Risk Factors Comparison 2024-02-27 to 2023-03-01 Form: 10-K

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We may occasionally make forward- looking statements and estimates such as forecasts and projections of our future performance or statements of our plans and objectives. These forward- looking statements may be contained in, but are not limited to, filings with the SEC, including this Form 10- K, press releases made by us and oral statements made by our officers. Actual results could differ materially from those contained in such forward- looking statements. Important factors that could cause our actual results to differ from those contained in such forward- looking statements include, but are not limited to, the risks described below. Macroeconomic and Industry Risks Our financial results are subject to U. S. economic uncertainty **and compliance with laws and regulations** . In ~~2022~~ **2023** , we generated approximately ~~80~~ **78** % of our net sales in the U. S. Our ability to be profitable depends heavily on varying conditions in the U. S. governmental and municipal markets, as well as the overall U. S. economy. The industrial markets in which we compete are subject to considerable cyclicality, and move in response to cycles in the overall business environment. Many of our customers are municipal government agencies, and as a result, we are dependent on municipal government spending. Spending by our municipal customers can be affected by federal, state and local political circumstances, budgetary constraints, changing priorities, actual or potential government shutdowns and other factors. The U. S. government and municipalities depend heavily on tax revenues as a source of spending and accordingly, there is a historical correlation that suggests a lag of one to two years between the condition of the U. S. economy and our sales to the U. S. government and municipalities. Therefore, downturns in the U. S. economy are likely to result in decreases in demand for our products. ~~Certain market factors indicate the U. S. economy may experience a significant downturn in the near future.~~ During previous economic downturns, we experienced decreases in sales and profitability, and we expect our business to remain subject to similar economic fluctuations in the future. In addition, the extent of any potential changes to policies **, tax laws** and regulations ~~under the current U. S. administration,~~ and how any such changes may impact the Company' s **financial results and** operations, is currently uncertain. ~~The extent~~ **For example, the Organization for Economic Co- operation and Development has issued Pillar Two model rules introducing a new global minimum corporate tax of 15 % intended** to ~~which~~ **be effective on January 1, 2024. While the U. S. has not yet adopted the Pillar Two rules, various non- U. S. governments are enacting legislation. As currently designed, Pillar Two would apply to our worldwide operations. We currently do not expect** ~~the~~ **these** ~~coronavirus pandemic will~~ **rules to materially increase our global tax costs because we do not have material operations in jurisdictions with tax rates lower than the Pillar Two minimum. We** continue to **monitor U** ~~adversely impact our business, financial condition and operating results is highly uncertain and cannot be predicted but could be material~~ . ~~The coronavirus pandemic has~~ **S. and global legislative action** ~~created~~ **related** ~~, and may continue~~ to **Pillar Two** ~~create, significant worldwide volatility, uncertainty and disruption, including substantial curtailment of business activities, slowdowns, suspensions or~~ **for** ~~delays of production and commercial activity, and weakened economic conditions, both in the United States and in many foreign countries. The actual and~~ potential impacts ~~of the pandemic that could adversely impact the Company' s business, financial condition and operating results, which could be material, will depend on numerous evolving factors, including the emergence of new variants, decreased labor availability, production delays and continued supply chain disruptions, and changes in safety protocols~~ . **Government administrations** ~~Additionally, a possible recession or market correction resulting from the spread of coronavirus, or otherwise, could materially affect our business~~ and **agencies** ~~the value of our stock. To the extent coronavirus adversely affects our business~~ , ~~it may heighten other risks described in this " Risk Factors " section. We have international operations that are subject to compliance with domestic and foreign laws and regulations, economic and~~ political **figures** uncertainties and conflicts and foreign currency rate....... Further, government administrations and agencies , the investment community, employees and other stakeholders have had an increased focus on **sustainability** ~~certain climate change and other environmental, social and governance (" ESG ") factors,~~ issues and initiatives. Regulatory and other legal changes in laws in response to such ~~ESG~~ matters could require material efforts and costs by us **, and our suppliers,** to comply with such changes. The costs of compliance with the various laws, regulations and policies applicable to us could be significant and penalties for non- compliance could significantly impact our business ~~with domestic and foreign laws and regulations,economic and political~~ uncertainties and conflicts and foreign currency rate fluctuations.Our business is subject to fluctuations in demand and changing international economic,legal and political conditions that are beyond our control.In ~~2023~~ **2022** ,approximately ~~22~~ **20** % of our net sales were to customers outside the U.S.and we expect a significant portion of our revenues to come from international sales in the foreseeable future.Operating in the international marketplace exposes us to a number of risks,including the need to comply with U.S.and foreign laws and regulations applicable to our foreign operations,such as the Foreign Corrupt Practices Act,the United Kingdom (" U.K.") Bribery Act and their counterparts in other foreign jurisdictions in which we operate,restrictive domestic and international trade regulations,and changes in these laws,regulations and policies by the U.S.and foreign governments.In addition,we may be exposed to risks and adverse economic effects associated with changes in tax laws,geopolitical conflicts,actual or threatened imposition of tariffs or trade barriers on our products or materials incorporated into our products,actual or threatened trade disputes,including so- called " trade wars," political and economic instability in the jurisdictions in which we operate,foreign receivables collection risk and **local labor market conditions.Further,government administrations and agencies** . To the extent that our international operations are affected by adverse foreign economic or political conditions, we may experience disruptions and losses that could have a material impact on our financial position, results of operations or cash flow. To mitigate the risk of foreign receivables collection, we may obtain letters of credit from international customers to satisfy concerns regarding the collectability of amounts billed to customers. Some of our contracts are denominated in foreign currencies, which may expose us to risks of fluctuating currency values and exchange rates, hard currency shortages and controls on currency exchange. Changes in the value of foreign currencies over the long term could increase our U. S. dollar costs for, or reduce our U. S. dollar revenues from, our foreign operations. Any increased costs or reduced revenues as a result of foreign currency fluctuations could adversely affect our results of operations. ~~Recent increases in inflation~~ **Inflation** in the United States and elsewhere could adversely affect our business. We are exposed to inflation effects, which could negatively affect our business, financial condition and results of operation. The United States and other jurisdictions have ~~recently~~ experienced high levels of inflation **in recent years** . If the inflation rate increases, it will likely affect our expenses, including, but not limited to, employee compensation and labor expenses and increased costs for supplies, and we may not be successful in offsetting such cost increases through pricing actions. The execution of our growth strategy is dependent upon the continued availability of credit and third- party financing arrangements for our customers. Economic downturns result in tighter credit markets, which could adversely affect our customers' ability to secure financing or to secure financing at favorable terms or interest rates necessary to proceed or continue with purchases of our products and services. Further, certain government agencies, including the U. S. Treasury, have **previously** implemented ~~or signaled the~~ **and may continue to** ~~implementation~~ ----- **implement** ~~of~~ policies that have resulted and may continue to result in significantly increased interest rates and borrowing costs. Our customers' or potential customers' inability to secure financing for projects could result in the delay, cancellation or downsizing of new purchases or the suspension of purchases already under contract, which could cause a decline in the demand for our products and services and negatively impact our financial position, results of operations or cash flow. We operate in highly competitive markets. The markets in which we operate are highly competitive. Many of our competitors have significantly greater financial resources than we do. The intensity of this competition, which is expected to continue, can result in price discounting and margin pressures throughout the industry and may adversely affect our ability to increase or maintain prices for our products. In addition, certain of our competitors may have lower overall labor or material costs. In some cases, our contracts with municipal and other governmental customers are awarded and renewed through competitive bidding. We may not be successful in obtaining or renewing these contracts, which could have an adverse effect on our financial condition, results of operations or cash flow. Strategic and Operational Risks The inability to obtain raw materials, component parts and / or finished goods in a timely and cost- effective manner would adversely affect our ability to manufacture and market our products. We purchase from suppliers raw materials, component parts and finished goods to be used in the manufacturing and sale of our products. In addition, we may incorporate vehicle chassis provided directly by our customers in our production process. Although the vast majority of our raw materials and component parts are sourced domestically, certain of our suppliers are based overseas, and certain of our domestic suppliers may source subcomponents from overseas. Global markets for various products and goods have suffered, and are continuing to suffer, material disruptions to certain supply chains, in part due to the coronavirus pandemic and geopolitical conflicts **, including the war between Russia and Ukraine and the war between Israel and Hamas** . Changes in our relationships with suppliers, shortages in availability of materials, production delays, regulatory restrictions, public health crises, **labor stoppages** or other supply chain disruptions, whether due to our suppliers or customers, could have a material adverse effect on our ability to timely manufacture and deliver products to our customers. In addition, our profit margins would decrease if prices of purchased raw materials, component parts or finished goods increase and we are unable to pass on those increases to our customers. **Challenges within global logistics networks, including trucking and chassis shortages and shortages in labor availability, have also contributed to delays in receiving key manufacturing components, increased order backlogs and higher transportation costs. Such logistical disruption may cause us to incur higher freight costs to expedite the receipt of components from our suppliers or the delivery of products to our customers, and may also result in longer lead times for our customers.** As economies around the world ~~have~~ recovered ~~since~~ **following** the ~~initial onset~~ **most significant effects** of the pandemic, sharp increases in demand ~~have~~ created significant disruption to the global supply chain, which ~~has~~ adversely affected our ability to receive goods on a timely basis and increased our material costs. **Throughout 2023,** ~~Short- term or sustained increases in market demand may exceed our suppliers' production capacity or otherwise strain our~~ supply chain **conditions have continued** ~~. Our failure, or our suppliers' failure,~~ to ~~meet the demand~~ **gradually improve. However, we continue to experience supply shortages and extended lead times** for **some components and** raw materials ~~and components could adversely affect our business and results of operations. During 2022~~ , **including** ~~our manufacturing operations continued to be adversely affected by supply chain disruptions. We are currently experiencing supply shortages and inflationary pressure for~~ certain **classes of** ~~components and raw materials, including~~ chassis ~~, hydraulic pumps~~ and electronic components that are important to our manufacturing processes. When facing supply- related challenges, we may increase our inventory levels and purchase commitments to shorten lead times and to help maintain adequate inventory levels to meet customer expectations. While we actively monitor and take steps in an effort to mitigate supply chain risk, there can be no assurance that our ongoing mitigation plans will prevent disruptions that may arise from shortages of materials that we use in the production of our products. ~~Challenges within global~~ **Global** ~~logistics networks, including trucking and chassis shortages and shortages in labor availability, have also contributed to delays in receiving key manufacturing components, increased order backlogs and higher transportation costs. Such logistical disruption may cause us to incur higher freight costs to expedite the receipt of components from our suppliers or the delivery of products to our customers, and may also result in longer lead times for our customers. Uncertainties related to the magnitude and duration of global~~ supply chain disruptions may continue to adversely affect our business and our outlook. If we are unable to recover a substantial portion of the increase in material and transportation costs from our customers through price adjustments and / or surcharges, our business or results of operations could be adversely affected. We may also experience an increase in order cancellations if any such pricing actions are not accepted by our customers. Failure to keep pace with technological developments may adversely affect our operations. We are engaged in an industry that will be affected by future technological developments. The introduction of products or processes utilizing new technologies, including those resulting from any new ~~ESG~~ **environmental, safety and other** regulations **, artificial intelligence and machine learning** , could require us and our suppliers to make significant changes to existing products or processes in order for them to remain marketable and competitive. Our success will depend upon our ability to source, develop and introduce on a timely and cost- effective basis new products, applications and processes that keep pace with technological developments, ~~ESG~~ **applicable** regulations and address increasingly sophisticated customer requirements. We may not be successful in identifying, sourcing, developing and marketing new products, applications and processes and product or process enhancements **. Further, if we implement emerging technologies such as artificial intelligence and machine learning into our products and services, we may not be able to anticipate vulnerabilities, flaws or security threats resulting from the use of such technology and develop adequate protection measures** . We may experience difficulties that could delay or prevent the successful development, introduction and marketing of product or process enhancements or new products, applications or processes. Our products, applications or processes may not adequately meet the requirements of the marketplace and achieve market acceptance. Our financial condition, results of operations or cash flow could be materially and adversely affected if we or our suppliers were to incur delays in developing new products, applications or processes or product or process enhancements, or if our products do not gain market acceptance. Our efforts to develop new products and services or enhance existing products and services involve substantial research, development and marketing expenses, and the resulting new or enhanced products or services may not generate sufficient revenues to justify the expense. We place a high priority on developing new products and services, as well as enhancing our existing products and services. As a result of these efforts, we may be required to expend substantial research, development and marketing resources, and the time and expense required to develop a new product or service or enhance an existing product or service are difficult to predict. We may not succeed in developing, introducing or marketing new products or services or product or service enhancements. In addition, we cannot be certain that any new or enhanced product or service will generate sufficient revenue to justify the expense and resources devoted to the related product diversification effort. Disruptions within our dealer network or the inability of our dealers to secure adequate access to capital could adversely affect our business. We rely on national and global dealer networks to market certain of our products and services. As a result, our business with respect to these products and services is influenced by our ability to manage new and existing relationships with dealers. While we have relatively low turnover of dealers, from time to time, we or a dealer may choose to terminate the relationship as a result of difficulties that our dealers experience in operating their businesses due to economic conditions or other factors. While we do not believe our business is dependent on any single dealer, a disruption in our dealer network, or with a significant dealer, or within a specific market, could have an adverse impact on our business within the affected market. In addition, our dealers require adequate liquidity to finance their operations, including purchases of our products. Dealers are subject to numerous risks and uncertainties that could unfavorably affect their liquidity positions, including, among other things, continued access to adequate financing sources on a timely basis on reasonable terms. These sources of financing are vital to our ability to sell products through our dealer network. Recent significant increases in interest rates and any future deterioration in the liquidity or credit worthiness of our dealers could have a significant adverse effect on our business. From time to time, we may provide financing assistance to dealers or consider taking ownership positions. The loss or termination of a significant dealer, or a significant number of dealers, could cause difficulties in marketing and distributing our products and have an adverse effect on our business, financial condition, results of operations or cash flow. We may be unsuccessful in our future acquisitions, if any, which may have an adverse effect on our business. Our long- term strategy includes exploring acquisitions of companies or businesses to facilitate our growth, enhance our global market position and broaden our product offerings. Such acquisitions may help us expand into adjacent markets, add complementary products and services or allow us to leverage our distribution channels. In connection with this strategy, we could face certain risks and uncertainties in addition to those we face in the day- to- day operations of our business. We also may be unable to identify suitable targets for acquisition or to make acquisitions at favorable prices. If we identify a suitable acquisition candidate, our ability to successfully implement the acquisition would depend on a variety of factors, including our ability to obtain financing on acceptable terms **, especially with interest rates at comparatively high levels** . In addition, our acquisition activities could be disrupted by overtures from competitors for the targeted companies, governmental regulation and rapid developments in our industry that decrease the value of a potential target' s products or services. Acquisitions involve risks, including those associated with the following: • integrating the operations, financial reporting, disparate systems and processes and personnel of acquired companies; • managing geographically dispersed operations; • diverting management' s attention from other business concerns; • changing the competitive landscape, including disrupting existing sales channels or markets; • entering markets or lines of business in which we have either limited or no direct experience; and • losing key employees, customers and strategic partners of acquired companies. We also may not achieve anticipated revenue and cost benefits associated with our acquisitions. Acquisitions may not be accretive to our earnings and may negatively impact our results of operations as a result of, among other things, the incurrence of debt, acquisition costs, impairment of goodwill and amortization of other intangible assets. In addition, future acquisitions could result in dilutive issuances of equity securities. Businesses acquired by us may have liabilities that are not known to us. We may assume liabilities in connection with the acquisition of businesses. There may be liabilities that we fail or are unable to discover in the course of performing due diligence investigations on the acquired businesses, or that may be more material than we expected. In these circumstances, we cannot assure that our rights to indemnification will be sufficient in amount, scope or duration to fully offset the possible liabilities associated with the businesses or property acquired. Further, these liabilities could result in unexpected legal or regulatory exposure, unexpected increases in taxes or other adverse effects on our business. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our financial condition, results of operations or cash flow. We could incur restructuring and impairment charges as we continue to evaluate opportunities to restructure our business and rationalize our manufacturing operations in an effort to optimize our cost structure. We continue to evaluate opportunities to restructure our business and rationalize our manufacturing operations in an effort to optimize our cost structure. These actions could result in significant charges that could adversely affect our financial condition and results of operations. Future actions could result in restructuring and related charges, including but not limited to impairments, employee termination costs and charges for pension and other postretirement contractual benefits and pension curtailments that could be significant and could have an adverse effect on our financial condition, results of operations or cash flow. Indebtedness Risk We are subject to a number of restrictive debt covenants. Our credit facility contains certain restrictive debt covenants and customary events of default. Our ability to comply with these restrictive covenants may be affected by the other factors described in this " Risk Factors " section, as well as other factors outside of our control ~~, including increased indebtedness and / or lower earnings as a result of the coronavirus pandemic~~ . Failure to comply with one or more of these restrictive covenants may result in an event of default which, if not cured by us or waived by our lenders, allows our lenders to declare all amounts outstanding as due and payable. Such an acceleration of the maturity of our indebtedness may cause us to incur substantial costs and may prevent or limit us from engaging in transactions that benefit us, including responding to changing business and economic conditions and taking advantage of attractive business opportunities. Human Capital and Labor Risks Our ability to operate effectively could be impaired if we fail to attract and retain key personnel. Our ability to operate our businesses and implement our strategies depends in part on the efforts of our executive officers and other key employees. In addition, our future success will depend on, among other factors, our ability to attract and retain qualified personnel. The loss of the services of any key employee or the failure to attract or retain other qualified personnel could have a material adverse effect on our business or business prospects. Additionally, availability of labor in the markets in which we operate has declined in recent years and competition for such labor has increased ~~, especially under the economic crises experienced through the coronavirus pandemic~~ . A significant increase in wages paid by competitors for employees similar to our work force could result in insufficient availability of workers and / or increase our labor costs. In the event prevailing wage rates continue to increase in the markets in which we operate, we may be required to concurrently increase the wages paid to our employees to maintain the quality of our work force and customer service. If the supply of skilled labor is constrained or our costs of attracting and maintaining a workforce increase ~~and such costs~~ , our profit margins could decrease as well **as** our ability to maximize production and meet customer demand. Our business may be adversely impacted by work stoppages and other labor relations matters. As a portion of our workforce is unionized, we are subject to risk of work stoppages and other labor relations matters. As of December 31, ~~2022~~ **2023** , approximately ~~10~~ **9** % of our U. S. hourly workers were represented by labor unions and were covered by collective bargaining agreements with various unions. Any strikes, threats of strikes or other organized disruptions in connection with the negotiation of new labor agreements or other negotiations could materially adversely affect our business as well as impair our ability to implement further measures to reduce costs and improve production efficiencies. In addition, the stoppage of work for a prolonged period of time at one, or several, of our principal manufacturing facilities, due to public health concerns, or any other reason, could materially adversely affect our business. Our pension funding requirements and expenses are affected by certain factors outside of our control, including the performance of plan assets, the discount rate used to value liabilities, actuarial assumptions and experience and legal and regulatory changes. Our funding obligations and pension expense for our defined benefit pension plans are driven by the performance of assets set aside in trusts for these plans, the discount rate used to value the plans' liabilities, actuarial assumptions and experience and legal and regulatory funding requirements. Changes in these factors could have an adverse impact on our financial condition, results of operations or cash flow. In addition, a portion of our pension plan assets are invested in equity securities, which can experience significant declines if financial markets weaken. The level of the funding of our defined benefit pension plan liabilities was approximately ~~86~~ **88** % as of December 31, ~~2022~~ **2023** . Funding of the Company' s U. S. defined benefit pension plan is determined in accordance with guidelines set forth in the Employee Retirement Income Security Act. Our future pension expenses and funding requirements could increase significantly due to the effect of adverse changes in the discount rate, asset values or the estimated expected return on plan assets. In addition, we could become legally required to make increased cash contributions to the pension plans, and these contributions could be material and negatively affect our cash flow. Data Security and Intellectual Property Risks Increased **IT** ~~information technology~~ security threats ~~and~~ **, including** more sophisticated cybersecurity attacks **,** pose a risk to our systems, networks, products and operations. We rely upon **IT** ~~information technology~~ systems and networks, some of which are managed by third parties, to support a variety of business processes and activities, and to comply with regulatory, legal and tax requirements. Additionally, in the ordinary course of business, we collect and store sensitive information relating to our businesses, customers, suppliers and employees. Sensitive information may also be stored by our vendors and on the platforms and networks of third- party providers. The secure operation of these **IT** ~~information technology~~ systems and networks and processing and maintenance of this information is critical to the Company' s business operations and strategy. These **IT** ~~information technology~~ systems and networks may be susceptible to damage, disruptions or shutdowns due to hardware failures, computer viruses, cybersecurity attacks, telecommunication failures, user errors, catastrophic events or other factors. Further, **IT** ~~information technology~~ security threats are growing in frequency and sophistication. Accordingly, we have implemented and continue to implement measures to address cybersecurity ~~attacks~~ **incidents** and mitigate potential risks to our systems from these **IT** ~~information technology~~ - related disruptions. Despite the information security measures we have taken, our systems and networks remain potentially vulnerable to ~~attacks~~ **cybersecurity incidents** , as do those of our vendors and third- party providers. Cybersecurity ~~attacks on~~ **incidents with respect to** the Company, our vendors or our third- party providers could potentially result in the compromising of confidential information, misuse of our systems and networks, manipulation and destruction of data, misappropriation of assets or production stoppages and supply shortages, which in turn could adversely affect our reputation, financial condition, results of operations or cash flow. Although we have not suffered any significant ~~cyber~~ **cybersecurity** incidents that have had a material business impact, we and our vendors have ~~, from time to time,~~ been the target of malicious ~~cyber~~ **cybersecurity** threats **and attacks** . While various procedures and controls have been and are being utilized to mitigate **IT** ~~information technology~~ risks, there can be no guarantee that the actions and controls that we and our third- party providers have implemented will be sufficient to protect our systems, information or other property. ~~Further, the amount of insurance coverage we maintain may be inadequate to cover claims or liabilities relating to a cybersecurity attack.~~ Infringement of, or an inability to protect, our intellectual property rights could adversely affect our business. We rely on a combination of patents, trademarks, copyrights, nondisclosure agreements, **IT** ~~information technology~~ security systems, physical security and other measures to protect our proprietary intellectual property and the intellectual property of certain customers and suppliers. However, we cannot be certain that our efforts to protect these intellectual property rights will be sufficient. Intellectual property protection is subject to applicable laws in various jurisdictions where interpretations and protections differ or can be unpredictable and costly to enforce. Further, our ability to protect our intellectual property rights may be limited in certain foreign jurisdictions that do not have, or do not enforce, strong intellectual property rights. Any failure to protect or enforce our intellectual property rights could have a material adverse effect on our competitive position, financial condition, results of operations or cash flow. Legal and Financial Risks We may incur material losses and costs as a result of lawsuits or claims that may be brought against us which are related to product liability, warranty, product recalls, intellectual property, client service interruptions or other matters. We are exposed to product liability and warranty claims in the normal course of business in the event that our products actually or allegedly fail to perform as expected, or the use of our products results, or is alleged to result, in bodily injury and / or property damage. For example, we have been sued by firefighters seeking damages claiming that exposure to our sirens has impaired their hearing and that the sirens are, therefore, defective. In addition, we are subject to other claims and litigation from time to time, as further described in the accompanying notes to our consolidated financial statements. We could experience material product liability or warranty costs in the future and incur significant costs to defend ourselves against these claims. While we carry insurance and maintain reserves for product liability claims, our insurance coverage may be inadequate if such claims do arise, and any defense costs and liability not covered by insurance could have a material adverse impact on our financial condition, results of operations or cash flow. A future claim could involve the imposition of punitive damages, the award of which, pursuant to state laws, may not be covered by insurance. In addition, warranty and certain other claims are not typically covered by insurance. Any product liability or warranty issues may adversely impact our reputation as a manufacturer of high- quality, safe products and may have a material adverse effect on our business. The costs associated with complying with environmental, safety and other ~~ESG~~ regulations could lower our margins. We, like other manufacturers, continue to face heavy governmental regulation of our products, especially in the areas of the environment and employee health and safety. Increased public awareness and concern regarding climate change and other ~~ESG~~ **related** matters at numerous levels of government in various jurisdictions may lead to additional international, national, regional and local legislative and regulatory responses, and compliance with any new rules could be difficult and costly. These regulations could include environmental requirements applicable to manufacturing and vehicle emissions and regulations impacting our supply chain both nationally and internationally. Complying with environmental, safety and other **regulations** ~~ESG requirements~~ has added and will continue to add to the cost of our products, could increase the capital required to support our business and could affect the products and services that we offer. While we believe that we are in compliance in all material respects with these laws and regulations, we may be adversely impacted by costs, liabilities or claims with respect to our operations under existing laws or those that may be adopted. These requirements are complex, change frequently and have tended to become more stringent over time. Therefore, we could incur substantial costs, including cleanup costs, fines and civil or criminal sanctions as a result of violation of, or liabilities under, environmental laws and safety regulations. Further, climate change regulations at the federal, state or local level or in international jurisdictions could require us to limit emissions, change our manufacturing processes or product offerings, or undertake other activities which may require us to incur additional expense. These requirements may increase the cost of our products, which may diminish demand for those products. Additionally, uneven application of environmental, safety and other ~~ESG~~ regulations could place our products at a cost or features disadvantage, which could reduce our revenues and profitability. ~~A failure, or perceived failure, to respond to investor or customer expectations related to ESG concerns in areas such as climate change and supply chain management could materially adversely affect our business and reputation.~~ An impairment in the carrying value of goodwill, intangible assets or long- lived assets could negatively affect our financial position and results of operations. As of December 31, ~~2022~~ **2023** , goodwill and intangible assets represented ~~30~~ **29** % and ~~14~~ **13** % of total consolidated assets, respectively. Rental equipment and properties and equipment are long- lived assets, which also collectively represented ~~19~~ **20** % of our total consolidated assets as of December 31, ~~2022~~ **2023** . Goodwill and indefinite- lived intangible assets are tested for impairment annually, or more frequently if indicators of impairment exist. Definite- lived intangible assets and long- lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In evaluating the potential for impairment of goodwill, intangible assets and long- lived assets, we make assumptions regarding future operating performance, business trends, competition and market and general economic conditions. Such analyses further require us to make certain assumptions about our sales, operating margins, growth rates and discount rates. There are inherent uncertainties related to these factors. An impairment charge may result from, among other things, a significant decline in operating results, adverse market conditions, unfavorable changes in applicable laws or regulations, or a variety of other factors. Our total consolidated assets and results of operations for the applicable period could be materially adversely affected if any such charge is recorded.