Risk Factors Comparison 2023-07-25 to 2022-07-27 Form: 10-K

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Our business is subject to various risks and uncertainties. Any of the risks and uncertainties described below could materially and adversely affect our business, financial condition, and results of operations and should be considered in evaluating us. Although the risks are organized by heading, and each risk is described separately, many of the risks are interrelated. While we believe we have identified and discussed below the material risks affecting our business, there may be additional risks and uncertainties that we do not presently know or that we do not currently believe to be material that may adversely affect our business, financial condition, or results of operations in the future. Business and Operating Risks **We** ~~Our business, financial condition, and results of operations~~ may **not** be ~~adversely affected by~~ **able to offset cost increases due to** inflationary pressures **on inputs** ~~, increased costs, disruption of supply or interruptions or other constraints in the availability of key commodities and other~~ necessary ~~services~~ **for the production and distribution of our products, such as labor, raw materials, energy, fuel, and packaging materials** . A significant portion of our cost of goods comes from commodities such as raw potatoes, edible oil, grains, starches, and energy. These commodities are subject to price volatility and fluctuations in availability caused by many factors, including: changes in global supply and demand, weather conditions (including any potential effects of climate change), fire, natural disasters (such as a hurricane, tornado, earthquake, wildfire or flooding), disease or pests, agricultural uncertainty, water stress, health epidemics or pandemics or other contagious outbreaks, such as the COVID- 19 pandemic, governmental incentives and controls (including import / export restrictions, such as new or increased tariffs, sanctions, quotas or trade barriers including the financial and economic sanctions imposed by the U. S. and certain foreign governments in response to the war in Ukraine), limited or sole sources of supply, inflation, political uncertainties, acts of terrorism, governmental instability, war, or currency exchange rates. ~~Despite our ability to source~~ **During fiscal 2023, we experienced significantly elevated commodity and supply chain costs, including the costs of labor,** raw materials ~~necessary to meet demand for our products, certain ingredients and packaging, including edible oils, grains, starches, and other commodities, have been and may continue to be adversely impacted by shortages due to the COVID- 19 pandemic, global supply chain disruptions and the war in Ukraine. Although we are unable to predict the impact to our ability to source these materials in the future, we expect these supply pressures to continue in the near future. Recently, the costs of labor, raw materials~~ , energy, fuel, packaging materials **,** and other inputs necessary for the production and distribution of our products ~~have rapidly increased~~ . For example, ~~due to reduced availability of trucking capacity and shipping containers, global supply chain issues,~~ labor shortages and inflation ~~, we~~ have ~~experienced increases~~ **increased our** ~~in transportation and warehousing~~ costs. Additionally, we expect to face continued industry- wide cost inflation for various inputs, including commodities, ingredients, packaging materials, other raw materials, transportation, warehousing, and labor. Commodity price increases, or a sustained interruption or other constraints in the supply or availability of key commodities, including necessary services such as transportation and warehousing, could adversely affect our business, financial condition, and results of operations. Our attempts to offset these cost pressures, such as through increases in the selling prices of some of our products, may not be successful. Higher product prices may result in reductions in sales volume. To the extent that price increases are not sufficient to offset these increased costs adequately or in a timely manner, and / or if they result in significant decreases in sales volume, our business, financial condition, or results of operations may be adversely affected. We **also** may not be ~~able to offset any~~ **successful in mitigating the effects of these** cost increases through productivity initiatives or through our commodity hedging activity. Our future success and earnings growth depend in part on our ability to maintain the appropriate cost structure and operate efficiently in the highly competitive value- added frozen potato product category. We continue to implement profit- enhancing initiatives that improve the efficiency of our supply chain and general and administrative functions. These initiatives are focused on cost- saving opportunities in procurement, manufacturing, logistics, and customer service, as well as general and administrative functions. However, gaining additional efficiencies may become more difficult over time. In addition, there is currently no active derivatives market for potatoes in the U. S. Although we have experience in hedging against commodity price increases, these practices and experience reduce, but do not eliminate, the risk of negative profit impacts from commodity price increases. As a result, the risk management procedures that we use may not always work as we intend. To the extent we are unable to offset present and future cost increases, our business, financial condition, and results of operations could be materially and adversely affected. **Disruption to our** ~~In addition, we may have significant~~ supply chain **could adversely affect our business. Our ability to manufacture or sell our products may be impaired by damage or** ~~disruptions~~ - **disruption to our manufacturing, warehousing or distribution capabilities, or to the capabilities of our suppliers, logistics service providers, or independent distributors. This damage or disruption could result from execution issues, as well as factors that are difficult to predict or beyond our control such as increased temperatures** due to ~~a number of factors outside of~~ **climate change, water stress, extreme weather events, natural disasters, product** ~~our~~ - **or** ~~control~~ **raw material scarcity** , ~~including public health crises~~ **fire, terrorism, pandemics (** such as the COVID- 19 pandemic **), armed hostilities (including the ongoing war in Ukraine), strikes** , labor shortages, ~~increased fuel~~ **cybersecurity breaches, governmental restrictions or mandates, disruptions in logistics, supplier capacity constraints, or other events. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, may adversely affect our business, financial condition, and results of operations. Further, the inability of any supplier, logistics service provider, or independent distributor to deliver or perform for us in a timely or cost- effective manner could cause our operating** costs ~~,~~ **to increase** and ~~the war in Ukraine, which~~ **our profit margins to decrease. We** have ~~disrupted production~~ **experienced,** and **may continue to experience, disruptions in our supply**

chain, including as a result of temporary workforce disruptions, labor shortages, increased transportation and warehousing costs ~~. These~~ **, and other** factors **related** ~~may lead~~ to **the effects of the COVID- 19 pandemic and the ongoing war in Ukraine. In addition, the occurrence of a significant supply chain disruption** ~~our~~ - **or the** inability to access or deliver products that meet requisite quality and safety standards in a timely and efficient manner, ~~which have led and~~ could lead to increased warehouse and other storage costs **or otherwise adversely affect our profitability and weaken our competitive position or harm our business** . ~~Our failure~~ **Labor shortages or stoppages, an inability** to ~~reduce~~ **attract and retain key personnel, increased turnover or increases in labor** costs ~~through productivity gains or the elimination of redundant costs, or the occurrence of a significant supply chain disruption or the inability to access or deliver products,~~ could adversely affect our ~~profitability and weaken our competitive position or otherwise harm our business. Our~~ business, financial condition, and results of operations ~~material adverse effect on our business,financial condition,and results of operations.Labor shortages or stoppages,an inability to attract and retain key personnel,increased turnover or increases in labor and pension costs could adversely affect our business,financial condition,and results of operations~~ .Labor is a primary component of operating our business.A number of factors may adversely affect the labor force available to us or increase labor costs,including high employment levels,federal unemployment subsidies,including unemployment benefits offered in response to the COVID- 19 pandemic,and other government regulations.The labor market has become increasingly tight and competitive,and we may face sudden and unforeseen challenges in the availability of labor,such as we have experienced during fiscal 2022 **and 2023** at some of our production facilities,which reduced our production run- rates and increased our manufacturing costs.A sustained labor shortage or increased turnover rates within our workforce,caused by COVID- 19 or as a result of general macroeconomic factors,have led and could in the future lead to production or shipping delays,increased costs,such as increased overtime to meet demand and increased wage rates to attract and retain employees,and could negatively affect our ability to efficiently operate our production and distribution facilities and overall business.Further,our success depends on our ability to attract ~~and~~ **,** retain **,and develop effective leaders and** personnel with professional and technical expertise,such as agricultural and food manufacturing experience,as well as finance,marketing,and other senior management professionals.The loss of the services of these persons could deplete our institutional knowledge and could have a material adverse effect on our business,financial condition,and results of operations.The market for these employees is competitive,and we could experience difficulty from time to time in hiring and retaining the personnel necessary to support our business. **Our ability to recruit and retain a highly skilled workforce could also be materially impacted if we fail to adequately respond to rapidly changing employee expectations regarding fair compensation,an inclusive and diverse workplace,flexible working,or other matters.** If we are unable to hire and retain employees capable of performing at a high- level,develop adequate training and succession plans for leadership positions,or if mitigation measures we may take to respond to a decrease in labor availability,such as overtime and third- party outsourcing,have unintended negative effects,our business could be adversely affected ~~by disruptions in the global economy caused by the war in Ukraine~~ . ~~The global economy has~~ **Similarly, we have** been negatively impacted **and may in the future continue to be negatively impacted** by **labor shortages or** ~~increasing tensions related to the war in Ukraine. Such adverse and uncertain economic conditions have caused, and may continue to cause, supply chain disruptions and~~ increased **labor** costs **experienced by** ~~for transportation, energy, and raw materials, including edible oil, grains, and starches. Furthermore, the U. S. and certain foreign governments have imposed financial and economic sanctions on certain industry sectors and parties in Russia. We are monitoring the conflict and the potential impact of financial and economic sanctions on the regional and global economy. In addition, some of~~ our **third** ~~customers, including our largest customer, McDonald' s Corporation, have exited from Russia. Further, in May 2022, our LWM joint venture announced its intent to withdraw from its joint venture that operates a production facility in Russia. As a result, LWM determined that its net investment in the joint venture was impaired and wrote~~ - **party** off its investment in Russia; our...... our international subsidiaries and joint ventures, business partners **, including** ~~or~~ **our logistics providers, suppliers, and** customers ~~in the broader region, including our European growing regions for potatoes~~ . **For example** ~~Prior to the war in Ukraine~~ , ~~Ukraine~~ **reduced availability of trucking capacity due to shortages of drivers, primarily** ~~was~~ - **as** ~~one~~ **a result** of ~~the largest exporters of sunflower oil, which we use for our products. Supply chains that were already disrupted by~~ the COVID- 19 pandemic **, caused an increase in the cost of transportation for us and our suppliers in fiscal 2022. An overall labor shortage, lack of skilled labor, increased turnover, or labor inflation, caused by COVID- 19 or as a result of general macroeconomic factors, could** have ~~been further~~ **a material adverse** ~~impacted~~ -- **impact** ~~by the war~~ **on our business, financial condition, and results of operations. In addition, health care and workers' compensation costs are increasing. Inflationary pressures and any shortages** in ~~Ukraine~~ **the labor market could continue to increase labor costs** , which **could have a** ~~has caused shortages in some raw materials~~ - **material adverse effect on our business, financial condition, or results of operations. Our labor costs include the cost of providing employee benefits in the U. S. and foreign jurisdictions** , including **pension** ~~sunflower oil~~ , **health** and ~~higher prices~~ **welfare, and severance benefits. Changes in interest rates, mortality rates, health care costs, early retirement rates, investment returns, and the market value of plan assets can affect the funded status of our defined benefit plans and cause volatility in the future funding requirements of the plans. A significant increase in our obligations** ~~for~~ - **or** ~~substitute ingredients~~ **future funding requirements could have a negative impact on our results of operations and cash flows from operations. Additionally** , ~~such~~ **the annual costs of benefits vary with increased costs of health care and the outcome of collectively bargained wage and benefit agreements. Furthermore, we may be subject to increased costs or experience adverse effects on our operating results if we are unable to renew collectively bargained agreements on satisfactory terms** as ~~other edible oils. LWM operates processing facilities in Europe, including Austria, the~~ **they expire** ~~Netherlands and the United Kingdom~~ . ~~In many instances,~~ **Our financial condition and ability to meet** ~~these~~ -- **the needs** ~~sites depend on the availability~~ of ~~natural gas for use in the production of products, which may originate from Russia. Destabilizing effects that military conflict may pose for the European continent or~~ **our** ~~the global oil~~ **customers could be materially** and ~~natural~~ **adversely affected if strikes or work**

stoppages or interruptions occur ~~gas~~ - **as** ~~markets~~ **a result of delayed negotiations with union- represented employees within or outside the U. S. Changes in our relationships with our growers** could adversely ~~impact LWM' s ability~~ **affect us. We expend considerable resources** to ~~operate these facilities~~ **develop and maintain relationships with many potato growers** . In ~~addition~~ **some instances** , **we have entered into long** ~~the effects of military conflict could heighten many of our other risks described in this Form 10~~ - ~~K~~ - term agreements with growers;however,a portion of our potato needs are sourced on an annual contracted basis.To the extent we are unable to maintain positive relationships with our long- term growers,contracted growers deliver less supply than we expect,or we are unable to secure sufficient potatoes from uncontracted growers in a given year,we may not have sufficient potato supply to satisfy our business opportunities.To obtain sufficient potato supply,we may be required to purchase potatoes at prices substantially higher than expected,or forgo sales to some market segments,which would reduce our profitability.If we forgo sales to such market segments,we may lose customers and may not be able to regain or replace them **later** . Pandemics or other contagious outbreaks and government actions taken in response thereto, may adversely impact, and in the case of the COVID- 19 pandemic, have adversely impacted and **may** ~~are likely to~~ continue to adversely impact, our business, financial condition, and results of operations. The ultimate impact that the COVID- 19 pandemic and any future pandemic or other contagious outbreak will have on our business, financial condition, and results of operations is uncertain ~~. While vaccines are more widely available, the presence of new variants and increasing case figures in many countries create continued uncertainty about the duration and extent of the impact from the pandemic. The efforts by governmental and regulatory authorities worldwide to control the spread of COVID- 19 and variants of the virus have resulted in widespread measures aimed at containing the disease such as quarantines, travel bans, shutdowns, and shelter- in- place or stay- at- home orders~~ . Although COVID- 19- related restrictions **, such as quarantines, travel bans, shutdowns and shelter- in- place orders,** have generally been ~~loosened or~~ lifted, these restrictions and measures, and our efforts to act in the best interests of our employees, customers, suppliers, vendors, joint ventures, and other business partners, have affected and ~~are~~ **may** ~~continuing~~ **continue** to affect our business and operations. Some of the impacts our business has experienced, ~~is~~ **and may** ~~continuing~~ **continue** to experience, ~~and may experience~~ as a result of the COVID- 19 pandemic, or any future pandemic or other contagious outbreak, include, but are not limited to, the following: ● decreased sales to our foodservice customers resulting from the closure or reduction in capacity of many full- service restaurants and other commercial operations (e. g., hotels, schools and universities, sporting venues), which caused and can cause a significant reduction in consumer traffic; ● reduced demand at quick service restaurants, in particular in our international markets where most consumption is dine- in or carry- out as drive- thru options are more limited; ● shutdowns of one or more of our production facilities or lines, or disruption in our production timing and operations, including but not limited to, as a result of illness, labor shortages, government restrictions, or other workforce disruptions; ● continued commodity cost volatility, including higher edible oil, grain, and starch costs, which may not be sufficiently offset by our commodity hedging activities; ● increased transportation and warehousing costs, as well as disruptions in the transport of goods, including limited availability of shipping containers, from our supply chain to us and from us to our customers, which caused us to rely more heavily on higher cost transportation to maintain customer service levels; ● disruptions to our distribution capabilities or to our distribution channels, including those of our suppliers, logistics service providers, or independent distributors; ● failure of third parties on which we rely, including but not limited to, those that supply our packaging, ingredients, equipment and other necessary operating materials, co- manufacturers and independent contractors, to meet their obligations to us, or significant disruptions in their ability to do so; ● a change in demand for, or availability of, one or more of our products as a result of restaurants, other foodservice providers, retailers, or distributors, modifying their inventory, fulfillment or shipping practices; ● increased reliance on our information technology system as a result of work- from- home Company policies, causing us to be more vulnerable to cyberattacks or other disruptions as a result of team members accessing our networks and systems from off- site; and ● ~~continued~~ business disruptions and uncertainties related to **a future** ~~the COVID- 19~~ pandemic for a sustained period of time could result in ~~additional~~ delays or modifications to our strategic plans, capital expansion projects and other initiatives and hinder our ability to achieve anticipated cost savings and productivity initiatives on the original timelines. These impacts have caused, and may continue to cause, changes in the mix of products sold, decreases in revenue, and increases in costs resulting in decreased profitability and cash flows from operations, which have caused, and may continue to cause, an adverse effect on our business, financial condition, and results of operations that may be material ~~. In addition, resurgences of COVID- 19 variants after restrictions are lifted could cause governments to impose new or stricter closures, and limits on capacity or social distancing requirements. These restrictions could cause consumer demand for food away from home to decline~~ . COVID- 19 has disrupted, and the spread of future pandemics or other contagious outbreaks may also disrupt, our customers, suppliers, vendors and joint venture and other business partners, and each of their financial conditions. Any material adverse effect on these parties could adversely impact us. In this regard, the potential duration and impacts of pandemics or other contagious outbreaks such as the COVID- 19 pandemic, including the emergence and spread of COVID- 19 variants and the continued availability and effectiveness of vaccines in the markets where we operate, on the global economy and on our business, financial condition, and results of operations are difficult to predict and cannot be estimated with any degree of certainty. The pandemic has resulted in significant disruption of global financial markets, labor shortages, supply chain interruptions, increased commodity costs, inflation, and economic uncertainty, which has adversely impacted our business and may continue to do so. The impact of COVID- 19 may...... to regain or replace them later. Our business, financial condition, and results of operations could be adversely affected by the political and economic conditions of the countries in which we conduct business and other factors related to our international operations, including foreign currency risks and trade barriers. We conduct a substantial and growing amount of business with customers located outside the U. S., including through our joint ventures. During each of fiscal **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , net sales outside the U. S., primarily in Australia, Canada, China, **Europe,** Japan, Korea, Mexico, and Taiwan, accounted for approximately **23 %,** 17 % **, and 17 %** of our net sales **, respectively** . ~~These~~ -- **The** amounts **for fiscal 2022 and 2021** do not include any impact of unconsolidated net sales associated with ~~our joint ventures~~ **LWAMSA and LW EMEA** , which are also subject to risks associated with international operations. ~~Many~~ **In fiscal 2023, we acquired additional equity interests in LWAMSA and LW EMEA, thereby increasing our ownership in LWAMSA and LW EMEA to 90 % and 100 %, respectively. We began consolidating the financial results of LWAMSA and LW EMEA in our consolidated financial statements in the first quarter and fourth quarter of fiscal 2023, respectively.** ~~factors~~ **Factors** relating to our domestic and international sales and operations, many of which are outside of our control, have had, and could continue to have, a material adverse impact on our business, financial condition, and results of operations, including: ● pandemics and other public health crises, such as the flu, which may lead, and in the case of the COVID- 19 pandemic, have led, to measures that decrease revenues, disrupt our supply chain or otherwise increase our storage, production or distribution costs and adversely affect our workforce, local suppliers, customers and consumers of our products; ● foreign exchange rates, foreign currency exchange and transfer restrictions, which may unpredictably and adversely impact our combined operating results, asset and liability balances, and cash flow in our consolidated financial statements, even if their value has not changed in their original currency; ● our consolidated financial statements are presented in U. S. dollars, and we must translate the assets, liabilities, revenue and expenses into U. S. dollars for external reporting purposes; ● changes in trade, monetary and fiscal policies of the U. S. and foreign governments, including modification or termination of existing trade agreements or treaties (e. g. **,** the U. S. – Mexico – Canada Agreement), creation of new trade agreements or treaties, trade regulations, and increased or new tariffs, **sanctions,** quotas, import or export licensing requirements, and other trade barriers imposed by governments. In particular, changes in U. S. trade programs and trade relations with other countries, including the imposition of trade protection measures by foreign countries in favor of their local producers of competing products, such as governmental subsidies, tax benefits, and other measures giving local producers a competitive advantage over Lamb Weston, may adversely affect our business and results of operations in those countries **; ● changes in capital controls, including currency exchange controls, government currency policies or other limits on our ability to import raw materials or finished products into various countries or repatriate cash from outside the United States** ; ● negative economic developments in economies around the world and the instability of governments, including the actual or threat of wars, terrorist attacks, epidemics or civil unrest, including the war in Ukraine; ● earthquakes, tsunamis, droughts, floods or other major disasters that may limit the supply of raw materials that are purchased abroad for use in our international operations or domestically; ● **volatile commodity prices and** increased costs **of raw and packaging materials, labor, energy and transportation** , disruptions in shipping or reduced availability of freight transportation and warehousing, such as the reduced availability of shipping containers that we encountered in fiscal 2022; ● differing employment practices and labor standards in the international markets in which we operate; ● differing levels of protection of intellectual property across the international markets in which we operate; ● difficulties and costs associated with complying with U. S. laws and regulations applicable to entities with overseas operations, including the Foreign Corrupt Practices Act; ● the threat that our operations or property could be subject to nationalization and expropriation; ● varying regulatory, tax, judicial and administrative practices in the international markets in which we operate; ● difficulties associated with operating under a wide variety of complex foreign laws, treaties and regulations; and ● potentially burdensome taxation. ~~Any~~ **The nature and degree of the various risks we face can differ significantly among our regions and businesses. All** of these factors **could result in increased costs or decreased revenues and** could have an adverse effect on our business, financial condition, and results of operations **off its investment in Russia;our portion of the non- cash impairment charge was $ 62.7 million.** Increased trade barriers or restrictions on global trade also could adversely affect our business,financial condition,and results of operations. ~~Although~~ **Though** ~~LW~~ **LWM** ~~EMEA has~~ **intends to** ~~exited~~ -- **exit** the Russian market ~~and we have no operations in Russia or Ukraine~~ , ~~we have experienced shortages in materials and increased costs for transportation,energy,and raw material due in part to~~ the ~~negative impact~~ **destabilizing effects** of the war in Ukraine **could have other effects** on **our business** ~~the global economy.The scope and duration of the war in Ukraine is uncertain,rapidly changing and hard to predict~~ .Further escalation of geopolitical tensions related to ~~the~~ military conflict could result in **loss of property,expropriation,** cyberattacks,supply disruptions,plant closures and an inability to obtain key supplies and materials, **as well as adversely affect our business and our supply chain,our international subsidiaries and joint ventures,** . Changes in our relationships with significant customers could adversely affect us. We maintain a diverse customer base across our ~~four~~ reporting segments. Customers include global, national and regional quick service and fast casual restaurants as well as small, independently operated restaurants, multinational, broadline foodservice distributors, regional foodservice distributors, and major food retailers. Some of these customers independently represent a meaningful portion of our sales. In addition, we depend on foodservice distributors to help us create end- customer demand, provide technical support and other value- added services to customers, fill customer orders, and stock our products. A material change in our relationship with one or more of these distributors or their failure to perform as expected could reduce our revenue. The foodservice distributors also sell products that compete with our products, and we sometimes need to reduce prices or provide rebates and other incentives to focus them on the sale of our products. ~~Our largest customer, McDonald' s Corporation, accounted for approximately 10 % of our consolidated net sales during fiscal 2022.~~ There can be no assurance that our customers will continue to purchase our products in the same quantities or on the same terms as in the past. The loss of a significant customer or a material reduction in sales to a significant customer could materially and adversely affect our business, financial condition, and results of operations. In addition, the financial condition of our significant customers, including restaurants, distributors and retailers, are affected by events that are largely beyond our control, such as the impacts of the COVID- 19 pandemic and possible future pandemics or other contagious outbreaks, and political or military conflicts, such as the war in Ukraine. Specifically, some customers, including McDonald' s Corporation, have exited from Russia. Deterioration in the financial condition of significant customers could materially and adversely affect our business, financial condition, and results of operations. Disruption of our access to export mechanisms could have an adverse impact on our business, financial condition, and results of operations. To serve our customers globally, we rely in part on our international joint ~~ventures~~ -

venture and operations , but also on exports from the U. S. During fiscal **2023,** 2022, **and** 2021 ~~, and 2020~~ , export sales from the U. S. accounted for approximately **11 %,** 12 % ~~,~~ **and** 13 ~~% and 16~~ %, respectively, of our total net sales. Circumstances beyond our control, such as a labor dispute at a port, or workforce disruption, including those due to **pandemics such as** the COVID- 19 pandemic ~~or future pandemics~~ or other contagious outbreaks, could prevent us from exporting our products in sufficient quantities to meet customer opportunities. During the latter half of fiscal 2022, limited shipping container availability along the U. S. West Coast and disruptions to ocean freight networks across the Pacific Ocean resulted in lower export volumes in our Global segment. We have access to production outside of the U. S. through our facilities in Australia, **Austria,** Canada ~~and~~ **,** China **, the Netherlands, the United Kingdom,** and **a** joint ~~ventures~~ - **venture** in Argentina ~~and Europe~~ , but we may be unsuccessful in mitigating any future disruption to export mechanisms. If this occurs, we may be unable to adequately supply all ~~of~~ our existing customers' needs and new customer opportunities, which could adversely affect our business, financial condition, and results of operations. Our operations are dependent on a wide array of third parties. The success of our end- to- end supply chain relies on the continued performance of a wide array of third parties. Suppliers, co- packers, third- party outsourcers, warehousing partners, and transportation providers are among our critical partners. Although we take steps to qualify and audit third parties with whom we do business, we cannot guarantee that all third parties will perform dependably or at all. It is possible that events beyond our control, such as operational failures, labor issues, **heightened inflation, recession, financial and credit market disruptions, or other economic conditions,** cybersecurity events, global geopolitical conflict, such as the war in Ukraine, pandemics or other health issues, such as COVID- 19, or other issues could impact our third parties. If our third parties fail to deliver on their commitments, introduce unplanned risk to our operations (e. g., through cyber activity), or are unable to fulfill their obligations, we could experience manufacturing challenges, shipment delays, increased costs, or lost revenue, which could also impact our relationships with customers and our brand image. In addition to our own production facilities, we source a portion of our products under co- packing agreements. The success of our business depends, in part, on maintaining a strong sourcing and manufacturing platform. We believe that there are a limited number of competent, high-quality co- packers in the industry, and if we were required to obtain additional or alternative co- packing agreements or arrangements in the future, we can provide no assurance that we would be able to do so on satisfactory terms or in a timely manner. Our inability to enter into satisfactory co- packing agreements could limit our ability to implement our business plan or meet customer demand. Damage to our reputation as a trusted partner to customers and good corporate citizen could have a material adverse effect on our business, financial condition, and results of operations. Our customers rely on us and our co-manufacturers to manufacture safe, high quality food products. Product contamination or tampering, the failure to maintain high standards for product quality, safety, and integrity, or allegations of product quality issues, mislabeling or contamination, even if untrue, may damage the reputation of our customers, and ultimately our reputation as a trusted industry partner. Damage to either could reduce demand for our products or cause production and delivery disruptions. Our reputation could also be adversely impacted by any of the following, or by adverse publicity (whether or not valid) relating thereto: the failure to maintain high ethical, social, and environmental standards for our operations and activities, including the health, safety **,** and security of our employees; our research and development efforts; our environmental impact, including use of agricultural materials, packaging, energy use, and waste management **, and the failure to achieve any stated goals with respect to such matters** ; our failure to comply with local laws and regulations; our failure to maintain an effective system of internal controls; or our failure to provide accurate and timely financial information **. Moreover, the growing use of social and digital media by consumers and other stakeholders has greatly increased the speed and extent that information or misinformation and opinions can be shared** . Damage to our reputation or loss of customer confidence in our products for any of these or other reasons could result in decreased demand for our products and could have a material adverse effect on our business, financial condition, and results of operations, as well as require additional resources to rebuild our reputation. If we are unable to execute on large capital projects ~~, complete potential acquisitions that strategically fit our business objectives, or integrate acquired businesses~~ , our business, financial condition, and results of operations could be materially and adversely affected. Demand for frozen potato products is growing, and we believe that this demand will continue to grow over the long- term. To support our customers' growth, we believe we must invest in our production capabilities either through capital expansion or acquisitions. In 2021 **and 2022** , we announced capital investments in ~~a~~ new french fry processing ~~line~~ **lines** in American Falls, Idaho **,** and ~~a~~ new french fry processing ~~facility~~ **facilities** in **Argentina,** China **, and the Netherlands** . If we are unable to complete these or other large capital projects, or encounter unexpected delays, higher costs or other challenges, including those related to supply chain disruptions and availability of necessary labor, materials, and equipment, our business, financial condition, and results of operations could be materially and adversely affected. **Our results** ~~In addition, from time to time, we evaluate acquisition candidates that~~ may **be adversely affected by our inability to complete or realize the projected benefits of acquisitions, divestitures and other** ~~strategically~~ ---- **strategic** ~~fit~~ **transactions. Our ability to meet** our ~~business~~ objectives ~~. Our~~ **with respect to** ~~acquisition~~ **acquisitions** ~~activities~~ **and other strategic transactions** may ~~present~~ **depend in part on our ability to identify suitable counterparties, negotiate favorable** financial ~~, managerial,~~ and ~~operational~~ **other contractual terms, obtain all necessary regulatory approvals on the terms expected and complete those transactions. Potential** risks **also** ~~. Those risks~~ include: ~~(i)~~ **● the inability to integrate acquired businesses into our existing operations in a timely and cost- efficient manner, including our recent acquisition of the remaining equity interests in LW EMEA; ●** diversion of management **' s** attention from ~~existing~~ **other business concerns; ● potential loss of key employees, suppliers and / or customers of acquired** businesses **; ● assumption of unknown risks and liabilities; ● the inability to achieve anticipated benefits** , ~~(ii)~~ **including revenues or other operating results; ● operating costs of acquired businesses may be greater than expected; ●** difficulties integrating personnel and financial and other systems **; ●** ~~, (iii) difficulties implementing effective control environment processes, (iv) adverse effects on existing business relationships with suppliers and customers, (v)~~ inaccurate estimates of fair value made in the accounting for acquisitions and amortization of acquired intangible assets, which would reduce future reported earnings **; ●** ~~, (vi) potential loss of customers or key employees of acquired businesses, and (vii)~~ indemnities and potential disputes with the sellers **; and ● the inability to promptly implement an effective control environment** . If we are unable to complete **or realize the projected benefits of recent or future** acquisitions **, including** ~~or~~ **our acquisition of LW EMEA** ~~successfully integrate and develop acquired businesses or execute on large capital projects~~ , **divestitures** ~~such as new production lines~~ or ~~facilities~~ **other strategic transactions** , our business ~~,~~ **or** financial ~~condition, and~~ results ~~of operations could be materially and adversely affected. A portion of our business is, and several of our growth strategies are, conducted through joint ventures that do not operate solely for our benefit. We have built our company, in part, through the creation of joint ventures, some of which we do not control. In these relationships, we share ownership and management of a company that operates for the benefit of all owners, rather than our exclusive benefit. Through our extensive experience in operating a portion of our business through joint ventures, we understand that joint ventures often require additional resources and procedures for information sharing and decision- making. If our joint venture partners take actions that have negative impacts on the joint venture, or disagree with the strategies we have developed to grow these businesses, we may have limited ability to influence and mitigate those actions or decisions and our ability to achieve our growth strategies~~ may be ~~negatively~~ **adversely** impacted . In addition, we and our...... be much more costly than we anticipated . Industry Risks Our business is affected by potato crop performance. Our primary input is potatoes and every year, we must procure potatoes that meet the quality standards for processing into value- added products. Environmental and climate conditions, such as soil quality, moisture, and temperature, affect the yield and quality of the potato crop on a year- to- year basis. As a result, we source potatoes from specific regions of the U. S. and specific countries abroad, including Argentina, Australia, Austria, Belgium, Canada, China, France, Germany, the Netherlands, and the United Kingdom, where we believe the optimal potato growing conditions exist. However, severe weather conditions, including protracted periods of extreme heat or cold, during the planting and growing season in these regions can significantly affect potato crop performance, such as the extreme heat in the Pacific Northwest in the summer of 2021 and the drought in Europe during fiscal 2019, both of which resulted in poor crop and significantly limited supply. Further, because of the poor quality of the crop in the Pacific Northwest that was harvested in fall 2021, we encountered lower raw potato utilization rates in our production facilities during the second half of fiscal 2022 **and early fiscal 2023** , which increased our production costs **. On the other hand, too much water, such as in times of prolonged heavy rainfalls or flooding, can promote harmful crop conditions like mildew growth and increase risks of diseases, as well as affect our ability to harvest the potatoes** . Potatoes are also susceptible to pest diseases and insects that can cause crop failure, decreased yields, and negatively affect the physical appearance of the potatoes. We have deep experience in agronomy and actively work to monitor the potato crop. However, if a weather or pest- related event occurs in a particular crop year, and our agronomic programs are insufficient to mitigate the impacts thereof, we may have insufficient potatoes to meet our existing customers' needs and new customer opportunities, or we may experience manufacturing inefficiencies and higher costs, and our competitiveness and profitability could decrease. Alternatively, overly favorable growing conditions can lead to high per acre yields and over- supply. An increased supply of potatoes could lead to overproduction of finished goods and associated increased storage costs or destruction of unused potatoes at a loss. Our business relies on a potato crop that has a concentrated growing region. Ideal growing conditions for the potatoes necessary for our value- added products (e. g., french fries) are concentrated in a few geographic regions globally. In the U. S., most of the potato crop used in value- added products is grown in Washington, Idaho, and Oregon. European growing regions for the necessary potatoes are concentrated in Austria, Belgium, Germany, France, the Netherlands, and the United Kingdom. Recent agronomic developments have opened new growing regions, but the capital- intensive nature of our industry' s production processes has kept production highly concentrated in the historical growing regions noted above. Unfavorable crop conditions in any one region could lead to significant demand on the other regions for production, which occurred in connection with the drought in Europe during fiscal 2019. Our inability to mitigate any such conditions by leveraging our production capabilities in other regions could negatively impact our ability to meet existing customers' needs and new customer opportunities and could decrease our profitability **. See also "- Legal and Regulatory Risks- Climate change, or legal, regulatory, or market measures to address climate change, may negatively affect our business and operations, " in this Item 1A. Risk Factors below** . The sophistication and buying power of some of our customers could have a negative impact on profits. Some of our customers are large and sophisticated, with buying power and negotiating strength. These customers may be more capable of resisting price increases and more likely to demand lower pricing, increased promotional programs, or specialty tailored products. In addition, some of these customers (e. g., larger distributors and supermarkets) have the scale to develop supply chains that permit them to operate with reduced inventories or to develop and market their own brands. Shelf space at food retailers is not guaranteed, and large retail customers may choose to stock their own retailer and other economy brands that compete with some of our products. This could be exacerbated with a shift in consumer spending as a result of an economic downturn and consumers moving to private label or lower priced products. If the initiatives we undertake to counteract these pressures, including efficiency programs and investments in innovation and quality, are unsuccessful and we are unable to counteract the negotiating strength of these customers, our profitability could decline. Increased competition may result in reduced sales or profits. Our business, value- added frozen potato products, is highly competitive. Competitors include large North American and European frozen potato product companies that compete globally, local and regional companies, and retailers and foodservice distributors with their own branded and private label products. Some of our competitors are larger and have substantial financial, sales and marketing, and other resources. We compete based on, among other things, customer service, value, product innovation, product quality, brand recognition and loyalty, price, and the ability to identify and satisfy customer preferences. A strong competitive response from one or more of our competitors to our marketplace efforts could result in us reducing pricing, increasing spend on promotional activity, or losing market share. Competitive pressures may restrict our ability to increase prices, including in response to commodity and other input cost increases or additional improvements in product quality. Our profits could decrease if a reduction in prices or increased costs are not counterbalanced with increased sales volume. Increased industry capacity may result in reduced sales or profits. In recent years, market demand for value- added frozen potato products has exceeded industry capacity to produce these products. As additional industry capacity comes online, or market demand otherwise decreases, including as a result of **inflation or pandemics such as** the COVID- 19 pandemic ~~or future pandemics~~ or other contagious outbreaks, we may face competitive pressures that would restrict our ability to increase or maintain prices, or we may lose market share. For example, during fiscal 2021, we faced increased pricing pressure for private label products due to excess production capacity in Europe that resulted from decreased demand following government- imposed COVID- related social restrictions, which caused us to lose some private label volume. Our profits would decrease as a result of a reduction in prices or sales volume. We must identify changing consumer preferences and consumption trends and develop and offer food products to our customers that help meet those preferences and trends. Consumer preferences evolve over time and our success depends on our ability to identify the tastes and dietary habits of consumers and offer products that appeal to those preferences. We need to continue to respond to these changing consumer preferences and support our customers in their efforts to evolve to meet those preferences. For example, as consumers continue to focus on freshly prepared foods, some restaurants may choose to limit the frying capabilities of their kitchens. As a result, we must evolve our product offering to provide alternatives that work in such a preparation environment. In addition, our products contain carbohydrates, sodium, genetically modified ingredients, added sugars, saturated fats, and preservatives, the diet and health effects of which remain the subject of public scrutiny. We must continue to reformulate our products, introduce new products and create product extensions without a loss of the taste, texture, and appearance that consumers demand in value-added potato products. All of these efforts require significant research and development and marketing investments. If our products fail to meet consumer preferences or customer requirements, or we fail to introduce new and improved products on a timely basis, then the return on those investments will be less than anticipated, which could materially and adversely affect our business, financial condition, and results of operations. In addition, we compete against branded products as well as private label products. Our products must provide higher value and / or quality to our customers and consumers than alternatives, particularly during periods of economic uncertainty. Consumers may not buy our products if relative differences in value and / or quality between our products and private label products change in favor of competitors' products or if consumers perceive this type of change. If consumers prefer private label products, which are typically sold at lower prices, then we could lose market share or sales volumes or shift our product mix to lower margin offerings. During an economic downturn, factors such as increased unemployment, decreases in disposable income, inflation, and declines in consumer confidence could cause a decrease in demand for our overall product offerings, particularly higher priced products, which could materially and adversely affect our business, financial condition, and results of operations. Distributors, restaurants **,** and retailers may also become more conservative in response to these conditions and seek to reduce their inventories. A change in consumer preferences could also cause us to increase capital, marketing, and other expenditures, which could materially and adversely affect our business, financial condition, and results of operations. ~~Legal~~ **Financial** and ~~Regulatory~~ **Economic** Risks **.In addition,we and our respective partners may be liable for certain obligations or liabilities of the joint ventures.As a result,we may be subject to additional obligations or liabilities over which we may not have complete control.** Our substantial debt may limit cash flow available to invest in the ongoing needs of our business and could prevent us from fulfilling our debt obligations.We have incurred substantial indebtedness.As of May ~~28~~ **29** , ~~2023~~ **2022** ,we had ~~approximately~~ $ ~~3~~ **2,728** . ~~5~~ **0** ~~billion~~ **million** of **long-term** debt,including current portion ~~,and short- term borrowings~~ ,recorded on our Consolidated Balance Sheet.Our level of debt could have important consequences.For example,it could:● make it more difficult for us to make payments on our debt;● require us to dedicate a substantial portion of our cash flow from operations to the payment of debt service,reducing the availability of our cash flow to fund working capital,capital expenditures,acquisitions,and other general corporate purposes;● increase our vulnerability to adverse economic or industry conditions;● limit our ability to obtain additional financing in the future to enable us to react to changes in our business;or ● place us at a competitive disadvantage compared to businesses in our industry that have less debt.The agreements governing our debt contain various covenants that impose restrictions on us that may affect our ability to operate our business.The credit agreements governing our term loans and revolving credit ~~facilities~~ **facility** and the indentures governing our senior notes contain covenants that,among other things,limit our ability to:● borrow money or guarantee debt;● create liens;● pay dividends on or redeem or repurchase stock;● make specified types of investments and acquisitions;● enter into agreements that limit the ability of our subsidiaries to pay dividends or other payments to us;● enter into transactions with affiliates;and ● sell assets or merge with other companies.These restrictions on our ability to operate our business could harm our business by,among other things,limiting our ability to take advantage of financing,merger and acquisition,or other corporate opportunities.Various risks,uncertainties,and events beyond our control could affect our ability to comply with these covenants.Failure to comply with any of the covenants in our existing or future financing agreements could result in a default under those agreements and under other agreements containing cross- default provisions.A default would permit lenders to accelerate the maturity of the debt under these agreements and to foreclose upon any collateral securing the debt.Under these circumstances,we might not have sufficient funds or other resources to satisfy all of our obligations.Also,the limitations imposed by these financing agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing.In addition,the restrictive covenants in our credit agreements require us to maintain specified financial ratios and satisfy other financial condition tests.We cannot provide assurance that we will continue to be in compliance with these ratios and tests.Our ability to continue to meet those financial ratios and tests will depend on our ongoing financial and operating performance,which,in turn,will be subject to economic conditions and to financial,market,and competitive factors,many of which are beyond our control.A breach of any of these covenants could result in a default under one or more of our debt instruments,including as a result of cross default provisions and,in the case of our revolving credit facility,permit the lenders thereunder to cease making loans to us.Upon the occurrence of an event of default under our credit facilities,the lenders could elect to declare all amounts outstanding thereunder to be immediately due and payable and terminate all commitments to extend further credit.Such action by the lenders could cause cross- defaults under our senior notes indentures.Any failure to meet required payments on our debt,or failure to comply with any covenants in the instruments governing our debt,could result in a downgrade to our credit ratings.A downgrade in our credit ratings could limit our access to capital and increase our borrowing costs. ~~We face risks related to heightened inflation,recession,financial and credit market disruptions,and other economic conditions.Customer and consumer demand for our products may be impacted by weak economic conditions,recession,equity market volatility,or other negative economic factors in the U.S.or other countries.For example,the U.S.experienced significantly heightened inflationary pressures in 2022,which have continued into 2023.In addition,if the U.S.economy enters a recession in fiscal 2024,we may experience sales declines and may have to decrease prices,all of which could have a material adverse impact on our business,financial condition,and results of operations.Similarly,disruptions in financial and / or credit markets may impact our ability to manage normal commercial relationships with our customers,suppliers,and creditors and might cause us to not be able to continue to have access to preferred sources of liquidity when needed or on terms we find acceptable,and our borrowing costs could increase.An economic or credit crisis could occur and impair credit availability and our ability to raise capital when needed.In addition,disruptions in financial and / or credit markets could result in some of our customers experiencing a significant decline in profits and / or reduced liquidity.A significant adverse change in the financial and / or credit position of a customer could require us to assume greater credit risk relating to that customer and could limit our ability to collect receivables.A significant adverse change in the financial and / or credit position of a supplier or co- packer could result in an interruption of supply.This could have a material adverse effect on our business,financial condition,results of operations,and liquidity.A disruption in the financial markets may also have a negative effect on our derivative counterparties and could impair our banking or other business partners,on whom we rely for access to capital and as counterparties to our derivative contracts.In addition,changes in tax or interest rates in the U.S.or other countries,whether due to recession,economic disruptions,or other reasons,may adversely impact us.~~ Technology Risks We are significantly dependent on information technology,and we may be unable to protect our information systems against service interruption,misappropriation of data,or breaches of security.We rely on information technology networks and systems,including the Internet,to process,transmit,and store electronic and financial information,to manage and support a variety of business processes and activities,and to comply with regulatory,legal,and tax requirements.We also depend upon our information technology infrastructure for digital marketing activities and for electronic communications among our locations,personnel,customers,third- party manufacturers and suppliers.The importance of such networks and systems has increased due to our adoption of flexible work- from- home policies for ~~some of our~~ functional support areas,which in turn has heightened our vulnerability to cyberattacks or other disruptions.Despite careful security and controls design,implementation and updating ~~,monitoring and routine testing~~ ,independent third- party verification ~~,~~ and annual training of employees on information security and data protection,our information technology systems,some of which are dependent on services provided by third parties,may be vulnerable to,among other things,damage,invasions,disruptions,or shutdowns due to any number of causes such as catastrophic events,natural disasters,infectious disease outbreaks and other public health crises,fires,power outages,systems failures,telecommunications failures,security breaches,computer viruses,ransomware and malware,hackers,employee error or malfeasance, ~~potential failures in the incorporation of artificial intelligence,~~ and other causes.While we have experienced threats to our data and systems,to date,we are not aware that we have experienced a material breach to our systems.However,third parties,including our partners and vendors,could also be a source of security risk to us,or cause disruptions to our normal operations,in the event of a breach of their own products,components,networks,security systems,and infrastructure.For example,in December 2021,our third- party service provider for our workforce management software,the Ultimate Kronos Group (“ Kronos ”),experienced a ransomware attack that resulted in Kronos temporarily decommissioning the functionality of certain of its cloud software,requiring us to find and implement other procedures to continue our payroll processes,which was time consuming and burdensome but did not have a material adverse impact on our business.In addition, **over** ~~in April 2023,Americold Realty Trust,Inc.(“ Americold ”),a third- party finished goods storage provider,suffered a cyber incident that impacted its operations and resulted in considerable delays in the delivery of our products to our customers and interrupted other key business processes.While the incident impacted our business and we were unable to ship to certain customers for a short period of~~ time, **and particularly recently,as** ~~it did not have a material adverse impact on our business.As~~ evidenced by the ~~attacks~~ - **attack** on Kronos ~~and Americold~~ , **the sophistication of the** cyber threats **continues to** ~~are constantly evolving,are becoming more frequent and more sophisticated and are being made by groups of individuals with a wide range of expertise and motives,which increases~~ - **increase** ~~the difficulty of detecting and successfully defending against them.Further,continued geopolitical turmoil,including the ongoing war in Ukraine,has heightened the risk of cyberattacks~~ .Sophisticated cybersecurity threats,including potential cyberattacks from Russia targeted against the U.S.,pose a potential risk to the security and viability of our information technology systems,as well as the confidentiality,integrity,and availability of the data stored on those systems,including cloud- based platforms.In addition,new technology ~~,such as artificial intelligence,~~ that could result in greater operational efficiency may further expose our computer systems to the risk of cyberattacks.If we do not allocate and effectively manage the resources necessary to build and sustain the proper technology infrastructure and associated automated and manual control processes,we could be subject to billing and collection errors,business disruptions,or damage resulting from security breaches.If any of our significant information technology systems suffer severe damage,disruption,or shutdown and our business continuity plans do not effectively resolve the issues in a timely manner,our product sales,financial condition,and results of operations may be materially and adversely affected,and we could experience delays in reporting our financial results.Any interruption of our information technology systems could have operational,reputational,legal,and financial impacts that may have a material adverse effect on our business,financial condition,and results of operations **.In addition,if we are unable to prevent security breaches or unauthorized disclosure of non- public information,we may suffer financial and reputational damage,litigation or remediation costs,fines,or penalties because of the unauthorized disclosure of**

confidential information belonging to us or to our partners,customers,or suppliers.Misuse,leakage,or falsification of information could result in violations of data privacy laws and regulations,potentially significant fines and penalties,damage to our reputation and credibility,loss of strategic opportunities,and loss of ability to commercialize products developed through research and development efforts and,therefore,could have a negative impact on net sales.In addition,we may face business interruptions,litigation,and financial and reputational damage because of lost or misappropriated confidential information belonging to us,our current or former employees,or to our suppliers or customers,and may become subject to legal action and increased regulatory oversight.We could also be required to spend significant financial and other resources to remedy the damage caused by a security breach or to repair or replace networks and information systems.Problems with the transition,design,or implementation of our new ERP system could interfere with our business and operations and adversely affect our financial condition.We are in the process of building a new ERP system to replace our existing operating and financial systems.The ERP system is designed to accurately maintain our financial records,enhance operational functionality,and provide timely information to our management team related to the operation of the business.The ERP system implementation process has required,and will continue to require,the investment of significant personnel and financial resources.Due to the uncertainty caused by COVID- 19,we paused ERP work in fiscal 2021,after completing the first phase of implementation.We recently resumed designing the next phase of our ERP implementation and are in the build stage.We have experienced,and may continue to experience,difficulties as we transition to new upgraded systems and business processes.These difficulties have and may include loss of data;difficulty in making payments to third- parties;difficulty in completing financial reporting and filing reports with the SEC in a timely manner;or challenges in otherwise running our business.We may also experience decreases in productivity as our personnel implement and become familiar with new systems and processes.Any disruptions,delays,or deficiencies in the transition,design,and implementation of a new ERP system,particularly any disruptions,delays,or deficiencies that impact our operations,could have a material adverse effect on our business,financial condition,and results of operations.Even if we do not encounter adverse effects,the transition,design,and implementation of a new ERP system,may be much more costly than we anticipated We may be subject to product liability claims and product recalls, which could negatively impact our relationships with customers and harm our business. We sell food products for human consumption, which involves risks such as product contamination or spoilage, product tampering, other adulteration of food products, mislabeling, and misbranding. We may voluntarily recall or withdraw products from the market in certain circumstances, which would cause us to incur associated costs; those costs could be meaningful. We may also be subject to litigation, requests for indemnification from our customers, or liability if the consumption or inadequate preparation of any of our products causes injury, illness, or death. A significant product liability judgment or a widespread product recall may negatively impact our sales and profitability for a period of time depending on the costs of the recall, the destruction of product inventory, product availability, competitive reaction, customer reaction, and consumer attitudes. Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that our products caused illness or injury could adversely affect our reputation with existing and potential customers and our corporate and brand image. Additionally, as a manufacturer and marketer of food products, we are subject to extensive regulation by the FDA and other national, state and local government agencies. The Food, Drug & Cosmetic Act, the Food Safety Modernization Act, other laws and their respective regulations govern, among other things, the manufacturing, composition and ingredients, packaging **,** and safety of food products. Some aspects of these laws use a strict liability standard for imposing sanctions on corporate behavior, meaning that no intent is required to be established. If we fail to comply with applicable laws and regulations, we may be subject to civil remedies, including fines, injunctions, recalls, or seizures, as well as criminal sanctions, any of which could have a material adverse effect on our business, financial condition, and results of operations. New regulations imposed by the FDA or EFSA around acrylamide formation in potato products could adversely affect us. The regulation of food products, both within the U. S. and internationally, continues to be a focus for governmental scrutiny. The presence and / or formation of acrylamide in potato products cooked at high temperatures has become a global regulatory issue as both the FDA and the European Food Safety Authority (‘ ‘ EFSA’’) have issued guidance to the food processing industry to work to reduce conditions that favor the formation of this naturally occurring compound. Acrylamide formation is the result of heat processing reactions that give ‘ ‘ browned foods’’ their desirable flavor. Acrylamide formation occurs in many food types in the human diet, including but not limited to breads, toast, cookies, coffee, crackers, potatoes, and olives. The regulatory approach to acrylamide has generally been to encourage the industry to achieve as low as reasonably achievable content levels through process control (e. g., temperature) and material testing (e. g., low sugar and low asparagine). However, limits for acrylamide exposure have been established in the State of California, and point of sale consumer warnings are required if products exceed those limits. In addition, the EFSA has promulgated regulations establishing specific mitigation measures, sampling **,** and analysis procedures and benchmark levels for acrylamide in certain food products. If the global regulatory approach to acrylamide becomes more stringent and additional legal limits are established, our manufacturing costs could increase. In addition, if consumer perception regarding the safety of our products is negatively impacted due to regulation, sales of our products could decrease. If we fail to comply with the many laws and regulations applicable to our business, we may face lawsuits or incur significant fines and penalties. Our facilities and products are subject to many laws and regulations administered by the U. S. Department of Agriculture, the FDA, the Occupational Safety and Health Administration, and other federal, state, local, and foreign governmental agencies relating to the processing, packaging, storage, distribution, advertising, labeling, quality, and safety of food products, and the health and safety of our employees. Our failure to comply with applicable laws and regulations could subject us to additional costs, product detentions, substantial delays or a temporary shutdown in manufacturing, lawsuits, administrative penalties, and civil remedies, including fines, injunctions, and recalls of our products. Our operations are also subject to extensive and increasingly stringent regulations administered by foreign government agencies, the U. S. Environmental Protection Agency, and comparable state agencies, which pertain to the protection of human health and the environment, including, but not limited to, the discharge of materials into the environment and the handling and disposition of wastes. Failure to comply with these regulations can have serious consequences, including civil and administrative penalties and negative publicity. Changes in applicable laws or regulations or evolving interpretations thereof, including increased government regulations to limit the emissions of toxic air pollutants and carbon dioxide and other greenhouse gas emissions as a result of concern over climate change, may result in increased compliance costs, capital expenditures, and other financial obligations for us, which could affect our profitability or impede the production or distribution of our products, which could adversely affect our business, financial condition, and results of operations. Climate change, or legal, regulatory, or market measures to address climate change, may negatively affect our business and operations. There is growing concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns, and the frequency and severity of extreme weather and natural disasters. In the event that climate change has a negative effect on agricultural productivity, we may be subject to decreased availability or less favorable pricing for certain commodities that are necessary for our products, such as potatoes and edible oils. Adverse weather conditions and natural disasters can reduce crop size and crop quality, which in turn could reduce our supplies of raw potatoes, lower recoveries of usable raw potatoes, increase the prices of our raw potatoes, increase our cost of transporting and storing raw potatoes, or disrupt our production schedules or efficiencies. Natural disasters and extreme weather conditions may disrupt the productivity of our facilities or the operation of our supply chain. In addition, water is an important part of potato processing. In times of water stress, we may be subject to decreased availability or less favorable pricing for water, which could impact our manufacturing and distribution operations. Further, a decrease in the availability of water in certain regions caused by droughts or other factors could increase competition for land and resources in areas that have more favorable growing conditions, and thereby increase costs for such land and resources. The increasing concern over climate change also may result in more regional, federal, and / or global legal and regulatory requirements to reduce or mitigate the effects of greenhouse gases, as well as more stringent regulation of water rights. In the event that such regulation is enacted and is more aggressive than the sustainability measures that we are currently undertaking to monitor our emissions, improve our energy efficiency, and reduce and reuse water, we may be subject to curtailment or reduced access to resources or experience significant increases in our costs of operation and delivery. In particular, **a new regulation in the Netherlands intended to reduce emissions of nitrogen oxide and ammonia mandates the harvest of potatoes grown on sandy soil by October 1, 2023, which is earlier than previous harvests and is expected to reduce potato capacity in the region. As a result, we may experience reduced potato availability and higher costs. In addition,** increasing regulation of utility providers, fuel emissions, or fuel suppliers could substantially increase the distribution and supply chain costs of our products **. Further, we may experience significant increases in our compliance costs, capital expenditures, and other financial obligations to adapt our business and operations to meet new regulations and standards. Even if we make changes to align ourselves with such legal or regulatory requirements, we may still be subject to significant penalties or potential litigation if such laws and regulations are interpreted and applied in a manner inconsistent with our practices** . Also, consumers and customers may place an increased priority on purchasing products that are sustainably grown and made, requiring us to incur increased costs for additional transparency, due diligence, and reporting. ~~Further~~ **In addition** , **we might fail to effectively address increased attention from the media, stockholders, activists, and other stakeholders on climate change and related environmental sustainability matters. From time to time, we establish and publicly announce goals and commitments, including those related to reducing our impact on the environment. Our ability to achieve** any **stated goal, target or objective is subject to numerous factors and conditions, many of which are outside of our control, including evolving regulatory requirements, the pace of scientific and technological developments, and the availability of suppliers that can meet our standards. We may be required to expend significant resources to meet these goals and commitments, which could significantly increase our operational costs. There can be no assurance of the extent to which any of our goals or commitments will be achieved, or that any future investments we make in furtherance of achieving these goals will meet customer or investor expectations. Any delay or** failure to achieve our goals with respect to reducing our impact on the environment or perception of a **delay or** failure to act responsibly with respect to the environment or to effectively respond to regulatory requirements concerning climate change can lead to adverse publicity, which could damage our reputation ~~. As a result~~ , ~~climate change could negatively affect our business~~ **as well as expose us to enforcement actions** and ~~operations~~ **litigation** . See also “ Industry Risks – Our business is affected by potato crop performance, ” in this Item 1A. Risk Factors above.