Practices Act, the U. K. Bribery Act and similar laws of various other countries. Additionally, our global operations may also be adversely affected by political events, terrorist events and hostilities, complications due to natural, nuclear or other disasters or the spread of an infectious disease, virus or other widespread illness. For instance, the **outbreak of armed conflicts in the Middle East beginning in October 2023 has created numerous uncertainties, including the risk that the conflicts spread to the broader region, and their impact on the global economy and supply chains. In addition, the conflict between Ukraine and Russia caused the U. S., which began in February 2022, has had, and is expected to continue to have, negative economic impacts to both countries and to the European and global economies. In response to the conflict, the European Union ("the E. U. "), the U. S. and other nations to implement implemented** broad economic sanctions against Russia. These countries may impose further sanctions and take other actions as the situation continues. While the sanctions announced to date have not had a material adverse impact on us, any further sanctions imposed or actions taken by these countries, and any retaliatory measures by Russia in response, including restrictions on energy supplies from Russia to countries in the region and asset expropriations, could increase our costs, reduce our sales and earnings or otherwise have an adverse effect on our operations. Ukraine and Russia are significant global producers of raw materials used in our supply chain, including copper, aluminum, palladium and neon gases. Disruptions in the supply and volatility in the price of these materials and other inputs produced by Ukraine or Russia, including increased logistics costs and longer transit times, could adversely impact our business and results of operations. ~~In addition, in July 2022, the E. U. introduced an emergency natural gas rationing plan to reduce the use of natural gas by businesses and in public buildings in E. U. member states from August 2022 through March 2023 in order to replenish gas reserves. Among other impacts, this may cause widespread economic disruptions during this time period, including potential shutdowns at our suppliers' or customers' facilities in the region.~~ The conflict has also increased the possibility of cyberattacks occurring, which could either directly or indirectly impact our operations. **Furthermore, the conflict has caused our customers to analyze their and their suppliers' continued presence in the region and future customer production plans in the region remain uncertain.** We do not have a material physical presence in either Ukraine or Russia, with less than 1 % of our workforce located in the countries as of December 31, 2022-2023 and less than 1 % of our net sales for the year ended December 31, 2022-2023 generated from manufacturing facilities in those countries. However, the impacts of the conflict have adversely impacted, and may continue to adversely impact, global economies, and in particular, the European economy, a region which accounted for approximately 31-34 % of our net sales for the year ended December 31, 2022-2023. **As a result of the conflict, the Company ceased using certain long- lived assets in Ukraine and consequently recorded non- cash impairment charges of \$ 11 million during the year ended December 31, 2023. These charges were recorded within cost of sales in the statement of operations.** We continue to monitor the situation and will seek to minimize its impact to our business, while prioritizing the safety and well- being of our employees located in both countries and our compliance with applicable laws and regulations in the locations where we operate. Any of the impacts mentioned above, among others, could adversely affect our business, business opportunities, results of operations, financial condition and cash flows. In addition, the global spread of COVID- 19, which originated in late 2019 and was later declared a pandemic by the World Health Organization in March 2020, caused certain governmental authorities worldwide to initiate " lockdown " orders for all non- essential activities, which at times, included extended shutdowns of businesses in the impacted regions. This includes the lockdowns in China that occurred in 2022, as discussed further above. This or any further **widespread public political or governmental developments or health concerns crises** in China or **any Mexico and other countries country** in which we operate could result in social, economic and labor instability. These uncertainties could have a material adverse effect on the continuity of our business and our results of operations and financial condition. **Effective January 1, 2024, the government of Mexico implemented a country- wide statutory minimum wage increase of 20 %. Additionally, the government of Mexico has indicated it may implement other labor reforms, such as a bill to shorten the work week from 48 to 40 hours. While management has implemented measures to mitigate the impact of these labor reforms on our cost structure, we cannot predict the**

ultimate future impact on our business. Existing free trade laws and regulations, such as the United States- Mexico- Canada Agreement, provide certain beneficial duties and tariffs for qualifying imports and exports, subject to compliance with the applicable classification and other requirements. Changes in laws or policies governing the terms of trade, and in particular increased trade restrictions, tariffs or taxes on imports from countries where we manufacture products, such as China and Mexico, could have a material adverse effect on our business and financial results. For example, in October 2022, the U. S. government imposed additional export control restrictions targeting the export, re- export or transfer of, among other products, certain advanced computing semiconductors, semiconductor manufacturing items and related technology to China, which could further disrupt supply chains and adversely impact our business. Furthermore, management continues to monitor the volatile geopolitical environment to identify, quantify and assess **proposed or** threatened duties, taxes or other business restrictions which could adversely affect our business and financial results. Increasing our manufacturing footprint in Asian markets, including China, and our business relationships with Asian automotive manufacturers are important elements of our long- term strategy. In addition, our strategy includes increasing revenue and expanding our manufacturing footprint in lower- cost regions. As a result, our exposure to the risks described above may be greater in the future. The likelihood of such occurrences and their potential impact on us vary from country to country and are unpredictable. If we fail to manage our growth effectively or to integrate successfully any new or future business ventures, acquisitions or strategic alliance into our business, our business could be materially adversely harmed. In addition, the failure to realize the expected benefits of any past or future acquisition could adversely affect our business. We have completed a number of acquisitions in recent years, including the acquisitions of Wind River and Intercable Automotive Solutions S. r. l. in 2022. We expect to continue to pursue business ventures, acquisitions, and strategic alliances that leverage our technology capabilities and enhance our customer base, geographic penetration and scale to complement our current businesses and we regularly evaluate potential opportunities, some of which could be material. While we believe that such transactions are an integral part of our long- term strategy, there are risks and uncertainties related to these activities. Assessing a potential growth opportunity involves extensive due diligence. However, the amount of information we can obtain about a potential growth opportunity may be limited, and we can give no assurance that new business ventures, acquisitions, and strategic alliances will positively affect our financial performance or will perform as planned. ~~For instance, our acquisition of Wind River, is subject to numerous risks and uncertainties, which may result in the failure to realize the expected benefits of the transaction. We expect Wind River to become a foundational element of executing our business strategy as Wind River’ s industry- leading software services are complementary to our existing portfolio of software solutions, advanced compute and smart architectures and we intend to establish Wind River as the cornerstone of our software strategy. If we are not successful in establishing Wind River in this regard, the anticipated benefits of the acquisition may not be realized fully or at all or may take longer to realize than expected.~~ Furthermore, we may not be successful in fully or partially integrating companies that we acquire, including their personnel, financial systems, distribution, operations and general operating procedures. We may also encounter challenges in achieving appropriate internal control over financial reporting in connection with the integration of an acquired company. If we fail to assimilate or integrate acquired companies successfully, our business, reputation and operating results could be materially impacted. Likewise, our failure to integrate and manage acquired companies profitably may lead to future impairment of any associated goodwill and intangible asset balances. Furthermore, if the **expected** benefits of an acquisition do not meet the expectations of investors or securities analysts, the market price of our ordinary shares prior to the closing of the acquisition may decline. **We face risks related** Digital technologies are increasingly crucial to **cybersecurity for both** our **infrastructure and** products and **any cybersecurity breach** our **or failure of one** business. Any significant **disruptions such as disruptions caused by cyber- attacks to our or more key** information technology capabilities **systems**, or those of third - parties with which we do business - could **have a material adversely - adverse** impact **on** our business **or reputation** . Similarly, as mobility becomes increasingly connected, electric and autonomous, vehicles increasingly depend on the proper functioning of their software and micro- electronics . Our ability to keep our business operating effectively depends on the functional and efficient operation of information technology capabilities, both internally and externally. Our capabilities, as well as those of our customers, suppliers, partners and service providers, are crucial to **our** operations and **may** contain confidential personal information, business- related information or intellectual property. These capabilities are also susceptible to interruptions (including those caused by systems failures, cyber- attacks and other natural or man- made incidents or disasters), which may be prolonged or go undetected. Cyber- attacks are continually increasing in their frequency, sophistication and intensity . **Additionally, some actors are using artificial intelligence technology to launch more automated, targeted and coordinated attacks which further heightens these risks** . Although we have and continue to employ capabilities, processes and other security and privacy measures designed to prevent, detect and mitigate the risk of such events, including but not limited to geographically diverse and resilient infrastructure, third- party risk management and the implementation of proactive security and privacy measures, a significant or large- scale interruption of our information technology capabilities could result in a confidentiality, integrity or availability data breach, and adversely affect our ability to manage and keep operations running efficiently and effectively, and could result in significant costs, regulatory investigations, fines or litigation. Incidents that result in a wider or sustained disruption to our business or products, or result in a personal data breach, could have a material adverse effect on our business, reputation, financial condition and results of operations. In addition, some of our employees work from home on a full- time or part- time basis, which may increase our vulnerability to cyber and other information technology risks. Some of our products, including but not limited to safety- critical products, contain complex digital technologies designed to support today’ s increasingly connected vehicles. Although we continue to employ capabilities, processes and other security and privacy measures designed to reduce risks of cyber- attacks against our products, such measures may not provide absolute security (and, in turn, privacy) and may not sufficiently mitigate all potential risks under all scenarios. Failure of such products to effectively protect against attacks targeted at our products can negatively affect our brand and harm our business, prospects, customers, financial condition and operating results. Further, engineering and maintaining security for

our systems and products may require significant costs. However, failing to properly respond to and invest in information technology and cybersecurity advancements may limit our ability to attract and retain customers, prevent us from offering similar products and services as those offered by our competitors or inhibit our ability to meet regulatory, industry or other compliance requirements. To date, we have not experienced a system failure, cyber- attack or security breach that has resulted in a material interruption in our operations or material adverse effect on our financial condition. Our Board of Directors regularly reviews relevant information technology and cybersecurity matters and receives periodic updates from information technology and cybersecurity subject matter experts as part of its risk assessment procedures, including analysis of existing and emerging risks, as well as plans and strategies to address those risks. While we continuously seek to expand and improve our information technology systems and maintain adequate disclosure controls and procedures, there can be no assurance that we can adequately anticipate all trends of the market, technology landscapes and threat landscapes, and there can be no assurance that such measures will prevent interruptions or security breaches that could adversely affect our business. **Refer to Item 1C.**

Cybersecurity of this Annual Report on Form 10- K for further information on the Company's risk management, strategy and governance over cybersecurity matters.

Risks Related to Legal, Regulatory, Tax and Accounting Matters We may incur material losses and costs as a result of warranty claims, product recalls, product liability and intellectual property infringement actions that may be brought against us. We face an inherent business risk of exposure to warranty claims and product liability in the event that our products fail to perform as expected and, in the case of product liability, such failure of our products results in bodily injury and / or property damage. The fabrication of the products we manufacture is a complex and precise process. Our customers specify quality, performance and reliability standards. If flaws in either the design or manufacture of our products were to occur, we could experience a rate of failure in our products that could result in significant delays in shipment and product re- work or replacement costs. Although we engage in extensive product quality programs and processes, these may not be sufficient to avoid product failures, which could cause us to: • lose net revenue; • incur increased costs such as warranty expense and costs associated with customer support; • experience delays, cancellations or rescheduling of orders for our products; • experience increased product returns or discounts; or • damage our reputation, all of which could negatively affect our financial condition and results of operations. If any of our products are or are alleged to be defective, we may be required to participate in a recall involving such products. Each vehicle manufacturer has its own practices regarding product recalls and other product liability actions relating to its suppliers. However, as suppliers become more integrally involved in the vehicle design process and assume more of the vehicle assembly functions, OEMs continue to look to their suppliers for contribution when faced with recalls and product liability claims. A recall claim brought against us, or a product liability claim brought against us in excess of our available insurance, may have a material adverse effect on our business. OEMs also require their suppliers to guarantee or warrant their products and bear the costs of repair and replacement of such products under new vehicle warranties. Depending on the terms under which we supply products to a vehicle manufacturer, a vehicle manufacturer may attempt to hold us responsible for some or all of the repair or replacement costs of products under new vehicle warranties when the OEM asserts that the product supplied did not perform as warranted. Although we cannot ensure that the future costs of warranty claims by our customers will not be material, we believe our established reserves are adequate to cover potential warranty settlements. Our warranty reserves are based on our best estimates of amounts necessary to settle future and existing claims. We regularly evaluate the level of these reserves and adjust them when appropriate. However, the final amounts determined to be due related to these matters could differ materially from our recorded estimates. In addition, as we adopt new technology, we face an inherent risk of exposure to the claims of others that we have allegedly violated their intellectual property rights. We cannot ensure that we will not experience any material warranty, product liability or intellectual property claim losses in the future or that we will not incur significant costs to defend such claims. We may be adversely affected by laws or regulations, including environmental, health and safety and climate change, regulation, litigation or other liabilities. We are subject to various U. S. federal, state and local, and non- U. S., laws and regulations, including those related to environmental, health and safety, financial and other matters. We cannot predict the substance or impact of pending or future legislation or regulations, or the application thereof. The introduction of new laws or regulations or changes in existing laws or regulations, or the interpretations thereof, could increase the costs of doing business for us or our customers or suppliers or restrict our actions and adversely affect our financial condition, operating results and cash flows. We are subject to laws and regulations governing, among other things: • the generation, storage, handling, use, transportation, presence of, or exposure to hazardous materials; • the emission and discharge of hazardous materials into the ground, air or water; • climate change; • the incorporation of certain chemical substances into our products, including electronic equipment; and • the health and safety of our employees. We are also required to obtain permits from governmental authorities for certain operations. We cannot assure you that we have been or will be at all times in complete compliance with such laws, regulations and permits. If we violate or fail to comply with these laws, regulations or permits, we could be fined or otherwise sanctioned by regulators. We could also be held liable for any and all consequences arising out of human exposure to hazardous substances or other environmental damage. Certain environmental laws impose liability, sometimes regardless of fault, for investigating or cleaning up contamination on or emanating from our currently or formerly owned, leased or operated property, as well as for damages to property or natural resources and for personal injury arising out of such contamination. Some of these environmental laws may also assess liability on persons who arrange for hazardous substances to be sent to third- party disposal or treatment facilities when such facilities are found to be contaminated. At this time, we are involved in various stages of investigation and cleanup related to environmental remediation matters at a number of present and former facilities. The ultimate cost to us of site cleanups is difficult to predict given the uncertainties regarding the extent of the required cleanup, the potential for ongoing environmental monitoring and maintenance that could be required for many years, the interpretation of applicable laws and regulations, alternative cleanup methods, and potential agreements that could be reached with governmental and third parties. While we have environmental reserves of approximately \$ **2-4** million at December 31, **2022-2023** for the cleanup of presently- known

environmental contamination conditions, it cannot be guaranteed that actual costs will not significantly exceed these reserves. We also could be named as a potentially responsible party at additional sites in the future and the costs associated with such future sites may be material. Environmental laws and regulations are complex, change frequently and have tended to become more stringent over time. Specifically, increased public awareness and concern regarding global climate change may continue to result in more international, regional, federal, state and local requirements, or pressure from key stakeholders, to reduce or mitigate climate change, which could impose significant operational restrictions, costs and compliance burdens upon our business or our products. While we have budgeted for future capital and operating expenditures to maintain compliance with environmental laws and regulations, we cannot ensure that environmental laws and regulations will not change or become more stringent in the future. Therefore, we cannot ensure that our costs of complying with current and future environmental, health and safety laws and regulations, and our liabilities arising from past or future releases of, or exposure to, hazardous substances will not adversely affect our business, results of operations or financial condition. For example, adoption of GHG or climate change rules in jurisdictions in which we operate facilities could require installation of emission controls, acquisition of emission credits, emission reductions, or other measures that could be costly, and could also impact utility rates and increase the amount we spend annually for energy. Furthermore, if we fail to achieve our sustainability goals and reduce our impact on the environment, or if there becomes a public perception that we have failed to act responsibly regarding climate change and sustainability, we could be exposed to negative publicity, which could adversely affect our business and reputation. We may identify the need for additional environmental remediation or demolition obligations relating to facility divestiture, closure and decommissioning activities. As we sell, close and / or demolish facilities around the world, environmental investigations and assessments will need to be performed. We may identify previously unknown environmental conditions or further delineate known conditions that may require remediation or incur additional costs related to demolition or decommissioning activities, such as abatement of asbestos containing materials or removal of storage tanks. Such costs could exceed our reserves. We are involved from time to time in legal proceedings and commercial or contractual disputes, which could have an adverse impact on our profitability and consolidated financial position. We are involved in legal proceedings and commercial or contractual disputes that, from time to time, are significant. These are typically claims that arise in the normal course of business including, without limitation, commercial or contractual disputes, including warranty claims and other disputes with customers and suppliers; intellectual property matters; personal injury claims; environmental, health and safety issues; tax matters; and employment matters. While we believe our reserves are adequate, the final amounts required to resolve these matters could differ materially from our recorded estimates and our results of operations could be materially affected. For further information regarding our legal matters, see Item 3. Legal Proceedings. No assurance can be given that such proceedings and claims will not have a material adverse effect on our profitability and consolidated financial position. Developments or assertions by us or against us relating to intellectual property rights could materially impact our business. We own significant intellectual property, including a large number of patents and trade names, and are involved in numerous licensing arrangements. Our intellectual property plays an important role in maintaining our competitive position in a number of the markets we serve. Developments or assertions by or against us relating to intellectual property rights could negatively impact our business. Significant technological developments by others also could materially and adversely affect our business and results of operations and financial condition. Taxing authorities could challenge our historical and future tax positions. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory rates and changes in tax laws, or their interpretation, including **the Organisation for Economic Co-operation's ("OECD") Pillar Two Directive, and** changes related to tax holidays or tax incentives. Our taxes could increase if certain tax holidays or incentives are not renewed upon expiration, or if tax rates or regimes applicable to us in such jurisdictions are otherwise increased. Existing income tax laws, regulations and related international agreements provide guidance and direction on the allocations of income and applicable taxing rights among the countries in which we operate. Changes in these guidelines are being contemplated at the local, national, regional (particularly in the European Union), and global levels (through organizations like the G20 and the **OECD Organisation for Economic Co-operation and Development**). Any changes, especially if made inconsistently, could have a materially adverse impact on our financial results. The amount of tax we pay is subject to our interpretation of applicable tax laws in the jurisdictions in which we file. We have taken and will continue to take tax positions based on our interpretation of such tax laws. Additionally, in determining the adequacy of our provision for income taxes, we regularly assess the likelihood of adverse outcomes resulting from tax examinations. While it is often difficult to predict the final outcome or the timing of the resolution of a tax examination, our reserves for uncertain tax benefits reflect the outcome of tax positions that are more likely than not to occur. While we believe that we have complied with all applicable tax laws, there can be no assurance that a taxing authority will not have a different interpretation of the law and assess us with additional taxes. Should additional taxes be assessed, this may result in a material adverse effect on our results of operations and financial condition. General Risk Factors Any changes in consumer credit availability or cost of borrowing could adversely affect our business. Declines in the availability of consumer credit and increases in consumer borrowing costs have negatively impacted global automotive sales and resulted in lower production volumes in the past. Substantial declines in automotive sales and production by our customers could have a material adverse effect on our business, results of operations and financial condition. **In addition, the recent and acute volatility among certain financial institutions in the U. S., have raised questions regarding the stability of the banking sector in the U. S. and, while such volatility has not adversely affected our operations, it has had an adverse impact on the equity and credit markets. Any reoccurrence of these conditions has the potential to adversely impact consumer credit availability or the cost of borrowing, which in turn could adversely impact our business.** We may lose or fail to attract and retain key salaried employees and management personnel. An important aspect of our competitiveness is our ability to attract and retain key salaried employees and management personnel. Our ability to do so is influenced by a variety of factors, including the compensation we award and the competitive market position of our overall compensation package. We may not be as successful

as competitors at recruiting, assimilating and retaining highly skilled personnel. The loss of the services of any member of senior management or a key salaried employee could have an adverse effect on our business.