

Risk Factors Comparison 2024-02-23 to 2023-02-24 Form: 10-K

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

The following risks could materially and adversely affect our business, financial condition, cash flows and results of operations, and the trading price of our common stock or outstanding senior notes could decline. These risk factors do not identify all risks that we face; our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations. Due to risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods. Refer also to the other information set forth in this Form 10-K, including in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and the accompanying consolidated financial statements and notes thereto. Risks Related to Business and Industry Conditions We are exposed to general economic, political and regulatory conditions and risks in the countries in which we have operations and customers. We operate globally and have customers in many countries. Our major facilities are primarily located in North America, Europe and Asia, and we hold interests in affiliates that operate in the United States ("U. S."), Germany, China, Japan, South Korea and Saudi Arabia. Our principal customers are similarly global in scope and the prices of our most significant products are typically regional or world market prices. Consequently, our business and financial results are affected, directly and indirectly, by world economic conditions, including ~~instability~~ **declines** in credit markets, ~~declining~~ **in credit markets**, volatile exchange rates and other challenges such as the changing regulatory environment. Our operations are also subject to global political conditions. For example, any future withdrawal or renegotiation of trade agreements, or the failure to reach agreement over trade agreements, or the imposition of new or increased tariffs on our products or raw materials, or the more aggressive prosecution of trade disputes with countries like China, may increase costs or reduce profitability, or adversely affect our ability to operate our business and execute our growth strategy. In addition, it may be more difficult for us to enforce agreements, collect receivables, receive dividends and repatriate earnings through foreign legal systems. In certain foreign jurisdictions our operations are subject to nationalization and expropriation risk and some of our contractual relationships within these jurisdictions are subject to cancellation without full compensation for loss. Furthermore, in certain cases where we benefit from local government subsidies or other undertakings, such benefits are subject to the solvency of local government entities and are subject to termination without meaningful recourse or remedies. We have invested significant resources in China and other Asian countries. This region's growth may slow, or trade flows could be negatively impacted, and we may fail to realize the anticipated benefits associated with our investment there and, consequently, our financial results may be adversely impacted. In addition, we have significant operations and financial relationships based in Europe. Historically, sales originating in Europe have accounted for ~~over~~ **approximately** one-third of our net sales annually, and accounted for approximately ~~35-32~~ **%** of our Net sales in ~~2022-2023~~ **. Adverse conditions in the European economy may negatively impact our overall financial results due to reduced economic growth, trade disruptions, decreased end-use customer demand or other factors. We are subject to risks associated with the increased volatility in the prices and availability of key raw materials and energy, which could have a significant adverse effect on the margins of our products and our financial results. We purchase significant amounts of ethylene, methanol, carbon monoxide and natural gas from third parties primarily for use in our production of basic chemicals in our intermediate chemistry business, principally acetic acid, VAM and formaldehyde. We use a portion of our output of these chemicals, in turn, as inputs in the production of downstream products in all of our business segments. We also purchase some of these raw materials for use in our emulsion polymers and EVA polymer businesses, primarily for vinyl acetate ethylene emulsions and ethylene vinyl acetate production, as well as significant amounts of wood pulp for use in our production of acetate tow. We also procure polymers, rubber and polypropylene for use in production of engineered materials, and other raw materials as additives to our products including fiberglass, flame retardant materials and other compounding components. The prices and availability of many of these items is dependent on supply and logistics considerations. Prices can increase significantly as a result of uncertainties associated with inflationary pressures, transportation or logistics disruptions, weather, natural disasters, epidemics, pandemics, the effects of climate change or political instability, plant or production disruptions, war or conflicts, strikes or other labor unrest, breakdown or degradation of transportation infrastructure used in the delivery of raw materials and energy commodities, terrorist activities, civil unrest, or changes in laws or regulations in any of the countries in which we have significant suppliers. In particular, to the extent of our vertical integration in the production of chemicals, shortages in the availability of raw material chemicals, such as natural gas, ethylene and methanol, or the loss of our dedicated supplies of carbon monoxide, may have an increased adverse impact on us as it can cause a shortage in intermediate and finished products. Such shortages would adversely impact our ability to produce certain products and increase our costs resulting in reduced margins and adverse impacts to our financial results. Like many companies, we experienced **significant** supply disruptions and increased costs of inputs ~~in during~~ **in during** 2021 and ~~continuing~~ **into** 2022. These trends ~~have~~ **impacted** our operating costs **. We undertook and we have undertaken** efforts to offset these costs through pricing actions, alternative supply arrangements, and hedging strategies, however, these do not eliminate all exposure to inflationary pressure. ~~We are not~~ **Should such conditions recur or resume, we cannot** always ~~successful~~ **successfully** ~~passing~~ **pass** costs to customers, competitive market conditions may prevent us from doing so, and even where we are successful increased prices could lead to reduced demand for our products or could result in competitive disadvantages ~~-We currently expect these issues to continue into 2023-~~. We are exposed to volatility in the prices of our raw materials and energy. Although we have long-term supply agreements, multi-year purchasing and sales agreements and forward purchase contracts providing for the supply of**

ethylene, methanol, carbon monoxide, wood pulp, natural gas and electricity, the contractual prices for these raw materials and energy can vary with economic conditions and may be highly volatile. In addition to the factors noted above that may impact supply or price, factors that have caused volatility in our raw material prices in the past and which may do so in the future include: • Shortages of raw materials due to increasing demand, e. g., from growing uses or new uses; • Capacity constraints, e. g., due to construction delays, labor disruption, government- imposed work or travel restrictions, involuntary shutdowns or turnarounds; • A supplier' s inability to meet our delivery orders, a supplier' s decision not to fulfill orders or to terminate a supply contract or our inability to obtain or renew supply contracts on favorable terms; • The general level of business, economic and industry activity; and • The direct or indirect effect of governmental regulation (including the impact of government regulation relating to power usage, climate change or regulation of production and transport of certain chemicals). If we are not able to fully offset the effects of higher energy and raw material costs through price increases, productivity improvements or cost reduction programs, or if such commodities become unavailable, it could have a significant adverse effect on our ability to timely and profitably manufacture and deliver our products resulting in reduced margins, lost sales and adverse impacts to our financial results. We have a practice of maintaining, when available, multiple sources of supply for raw materials and services. However, some of our individual plants may have single sources of supply for some of their raw materials, such as carbon monoxide, steam and ethylene, or site services. Although we have been able to obtain sufficient supplies of raw materials and services, there can be no assurance that unforeseen developments will not affect our ability to source raw materials or services in the future. Even if we have multiple sources of supply for a raw material or a service, there can be no assurance that these sources can make up for the loss of a major supplier. Furthermore, if any sole source or major supplier were unable or unwilling to deliver a raw material or a service for an extended period of time, we may not be able to find an acceptable alternative or any such alternative could result in increased costs. It is also possible that profitability would be adversely affected if we were required to qualify additional sources of supply for a raw material or a service to our specifications in the event of the loss of a sole source or major supplier. Almost all of our supply of methanol in North America is currently obtained from our Fairway joint venture with Mitsui, in which we own a 50 % interest, for the production of methanol at our integrated chemical plant in Clear Lake, Texas. Risks Related to Our Global Operations and Our Strategy Production at our manufacturing facilities, or at our suppliers', could be disrupted for a variety of reasons, which could prevent us from producing enough of our products to maintain our sales and satisfy our customers' demands. A disruption in production at one or more of our manufacturing facilities, or our suppliers, could have a material adverse effect on our business. Disruptions **or interruptions of operations** could occur for many reasons, including fire, natural disasters, severe weather, unplanned maintenance or other manufacturing problems, public health crises (including, but not limited to, the COVID- 19 pandemic), disease, geopolitical events, strikes or other labor unrest, transportation interruption, government regulation, political unrest or terrorism, **accidents, interruptions in sources of raw materials, cybersecurity incidents, the occurrence of acts of war, or other unforeseen events or delays in construction or operation of facilities**. Alternative facilities with sufficient capacity or capabilities may not be available, may cost substantially more or may take a significant time to start production, each of which could negatively affect our business and financial performance. **We have experienced disruptions of the type described above in recent years. For example, we proactively and temporarily shut down one or more of our Texas production facilities during Winter Storm Uri in February 2021 and Hurricane Laura in August 2020, each of which instances resulted in lost sales and impacted our financial results for the relevant quarter**. If one of our key manufacturing facilities is unable to produce our products for an extended period of time, our sales may be reduced by the shortfall caused by the disruption and we may not be able to meet our customers' needs, which could cause them to seek other suppliers. In particular, production disruptions at our manufacturing facilities that produce chemicals used as inputs in the production of chemicals in other business segments, such as acetic acid, VAM and formaldehyde, could have a more significant adverse effect on our business and financial performance and results of operations to the extent of such vertical integration. Furthermore, to the extent a production disruption occurs at a manufacturing facility that has been operating at or near full capacity, the resulting shortage of our product could be particularly harmful because production at such manufacturing facility may not be able to reach levels achieved prior to the disruption. We **may experience difficulties or delays achieving the intended benefits from acquiring the M & M Business and integrating its systems with the Company. In November 2022, we completed the acquisition of the M & M Business of DuPont. Since closing we have experienced disruptions of actively worked, and continue to actively work, to integrate** the type described above in recent years **M & M Business and its systems into our own. In For example, in February 2021-2024, Winter Storm Uri led we incorporated the M & M Business into the new enterprise resource planning (" ERP") system used by the Company. As we work to worldwide supply disruptions further integrate technology, information loss of energy and critical raw materials at ERP systems, financial reporting and commercial activities, it is possible that we may encounter unanticipated delays, costs our or Texas sites inefficiencies in connection with our continuing efforts to integrate the M & M Business. If this occurs, if the potential benefits and synergies impacted nearly all of the M & M Business going forward do not materialize in the amounts our or employees in Texas on the timing we expect, where or if we are headquartered and where several of not as successful as we plan at aligning our manufacturing sites are located. This storm led us to proactively and temporarily shut down our Texas production the M & M Business' s practices and operations – including continuing to integrate commercial facilities– activities in a controlled manner to protect our employees, information communities, and assets, ERP systems and technologies the necessity of this decision led to lost production and negatively impacted continuing to align business cultures – our business, financial performance and operating results for that quarter. In August 2020, to protect our employees and safeguard the assets at our Clear Lake facility, we temporarily, voluntarily ceased production at our Clear Lake, Texas facility during the landfall of Hurricane Laura. Disruptions or interruptions of production or operations could be adversely affected also occur due to accidents, interruptions in sources of raw materials, cybersecurity incidents, terrorism or political unrest, or other unforeseen events or delays in construction or**

~~operation of facilities, including as a result of geopolitical conditions, the occurrence of acts of war or terrorist incidents or as a result of weather, natural disasters, or other crises including public health crises~~. Failure to develop new products and production technologies or to implement productivity and cost reduction initiatives successfully, may harm our competitive position. Our operating results depend significantly on the development of commercially viable new products, product grades and applications, as well as improving process technologies. If we are unsuccessful in developing new products, applications and improved production processes in the future, including failing to leverage our opportunity pipeline in our Engineered Materials segment, our competitive position and operating results may be negatively affected. However, as we invest in new technology, we face the risk of unanticipated operational or commercialization difficulties, including an inability to obtain necessary permits or governmental approvals, the development of competing technologies, failure of facilities or processes to operate in accordance with specifications or expectations, construction delays, cost overruns, the unavailability of financing, required materials or equipment and various other factors. Likewise, we have undertaken and are continuing to undertake initiatives in all of our business segments to improve productivity and performance and to generate cost savings. These initiatives may not be completed or beneficial or the estimated cost savings from such activities may not be realized. We could be subject to damages based on claims brought against us by our customers or lose customers as a result of the failure of our products to meet certain quality specifications. Our products provide important performance attributes to our customers' products. If one of our products fails to perform in a manner consistent with applicable quality specifications, a customer could seek replacement of the product or damages for costs incurred as a result of the product failing to perform as guaranteed. A successful claim or series of claims against us could have a material adverse effect on our reputation, financial condition and results of operations and could result in a loss of one or more key customers. Our production facilities, including facilities we own and / or operate and operations at our facilities owned and / or operated by third parties, handle the processing of some volatile and hazardous materials that subject us to operating and other risks that could have a negative effect on our operating results. Although we take precautions to enhance the safety of, and minimize the disruption to, our operations and operations at our facilities owned and / or operated by third parties, we are subject to operating and other risks associated with chemical manufacturing, including the storage and transportation of raw materials, finished products and waste. These risks include, among other things, pipeline and storage tank leaks and ruptures, explosions and fires and discharges or releases of toxic or hazardous substances. In addition, we may have limited control over operations at our facilities owned and / or operated by third parties or such operations may not be fully integrated into our safety programs. These operating and other risks can cause personal injury, property damage, third-party damages and environmental contamination, and may result in the shutdown of affected facilities and the imposition of civil or criminal penalties. The occurrence of any of these events may disrupt production and have a negative effect on the productivity and profitability of a particular manufacturing facility, our operating results and cash flows. Our future success depends in part on our ability to protect our intellectual property rights and our rights to use our intellectual property. Our inability to protect and enforce these rights could reduce our ability to maintain our industry position and our profit margins. We rely on our patents, trademarks, copyrights, know-how and trade secrets, and patents and other technology licensed from third parties, to protect our investment in research and development and our competitive commercial positions in manufacturing and marketing our products. We have adopted internal policies for protecting our know-how and trade secrets. In addition, our practice is to seek patent or trade secret protection for significant developments that provide us competitive advantages and freedom to practice for our businesses. Patents may cover catalysts, processes, products, intermediate products and product uses. These patents are usually filed in strategic countries throughout the world and provide varying periods and scopes of protection based on the filing date and the type of patent application. The legal life and scope of protection provided by a patent may vary among those countries in which we seek protection. As patents expire, the catalysts, processes, products, intermediate products and product uses described and claimed in those patents generally may become available for use by the public subject to our continued protection for associated know-how and trade secrets. We also monitor intellectual property of others, especially patents that could impact our rights to commercially implement research and development, our rights to manufacture and market our products, and our rights to use know-how and trade secrets. We will not intentionally infringe upon the valid intellectual property rights of others, and we will continue to assess and take actions as necessary to protect our positions. We also seek to register trademarks as a means of protecting the brand names of our products, which brand names become more important once the corresponding product or process patents have expired. We operate in regions of the world where intellectual property protection may be limited and difficult to enforce and our continued growth strategy may result in us seeking intellectual property protection in additional regions with similar challenges. We also monitor the trademarks of others and take action when our trademark rights are being infringed upon. If we are not successful in protecting or maintaining our patent, license, trademark or other intellectual property rights, or protecting our rights to commercially make, market and sell our products, our net sales, results of operations and cash flows may be adversely affected. Our business is exposed to risks associated with the creditworthiness of our suppliers, customers and business partners and the industries in which our suppliers, customers and business partners participate are cyclical in nature, both of which may adversely affect our business and results of operations. Our business is exposed to risks associated with the creditworthiness of our key suppliers, customers and business partners and reductions in demand for our customers' products. These risks include the interruption of production at the facilities of our customers, the reduction, delay or cancellation of customer orders, delays in or the inability of customers to obtain financing to purchase our products, delays in or interruptions of the supply of raw materials we purchase and bankruptcy of customers, suppliers or other creditors. Furthermore, some of the industries in which our end-use customers participate, such as the automotive, electrical, construction and textile industries, are highly competitive, to a large extent driven by end-use applications, and may experience overcapacity, all of which may affect demand for and the pricing of our products. In addition, many of these industries are highly cyclical in nature, thus posing risks to us that vary throughout the year and vary according to macroeconomic factors. The occurrence of any of these events may adversely affect

our cash flow, profitability and financial condition. We may incur significant charges in the event we close or divest all or part of a manufacturing plant or facility. We periodically assess our manufacturing operations in order to manufacture and distribute our products in the most efficient manner. Based on our assessments, we may make capital improvements to modernize certain units, move manufacturing or distribution capabilities from one plant or facility to another plant or facility, discontinue manufacturing or distributing certain products or close or divest all or part of a manufacturing plant or facility. We also have shared services agreements at several of our plants and if such agreements are terminated or revised, we would assess and potentially adjust our manufacturing operations. **The closure of our Polyamide 66 (also known as PA66 or Nylon 66) and High- Performance Nylon (HPN) polymerization units at our facility in Uentrop, Germany resulted in charges during fiscal 2023 and is expected to result in charges in fiscal 2024.** The closure or divestiture of all or part of a manufacturing plant or facility could result in future charges that could be significant. See Note 4- Acquisitions, Dispositions and Plant Closures in the accompanying consolidated financial statements for further information. The insurance coverage that we maintain may not fully cover all operational risks. We maintain property, business interruption, casualty and cyber / information security insurance but such insurance may not cover all of the risks associated with the hazards of our business and is subject to limitations, including deductibles and maximum liabilities covered. We may incur losses beyond the limits, or outside the coverage, of our insurance policies, including liabilities for environmental remediation. In the future, the types of insurance we obtain and the level of coverage we maintain may be inadequate or we may be unable to continue to maintain our existing insurance or obtain comparable insurance at a reasonable cost. Risks associated with our joint ventures, including differences in views with our joint venture partners may cause them not to operate according to their business plans, which may adversely affect our results of operations. We currently participate in a number of joint ventures, acquired interests in several additional joint ventures through the M & M Acquisition and may enter into additional joint ventures in the future. Our joint ventures require us to work cooperatively with unaffiliated third parties. Differences in views among joint venture participants may result in delayed decisions or failure to agree on major decisions. Additionally, our partners may be unable or unwilling to meet their economic or other obligations to the joint ventures, which could negatively impact them. If these risks cause the joint ventures to fail to achieve their desired operating performance, our results of operations could be adversely affected. Our significant non-U. S. operations expose us to global exchange rate fluctuations that could adversely impact our profitability. We conduct a significant portion of our operations outside the U. S. Consequently, fluctuations in currencies of other countries, especially the euro **and Chinese yuan**, may materially affect our operating results. Because our consolidated financial statements are presented in U. S. dollars, we must translate revenues, income and expenses, as well as assets and liabilities, into U. S. dollars based on average exchange rates prevailing during the reporting period or the exchange rate at the end of that period. Therefore, increases or decreases in the value of the U. S. dollar against other major currencies will affect our net operating revenues, operating income and the cost of balance sheet items denominated in foreign currencies. Foreign exchange rates can also impact the competitiveness of products produced in certain jurisdictions and exported for sale into other jurisdictions. These changes may impact the value received for the sale of our goods versus those of our competitors. In addition to currency translation risks, we incur a currency transaction risk whenever one of our operating subsidiaries enters into a purchase or sales transaction using a currency different from the operating subsidiary's functional currency. Given the volatility of exchange rates, particularly the strengthening of the U. S. dollar against major currencies or the currencies of large developing countries, we may not be able to manage our currency transaction and translation risks effectively. We use financial instruments to hedge certain exposure to foreign currency fluctuations, but those hedges in most cases cover existing balance sheet exposures and not future transactional exposures. We cannot guarantee that our hedging strategies will be effective. In addition, the use of financial instruments creates counterparty settlement risk. Failure to effectively manage these risks could have an adverse impact on our financial position, results of operations and cash flows. We are subject to information or operational technology cybersecurity threats that could materially affect our business. We have been and will continue to be subject to advanced and persistent threats in the areas of information and operational technology security and fraud. We **rely on information and operational technology systems, including tools that utilize artificial intelligence, to conduct our business.** We seek to prevent unauthorized access to our information and operational technology systems and to detect and investigate any cybersecurity incidents that may occur, however in some cases we might be unaware of a particular incident or its magnitude and effects. We may face increased information technology security and fraud risks due **in part** to our **business efforts to digitize certain operations at our manufacturing sites to increase efficiencies and to our continued** reliance on **many employees** working remotely **part of** during and following the **time** COVID-19 pandemic, which may create additional information security vulnerabilities and / or magnify the impact of any disruption in information technology systems. **Many tools and resources we use integrate or will integrate some form of artificial intelligence, which has the potential to result in bias, miscalculations, data errors, intellectual property infringement and other unintended consequences.** Additionally, we may be exposed to unauthorized access to our information or operational technology systems through undetected vulnerabilities in our service providers' information systems or software. These risks may be heightened as a result of our **ongoing** efforts to integrate the M & M Business' s technology environment with our own. The theft, misuse or publication of our intellectual property and / or confidential business information or the compromising of our systems or networks (including through ransomware or denial-of-service attacks) could harm our competitive position, cause operational disruption (including the potential to disrupt or compromise our control of physical plant operations at our manufacturing sites), reduce the value of our investment in research and development of new products and other strategic initiatives or otherwise adversely affect our business or results of operations. To the extent that any security breach impacts operations at our manufacturing sites, we may experience production or shipping disruptions. To the extent that any security breach results in inappropriate disclosure of our employees', customers' or vendors' confidential or personally identifiable information, we may incur liability or suffer reputational damage in the marketplace as a result. We maintain cyber / information security insurance, but any losses may be beyond the limits, or outside

the coverage, of our policy. Information and operational security threats and methods of perpetrating fraud or misappropriating information are constantly evolving and becoming more complex, which increases the difficulty and expense of defending against these threats. Although we attempt to mitigate these risks by employing a number of measures, including insurance, monitoring of our systems and networks, **implementation of security tools and processes**, employee training, crisis simulations and maintenance of backup and protective systems, our systems, networks, products and services remain potentially vulnerable to increasingly sophisticated advanced persistent threats that may have a material effect on our business. In addition, the devotion of additional resources to the security of our information or operational technology systems in the future could significantly increase the cost of doing business or otherwise adversely impact our financial results. **Risks Relating to the acquisition of the..... to the risks described below under**" Regulatory, Legal, Environmental and Tax Risks "Failure to comply with applicable laws or regulations and / or changes in applicable laws or regulations may adversely affect our business and financial results as a whole. We are subject to extensive international, national, state, local and other laws and regulations. Failure to comply with these laws, including antitrust, anticorruption and sanctions laws, rules, regulations or court decisions, could expose us to fines, penalties and other costs. **Although we have implemented policies, procedures and employee training designed to ensure compliance with these laws, rules, regulations and court decisions, there can be no assurance that our employees and business partners and other third parties acting on our behalf will comply with these laws, rules, regulations and court decisions, which could result in fines, penalties and costs and damage to our business reputation.** For example, in ~~December 2019~~ **July 2020** we announced ~~the recording of that we had reached a reserve in connection final settlement of \$ 92 million~~ **with respect to** a competition law investigation by the European Commission based on certain past ethylene purchases by certain subsidiaries of the Company ~~7~~. **Shell Chemicals Europe and another group** in July 2020, we announced that we had reached a final settlement of \$ 92 million **corporate claimants have filed claims for damages** with respect to this investigation. The **the District Court of Amsterdam against four companies, including the** Company paid this settlement in full on January 12, **arising from 2021**. Although we have implemented policies, procedures and employee training designed to ensure compliance with these ~~those laws activities~~, rules, regulations and **the first court decisions, hearing was held in late September 2023. See Note 19- Commitments and Contingencies in there-- the accompanying consolidated financial statements for further information** can be no assurance that our employees and business partners and other third parties acting on our behalf will comply with these laws, rules, regulations and court decisions, which could result in fines, penalties and costs and damage to our business reputation. Moreover, changes in laws or regulations, including the more aggressive enforcement of such laws and regulations, such as unexpected changes in regulatory requirements (including trade compliance requirements), or changes in reporting requirements of the U. S., Canadian, Mexican, German, EU or Asian governmental agencies, could increase the cost of doing business in these regions. In addition, enforcement of environmental or other governmental policy may result in plant shut downs or significantly decreased production, such as in China on high pollution days. ~~For example, in 2021 we experienced energy curtailment mandates from the government in the Chinese province where our Nanjing production facility is located, which forced us to reduce and curtail production at that site.~~ Any of these types of conditions, including the failure to obtain or maintain operating permits for our business, may have an effect on our business and financial results as a whole and may result in volatile current and future prices for our products and raw materials. See Note 19- Commitments and Contingencies in the accompanying consolidated financial statements for further information. - ~~compliance with non- U.S.laws,regulations and policies could adversely affect our results of operations,financial condition or strategic objectives.~~ The M & M Acquisition ~~introduces~~ **introduced** us into a number of new geographic markets,subjecting us to additional non- U.S.laws,regulations and policies which ~~do did~~ not ~~currently~~ **previously** apply to us,and ~~will increase~~ **increased** our exposure to certain other geographic markets as well as their laws and regulations. These laws and regulations are complex,change frequently,have become more stringent over time,could increase our cost of doing business,and could result in conflicting legal requirements. ~~Therefore~~ **The increased risk of non- compliance with non- U.S.laws , regulations and policies as a result of** the M & M Acquisition ~~may increase~~ **could adversely affect** our exposure to the **results of operations,financial condition or strategic objectives.** Our business exposes us to potential product liability, warranty, and tort claims, and recalls, which could adversely affect our financial condition and performance. The development, manufacture and sale of specialty chemical products by us, including products produced for the ~~food and beverage~~, medical device, pharmaceutical, automobile, construction, appliance, cigarette and aerospace end markets, involves a risk of exposure to product liability, warranty, and tort claims, product recalls, product seizures and related adverse publicity. A product liability, warranty, or tort claim or judgment against us that is larger than those typically experienced in the regular course of business could also result in substantial and unexpected expenditures, affect consumer or customer confidence in our products, and divert management' s attention from other responsibilities. Although we maintain product liability insurance, there can be no assurance that this type or the level of coverage is adequate or that we will be able to continue to maintain our existing insurance or obtain comparable insurance at a reasonable cost, if at all. A product recall or a significant partially or completely uninsured judgment against us could have a material adverse effect on our results of operations or financial condition. Although we have standard contracting policies and controls, we may not always be able to contractually limit our exposure to third party claims should our failure to perform result in downstream supply disruptions or product recalls. Environmental regulations and other obligations relating to environmental matters could subject us to liability for ~~fines~~, clean- ups, **fines, penalties** and other damages, require us to incur significant costs to modify our operations and increase our manufacturing and delivery costs. Costs related to our compliance with environmental, health and safety laws and regulations, and potential obligations with respect to sites currently or formerly owned or operated by us, may have a negative impact on our operating results. We also have obligations related to the indemnity agreement contained in the demerger and transfer agreement between Celanese GmbH and Hoechst AG for environmental matters arising out of certain divestitures that took place prior to the demerger. See Note 13- Environmental in the accompanying consolidated financial statements for further information. Our operations are subject to extensive international,

national, state, local and other laws and regulations that govern environmental, health and safety matters and that regulate the handling, manufacture, use, emission and disposal of products, materials and hazardous and non-hazardous waste. If we violate any one of those laws or regulations, we can be held liable for substantial fines and other sanctions, including limitations on our operations as a result of changes to or revocations of environmental permits involved. We could also face claims for damages from individuals or groups for alleged violations of these laws or regulations. We also incur substantial capital and other costs to comply with environmental, health and safety requirements. Stricter environmental, safety and health laws and regulations could result in substantial additional costs and liabilities to us or limitations on our operations. Consequently, compliance with these laws and regulations may negatively affect our earnings and cash flows in a particular reporting period. See Item 7.

Management's Discussion and Analysis of Financial Condition and Results of Operations- Liquidity and Capital Resources for further information. For more information on risks we face specifically related to climate change and related potential regulation, see the risk factor titled "We are subject to financial, regulatory, physical and transition risks associated with climate change or other sustainability matters as well as potential legislation, regulation and international accords to address climate change and other sustainability matters" below. Changes in environmental, health and safety regulations in the jurisdictions where we manufacture or sell our products could lead to a decrease in demand for **or significant restrictions on use and / or production of our products and raw materials**. New or revised governmental regulations, independent studies or consumer or societal perceptions relating to the effect of our products on health, safety or the environment may affect demand for our products and the cost of producing our products. In addition, products we produce, including VAM, formaldehyde and polymers derived from formaldehyde, may be classified and labeled in a manner that would adversely affect demand for such products. For example, in 2019 the EPA designated formaldehyde as a high-priority substance under the Toxic Substances Control Act and the substance is currently undergoing risk evaluation. In addition, in 2012 the International Agency for Research on Cancer ("IARC"), a research agency within the World Health Organization, classified formaldehyde as carcinogenic to humans (Group 1) based on epidemiological studies linking formaldehyde exposure to nasopharyngeal cancer, a rare cancer in humans, and leukemia. In 2011, a similar conclusion was reached by the National Toxicology Program ("NTP"), a U.S. inter-agency research program. We anticipate that the results of the IARC's and the NTP's reviews will continue to be examined and considered by government regulatory agencies with responsibility for setting worker and environmental exposure standards and labeling requirements. Other initiatives, including the Chemical Strategy for Sustainability initiative currently to be undertaken by the EU as part of the Green Deal will potentially require, or increase existing requirements for, toxicological testing and risk assessments of a wide variety of chemicals, including chemicals used or produced by us. These assessments may result in heightened concerns about the chemicals involved and additional regulatory requirements being placed on the production, handling, labeling and / or use of the subject chemicals. The new requirements may necessitate reformulation of products in order to meet customers' demands, which would be a financially burdensome process. Such concerns and additional requirements could also increase the cost incurred by our customers to use our chemical products and otherwise limit the use of these products, which could lead to a decrease in demand for these products. Such a decrease in demand would likely have an adverse impact on our business and results of operations. We are subject to financial, regulatory, physical and transition risks associated with climate change or other sustainability matters as well as potential legislation, regulation and international accords to address climate change and other sustainability matters. Greenhouse gas ("GHG") emissions have become the subject of significant international, national, regional, state and local attention. For example, the EPA **and, SEC, and European Commission** have promulgated or proposed extensive rules concerning reporting of GHG emissions. The European Commission has also embarked on the European Green Deal initiative with the goal of making the EU carbon neutral by 2050, which is leading to additional statutory and regulatory requirements. In addition, regulation of greenhouse gas also could occur pursuant to future treaty obligations, statutory or regulatory changes or new climate change legislation intended to reduce or mitigate the effects of GHG emissions. Compliance with such legislation, regulation and accords and the associated potential cost is complicated by the fact that various countries and regions are following different approaches and standards to the regulation of climate change. A number of our operations are within jurisdictions that have or are developing regulatory regimes governing GHG emissions, which may lead to direct and indirect costs on our operations. Some jurisdictions have emissions reduction measures directed at the power or oil and gas sectors, which could result in higher power input costs or reduced energy availability for us. Other regulations that are being implemented or contemplated include the potential for restrictions on GHG emissions, cap and trade emissions trading systems, taxes on GHG emissions, fuel, and energy, or carbon import charges on certain products among other provisions. These may exist in addition to country and corporate-level net-zero GHG emissions pledges. These measures, if and where enacted, may significantly increase our costs of operations or require us to incur significant additional capital costs for the installation of equipment to mitigate GHG emissions for our sites' manufacturing operations. Physical impacts of climate change, such as increased frequency and severity of hurricanes and floods and impact on sea levels, may also impact our facilities and operations and those of our key suppliers. A number of our sites are located in areas that are exposed to weather events and changing sea levels (such as the Texas Gulf Coast) and that have been impacted by hurricanes and other weather events in the past as described elsewhere in these risk factors. To the extent climate change exacerbates these threats, our operations and supply chains could experience increased levels of disruptions and added costs. Additionally, increased social, legislative and regulatory focus on climate change and other sustainability matters as well as customer demand for responsibly manufactured products could lead to changes in the behavior of our customers or their end-customers, and could result in reduced customer demand for products made from materials that are perceived to be significant contributors to greenhouse gas emissions and global climate change. We may fail to accurately react to these trends and refine our product offerings through innovation, or we may not be able to fully address these concerns through changes in manufacturing methods or use of more sustainable materials and processes, which could result in reduced demand for our products. We closely monitor developments in this area, but there is significant uncertainty regarding what legislative or

regulatory requirements may be put in place, which makes it impossible for us to predict the longer- term impact these measures have on our operations. However, we believe that future legislative and regulatory developments related to climate change are likely, which could materially increase operating costs in the chemical industry and thereby increase our manufacturing and delivery costs. Our aspirations, goals, and initiatives related to sustainability, and our public statements and disclosures regarding them, expose us to risks. We have developed and publicized, and expect to continue to establish, goals, targets, and other objectives related to sustainability matters. These include a GHG intensity reduction target and other environmental targets. Such statements reflect our current plans at the time they are made, and do not constitute a guarantee that they will be achieved. Our ability to track and meet these goals depends on future innovations and technology and the availability of accurate reporting methods. Our efforts to research, establish, accomplish, and accurately report on these goals, targets, and objectives could expose us to operational, reputational, financial, legal, and other risks. Our ability to achieve any stated goal, target, or objective is and will be subject to numerous factors and conditions, many of which are outside of our control, such as evolving regulatory or quasi- regulatory sustainability standards, the ability of suppliers to meet our sustainability and other standards, differing requirements and the pace of changes in technology. We may face increased scrutiny from the investment community, other stakeholders, regulators, and the media related to our sustainability activities, including the goals, targets, and objectives that we announce, and our methodologies and timelines for pursuing them. If our sustainability practices do not meet investor or other stakeholder expectations and standards, which continue to evolve, our reputation, ability to attract or retain employees, and attractiveness as an investment, business partner, or as an acquirer could be negatively impacted, which could in turn adversely impact our business and results of operations. Similarly, our failure or perceived failure to pursue or fulfill our goals, targets, and objectives, to comply with ethical, environmental, or other standards, regulations, or expectations, or to satisfy various reporting standards with respect to these matters, within the timelines that we announce, or at all, could have the same negative impacts, as well as expose us to government enforcement actions and private litigation. Even if we achieve the goals, targets, and objectives we set, we may not realize all of the benefits ~~that it~~ expected at the time they were established. Our business and financial results may be adversely affected by various legal and regulatory proceedings. We are involved in legal and regulatory proceedings, lawsuits, claims and investigations in the normal course of business and could become subject to additional claims in the future, some of which could be material. The outcome of existing proceedings, lawsuits, claims and investigations may differ from our expectations because the outcomes of such proceedings, including regulatory matters, are often difficult to reliably predict. Various factors or developments can lead us to change current estimates of liabilities and related insurance receivables where applicable, or permit us to make such estimates for matters previously not susceptible to reasonable estimates, such as a significant judicial ruling or judgment, a significant settlement, significant regulatory developments, or changes in applicable law. A future adverse ruling, settlement, or unfavorable development could result in charges that could have a material adverse effect on our business, results of operations or financial condition in any particular period. See Note 13- Environmental and Note 19- Commitments and Contingencies in the accompanying consolidated financial statements for further information. Changes in, or the interpretation of, tax legislation or rates throughout the world, or the resolution of tax examinations or audits, could materially impact our results. Our future effective tax rate and related tax balance sheet attributes could be impacted by changes in **, or the interpretation of,** tax legislation throughout the world. The overall tax environment has made it increasingly challenging for multinational corporations to operate with certainty about taxation in many jurisdictions. For example, the European Commission has been conducting investigations focusing on whether local country tax rulings or tax legislation provide preferential tax treatment that violates EU state aid rules. Furthermore, a number of countries where we do business, including the U. S. and many countries in the EU, have changed or are considering changes in relevant tax, accounting and other laws, regulations and interpretations, including changes to tax laws applicable to multinational corporations. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, expirations of tax holidays or rulings, changes in the assessment regarding the realization of deferred tax assets, or changes in tax laws and regulations or their interpretation. The increasingly complex global tax environment and related legislative developments could have a material adverse effect on our effective tax rate, results of operations, cash flows and financial condition. For example, the Organization of Economic Cooperation and Development (the " OECD"), which represents a coalition of member countries, is supporting changes to numerous long- standing tax principles through its base erosion and profit shifting initiatives, which focus on a number of issues, including (i) the shifting of profits among affiliated entities located in different tax jurisdictions and (ii) a global minimum tax of at least 15 % of adjusted financial statement income, applied on a country - by - country basis, applicable to multinational groups with annual **revenue adjusted financial statement income in excess of EUR750 \$ 1. 0 billion million or more**. The adoption of such changes is contingent upon the independent actions of participating countries to enact implementing domestic legislation. **Furthermore In December 2022 , the EU member states voted unanimously to implement the 15 % global minimum tax into national legislation, and other countries where we do business have either implemented or are in the process of implementing domestic legislation which will be effective starting in 2024. In** August 2022, the Inflation Reduction Act of 2022 (" IRA") was enacted in the U. S. The IRA created a new book minimum tax **, effective for tax years beginning after December 31, 2022,** of **at least 15 % of adjusted** consolidated GAAP pre- tax income for corporations with three- year average **adjusted** annual book income in excess of \$ 1. 0 billion. The IRA also created an excise tax **of that is generally equal to** 1 % of the value of any stock repurchased by us after December 31, 2022. We are subject to the regular examination of our income tax returns by various tax authorities. Examinations in material jurisdictions or changes in laws, rules, regulations or interpretations by local taxing authorities could result in impacts to tax years open under statute or to foreign operating structures currently in place. Our tax returns are under audit for the years 2013 through 2015 by the United States, the Netherlands and Germany. These authorities have proposed adjustments to transfer pricing and the reallocation of income between the related jurisdictions to open tax years through 2019. While we have reached resolution with the Netherlands, we are currently continuing **discussions** with the other taxing

authorities and are evaluating all potential remedies. We are currently evaluating these proposals and all potential remedies. If this matter is resolved in a manner inconsistent with our expectations or we are unsuccessful in defending our position, our financial condition and operating results could be adversely impacted. **In addition, we are under examination in other jurisdictions for other matters for various years, including Mexico and Canada**. We cannot predict with certainty the outcome of tax examinations or audits. We regularly assess the likelihood of adverse outcomes resulting from these examinations or changes in laws, rules, regulations or interpretations to determine the adequacy of our provision for taxes. It is possible the outcomes from these examinations will have a material adverse effect on our financial condition and operating results in future periods.

Risks Related to Our Human Capital Our success depends upon our ability to attract and retain key employees and the identification and development of talent to succeed senior management. Our success depends on our ability to attract and retain key personnel including our management team. The inability to recruit and retain talented employees or the unexpected loss of such talented employees or key personnel may adversely affect our operations. Like many companies, we have experienced in the last couple of years and continue to experience an increasingly competitive hiring environment for skilled employees at our manufacturing and other sites, which in some cases has increased, or may in the future increase, the cost of retaining or hiring talented employees, particularly in technical manufacturing roles critical to our success. In addition, we rely on our senior management team specifically, therefore our future success depends in part on our ability to retain those members of senior management and to identify and develop talent to succeed senior management. The hiring and retention of key personnel and appropriate senior management succession planning will continue to be important to the successful implementation of our strategies. Significant changes in pension fund investment performance or assumptions relating to pension costs may have a material effect on the valuation of pension obligations, the funded status of pension plans and our pension cost. The cost of our pension plans is incurred over long periods of time and involves many uncertainties during those periods of time. Our funding policy for pension plans is to accumulate plan assets that, over the long run, will approximate the present value of projected benefit obligations. Our pension cost is materially affected by the discount rate used to measure pension obligations, the level and value of plan assets available to fund those obligations at the measurement date and the expected long- term rate of return on plan assets. Significant changes in investment performance or a change in the portfolio mix of invested assets will likely result in corresponding increases and decreases in the valuation of plan assets and a change in the discount rate or mortality assumptions, which will likely result in an increase or decrease in the valuation of pension obligations. The combined impact of these changes will affect the reported funded status of our pension plans as well as the net periodic pension cost in the following fiscal years. In recent years, an extended duration strategy in the asset portfolio has been implemented in some plans to reduce the influence of liability volatility due to changes in interest rates. If the funded status of a pension plan declines, we may be required to make unscheduled contributions in addition to those contributions for which we have already planned. See Note 12- Benefit Obligations in the accompanying consolidated financial statements for further information. Some of our employees are unionized, represented by workers councils or are subject to local laws that are less favorable to employers than the laws of the U. S. As of December 31, **2022-2023**, we had **13-12, 263-410** employees globally. Approximately **11-15**% of our **4, 722-248** U. S.- based employees are unionized. In addition, a large number of our employees are employed in countries in which employment laws provide greater bargaining or other employment rights than the laws of the U. S. Such employment rights require us to work collaboratively with the legal representatives of the employees to effect any changes to labor agreements. Most of our employees in Europe are represented by workers councils and / or unions that must approve any changes in terms and conditions of employment, including potentially salaries and benefits. They may also impede efforts to restructure our workforce. Although we believe we have a good working relationship with our employees and their legal representatives, a strike, work stoppage, or slowdown by our employees could occur, resulting in a disruption of our operations or higher ongoing labor costs.

Risks Related to Our Indebtedness Financing the M & M Acquisition significantly increased our indebtedness and interest expense, which could adversely affect us, decrease our business flexibility, diminish our ability to raise additional capital to fund our operations or refinance our existing indebtedness when it matures and limit our ability to react to changes in the economy or the chemicals industry. See Note 11- Debt in the accompanying consolidated financial statements for further information about our indebtedness. See Note 12- Benefit Obligations, Note 13- Environmental and Note 19- Commitments and Contingencies in the accompanying consolidated financial statements for further information about our other obligations. We incurred approximately \$ 11. 0 billion of indebtedness to finance the M & M Acquisition, bringing our total outstanding indebtedness to \$ **14-13. 7** billion at December 31, **2022-2023**, compared to \$ **4-14. 0-7** billion at December 31, **2021-2022**. Also, the amount of cash required to pay interest on our increased indebtedness, and thus the demands on our cash resources, has significantly increased as a result of the indebtedness to finance the M & M Acquisition. We **have allocated, and intend to continue to** allocate, capital to repay and reduce our outstanding debt using cash from operations and **potentially** proceeds from asset sales or dispositions **if in cases where** we are able to do so on favorable terms. Our ability to reduce our level of indebtedness over time in line with our strategic goals depends on a number of factors including our business performance, macroeconomic and industry conditions, commercial and financing market conditions, and other factors described in these risk factors, and our inability to achieve these objectives could delay or alter our deleveraging plan, or could negatively impact the trading prices of our securities or our credit ratings. Our higher level of indebtedness and other liabilities could have other important consequences, including:

- Increasing our vulnerability to general economic and industry conditions, including exacerbating the impact of any adverse business effects that could impact our ability to repay amounts due under existing senior credit agreements (the " Credit Agreements") or **our the** indentures (the " Indentures") governing our outstanding senior unsecured notes (collectively, the " Senior Notes");
- Requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on indebtedness and amounts payable in connection with the satisfaction of our other liabilities, therefore reducing our ability to use our cash flow to fund operations, capital expenditures and future business opportunities or pay dividends on our common stock, par value \$ 0. 0001 per share (" Common Stock");
- Reducing our

flexibility to respond to changing business and economic conditions; • Exposing us to the risk of increased interest rates as certain of our borrowings are at variable rates of interest; • Exposing us to the risk of changes in currency exchange rates as certain of our borrowings are denominated in foreign currencies; and • Limiting our ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes. We may not be able to generate sufficient cash to service our indebtedness and may be forced to take other actions to satisfy obligations under our indebtedness, which may not be successful. If our cash flows and capital resources are insufficient to fund our debt obligations, we may be forced to reduce or delay capital expenditures, sell assets on unfavorable terms, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service and other obligations. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to complete those dispositions or to obtain the proceeds that we could realize from them, and these proceeds may not be adequate to meet any debt service obligations then due. Restrictive covenants in our debt agreements may limit our ability to engage in certain transactions and may diminish our ability to make payments on our indebtedness or pay dividends. The Credit Agreements, the Indentures and the Receivables Purchase Agreement governing our receivables securitization facility each contain various covenants that limit our ability to engage in specified types of transactions. The Credit Agreements ~~and the Indentures~~ contain covenants including, but not limited to, restrictions on our and certain of our subsidiaries' ability to incur additional debt; incur liens securing debt; merge or consolidate with any other person; and sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the Issuer's assets or the assets of certain subsidiaries. Additionally, the Credit Agreements require the maintenance of certain financial ratios. **The Indentures contain covenants including, but not limited to, restrictions on our and certain of our subsidiaries' ability to incur liens securing debt; merge or consolidate with any other person; and sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the Issuer's assets or the assets of certain subsidiaries. The Receivables Purchase Agreement also contains covenants including, but not limited to, restrictions on CE Receivables LLC's, a wholly-owned, "bankruptcy remote" special purpose subsidiary of the Company, and certain other Company subsidiaries' ability to incur indebtedness; grant liens on assets; merge, consolidate, or sell assets; pay dividends or make other restricted payments; make investments; prepay or modify certain indebtedness; or engage in other businesses.** Such restrictions in **the instruments governing** our debt obligations could result in us having to obtain the consent of our lenders and holders of the Senior Notes in order to take certain actions. Disruptions in credit markets may prevent us from obtaining or make it more difficult or more costly for us to obtain such consents. Our ability to expand our business or to address declines in our business may be limited if we are unable to obtain such consents. A breach of any of these covenants could result in a default, which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations. Furthermore, a default under any of the Credit Agreements could permit lenders to accelerate the maturity of our indebtedness under such Credit Agreement and to terminate any commitments to lend. If the lenders under any Credit Agreement accelerate the repayment of such indebtedness, we may not have sufficient liquidity to repay such amounts or our other indebtedness, including the Senior Notes. In such event, we could be forced into bankruptcy or liquidation. **Our credit ratings are subject to change and may not reflect all risks of investments in our securities. Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of our securities. These credit ratings may not reflect the potential impact of risks relating to our securities. Agency ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating. Any actual or anticipated negative changes or downgrades in our credit ratings or ratings outlook or watch, including any announcement that our ratings are under review for a downgrade, could increase our corporate borrowing costs and affect the market value of our securities.** Celanese and Celanese U. S. are holding companies and depend on subsidiaries to satisfy their obligations under the Senior Notes and the guarantee of Celanese U. S.'s obligations under the Senior Notes and the Credit Agreements by Celanese. As holding companies, Celanese and Celanese U. S. conduct substantially all of their operations through their subsidiaries, which own substantially all of our consolidated assets. Consequently, the principal source of cash to pay Celanese and Celanese U. S.'s obligations, including obligations under the Senior Notes and the guarantee of Celanese U. S.'s obligations under the Credit Agreements and the Indentures by Celanese, is the cash that our subsidiaries generate from their operations. We cannot assure that our subsidiaries will be able to, or be permitted to, make distributions to enable Celanese U. S. and / or Celanese to make payments in respect of their obligations. Each of our subsidiaries is a distinct legal entity and, under certain circumstances, applicable country or state laws, regulatory limitations and terms of our debt instruments may limit our subsidiaries' ability to distribute cash to Celanese U. S. and Celanese. In the event Celanese U. S. and / or Celanese do not receive distributions from our subsidiaries, Celanese U. S. and / or Celanese may be unable to make required payments on the indebtedness under the Credit Agreements, the Indentures, the guarantee of Celanese U. S.'s obligations under the Credit Agreements and the Indentures by Celanese, or our other indebtedness.