Risk Factors Comparison 2024-01-30 to 2023-01-31 Form: 10-K

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We have listed below the most material risk factors applicable to us. These risk factors are not necessarily in the order of importance or probability of occurrence: Risks related to our competition and strategy If we do not deliver new products, services, technologies and customer experiences in response to increased competition and changing consumer **needs and** preferences ~~in the automotive industry~~ , our business could suffer. We believe that the automotive industry will continue to experience significant change in the coming years, particularly as traditional automotive original equipment manufacturers **(OEMs)** continue to shift resources to the development of EVs. In addition to our traditional competitors, we must also be responsive to the entrance of start- ups and other non- traditional competitors in the automotive industry, such as **software and** ridesharing services **supported by large technology companies** . These new competitors, as well as established industry participants, are disrupting the historic business model of our industry through the introduction of new technologies, products, services, direct- to- consumer sales channels, methods of transportation and vehicle ownership. To successfully execute our long- term strategy, we must continue to develop **and commercialize** new products and services, including products and services that are outside of our historically core ICE business, such as EVs and AVs, software- enabled connected services and other new businesses ~~. Our vehicles and connected services increasingly rely on software and hardware that is highly technical and complex. The process of designing and developing new technology, products and services is costly and uncertain and requires extensive capital investment and the ability to retain and recruit the best talent. If our access to capital were to become significantly constrained, if costs of capital increased significantly, or if our ability to raise capital is challenged relative to our peers, in each case including as a result of any constraints on lending due to concerns about climate change, our ability to execute on our strategic plans could be adversely affected. Further, the market for highly skilled workers and leaders in our industry is extremely competitive. Failure to attract, hire, develop, motivate and retain highly qualified and diverse employees could disrupt our operations and adversely affect our strategic plans~~ . There can be no assurance that advances in technology will occur in a timely or feasible way, if at all, that others will not acquire similar or superior technologies sooner than we do, or that we will acquire technologies on an exclusive basis or at a significant price advantage. **The process of designing and developing new technology, products and services is costly and uncertain and requires extensive capital investment. If our access to capital were to become significantly constrained, if costs of capital increased significantly, or if our ability to raise capital is challenged relative to our peers, our ability to execute on our strategic plans could be adversely affected.** Further, if we are unable to prevent or effectively remedy errors, bugs, vulnerabilities or defects in our software and hardware, or fail to deploy updates to our software properly, or if we do not adequately prepare for and respond to new kinds of technological innovations, market developments and changing customer needs **and preferences** , our sales, profitability and long- term competitiveness may be **materially** harmed **. Our ability to attract and retain talented, diverse and highly skilled employees is critical to our success and competitiveness. Our success depends on our ability to recruit and retain talented and diverse employees who are highly skilled GENERAL MOTORS COMPANY AND SUBSIDIARIES in their areas. In particular, our vehicles and connected services increasingly rely on software and hardware that is highly technical and complex and our success in this area is dependent upon our ability to retain and recruit the best talent. The market for highly skilled workers and leaders in our industry is extremely competitive. In addition to compensation considerations, current and potential employees are increasingly placing a premium on culture and other various intangibles, such as working for companies with a clear purpose and strong brand reputation, flexible work arrangements, and other considerations, such as embracing sustainability and diversity, equity and inclusion initiatives. Failure to attract, hire, develop, motivate and retain highly qualified and diverse employees could disrupt our operations and adversely affect our strategic plans** . Our ability to maintain profitability is dependent upon our ability to timely fund and introduce new and improved vehicle models, including EVs, that are able to attract a sufficient number of consumers. We operate in a very competitive industry with market participants routinely introducing new and improved vehicle models and features **, at decreasing price points,** designed to meet rapidly evolving consumer expectations. Producing new and improved vehicle models, including EVs, that preserve our reputation for designing, building and selling safe, high- quality cars, crossovers, trucks and SUVs is critical to our long- term profitability. Successful launches of our new vehicles are critical to our short- term profitability. The new vehicle development process can take two years or more, and a number of factors may lengthen that time period. Because of this product development cycle and the various elements that may contribute to consumers' acceptance of new vehicle designs, including competitors' product introductions, technological innovations, fuel prices, general economic conditions, regulatory developments, **including tax credits or other government policies in various countries,** transportation infrastructure and changes in quality, safety, reliability and styling demands and preferences, an initial product concept or design may not result in a saleable vehicle or a vehicle that generates sales in sufficient quantities and at high enough prices to be profitable. Our high proportion of fixed costs, both due to our significant investment in property, plant and equipment as ~~GENERAL MOTORS COMPANY AND SUBSIDIARIES~~ well as other requirements of our collective bargaining agreements, which limit our flexibility to adjust personnel costs to changes in demands for our products, may further exacerbate the risks associated with incorrectly assessing demand for our vehicles. Our long- term strategy is dependent upon our ability to profitably deliver a ~~broad~~ **strategic** portfolio of EVs. The production and profitable sale of EVs has become increasingly important to our long- term business as we ~~accelerate~~ **continue** our transition to an all- electric future. Our EV strategy is dependent on our ability to deliver a ~~broad~~ **strategic** portfolio of high- quality EVs that are competitive and meet consumer demands; scale our EV manufacturing capabilities; reduce the costs associated with the manufacture of EVs, particularly with respect to battery cells and packs; increase vehicle range and the energy density of our batteries; efficiently source sufficient materials for the manufacture of ~~EV~~ battery cells; license and monetize our proprietary platforms and related innovations; successfully invest in new technologies relative to our peers; develop new software and services; and leverage our scale, manufacturing capabilities and synergies with existing ICE vehicles. **Our progress towards these objectives has impacted, and may continue to impact, the need to record losses on our EV- related inventory, including battery cells.** In addition, **the success of our long- term strategy is dependent on** consumer adoption of EVs ~~will be critical to the success of our strategy~~ . Consumer adoption of EVs could be impacted by numerous factors, including the breadth of the portfolio of EVs available; perceptions about EV features, quality, safety, performance and cost relative to ICE vehicles; the range over which EVs may be driven on a given battery charge; the proliferation **and speed** of charging infrastructure, in particular with respect to public EV charging stations, and the success of the Company' s charging infrastructure programs and strategic joint ventures and other relationships; cost and availability of high fuel- economy ICE vehicles; volatility, or a sustained decrease, in the cost of petroleum- based fuel; failure by governments and other third parties to make the investments necessary to make infrastructure improvements, such as greater availability of cleaner energy grids and EV charging stations, and to provide **meaningful and fully utilizable** economic incentives promoting the adoption of EVs, including ~~those~~ **production and consumer credits** contemplated by the Inflation Reduction Act **(IRA)** ; and negative feedback from stakeholders impacting investor and consumer confidence in our company or industry. If we are unable to successfully deliver on our EV strategy, it could materially and adversely affect our results of operations, financial condition and growth prospects, and could negatively impact our brand and reputation. Our near- term profitability is dependent upon the success of our current line of **ICE vehicles, particularly our** full- size ICE SUVs and full- size ICE pickup trucks. While we offer a broad portfolio of cars, crossovers, SUVs and trucks, and we have announced significant plans to design, build and sell a ~~broad~~ **strategic** portfolio of EVs, we currently recognize the highest profit margins on our full- size ICE SUVs and full- size ICE **pickup** trucks. As a result, our near- term success is dependent upon our ability to sell higher margin vehicles in sufficient volumes. We are also using the cash generated by our ICE vehicles to fund our growth strategy, including with respect to EVs and AVs. Any near- term shift in consumer preferences toward smaller, more fuel- efficient vehicles, whether as a result of increases in the price of oil or any sustained shortage of oil, including as a result of global political instability (such as related to **the ongoing conflicts in** ~~Russia' s invasion of~~ Ukraine **and Gaza**), concerns about fuel consumption or GHG emissions, or other reasons, could weaken the demand for our higher margin vehicles. More stringent fuel economy regulations could also impact our ability to sell these vehicles or could result in additional costs associated with these vehicles **, which could be material** . See “ Our operations and products are subject to extensive laws, regulations and policies, including those related to vehicle emissions and fuel economy standards, which can significantly increase our costs and affect how we do business. ” We operate in a highly competitive industry that has historically had excess manufacturing capacity, and attempts by our competitors to sell more vehicles could have a significant negative effect on our vehicle pricing, market share and operating results. The global automotive industry is highly competitive in terms of the quality, innovation, new technologies, pricing, fuel economy, reliability, safety, customer service and financial services offered. Additionally, **despite the fact that OEMs have experienced supply constraints in recent years due to the COVID- 19 pandemic and certain supply chain and logistics challenges,** overall manufacturing capacity in the **automotive** industry has historically far exceeded demand **, and we expect conditions to normalize in the near term** . In addition, we have made, and plan to continue to make, significant investments in EV manufacturing capacity based on our expectations for EV demand, which is subject to various risks and uncertainties as described above. Many manufacturers, including GM, have relatively high fixed labor costs as well as limitations on their ability to efficiently close facilities and reduce fixed costs, ~~often~~ **including** as a result of collective bargaining agreements. In light of any excess capacity and high fixed costs, many industry participants have attempted to sell more vehicles by providing subsidized financing or leasing programs, offering marketing incentives or reducing vehicle prices. As a result, we have had, and may in the future need, to offer similar incentives, which may result in vehicle prices that do not offset our costs, including any cost increases or the impact of adverse currency fluctuations, which could affect our profitability. Our competitors may also seek to benefit from economies of scale by consolidating or entering into other strategic agreements such as alliances or joint ventures intended to enhance their competitiveness. Manufacturers in countries that have lower production costs, such as China and India, have become competitors in key emerging markets and have **begun offering** ~~announced their intention to export~~ their products ~~to~~ **in** established markets **, as well** as a low- cost alternative to established entry- level automobiles. In addition, foreign governments may decide to implement tax and other policies that favor their domestic manufacturers at the expense of international manufacturers, including GM and its joint venture partners. These actions have had, and are expected to continue to have, a significant negative effect on our vehicle pricing, market share and operating results in these markets. Our AV strategy is dependent upon our ability to successfully mitigate unique technological, operational and regulatory risks **, including the various regulatory approvals and permits required for operating driverless AVs in multiple markets** . ~~GM~~ Cruise Holdings ~~LLC (Cruise Holdings)~~ , our majority- owned subsidiary, is **pursuing** ~~responsible for~~ the development and commercialization of AV technology. Our AV operations are capital intensive and subject to a variety of risks inherent with the development of new technologies, including our ability to continue to develop self- driving software and hardware, such as Light Detection and Ranging (LiDAR) sensors and other components; access to sufficient capital; risks related to the manufacture of purpose- built AVs; and significant competition from both established automotive companies and technology companies, some of which may have more resources and capital to devote to AV technologies than we do. In addition, we face risks related to the commercial deployment of AVs on our targeted timeline or at all, including consumer acceptance **, reputation of our brand** , achievement of adequate safety and other performance standards and compliance with uncertain, evolving and potentially conflicting federal, state, provincial or local regulations. Advanced technologies such as AVs present novel issues with which domestic and foreign regulators have only limited experience, and will be subject to evolving regulatory frameworks. Any current or future regulations in these areas **, and our relationships with regulators,** could impede the successful commercialization of these technologies and impact whether and how these technologies are designed and integrated into our products, and may ultimately subject us to increased costs and uncertainty. In order for Cruise to successfully execute its business plan and achieve its revenue targets, legislation and regulations must evolve to permit widespread commercial AV deployment. To the extent accidents, cybersecurity breaches or other adverse events associated with our autonomous driving systems occur, we could be subject to liability, reputational harm, government scrutiny and further regulation, and it could deter consumer adoption of AV technology. Any of the foregoing could materially and adversely affect our results of operations, financial condition and growth prospects. **In October 2023, a hit- and- run accident involving a pedestrian and a third- party vehicle occurred, which resulted in the pedestrian being thrown into the path of a Cruise AV. During the resulting investigation, regulators perceived that Cruise representatives were not explicit about a secondary movement of the Cruise AV and, as a result, the California DMV suspended Cruise' s permits to operate AVs in California without a safety driver. Shortly thereafter, Cruise voluntarily paused all of its driverless, supervised and manual AV operations in the U. S. while it examines its processes, systems and tools. This orderly pause is designed to rebuild public trust while Cruise undertakes a comprehensive safety review. In addition, certain federal and state agencies, including the California DMV, the California Public Utilities Commission, NHTSA, the U. S. Department of Justice and the SEC, have opened investigations or made inquiries in connection with the incident. We and Cruise are investigating these matters internally and intend to cooperate with all government regulators and agencies in connection with these matters. At this time, we are not able to predict when Cruise will resume driverless testing or commercial AV operations.** We are subject to risks associated with climate change, including increased regulation of GHG emissions, changing consumer preferences and other risks related to our transition to EVs and the potential increased impacts of severe weather events on our operations and infrastructure. Increasing attention to climate change, ~~increasing~~ **rising** societal expectations on companies to address climate change **, requirements for increased disclosure** and changes in consumer **and investor** preferences may result in increased costs, reduced demand for our products, reduced profits, risks associated with new regulatory requirements, risks to our reputation and the potential for increased litigation and governmental investigations. ~~Climate change regulations~~ **Regulations** at the federal, state or local level or in international jurisdictions could require us to further limit emissions associated with customer use of products we sell, change our manufacturing processes or product portfolio or undertake other activities that may require us to incur additional expense, which may be material. These requirements may increase the cost of, and / or diminish demand for, our ICE vehicles. See " Our operations and products are subject to extensive laws, regulations and policies, including those related to vehicle emissions and fuel economy standards, which can significantly increase our costs and affect how we do business. " In addition, **at the state and federal level** in the U. S. and abroad there are an increasing number of sustainability- related rules and regulations that have been adopted or proposed. Such regulations may ~~also~~ subject us to new disclosure requirements, **new supply chain requirements, new trade restrictions and increased risk of litigation or regulatory action,** which could result in **increased costs (in our operations and supply chain) and** risks to our reputation or consumer demand for our products if we do not meet increasingly demanding stakeholder expectations and standards. **Furthermore, our practices may be judged against sustainability standards that are continually evolving and not always clear. Prevailing sustainability standards, expectations and regulations may also reflect contrasting or conflicting values or agendas.** Part of our strategy to address these risks includes our transition to EVs, which presents additional risks, including reduced demand for, and therefore profits from, our ICE vehicles, which we are using to fund our growth strategy **and transition to EVs**; higher costs or reduced availability of materials related to EV technologies **, whether as a result of increased competition or more stringent regulatory requirements,** impacting profitability, particularly with respect to batteries and battery raw material; ~~and~~ risks related to the success of our EV strategy, particularly with respect to advancement of battery cell technology, charging infrastructure and competition **; and uncertainty over how EVs will be treated under upcoming CAFE regulations**. See " Our long- term strategy is dependent upon our ability to profitably deliver a ~~broad~~ **strategic** portfolio of EVs " and " Our near- term profitability is dependent upon the success of our current line of full- size ICE SUVs and full- size ICE pickup trucks. " Finally, increased intensity, frequency or duration of storms, droughts **, wildfires** or other severe weather events as a result of climate change may disrupt our production and the production, logistics, cost and procurement of products from our suppliers and timely delivery of vehicles to customers, and could negatively impact working conditions at our plants and those of our suppliers. Such weather events may also adversely impact the financial condition of our customers, and thereby reduce demand for our products and services. Any of the foregoing could have a material adverse effect on our financial condition and results of operations. Risks related to our operations Our business is highly dependent upon global automobile market sales volume, which can be volatile. Because we have a high proportion of relatively fixed structural costs, small changes in sales volume can have a disproportionately large effect on our profitability. A number of economic and market conditions drive changes in new vehicle sales, including disruptions in the new vehicle supply chain, the availability and prices of used vehicles, levels of unemployment and inflation, availability of affordable financing, **elevated interest rates,** fluctuations in the cost of fuel, consumer confidence and demand for vehicles, political unrest or uncertainty, the occurrence of a public health crisis, barriers to trade and other global economic conditions. For a discussion of economic and market trends, see the" Overview" section in Part II, Item 7. MD & A. If our operating environment deteriorates for these or other reasons, **including** ~~such as~~ a moderate to severe recession **in any of the markets in which we operate**, it could lead to a significant decrease in new vehicle sales, which could materially and adversely affect our results of operations and financial condition. Inflationary pressures and persistently high prices and uncertain availability of commodities, raw materials or other inputs used by us and our suppliers, or instability in logistics and related costs, could negatively impact our profitability. Increases in prices, including as a result of inflation and rising interest rates, for commodities, raw materials **, energy** or other inputs that we and our suppliers use in manufacturing products, systems, components and parts, such as steel, precious metals, non- ferrous metals, critical minerals or other similar raw materials, or increases in logistics and related costs, have led and may continue to lead to higher production costs for parts, components and vehicles. In addition, **elevated** ~~any increase in the~~ cost, or reduced availability, of critical materials for our EV propulsion systems, including lithium, nickel, cobalt and certain rare earth metals, could lead to higher production costs for our EVs and could impede our ability to successfully deliver on our EV strategy. Further, increasing global demand for, and uncertain supply of, such materials could disrupt our or our suppliers' ability to obtain such materials in a timely manner and / or could lead to increased costs. Geopolitical risk, fluctuations in supply and demand, fluctuations in interest rates, any weakening of the U. S. dollar and other economic and political factors have created and may continue to create pricing pressure for commodities, raw materials **, energy** and other inputs. These inflationary pressures could, in turn, negatively impact our profitability because we may not be able to pass all of those costs on to our customers or require our suppliers to absorb such costs. Our business in China subjects us to unique operational, competitive and regulatory risks. Our business in China is subject to aggressive competition from many of the largest global manufacturers and numerous domestic manufacturers **, which have experienced significant growth in customer acceptance,** as well as non- traditional market participants, such as domestic technology companies. In addition, our success in China depends upon our ability to adequately address unique market and consumer preferences driven by advancements related to EVs, infotainment, software- enabled connected services and other new technologies **while achieving industry- leading affordability** . Our ability to fully deploy our technologies in China may be impacted by evolving laws and regulations in the U. S. and China **and the unique regulatory landscape in China** . Increased competition, continued U. S.- China trade tensions ~~or~~ **,** weakening economic conditions in China **or China' s level of integration with key components in our global supply chain** , among other factors, may result in cost increases, price reductions, reduced sales, profitability and margins, and challenges to gaining or holding market share ~~. In addition, the public health and policy response to COVID- 19 in China may continue to present geopolitical, macroeconomic and operating challenges~~ . Certain risks and uncertainties of doing business in China are solely within the control of the Chinese government, and Chinese law regulates the scope of our investments and business conducted within China. The Chinese government may adopt new regulations that may impact entities operating in China **or the ability of non- Chinese entities to obtain critical materials from China** , potentially with little advance notice. In order to maintain access to the Chinese market, we may be required to comply with significant technical and other regulatory requirements, including under such regulatory actions, that are unique to the Chinese market, at times with short notice. These actions may increase the cost of doing business in China or limit how we may do business in China, which could materially and adversely affect the profitability and financial condition of our China business. We benefit from many ongoing strategic business relationships **, particularly with respect to facilitating access to raw materials necessary for the production of EVs** , and a significant amount of our operations are conducted by joint ventures, which we cannot operate solely for our benefit. We are engaged in many strategic business relationships, and we expect that such arrangements will continue to be an important factor in the growth and success of our business, particularly in light of industry consolidation. However, there are no assurances that we will be able to identify or secure suitable business relationships in the future or that our competitors will not capitalize on such opportunities before we do, or that any strategic business relationships that we enter into will be successful. If we are unable to successfully source and execute on strategic business relationships in the future, our overall growth could be impaired, and our business, prospects and results of operations could be materially adversely affected. In particular, to secure critical materials for **the** production of EVs, we have entered, and plan to continue to enter, into offtake agreements with raw material suppliers and make investments in certain raw material suppliers. The terms of these offtake agreements may obligate us to purchase defined quantities of output over a specified period of time, subject to certain conditions. If we are unable to utilize or otherwise monetize the raw materials we are obligated to purchase under these offtake agreements, **whether as a result of lower than expected EV production volumes, changes in battery technology that reduce the need for certain raw materials or other reasons,** it could materially adversely affect our cash flows and increase our inventory. **Further, our investments in raw materials suppliers could expose us to distinct risks not traditionally associated with the automotive sector, and if the raw materials suppliers in which we have invested are unsuccessful, our investments could lose their value.** In addition, many of our operations, primarily in China and Korea as well as certain of our battery manufacturing **and raw material sourcing** operations in the U. S. and Canada, are carried out by joint ventures. In joint ventures **,** we share ownership and management of a company with one or more parties who may not have the same goals, strategies, priorities **, business incentives** or resources as we do and may compete with us outside the joint venture. Joint ventures are intended to be operated for the benefit of all co- owners, rather than for our exclusive benefit. Operating a business as a joint venture often requires additional organizational formalities as well as time- consuming procedures for sharing information and making decisions that must further take into consideration our partners' interests. In joint ventures **,** we are required to foster our relationships with our co- owners as well as promote the overall success of the joint venture, and if a co- owner changes, relationships deteriorate or strategic objectives diverge, our success in the joint venture may be materially adversely affected. Further, ~~some~~ **because most** of the benefits from a successful joint venture are shared among the co- owners, ~~therefore~~ we do not receive all the benefits from our successful joint ventures. In addition, because we share ownership and management with one or more parties, we may have limited control over the actions of a joint venture, particularly when we own a minority interest. As a result, we may be unable to prevent violations of applicable laws or other misconduct by a joint venture or the failure to satisfy contractual obligations by one or more parties. Moreover, a joint venture may not be subject to the same financial reporting, corporate governance, or compliance approaches that we follow. To the extent another party makes decisions that negatively impact the joint venture or internal control issues arise within the joint venture, we may have to take responsive actions, or we may be subject to penalties, fines or other punitive actions **or suffer reputational harm** for these activities. The international scale and footprint of our operations expose us to additional risks. We manufacture, sell and service products globally and rely upon an integrated global supply chain to deliver the raw materials, components, systems and parts that we need to manufacture our products. Our global operations subject us to extensive domestic and foreign legal and regulatory requirements, and a variety of other political, economic and regulatory risks, which may have a material adverse effect on our financial condition or results of operations, including: (1) changes in government leadership; (2) changes in trade compliance, labor, employment, tax, privacy, environmental and other laws, regulations or government policies impacting our overall business model or practices or restricting our ability to manufacture, purchase or sell products consistent with market demand and our business objectives; (3) political pressures to change any aspect of our business model or practices or that impair our ability to source raw materials, services, components, systems and parts, or manufacture products on competitive terms in a manner consistent with our business objectives (including with respect to full utilization of the incentives contemplated by the **IRA** ~~Inflation Reduction Act~~); (4) political uncertainty, instability, civil unrest, government controls over certain sectors ~~(including as a result of Russia' s invasion of Ukraine and related impacts of the global supply of oil and other raw materials)~~ or human rights concerns; (5) political and economic tensions between governments and changes in international economic policies, including restrictions on the repatriation of dividends or in the export of technology, especially between China and the U. S.; (6) changes to customs requirements or procedures (e. g., inspections) or new or higher tariffs, for example, on products imported into or exported from the U. S., including under U. S. or other trade laws or measures **, or other key markets** ; (7) new or evolving non- tariff barriers or domestic preference procurement requirements, or enforcement of, changes to, withdrawals from or impediments to implementing free trade agreements, or preferences of foreign nationals for domestically manufactured products; (8) changes in foreign currency exchange rates, particularly in ~~Brazil and~~ Argentina, and interest rates; (9) economic downturns or significant changes in **macroeconomic** conditions in the countries in which we operate; (10) differing local product preferences and product requirements, including government certification requirements related to, among other things, fuel economy, vehicle emissions, EVs and AVs, connected services and safety; (11) impact of changes to and compliance with U. S. and foreign countries' export controls, economic sanctions and other similar measures; (12) **impacts on our operations or** liabilities resulting from U. S. and foreign laws and regulations, including, but not limited to, those related to the Foreign Corrupt Practices Act and certain other anti- corruption laws; (13) differing labor regulations, agreements, requirements and union relationships; (14) differing dealer and franchise regulations and relationships; (15) difficulties in obtaining financing in foreign countries for local operations; and (16) natural disasters, public health crises, ~~including the occurrence of a contagious disease or illness, such as COVID- 19,~~ and other catastrophic events. Any significant disruption at one of our manufacturing facilities could disrupt our production schedule. We assemble vehicles at various facilities around the world. Our facilities are typically designed to produce particular models for particular geographic markets. No single facility is designed to manufacture our full range of vehicles. In some cases, certain facilities produce products, systems, components and parts that disproportionately contribute a greater degree to our profitability than others and create significant interdependencies among manufacturing facilities around the world. When these or other facilities become unavailable **,** either temporarily or permanently **and** for any number of reasons, including labor disruptions **or shortages** , supply chain disruptions, the occurrence of a **public health crisis** ~~contagious disease or illness~~ or catastrophic weather events, whether or not as a result of climate change, the inability to manufacture at the affected facility has resulted, and may in the future result, in harm to our reputation, increased costs, lower revenues and the loss of customers. We may not be able to easily shift production to other facilities or to make up for lost production. Any new facility needed to replace an inoperable manufacturing facility would need to comply with the necessary regulatory requirements, need to satisfy our specialized manufacturing requirements and require specialized equipment. In addition, substantially all of our hourly employees are represented by unions and covered by collective bargaining agreements that must be negotiated from time- to- time, including at the local facility level. ~~In 2023, our collective bargaining agreements with the UAW in the United States and Unifor in Canada, as well as collective bargaining agreements in Mexico, will expire, which will require negotiation of new agreements.~~ As a result, we may be subject to an increased risk of strikes, work stoppages or other types of conflicts with labor unions and employees. Disruption in our suppliers' operations have disrupted, and could in the future disrupt, our production schedule. Our automotive operations are dependent upon the continued ability of our suppliers to deliver the systems, components, raw materials and parts that we need to manufacture our products. ~~Our~~ **Other than with respect to certain of our offtake agreements with battery raw material suppliers, our** use of " just- in- time " manufacturing processes **typically** allows us to maintain minimal inventory. As a result, our ability to maintain production is dependent upon our suppliers delivering sufficient quantities of systems, components, raw materials and parts on time to meet our production schedules **and specifications** . In some instances, we purchase systems, components, raw materials and parts that are ultimately derived from a single source and may be at an increased risk for supply disruptions. Any number of factors, including labor disruptions, catastrophic weather events, the occurrence of a public health crisis, ~~such as a global pandemic,~~ contractual or other disputes, unfavorable economic or industry conditions **, restrictions on transactions involving certain territories, entities or individuals** , delivery delays or other performance problems or financial difficulties or solvency problems, could disrupt our suppliers' operations and lead to uncertainty in our supply chain or cause supply disruptions for us, which could, in turn, disrupt our operations, including the production of certain higher margin vehicles ~~. If the COVID- 19 pandemic continues to spread or reemerges and results in a prolonged period of travel, commercial, social and other similar restrictions, we could experience continued and / or additional global supply disruptions~~ . When we experience supply disruptions, we may not be able to develop alternate sourcing quickly. Any disruption of our production schedule caused by an unexpected shortage of systems, components, raw materials or parts even for a relatively short period of time could cause us to alter production schedules, increase work- in- process inventory or suspend production entirely, which could cause a loss of revenues or an increase in working capital, which would adversely affect our profitability and financial condition. ~~In particular, while the global semiconductor supply shortage is easing, it has had, and is continuing to have, wide- ranging effects across multiple industries, particularly the automotive industry, and it has impacted multiple suppliers that incorporate semiconductors into the parts they supply to us. As a result, the semiconductor~~

~~supply shortage has had, and depending on how long it persists, could continue to have, a material impact on our operations.~~ Pandemics, epidemics, disease outbreaks and other public health crises ~~, such as the COVID- 19 pandemic,~~ have disrupted our business and operations, and future public health crises could materially adversely impact our business, financial condition, liquidity and results of operations. Pandemics, epidemics or disease outbreaks in the U. S. or globally, ~~including~~ **such as** the COVID- 19 pandemic, ~~has~~ **have previously** disrupted, and may in the future disrupt, our business, which could materially affect our results of operations, financial condition, liquidity and future expectations. Any such events may adversely impact our global supply chain and global manufacturing operations and cause us to ~~again~~ suspend our operations in the **affected markets** ~~U. S., China and elsewhere~~ . In particular, we could experience **,** among other things: (1) continued or additional global supply disruptions ~~, including a delayed recovery from the global semiconductor supply shortage~~ ; (2) labor disruptions **or shortages** ; (3) an inability to manufacture; (4) an inability to sell to our customers; (5) a decline in showroom traffic and customer demand ~~during and following the pandemic~~ ; (6) customer defaults on automobile loans and leases; (7) lower than expected pricing on vehicles sold at auction; and (8) an impaired ability to access credit and the capital markets. Any new ~~pandemic or other~~ public health ~~crises~~ **crisis** ~~, or future public health crises,~~ could have a material impact on our business, financial condition and results of operations going forward. Risks related to our intellectual property, cybersecurity, information technology and data management practices Competitors may independently develop products and services similar to ours, and there are no guarantees that GM' s intellectual property rights would prevent competitors from independently developing or selling those products and services. There may be instances where, notwithstanding our intellectual property position, competitive products or services may impact the value of our brands and other intangible assets, and our business may be adversely affected. Moreover, although GM takes reasonable steps to maintain the confidentiality of GM proprietary information, there can be no assurance that such efforts will completely deter or prevent misappropriation or improper use of our intellectual property. We sometimes face attempts to gain unauthorized access to our information technology networks and systems for the purpose of improperly acquiring our trade secrets or confidential business information. The theft or unauthorized use or publication of our trade secrets and other confidential business information as a result of such an incident could adversely affect our competitive position. In addition, we have been, and in the future may be, the target of patent enforcement actions by third parties, including aggressive and opportunistic enforcement claims by non- practicing entities. Regardless of the merit of such claims, responding to infringement claims can be expensive and time- consuming. Although we have taken steps to mitigate such risks, if we are found to have infringed any third- party intellectual property rights, we could be required to pay substantial damages, or we could be enjoined from offering some of our products and services. In addition, to prevent unauthorized use of our intellectual property, it may be necessary to prosecute actions for infringement, misappropriation or other ~~violation~~ **violations** of our intellectual property against third parties. Any such action could result in significant costs and diversion of our resources and management' s attention, and there can be no assurance that we will be successful in any such action. Security breaches **, cyberattacks** and other disruptions to information technology systems and networked products, including connected vehicles, owned or maintained by us, GM Financial, or third ~~-~~ parties, such as vendors or suppliers, could interfere with our operations and could compromise the confidentiality of private customer data or our proprietary information. We rely upon information technology systems and manufacture networked and connected products, some of which are managed by third parties, to process, transmit and store electronic information and to manage or support a variety of our business processes, activities and products. Additionally, we and GM Financial collect and store sensitive data, including intellectual property and proprietary business information (including that of our dealers and suppliers), as well as personally identifiable information of our customers and employees, in data centers and on information technology networks (including networks that may be controlled or maintained by third parties). The secure operation of these systems and products, and the processing and maintenance of the information processed by these systems and products, is critical to our business operations and strategy. Further, customers using our systems rely on the security of our infrastructure, including hardware and other elements provided by third parties, to ensure the reliability of our products and the protection of their data. We also face the risk of operational disruption, failure, termination or capacity constraints of any of the third parties that facilitate our business activities, including vendors, service providers, suppliers, customers, counterparties, exchanges, clearing agents, clearinghouses or other financial intermediaries. Such parties and other third parties who provide us services or with whom we communicate could also be the source of a cyberattack on, or breach of, our operational systems, network, data or infrastructure. Despite our security measures and business continuity plans, our information technology systems and networked and connected products may be vulnerable to **intrusion,** damage, disruptions or shutdowns caused by attacks by hackers, computer viruses **or worms** , malware (including " ransomware "), phishing attacks **, denial of service attacks** or breaches due to errors **, negligence** or malfeasance by employees, contractors and others who have access to these systems and products. Techniques used in **cyberattacks** ~~cybersecurity attacks~~ to obtain unauthorized access **to** , disable or sabotage information technology systems ~~change frequently, as~~ **are increasingly diverse and sophisticated.** ~~data~~ **Data** breaches and other cybersecurity events have become increasingly commonplace, including as a result of the intensification of state- sponsored **cyberattacks** ~~cybersecurity attacks~~ during periods of geopolitical conflict ~~, such as the ongoing conflict in Ukraine~~ . The occurrence of any of these events could compromise the confidentiality, operational integrity and accessibility of these systems and products and the data that resides within them. Similarly, such an occurrence could result in the compromise or loss of the information processed by these systems and products. Such events could result in, among other things, the loss of proprietary data, interruptions or delays in our business operations and damage to our reputation. In addition, such events could increase the risk of claims alleging that we are non- compliant with applicable laws or regulations, subjecting us to potential liability or regulatory penalties and related costs under laws protecting the privacy of personal information; disrupt our operations; or reduce the competitive advantage we hope to derive from our investment in advanced technologies. Various events described above have occurred in the past and may occur in the future. Although impacts of past events have been immaterial, the impacts of such events in the future may be material. Security breaches and other disruptions of our in- vehicle systems could impact the safety of our customers and reduce confidence in GM and our products. Our vehicles contain complex information technology systems. These systems control various vehicle functions including engine, transmission, safety, steering, navigation, acceleration, braking, window, door lock functions and battery and electric motors. We have designed, implemented and tested security measures intended to prevent unauthorized access to these systems. However, hackers **and other malicious actors** have reportedly attempted, and may attempt in the future, to gain unauthorized access to modify, alter and use ~~such~~ **networks, vehicle software or their** systems to gain control of, or to change, our vehicles' functionality, user interface and performance characteristics, or to gain access to data stored in or generated by the vehicle. Any unauthorized access to **,** or control of **,** our vehicles or their systems **or any unauthorized access to or loss of data** could adversely impact the safety of our customers or result in **failure of our systems, any of which could result in interruptions to our business,** legal claims or proceedings, liability or regulatory penalties. Laws that would permit third- party access to vehicle data and related systems could expose our vehicles and vehicle systems to third- party access without appropriate security measures in place, leading to new safety and security risks for our customers and reducing customer trust and confidence in our products. In addition, regardless of their veracity, reports of unauthorized access to our vehicles or their systems **or data, as well as other factors that may result in the perception that our vehicles or their systems or data are capable of being" hacked" and lack appropriate safety controls,** could negatively affect our brand and harm our reputation, which could adversely impact our business and operating results. Our enterprise data practices, including the collection, use, sharing and security of the ~~Personal~~ **personal** ~~Identifiable Information~~ **information** of our customers, employees and suppliers, are subject to increasingly complex and restrictive regulations in all key market regions. Under these regulations **, which include the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act, and the EU' s General Data Protection Regulation 2016 / 679, the U. K. Data Protection Act of 2018, and other international data protection, privacy, data security, data localization and similar national, state, provincial, and local laws** , the failure to maintain compliant data practices could result in consumer complaints and regulatory inquiry, resulting in civil or criminal penalties, as well as **have a negative impact on our** brand ~~impact~~ or **result in** other harm to our business. In addition, increased consumer sensitivity to real or perceived failures in maintaining acceptable data practices could damage our reputation and deter current and potential users or customers from using our products and services. The cost of compliance with these laws and regulations will be high and is likely to increase in the future. The growing patchwork of state and country regulations imposes burdensome obligations on companies to quickly respond to consumer requests, such as requests to delete, disclose and stop selling personal information, with significant fines for noncompliance. Complying with these new laws has significantly increased, and may continue to increase, our operating costs and is driving increased complexity in our operations. Risks related to government regulations and litigation Our operations and products are subject to extensive laws, regulations and policies, including those related to vehicle emissions and fuel economy standards, which can significantly increase our costs and affect how we do business. We are significantly affected by governmental regulations on a global basis that can increase costs related to the production of our vehicles and affect our product portfolio, particularly regulations relating to fuel economy standards and GHG emissions. Meeting or exceeding the requirements of these regulations is costly, often technologically challenging and may require phase-out of internal combustion propulsion **vehicles** in certain major jurisdictions, and these standards are often not harmonized across jurisdictions. We anticipate that the number and extent of these and other regulations, laws and policies, and the related costs and changes to our product portfolio, may increase significantly in the future, primarily motivated by efforts to reduce GHG emissions. Specifically, fuel economy and GHG emission regulations at the federal, state or local level or in international jurisdictions could require us to further limit the sale of certain profitable products, subsidize the sale of less profitable ones, change our manufacturing processes, pay **increased** penalties **, purchase additional credits from our competitors** or undertake other activities that may require us to incur additional expense, which may be material. These requirements may increase the cost of, and / or diminish demand for, our vehicles. These regulatory requirements, among others, could significantly affect our plans for global product development and, given the uncertainty surrounding enforcement and regulatory definitions and interpretations, may result in substantial costs, including civil or criminal penalties. In addition, an evolving but un- harmonized emissions and fuel economy regulatory framework that could include specific sales mandates may limit or dictate the types of vehicles we sell and where we sell them, which can affect our revenues **and profitability** . Refer to the " Environmental and Regulatory Matters " section of Item 1. Business for further information on regulatory and environmental requirements. We expect that to comply with fuel economy and GHG emission standards and mandates to sell specific volumes of ~~ZEV~~ **ZEVs** in certain jurisdictions, we will be required to sell a significant volume of EVs, and potentially develop and implement new technologies for conventional internal combustion engines, all of which will require substantial investment and expense. There are limits on our ability to achieve fuel economy improvements over a given time frame, primarily relating to the cost and effectiveness of available technologies, lack of sufficient consumer acceptance of new technologies and of changes in vehicle mix, lack of willingness of consumers to absorb the additional costs of new technologies, the appropriateness (or lack thereof) of certain technologies for use in particular vehicles, the widespread availability (or lack thereof) of supporting infrastructure for new technologies, especially **with respect to EVs, the availability (** ~~for~~ **or lack thereof) of the raw materials and component supply to make batteries and other elements of** EVs, and the human, engineering and financial resources necessary to deploy new technologies across a wide range of products and powertrains in a short time. There is no assurance that we will be able to produce and sell vehicles that use such new technologies on a profitable basis or that our customers will purchase such vehicles in the quantities necessary for us to comply with current or future regulatory requirements. In the current uncertain regulatory framework, compliance costs for which we may be responsible and that are not reasonably estimable could be substantial. Alleged violations of fuel economy or **vehicle** emission standards could result in legal proceedings, the recall of one or more of our products, negotiated remedial actions, fines **and penalties** , restricted product offerings or a combination of any of those items. Any of these actions could have a material adverse effect on our profitability, financial condition and operations, including facility idling, reduced employment, increased costs and loss of revenue. In addition, many of our advanced technologies, including AVs, present novel issues with which domestic and foreign regulators have only limited experience, and will be subject to evolving regulatory frameworks. ~~Any current~~ **Current** or **any** future regulations in these areas could impede the successful commercialization of these technologies and impact whether and how these technologies are designed and integrated into our products, and may ultimately subject us to increased costs and uncertainty. We could be materially adversely affected by unusual or significant litigation, governmental investigations or other proceedings. We are subject to legal proceedings in the U. S. and elsewhere involving various issues, including product liability lawsuits, warranty litigation, class action litigations alleging product defects, emissions litigation, stockholder litigation, labor and employment litigation and claims and actions arising from restructurings and divestitures of operations and assets. In addition, we are subject to **various** governmental proceedings and investigations. A negative outcome in one or more of these ~~legal~~ proceedings could result in the imposition of damages, including punitive damages, fines, reputational harm, civil lawsuits and criminal penalties, interruptions of business, modification of business practices, equitable remedies and other sanctions against us or our personnel as well as legal and other costs, all of which may be significant. For a further discussion of **certain of** these matters **,** refer to Note 16 to our consolidated financial statements. The costs and effect on our reputation of product safety recalls and alleged defects in products and services could materially adversely affect our business. Government safety standards require manufacturers to remedy certain product safety defects through recall campaigns and vehicle repurchases. Under these standards, we could be subject to civil or criminal penalties or may incur various costs, including significant costs for repairs made at no cost to the consumer. The costs we incur in connection with these recalls typically include the cost of the part being replaced and labor to remove and replace the defective part. The costs to complete a recall could be exacerbated to the extent that such action relates to a global platform. Concerns about the safety of our products, including advanced technologies like AVs, whether raised internally or by regulators or consumer advocates, and whether or not based on scientific evidence or supported by data, can result in product delays, recalls, field actions, lost sales, governmental investigations, regulatory action, private claims, lawsuits and settlements and reputational damage. These circumstances can also result in damage to brand image, brand equity and consumer trust in our products and ability to lead the ~~disruption occurring in the automotive~~ industry **with respect to new technologies, such as EVs and AVs** . We currently source a variety of systems, components, raw materials and parts from third parties. From time to time these items may have performance or quality issues that could harm our reputation and cause us to incur significant costs, particularly if the affected items relate to global platforms or involve defects that are identified years after production. Our ability to recover costs associated with recalls or other campaigns caused by parts or components purchased from suppliers may be limited by the suppliers' financial condition or a number of other reasons or defenses. We may incur additional tax expense or become subject to additional tax exposure. We are subject to the tax laws and regulations of the U. S. and numerous other jurisdictions in which we do business. Many judgments are required in determining our worldwide provision for income taxes and other tax liabilities, and we are regularly under audit by the U. S. Internal Revenue Service and other tax authorities, which may not agree with our tax positions. In addition, our tax liabilities are subject to other significant risks and uncertainties, including those arising from potential changes in laws and regulations in the countries in which we do business **(for example, the Organisation for Economic Co- Operation and Development proposals, including the introduction of global minimum tax standards)** , the possibility of **tax controversy related to** adverse determinations with respect to the application of existing laws (in particular **,** with respect to full realization of the incentives contemplated by the **IRA** ~~Inflation Reduction Act~~), changes in our business or structure and changes in the valuation of our deferred tax assets and liabilities. Any unfavorable resolution of these and other uncertainties may have a significant adverse impact on our tax rate and results of operations. If our tax expense were to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our operating results, cash flows and financial condition could be adversely affected. Risks related to Automotive Financing- GM Financial We rely on GM Financial to provide financial services to our customers and dealers. GM Financial faces a number of business, economic and financial risks that could impair its access to capital and negatively affect its business and operations, which in turn could impede its ability to provide leasing and financing to customers and commercial lending to our dealers. Any reduction in GM Financial' s ability to provide such financial services would negatively affect our efforts to support additional sales of our vehicles and expand our market penetration among customers and dealers. The primary factors that could adversely affect GM Financial' s business and operations and reduce its ability to provide financing services at competitive rates include the sufficiency, availability and cost of sources of ~~financing~~ **funding** , including credit facilities, securitization programs and secured and unsecured debt issuances; the performance of loans and leases in its portfolio, which could be materially affected by charge- offs, delinquencies and prepayments; wholesale auction values of used vehicles; vehicle return rates and the residual value performance on vehicles GM Financial leases to customers; fluctuations in interest rates and ~~currencies~~ **currency exchange rates** ; competition for customers from commercial banks, credit unions and other financing and leasing companies; and changes to regulation, supervision, enforcement and licensing across various jurisdictions. In addition, GM Financial has certain floating- rate obligations, hedging transactions and floating- rate ~~dealer~~ **commercial** loans that determine their applicable interest rate or payment amount by reference to **a benchmark rate, generally** the ~~London Interbank Offered~~ **Secured Overnight Financing** Rate (~~LIBOR~~ **SOFR**) ~~. The United Kingdom Financial Conduct Authority~~ , which ~~regulates LIBOR, has announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR. In March 2021, the ICE Benchmark Administration Limited, the administrator of LIBOR, extended the transition dates of certain U. S. Dollar LIBOR tenors to June 30, 2023, after which LIBOR reference rates will cease to be provided. Despite this deferral, the LIBOR administrator has advised that no new contracts using U. S. Dollar LIBOR should be entered into after December 31, 2021. It is unknown whether LIBOR will continue to be published by its administrator based on continued bank submissions or on any other basis, after such dates. There~~ is a **broad measure of** ~~risk that continued developments, modifications, or other~~ -- **the** ~~reforms effecting~~ **cost of borrowing**

cash overnight collateralized by Treasury securities. Any uncertainties associated with ~~the~~ **these benchmark rates** ~~discontinuation of LIBOR~~ may impact GM Financial' s ability to manage interest rate risk effectively. Further, as an entity operating in the financial services sector, GM Financial is required to comply with a wide variety of laws and regulations that may be costly to adhere to and may affect our consolidated operating results. Compliance with these laws and regulations requires that GM Financial maintain forms, processes, procedures, controls and the infrastructure to support these requirements ~~, and these laws and regulations often create operational constraints both on GM Financial' s ability to implement servicing procedures and on pricing~~ . Laws in the financial services industry are designed primarily for the protection of consumers. The failure to comply with these laws could result in significant statutory civil and criminal penalties, monetary damages, attorneys' fees and costs, possible revocation of licenses and damage to reputation, brand and valued customer relationships. Risks related to defined benefit pension plans Our pension funding requirements could increase significantly due to a reduction in funded status as a result of a variety of factors, including weak performance of financial markets, declining interest rates, changes in **the level of benefits provided for by the plans, changes in** laws or regulations, or changes in assumptions or investments that do not achieve adequate returns. Our employee benefit plans currently hold a significant amount of equity and fixed income securities. A detailed description of the investment funds and strategies and our potential funding requirements are disclosed in Note 15 to our consolidated financial statements, which also describes significant concentrations of risk to the plan investments. Our future funding requirements for our defined benefit pension plans depend upon the future performance of assets placed in trusts for these plans, the level of interest rates used to determine funding levels, the level of benefits provided for by the plans and any changes in laws and regulations. Future funding requirements generally increase if the discount rate decreases or if actual asset returns are lower than expected asset returns, assuming other factors are held constant. We estimate future contributions to these plans using assumptions with respect to these and other items. Changes to those assumptions could have a significant effect on future contributions. There are additional risks due to the complexity and magnitude of our investments. Examples include implementation of significant changes in investment policy, insufficient market liquidity in particular asset classes and the inability to quickly rebalance illiquid and long- term investments. Factors that affect future funding requirements for our U. S. defined benefit plans generally affect the required funding for non- U. S. plans. Certain plans outside the U. S. do not have assets and therefore the obligation is funded as benefits are paid. If local legal authorities increase the minimum funding requirements for our non- U. S. plans, we could be required to contribute more funds, which could negatively affect our liquidity and financial condition. * * * * * * *