Risk Factors Comparison 2024-02-21 to 2023-03-01 Form: 10-K

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

An investment in our securities involves certain risks, including those described below. One should carefully consider these risk factors together with all of the information included or incorporated by reference in this report before investing in our securities. OPERATIONAL RISKS Our businesses are subject to operational and safety risks. **Failure to limit our exposure to such risks could have an adverse impact on our results.** Providing our suite of services to our customers and operating our facilities involves risks such as equipment defects, malfunctions and failures and natural or man- made disasters, which could potentially result in releases of hazardous materials, damage to or total loss of our property or assets, injury or death of our employees, subcontractors or others **, reduced perceived value of our brand or damage to our reputation,** or a need to shut down or reduce operation of our facilities while remedial actions are undertaken. Our employees and subcontractors, when necessary, often work under potentially hazardous conditions. These risks expose us to potential liability for pollution and other environmental damages, personal injury, loss of life, business interruption and property damage or destruction. We must also maintain a solid safety record in order to remain a preferred supplier to our major customers **and protect the value of our brand in the marketplace** . While we seek to minimize our exposure to such risks primarily through (i) comprehensive training programs, (ii) utilizing proper equipment and the latest technologies, (iii) our Environmental Compliance Internal Audit Program, (iv) vehicle and equipment maintenance programs, (v) subcontracting with reputable third- parties (vi) industrial control systems and (vii) insurance, such actions and insurance may not be adequate to cover all of our potential liabilities which could negatively impact our results of operations and cash flows. Our operations are increasingly dependent upon technology. Failure of these technologies, failure to upgrade or innovate these technologies or failure to identify and develop new technologies could have an adverse impact on our results. Our information technology systems are critical to our operations, customer experience and financial reporting. Malfunctions of these technologies, including disruptions due to natural or man-made disasters (e. g., terrorism or cyber intrusion), could interrupt operations, create incremental operational and safety risks such as those noted above or negatively impact our service to our customers and ~~hurt~~ our business reputation. System failures could also impede our ability to collect and report financial results timely or comply with regulations associated with our operations. In addition to the operational and safety risk mitigation procedures noted above, identification of new and emerging technologies may be a risk and an opportunity to our business. Research and development of new technologies may require significant spending which may negatively impact our operating results and cash flows. Failure to innovate and focus on new technologies that provide superior alternatives to traditional environmental services, waste disposal or oil collection and re-refining service offerings may negatively impact our financial results. A ~~cyber- security~~ **cybersecurity** incident could negatively impact our business **, operations** and ~~our~~ relationships with customers. We use technology in substantially all aspects of our business operations. Mobile devices and other online technologies connect our employees to our customers and our networks. Such uses give rise to ~~cyber- security~~ **cybersecurity** risks, including security breach, espionage, system disruption, theft, disruption of our business operations, remediation costs for repairs of system damage and inadvertent release of information. Our business involves operational technology integral to our day to day business and the storage and transmission of numerous classes of sensitive and / or confidential information and intellectual property including, but not limited to, private information about employees and financial and strategic information about our Company and our business partners. Furthermore, as we pursue our strategy to grow through acquisitions and new initiatives that improve our operations and cost structure, we are also expanding and improving our information technologies, resulting in a larger technological presence and corresponding exposure to ~~cyber- security~~ **cybersecurity** risk. We actively assess our ~~cyber- security~~ **cybersecurity** and technology risks and modify our operational response to such risks as circumstances and technology change. **To** ~~For example, to~~ avoid the collection and housing of customer payment records, we partner with a Payment Card Industry compliant third party to handle our ~~business~~ customers' credit card transactions in a secure a manner. If we fail to assess and identify current ~~cyber-security~~ **cybersecurity** risks and those associated with acquisitions and new initiatives, we may become increasingly vulnerable to such risks. We have implemented measures ~~to~~ **aimed at** ~~prevent~~ **preventing** security breaches and cyber incidents, including the establishment of processes, procedures and systems focused on response readiness, planning, disaster recovery and business continuity. Despite our best efforts, our preventative measures and incident response efforts may not be entirely effective. The theft, destruction, loss, misappropriation or release of sensitive and / or confidential information or intellectual property, or interference with our operational technology, information technology systems or the technology systems of third parties on which we rely, could result in business disruption, negative publicity, damage to our assets, brand reputational damage, violation of privacy laws, loss of customers, potential liability and competitive disadvantage, which could have a material adverse effect on our financial position, results of operations or cash flows. Like many companies, we have experienced third- party attacks on our computer systems which resulted in some business disruption while we responded **. We** ~~, but we~~ believe that no such attack has resulted in any material ~~disruptions or had any of the other material~~ adverse consequences ~~described above in this paragraph~~ . Furthermore, while we maintain what we believe is sufficient insurance coverage that may (subject to certain policy terms and conditions, including deductibles) cover certain aspects of third- party security and ~~cyber- security~~ **cybersecurity** risks and business interruption, our insurance coverage may not always cover all ~~our~~ **related** costs or losses. Natural disasters or other catastrophic events, including effects of climate change and pandemics as well as their residual macroeconomic effects, could negatively affect our business. Natural disasters such as hurricanes, tornados or earthquakes or other catastrophic events including public health threats could negatively affect our operations and financial performance and harm our reputation. The direct and indirect impact of such events could include physical damage to one or more of our facilities, equipment or locations in which we operate, the temporary lack of an adequate workforce in a market and the temporary disruption in rail or ~~truck~~ **other modes of** transportation ~~services~~ upon which we rely. These events could prevent or delay shipments to and collections from customers and those from suppliers. Residual and lingering macroeconomic effects from such events could ~~continue to~~ impact our supply chain, distribution network and / or workforce via longer disruptions or increased costs. These impacts could have a material effect on our business, financial condition, results of operations and cash flows. Weather conditions and other event driven special projects also cause interim variations in our results. These events could adversely impact the ability of the Company' s suppliers and customers to conduct business activities and could ultimately do so for an indefinite period of time. As a result, we may be required to suspend operations in some or all of our locations, which could have a material adverse effect on our business, financial condition and results of operations. Our growth and success are dependent upon our people. If we lose key personnel and are unable to hire additional qualified personnel in a timely manner, our business may be harmed. A change or deterioration in our relations with our employees could have a materially adverse effect on our business. Our ability to continue to grow, operate our facilities and provide our services is dependent upon the expertise of certain key managerial and technical personnel. The market for skilled and experienced personnel is highly competitive. Our ability to retain key personnel and / or attract new qualified personnel may have an impact on our business ~~,~~ **and** financial ~~position,~~ results ~~of operations~~ and ~~cash flows~~ **competition for experienced personnel in the labor market may result in increased costs for wages, overtime and employee recruitment** . We put the safety of our employees at the heart of what we do and believe we have a positive relationship with our workforce. However, if our relationship with our employees were to deteriorate, we could be required to incur additional costs related to wages and benefits, inefficiencies in operations, unanticipated costs in sourcing temporary or third- party labor and interference with customer relations. INDUSTRY RISKS The hazardous waste management business is subject to significant environmental liabilities. As of December 31, ~~2022~~ **2023** , we have recorded ~~environmental~~ **closure, post-closure and remedial** liabilities valued at $ ~~235~~ **229** . ~~1~~ **8** million, substantially all of which we assumed in connection with certain acquisitions. We calculate ~~our~~ **these** environmental liabilities on a present value basis in accordance with generally accepted accounting principles, which take into consideration both the ~~amount of~~ **estimated cost to remediate** such liabilities and the **estimated** timing **of** ~~when we project that we will be required to pay them~~ - **the remediation** . We anticipate our environmental liabilities will be payable over many years and that cash flows generated from our operations will generally be sufficient to fund the payment of such liabilities when required. However, events not now anticipated (including future changes in environmental laws and regulations ~~or their enforcement~~) could require that such payments be made earlier or in greater amounts than we now estimate, which could adversely affect our financial condition, results of operations and cash flows. We may also assume additional environmental liabilities as part of future acquisitions. Although we will endeavor to accurately estimate and limit environmental liabilities presented by the businesses or facilities to be acquired, some liabilities, including ones that may exist only because of the past operations of an acquired business or facility, may prove to be more difficult or costly to address than we then estimate. It is also possible that government officials responsible for enforcing environmental laws may believe an environmental liability is more significant than we then estimate, or that we will fail to identify or fully appreciate an existing liability before we become legally responsible to address it. The hazardous waste management industry is subject to significant economic and business risks. The future operating results may be affected by such factors as our ability to utilize our facilities and workforce profitably in the face of intense price competition, maintain or increase market share in an industry which has in the past experienced significant downsizing and consolidation, realize benefits from cost reduction programs, collect incremental volumes of waste to be handled through our facilities from existing and acquired sales offices and service centers, obtain sufficient volumes of waste at prices which produce revenue sufficient to offset the operating costs of our facilities, minimize downtime and disruptions of operations and develop our field services business. In particular, economic downturns or recessionary conditions in North America, and increased outsourcing by North American manufacturers to plants located in countries with lower wage costs and less stringent environmental regulations, have adversely affected and may in the future adversely affect the demand for our services. Our business is also cyclical to the extent that it is dependent upon a stream of waste from cyclical industries such as chemical and petrochemical. If those cyclical industries slow significantly, the business that we receive from them would likely decrease. A significant portion of our business depends upon the demand for cleanup of major spills and other remedial projects and regulatory developments over which we have no control. Our operations, specifically within the Environmental Services segment, can be affected by the commencement and completion of cleanup of major spills and other events, customers' decisions to undertake remedial projects, seasonal fluctuations due to weather and budgetary cycles influencing the timing of customers' spending for remedial activities, the timing of regulatory decisions relating to hazardous waste management projects, changes in regulations governing the management of hazardous waste, secular changes in the waste processing industry towards waste minimization and the propensity for delays in the demand for remedial services and changes in the myriad of government regulations governing our diverse operations. We do not control such factors and, as a result, our revenue and income can vary from quarter to quarter, and past financial results for certain quarters may not be a reliable indicator of future results for comparable quarters in subsequent years. If our assumptions relating to expansion of our landfills should prove inaccurate, our results of operations and cash flow could be adversely affected. When we include permitted or probable expansion airspace in our calculation of available airspace, we adjust our landfill liabilities to the present value of projected costs for cell closure and landfill closure and post- closure. It is possible that our estimates or assumptions could ultimately turn out to be significantly different from actual results. In some cases we may be unsuccessful in obtaining an expansion permit or we may determine that an expansion permit is no longer probable. To the extent that such estimates, or the assumptions used to make those estimates, prove to be significantly different than actual results, or our beliefs that we will receive expansion permits change adversely in a significant manner, our landfill assets, including the assets incurred in the pursuit of the expansion, may be subject to impairment. Furthermore, lower prospective profitability may result due to increased interest accretion and depreciation or asset impairment charges related to the removal of previously included expansion airspace, in addition to the loss of future revenue related to the loss of probable airspace. Further, if our assumptions concerning expansion airspace should prove inaccurate, certain of our cash expenditures for closure of landfills could be accelerated and adversely affect our results of operations and cash flow. Reductions in the demand for oil products and automotive services **and volatility in oil prices** in the markets we serve may negatively affect certain of our businesses. Our operations, predominately within the Safety- Kleen Sustainability Solutions **(" SKSS")** segment, involve collecting used oil, re- refining a portion of such used oil into base and blended lubricating oils and then selling both base and blended oil products to customers. Reduced demand for oil products, whether temporary due to market conditions or a lasting long- term trend, may also lower demand for our services of collecting used oil and, in turn, reduce our feedstock oil volumes for processing through our re- refineries. There are significant fixed costs associated with operating our re- refinery facilities and should production volumes at these facilities decrease, our results of operations and profitability may be materially impacted. **Factors such as geopolitical developments, supply and demand imbalances and macroeconomic shifts may contribute to heightened oil price volatility in global oil markets. This volatility may lead to reduced profitability and increased operating costs in our oil operations and also may impact the cost of fuels throughout our transportation network and facilities. These volatility impacts may affect the Company' s financial condition, results of operations and cash flows.** Other businesses, including ~~the~~ **our** Safety- Kleen branches' core service offerings of containerized waste collection services, parts washer services and vacuum services, are inextricably connected to the automotive industry. Miles driven and routine automotive maintenance, along with other automotive industry trends, impact demand for parts- washer services, containerized waste collections and vacuum services. Declines in this industry, whether temporary or a lasting trend, may reduce the demand for these core service offerings which may adversely impact our financial results. LEGAL, ENVIRONMENTAL AND REGULATORY COMPLIANCE RISKS Our businesses are subject to numerous statutory and regulatory requirements, which may increase in the future. Our businesses are subject to numerous statutory and regulatory requirements. Our ability to continue to hold licenses and permits required for our businesses is subject to maintaining satisfactory compliance with such requirements. We may incur significant costs to maintain compliance. Our ability to obtain modifications to our permits or obtain permits to expand our facilities may be met with resistance, substantial statutory or regulatory requirements or may be too costly to achieve. These requirements may cause us to postpone or cancel our plans. Future statutory and regulatory requirements, including any legislation focused on combating climate change, may require significant cost to comply or may require changes to our products or services. Regulators, in addition to investors, customers and the public in general, have been increasingly focused on ~~ESG~~ **environmental, social** and ~~cyber- security~~ **cybersecurity** practices of companies. We may be subject to additional regulations and disclosure requirements in the future arising from the increased focus **these areas** ~~on ESG and cyber- security responsibility~~ , including the SEC' s recent disclosure ~~proposals~~ - **proposal** on climate change ~~and cyber- security reporting~~ . In addition, customers, including the U. S. government, may require us to implement or report on certain ESG data, procedures or standards to continue doing business with us. The occurrence of any of the foregoing could have a material impact on our financial condition or results of operations. Further, although we are very committed to compliance and safety, we could be subject to significant fines and penalties, our reputation could be adversely affected and / or we may incur significant costs to maintain or improve our compliance, if our businesses, or third- parties with whom we have a relationship, were to fail to comply with such statutory and regulatory requirements. The extensive environmental regulations to which we are subject, including potential climate change legislation and regulations, may increase our costs and potential liabilities and limit our ability to operate and expand our facilities. Our operations and those of others in the environmental services industry are subject to extensive federal, state, provincial and local environmental requirements in both the United States and Canada, including those **outlined in the" Government Regulations" section in Item 1** ~~relating to emissions to air, discharged wastewater, storage, treatment, transport and disposal~~ of **this report on Form 10- K** ~~regulated materials and cleanup of soil and groundwater contamination~~ . **If** ~~In particular, if~~ we fail to comply with ~~government~~ regulations governing the transport, handling and disposal of hazardous materials, such failure could negatively impact our ability to collect, process and ultimately dispose of hazardous waste generated by our customers. Efforts to conduct our operations in compliance with all applicable laws ~~and regulations, including environmental rules~~ and regulations, require programs to promote compliance, such as training employees and customers, purchasing health and safety equipment and in some cases hiring outside consultants and lawyers. Even with these programs, we and other companies in the environmental services industry are routinely faced with government enforcement proceedings, which can result in fines or other sanctions and require expenditures for remedial work on waste management facilities and contaminated sites. Certain of these laws impose strict and, under certain circumstances, joint and several liability on current and former owners and operators of facilities that release regulated materials or that generate those materials and arrange for their disposal or treatment at contaminated sites. Such liabilities can relate to required cleanup of releases of regulated materials and related natural resource damages ~~.~~ From time to time,fines and / or penalties have been levied upon the Company in government environmental enforcement proceedings.Such fines typically have related to our waste treatment,storage and disposal operations.Although none of these fines or penalties that we have paid in the past have had a material adverse effect upon us,future fines and penalties may be more substantial.Further,in the future we may be required to make substantial capital expenditures as a result of government proceedings which would have a negative impact on our financial condition and results of operations.Regulators also have the power to suspend or revoke permits or licenses needed for operation of our plants,equipment and vehicles based on,among other factors,our compliance record,and customers may decide not to use a particular disposal facility or do business with us because of concerns about our compliance record.Suspension or revocation of permits or licenses would impact our operations and could have a material impact on our financial results.Although we have never had any of our facilities' operating permits revoked,suspended or non-renewed involuntarily,it is possible that such an event could occur in the future.Some environmental laws and regulations impose liability and responsibility on present and former owners,operators or users of facilities and sites for contamination at such facilities and sites without regard to causation or knowledge of contamination.Past practices have resulted in releases of regulated materials at and from certain of our facilities,or the disposal of regulated materials at third- party sites,which may require investigation and remediation,and potentially result in claims of personal injury,property damage and damages to natural resources.In addition,we occasionally evaluate various alternatives with respect to our facilities,including possible dispositions or closures.Investigations undertaken in connection with these activities may lead to discoveries of contamination that must be remediated,and closures of facilities might trigger compliance requirements that are not applicable to operating facilities.We are currently conducting remedial activities at certain of our facilities and paying a portion of the remediation costs at certain sites owned by third- parties.While,based on available information,we believe these remedial activities will not result in a material effect upon our operations or financial condition,these activities or the discovery of previously unknown conditions could result in material costs.In addition to the costs of complying with environmental laws and regulations,we incur costs defending against environmental litigation brought by government agencies and private parties.We are now,and may in the future be,a defendant in lawsuits brought by parties alleging environmental damage,personal injury and / or property damage,which may result in our payment of significant amounts **.** . The landscape of environmental regulation to which we are subject can change. Changes to environmental regulation often present new business opportunities for us; however, such changes may also result in increased operating and compliance costs or, in more significant cases, changes to how our facilities are able to operate. We constantly monitor the landscape of environmental regulation; however, our ability to navigate through any changes to such regulations may result in a material effect on our operations, cash flows or financial condition. From time to time, fines and...... in our payment of significant amounts. Environmental and land use laws also impact our ability to expand our facilities. In addition, we are required to obtain government permits to operate our facilities, including all of our landfills. Even if we comply with all applicable environmental laws, we might not be able to obtain requisite permits from applicable government authorities to extend or modify such permits to fit our business needs. Environmental laws and regulations have adversely affected and may adversely affect parts cleaning and other solvent related services. In connection with ~~its~~ **our** parts cleaning and other solvent related services, we have been subject to fines and certain orders requiring us to take environmental remedial action. Recent and potential changes in environmental laws and regulations may also adversely affect future parts cleaning and other solvent related services. Interpretation or enforcement of existing laws and regulations, or the adoption of new laws and regulations, may require a modification or curtailment of our parts cleaning operations or replacement or upgrading our facilities or equipment at substantial cost, which we may not be able to pass on to our customers, and we may choose to indemnify our customers from any fines or penalties they may incur as a result of these new laws and regulations. On the other hand, in some cases if new laws and regulations are less stringent, our customers or competitors may be able to manage waste more effectively themselves, which could decrease the demand for parts cleaning and other solvent related services or increase competition, which could adversely affect the results of operations, most predominately within the Environmental Services segment. We are subject to existing and potential product liability lawsuits relating to parts washer services. Clean Harbors, through its Safety- Kleen branded operations within the Environmental Services segment, from time to time has been named as a defendant in product liability lawsuits in various courts and jurisdictions throughout the United States. As of December 31, ~~2022~~ **2023** , the Company was involved in ~~54~~ **70** such proceedings (including cases which have been settled but not formally dismissed) wherein persons claim personal injury resulting from the use of its parts cleaning equipment or cleaning products. These proceedings typically involve allegations that the solvents used in the parts cleaning equipment contain contaminants or that the solvent recycling process does not effectively remove the contaminants that become entrained in the solvents during their use. In addition, certain claimants assert that the Company failed to adequately warn the product user of potential risks, including a historic failure to warn that such solvents contain trace amounts of toxic or hazardous substances such as benzene. We maintain insurance that we believe will provide coverage for these claims (over amounts accrued for self- insured retentions and deductibles in certain limited cases), though this insurance may not provide coverage for potential awards of punitive damages. Although we have vigorously defended and will continue to vigorously defend the Company and the safety of its products against all of these claims, these lawsuits are subject to many uncertainties and outcomes **that** cannot be predicted with assurance. We may also be named in additional product liability lawsuits in the future, including claims for which insurance coverage may not be available. If any one or more of these lawsuits were decided unfavorably and the plaintiffs were awarded punitive damages, or if insurance coverage were not available for any such claim, our financial condition and results of operations could be materially and adversely affected. Additionally, if any one or more of these lawsuits were decided unfavorably, such outcome may encourage more lawsuits against us. STRATEGIC TRANSACTION RISKS Failure to correctly identify strategic acquisitions and divestitures could adversely impact our future results. We continuously evaluate potential acquisition candidates and from time to time acquire companies that we believe will strategically fit into our business and growth objectives. If we are unable to successfully identify, integrate and develop acquired businesses, we could fail to achieve anticipated synergies and cost savings, including any expected increases in revenues and operating results, which could have a material adverse effect on our financial results. We also continually review our portfolio of assets to determine the extent to which assets or groups of assets are contributing to our objectives and growth strategy. When we decide to sell a business or specific asset group, we may be unable to do so on satisfactory terms and within our anticipated time frame. Future acquisitions of companies may expose us to unknown liabilities. If there are unknown liabilities or other obligations, including contingent liabilities, arising from potential acquisitions, our business could be materially affected. We may learn additional information about potential acquired companies that adversely affects us, such as unknown liabilities or other issues relating to internal controls over financial reporting, issues that could affect our ability to comply with the Sarbanes- Oxley Act or issues that could affect our ability to comply with other applicable laws. INSURANCE, ACCOUNTING AND TAX RELATED RISKS If we become unable to obtain, at reasonable cost, the insurance, surety bonds, letters of credit and other forms of financial assurance required for our facilities and operations, our business and results of operations would be adversely affected. We are required to provide substantial amounts of financial assurance to government agencies for closure and post- closure care of our licensed hazardous waste treatment facilities and certain other permitted facilities should those facilities cease operation, and we are also occasionally required to post surety, bid and performance bonds in connection with certain customer projects. We have obtained all of the required financial assurance for our facilities through a combination of surety bonds and insurance from qualified insurance companies. The financial assurance related to closure and post- closure obligations of our U. S. and Canadian facilities will renew at various dates throughout ~~2023~~ **2024**. Our ability to continue operating our facilities and conducting our operations would be adversely affected if we became unable to obtain sufficient insurance, surety bonds, letters of credit and other forms of financial assurance at reasonable cost to meet our regulatory and other business requirements. The availability of insurance, surety bonds, letters of credit and other forms of financial assurance is affected by our insurers', sureties' and lenders' assessment of our risk and by other factors outside of our control such as general conditions in the insurance and credit markets. Our insurance coverage and self- insurance reserves may be inadequate to cover all significant risk exposures, and increasing costs to maintain adequate coverage may significantly impact our financial condition and results of operations. We carry a range of insurance policies intended to protect our assets and operations, including general liability insurance, property damage, business interruption and environmental risk insurance. While we endeavor to purchase insurance coverage appropriate to our risk assessment, we are unable to predict with certainty the frequency, nature or magnitude of claims for direct or consequential damages, and as a result our insurance program may not fully cover us for losses we may incur. As a result of a number of catastrophic weather and other events, insurance companies have incurred substantial losses and in many cases they have substantially reduced the nature and amount of insurance coverage available to the market, have broadened exclusions and / or have substantially increased the cost of such coverage. If this trend continues, we may not be able to maintain insurance of the types and coverage we desire at reasonable rates or we may need to take on higher deductibles to obtain such coverage. A partially or completely uninsured claim against us (including liabilities associated with cleanup or remediation at our facilities), if successful and of sufficient magnitude, could have a material adverse effect on our business, financial condition and results of operations. Higher deductibles could result in more volatility in our results of operations as well. Any future difficulty in obtaining insurance could also impair our ability to secure future contracts, which may be conditioned upon the availability of adequate insurance coverage. In addition, claims associated with risks for which we are to some extent self- insured (property, workers' compensation, employee medical, comprehensive general liability and vehicle liability) may exceed our recorded reserves, which could negatively impact future earnings. Tax interpretations and changes in tax regulations and legislation could adversely affect our results of operations. We are subject to ~~income~~ **various** taxes in the United States, Canada, India, Mexico, Puerto Rico and ~~various~~ **certain** state and local jurisdictions. Tax interpretations, regulations and legislation in the various jurisdictions in which we operate are subject to change and uncertainty and may impact our results of operations and cash flows. Our interpretation of tax rules and regulations, including those relating to foreign jurisdictions, requires judgment that may be challenged by taxation authorities upon audit. Although we believe our assumptions, judgments and estimates are reasonable, changes in tax laws or our interpretation of tax laws and the resolution of any tax audits could significantly impact the amounts provided for income taxes in our consolidated financial statements. Fluctuations in foreign currency exchange could affect our financial results. We earn revenues, pay expenses, own assets and incur liabilities in countries using currencies other than the U. S. Dollar. In particular, we recorded approximately ~~13~~ **11. 5 % of our fiscal 2023 direct revenues in Canada and employ approximately 7**. 0 % of our ~~fiscal 2022 direct revenues~~ **full time active employees at our Global Capabilities Center** in ~~Canada~~ **India**. Because our consolidated financial statements are presented in U. S. Dollars, we must translate revenues, **expenses and** income **,** ~~and expenses~~ as well as assets and liabilities **,** into U. S. Dollars at exchange rates in effect during or at the end of each reporting period. Therefore, increases or decreases in the value of the U. S. Dollar against other currencies in countries where we operate affect our results of operations and the value of balance sheet items denominated in foreign currencies. Certain adverse conditions have required, and future conditions might require, us to make substantial write- downs in our assets, which have adversely affected or would adversely affect our balance sheet and results of operations. We review our long- lived tangible and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. We also test our goodwill and indefinite- lived intangible assets for impairment at least annually on December 31, or when events or changes in the business environment indicate that the carrying value of a reporting unit or indefinite lived intangible may exceed its fair value. During each of **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~, we determined that no asset write- downs were required. However, if conditions in any of the businesses in which we operate were to deteriorate, we could determine that certain of our assets are impaired and we would then be required to write- off all or a portion of the value of such assets. Any significant write- offs would adversely affect our balance sheet and results of operations. DEBT AND FINANCING RELATED RISKS Our levels of outstanding debt and letters of credit could adversely affect our financial condition and ability to fulfill our obligations. As of December 31, ~~2022~~ **2023**, our long- term debt consisted of $ ~~845~~ **1, 345**. 0 million of **unsecured** senior ~~unsecured~~ notes and $ **980** ~~1, 604~~. 0 million of **secured** senior ~~secured~~ term loans, with letters of credit of $ ~~111~~ **134**. ~~4~~ **3** million drawn against our revolving credit facility. Our levels of outstanding debt and letters of credit may: • adversely impact our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or other general corporate purposes or to repurchase our **unsecured** senior ~~unsecured~~ notes from holders upon any change of control; • require us to dedicate a substantial portion of our cash flow to payment of interest on our debt and fees on our letters of credit, which reduces the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes; • subject us to variable interest rate risk on $ ~~654~~ **380**. 0 million of our $ **980** ~~1, 604~~. 0 million **secured** senior ~~secured~~ term loans for which ~~,~~ **the variable rate had not been fixed via an interest rate swap** as of December 31, ~~2022~~ **2023** ~~, we do not have interest rate hedges~~ and borrowings (if any) under our revolving credit facility; • increase the possibility of an event of default under the financial and operating covenants contained in our debt instruments; and • limit our ability to adjust to rapidly changing market conditions, reduce our ability to withstand competitive pressures and make us more vulnerable to a downturn in general economic conditions of our business than our competitors with less debt. Our ability to make scheduled payments of principal or interest with respect to our debt, including our outstanding **unsecured** senior ~~unsecured~~ notes, our **secured** senior ~~secured~~ term loans, any revolving loans and our finance leases, and to pay fee obligations with respect to our letters of credit, will depend on our ability to generate cash and our future financial results. If we were unable to generate sufficient cash flow from operations in the future to service our debt and letter of credit fee obligations, we might be required to refinance all or a portion of our existing debt and letter of credit facilities or to obtain new or additional such facilities. However, we might not be able to obtain any such new or additional facilities on favorable terms or at all. ~~Should the need arise, we could incur substantially more debt and letter of credit obligations in the future. Although our revolving credit agreement and the indenture and loan agreement governing our other outstanding debt contain restrictions on the incurrence of additional debt (including, for this purpose, reimbursement obligations under outstanding letters of credit), these restrictions are subject to a number of qualifications and exceptions and the additional debt which we might incur in the future in compliance with these restrictions could be substantial. In particular, as of December 31, 2022, we had up to approximately $ 288. 6 million available for additional borrowings and letters of credit under our revolving credit facility. Our revolving credit agreement and the indenture and loan agreement governing our other outstanding debt also allow us to borrow significant amounts of money from other sources. These restrictions also do not prevent us from incurring obligations (such as operating leases) that do not constitute " debt " or " indebtedness " as defined in the relevant agreements. To the extent we incur in the future additional debt and letter of credit or other obligations, the related risks would increase.~~ The covenants in our debt agreements **may** restrict our ability to operate our business and might lead to a default under our debt agreements. Our revolving credit agreement and the indenture and loan agreement governing our other outstanding debt limit, among other things, the extent to which the Company or our restricted subsidiaries can: • incur or guarantee additional indebtedness (including, for this purpose, reimbursement obligations under letters of credit) or issue preferred stock; • pay dividends or make other distributions to our stockholders; • purchase or redeem capital stock or subordinated indebtedness; • make investments; • create liens; • incur restrictions on the ability of our restricted subsidiaries to pay dividends or make other payments to us; • sell assets, including capital stock of our subsidiaries; • consolidate or merge with or into other companies or transfer all or substantially all of our assets; and • engage in transactions with affiliates. As a result of these covenants, we may not be able to respond to changes in business and economic conditions and to obtain additional financing, if needed, and we may be prevented from engaging in transactions that might otherwise be beneficial to us. Our revolving credit facility requires, and our future credit facilities may require, us to maintain under certain circumstances certain financial ratios and satisfy certain other financial condition tests. Our ability to meet these financial ratios and tests can be affected by events beyond our control, and we may not be able to meet those tests. The breach of any of these covenants could result in a default under our outstanding or future debt. Upon the occurrence of an event of default, the lenders could elect to declare all amounts outstanding under such debts, including accrued interest or other obligations, to be immediately due and payable. If amounts outstanding under such debts were accelerated, our assets might not be sufficient to repay in full those debts. Our revolving credit agreement and the indentures and loan agreement governing our other outstanding debt also contain cross- default and cross- acceleration provisions. Under these provisions, a default or acceleration under one instrument governing our debt may constitute a default under our other debt instruments that contain cross- default and cross- acceleration provisions, which could result in the related debt and the debt under such other instruments becoming immediately due and payable. In such event, we would need to raise funds from alternative sources, which funds might not be available to us on favorable terms, on a timely basis or at all. Alternatively, such a default could require us to sell assets and otherwise curtail operations to pay our creditors. The proceeds of such a sale of assets or curtailment of operations might not enable us to pay all of our liabilities. COMMON STOCK RELATED RISKS The Massachusetts Business Corporation Act and our By- Laws contain certain anti- takeover provisions. Sections 8. 06 and 7. 02 of the Massachusetts Business Corporation Act provide that Massachusetts corporations which are publicly- held must have a staggered board of directors and that written demand by holders of at least 40 % of the outstanding shares of each relevant voting group of stockholders is required for stockholders to call a special meeting unless such corporations take certain actions to affirmatively" opt- out" of such requirements. In accordance with these provisions, our By- Laws provide for a staggered board of directors which consists of three classes of directors of which one class is elected each year for a three- year term, and require that written application by holders of at least 25 % (which is less than the 40 % which would otherwise be applicable without such a specific provision in our By- Laws) of our outstanding shares of common stock is required for stockholders to call a special meeting. In addition, our By- Laws prohibit the removal by the stockholders of a director except for cause. These provisions could inhibit a takeover of our Company by restricting stockholders' action to replace the existing directors or approve other actions which a party seeking to acquire us might propose. A takeover transaction would frequently afford stockholders an opportunity to sell their shares at a premium over then market prices.