Risk Factors Comparison 2024-02-16 to 2023-02-16 Form: 10-K

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

RISKS RELATED TO LEGAL AND REGULATORY CHALLENGES Claims of injuries or potential safety issues or quality concerns could be made against our various subsidiaries. Our products and solutions are often used in high- risk and unpredictable environments and our mission, reputation and business success rely on our ability to design and provide safe, high quality and reliable products that earn and maintain customer trust. In the event the parties using our products are injured, or if any of our products are alleged to have contributed, we could be subject to claims or suffer reputational harm. In addition, we may be required to or may voluntarily recall or redesign certain products or components due to concern about product safety, quality, ease of use or customer confidence. **We continue to review, update, and execute the Company' s quality management processes appropriately to meet changing market demands, technology, and product standards.** Any significant claims, recalls or field actions that result in significant expense or negative publicity against us could have a material adverse effect on our business, operating results, financial condition and liquidity, including any successful claim brought against us in excess or outside of available insurance coverage. Our subsidiaries ~~,~~ may experience losses from product liability claims, which could have a material adverse effect on our business, operating results, financial condition and liquidity. Our subsidiaries face an inherent business risk of exposure to product liability or other legal claims or penalties related to the design, manufacture, marketing, or sale of any of our current or former products and solutions. Our subsidiaries are named periodically in single incident lawsuits, or, at times, in cumulative trauma product liability lawsuits which may be numerous, and the number of claims newly asserted in any given period is difficult to predict and may aggregate or escalate suddenly. Any type of product injury claim may result in losses in excess of **limits or beyond the coverage afforded by** available insurance ~~coverage~~ and have a material adverse effect on our business, **reputation,** operating results, financial condition and liquidity. On January 5, 2023, the Company divested **Mine Safety Appliances Company, LLC ("** MSA LLC **")** , a wholly owned subsidiary that holds legacy product liability claims relating to coal dust, asbestos, silica, and other exposures, to a joint venture between R & Q Insurance Holdings Ltd. and Obra Capital, Inc. (the" Purchaser") The transaction is subject to risks related to counterparty commercial risk as well as agreement enforcement and interpretation. Third parties also could seek to assert claims against us for which MSA LLC is the legally responsible party, and we may be required to incur fees and expenses to enforce that wrongly asserted claims are properly redirected to MSA LLC. The divested subsidiary MSA LLC and the Purchaser **each** have **agreed to** ~~indemnified~~ **indemnify** us with respect to MSA LLC' s cumulative trauma product liability losses and other defined exposures. The ability of MSA LLC and the Purchaser to honor their indemnity obligations is subject to commercial risk and, in addition, in the event of a dispute, the transaction, negotiated indemnities, and the extent of other legally ~~-~~ available protections may be subject to future judicial interpretation. MSA and its remaining subsidiaries continue to be responsible for claims relating to any current or former products and solutions that were not transferred as part of the divestiture. Our ability to market and sell our products is subject to existing government laws, regulations and standards. Changes in such laws, regulations and standards or our failure to comply with them could materially and adversely affect our results of operations. Most of our products are required to meet performance and test standards designed to protect the safety of people and infrastructures around the world. Our inability to comply with these standards could result in declines in revenue, profitability and cash flow. Changes in laws ~~and~~ **,** regulations **, or the standards themselves, including changes related to federal, national, state or provincial elections,** could reduce the demand for our products or require us to re- engineer our products, thereby creating opportunities for our competitors. Regulatory approvals for our products may be delayed or denied for a variety of reasons that are outside of our control. Additionally, market anticipation of significant new standards can cause customers to accelerate or delay buying decisions. We are subject to various federal, state and local laws and regulations across our global organization and any violation of these laws ~~and~~ **or** regulations could adversely affect our results of operations. We are subject to numerous, and sometimes conflicting, laws and regulations on matters as diverse as anti- corruption, import / export controls, product content requirements, trade restrictions, tariffs, taxation, sanctions, internal and disclosure control obligations, securities regulation, anti- competition, data privacy **and security** , ~~Brexit changes~~ and labor relations, among others. This includes laws and regulations in emerging markets where legal systems may be less developed or familiar to us. Compliance with diverse legal requirements is costly, time **-** consuming and requires significant resources. Violations of one or more of these laws or regulations in the conduct of our business could result in significant fines, criminal **prosecution or** sanctions **and / or civil penalties** against us or our officers **or other personnel** , prohibitions on doing business and damage to our reputation. These actions could result in liability for significant monetary damages ~~, fines and / or criminal prosecution~~ , unfavorable publicity and other reputational damage and have a material adverse effect on our business, consolidated results of operations and financial condition. We are subject to various environmental laws and any violation of these laws could adversely affect our results of operations. Included in the extensive laws, regulations and ordinances to which we are subject, are those relating to the protection of the environment. Examples include those governing discharges to water, discharges to air (including greenhouse gas emissions), handling and disposal practices for solid and hazardous wastes and the maintenance of a safe workplace. These laws impose penalties for noncompliance and liability for response costs and certain damages resulting from past and current spills, disposals, other releases of hazardous materials and other noncompliance with such laws. These environmental laws may continue to change in the future due to a variety of factors, such as government focus on climate change. We could incur substantial costs as a result of noncompliance with or liability for cleanup pursuant to these environmental laws **, which could have a material adverse effect on our business, consolidated results of operations and financial condition** . Such laws continue to change, and we may be subject to more stringent environmental laws in the future. If more stringent environmental laws are enacted, these future laws could have a material adverse effect on our business, consolidated results of operations and financial condition. We are subject to risks related to our environmental, social and governance activities and disclosures. Environmental social and governance, often referred to as ESG, **has continued to be an area of focus from investors, customers, employees, and lawmakers, who at times may have competing, inconsistent, or varying interests. ESG- related regulations at both state and national levels are requiring heightened attention, including climate- related disclosures. As** reporting and disclosure requirements continue to evolve, ~~with~~ **the Company anticipates** increasing investor expectations and additional regulatory requirements ~~anticipated~~ **, among other demands related to our ESG activities** . Failure to accurately and timely meet these expectations and requirements may result in reputational damage, regulatory penalties and litigation among other consequences. We are subject to various U. S **.** and foreign tax laws and any changes in these laws related to the taxation of businesses and resolutions of tax disputes could adversely affect our results of operations. The U. S. Congress, the Organization for Economic Co-operation and Development (**"** ~~or,~~ OECD **"**) and other government agencies in jurisdictions in which we and our affiliates invest or do business have maintained a focus on issues related to the taxation of multinational companies. The OECD has changed numerous long- standing tax principles through its base erosion and profit shifting project which could adversely impact our effective tax rate. We are subject to regular review and audit by both foreign and domestic tax authorities. While we believe our tax positions will be sustained, the final outcome of tax audits and related litigation may differ materially from the tax amounts recorded in our consolidated financial statements, which could have a material adverse effect on our consolidated results of operations, financial condition and cash flows. RISKS RELATED TO SUPPLY AND MANUFACTURING Our future results are subject to the risk that purchased components and materials are unavailable or available at excessive cost due to material shortages, excessive demand, currency fluctuation, inflationary pressure and other factors. We depend on various components, materials and services from supply chain partners to manufacture our products. It is possible that any of our supplier relationships could be terminated or otherwise disrupted, or that our suppliers may be unable to timely deliver **quality components, materials or services** to us. Any sustained interruption in our receipt of adequate supplies or services could have a material adverse effect on our business, results of operations and financial condition. Our inability to successfully manage price fluctuations due to market demand, currency risks or material shortages, or future price fluctuations (whether due to inflationary pressures or otherwise) could have a material adverse effect on our business and our consolidated results of operations and financial condition. Our plans to continue to improve productivity and reduce complexity may not be successful, which could adversely affect our ability to compete. **MSA periodically evaluates the efficiency of our business, which may result in changes to the way that we operate. For example,** MSA has integrated parts of its European operating segment that have historically been individually managed entities, into a centrally managed organization model. We plan to continue to leverage the benefits of scale created from this approach and are in the process of implementing a more efficient and cost- effective enterprise resource planning system in additional locations across the International Segment. MSA runs the risk that these and similar initiatives may not be completed substantially as planned, may be more costly to implement than expected, or may not result in the efficiencies or cost savings anticipated. In addition, if not properly managed, these initiatives could cause disruptions in our day- to- day operations and have a negative impact on MSA' s financial results. It is also possible that other major productivity and streamlining programs may be required in the future. **We are subject to risks related to various U. S. and foreign climate regulations and any changes in these regulations related to climate disclosure and penalties for non-compliance could adversely affect our results of operations. The issue of climate variability is receiving increasing attention nationally and worldwide. Some scientific experts are predicting a worsening of weather volatility in the future associated with climate variability. Climate changes that have significant physical effects, such as increased frequency and severity of storms, floods, wildfires, droughts and other climatic events, could have an adverse effect on our supply chain, our business and our consolidated results of operations and financial condition. Moreover, our operations (and the operations of many of our key suppliers) emit greenhouse gases directly. Restrictions on emissions of methane or carbon dioxide that may be imposed could adversely impact the demand for, price of and value of our products and reserves. For example, current and future laws or regulations limiting such emissions could increase our own costs. At this time, it is not possible to accurately estimate how potential future laws or regulations addressing greenhouse gas emissions would impact our business.** RISKS RELATED TO ECONOMIC, MARKET AND COMPETITIVE CONDITIONS Unfavorable economic and market conditions could materially and adversely affect our business, results of operations and financial condition. We are subject to risks arising from adverse changes in global economic conditions. We have significant operations in a number of countries outside the U. S., including some in emerging markets. Long- term economic uncertainty in some of the regions of the world in which we operate, such as Asia, Latin America, the Middle East and Europe, could result in declines in revenue, profitability and cash flow due to reduced orders, payment delays, supply chain disruptions or other factors caused by the economic challenges faced by our customers and suppliers. A portion of MSA' s sales are made to customers in the ~~oil, gas and petrochemical market. We estimate that between approximately 25 %- 30 % of our global business is sold into the energy market vertical with the most significant exposure in industrial head protection, portable gas detection and FGFD. Approximately 10 %- 15 % of consolidated revenue, primarily in industrial head protection and portable gas detection, is more exposed to a pullback in employment trends across the energy market. Another 5 %- 10 % of consolidated revenue, primarily in FGFD is more exposed to a pullback in capital equipment spending within the~~ energy market. It is possible that volatility in the **energy market** ~~oil, gas and petrochemical industry~~ , whether related to economic, climate- related energy policy, or other conditions, could negatively impact our business and could result in declines in our consolidated results of operations and cash flow. Pandemics or disease outbreaks, such as COVID- 19, may cause unfavorable economic or market conditions which could impact demand patterns and / or disrupt global supply chains and manufacturing operations. Collectively, these outcomes could materially and adversely affect our business, results of operations and financial condition. Pandemics or disease outbreaks such as COVID- 19 could result in a widespread health crisis that could adversely affect the economies of developed and emerging markets, potentially resulting in an economic downturn that could affect customers' demand for our products in certain industrial- based end ~~-~~markets. The spread of pandemics or disease outbreaks may also disrupt the Company' s manufacturing operations, supply chain, or logistics necessary to import, export and deliver products to our customers. During a pandemic or crisis, applicable laws and response directives such as vaccine mandates or occupational safety and health requirements, could, in some circumstances, result in skilled labor impacts including voluntary attrition or difficulty finding labor, or otherwise adversely affect our ability to operate our plants, obtain inputs from suppliers, or to deliver our products in a timely manner. Some laws and directives may also hinder our ability to move certain products across borders. Economic conditions can also influence order patterns. These factors could negatively impact our consolidated results of operations and cash flow. A reduction in the spending patterns of government ~~agencies~~ **customers** or delays in obtaining government approval for our products could materially and adversely affect our net sales, earnings and cash flow. The demand for our products sold to the fire service market, the homeland security market and other government ~~agencies~~ **customers** is, in large part, driven by available government funding. Government budgets are set annually, and we cannot assure that government funding will be sustained at similar levels in the future. A significant reduction in available government funding could result in declines in our consolidated results of operations and cash flow. The markets in which we compete are highly competitive, and some of our competitors have greater financial and other resources than we do. The competitive pressures faced by us could materially and adversely affect our business, results of operations and financial condition. The safety products market is highly competitive, with participants ranging in size from small companies focusing on single types of safety products, to large multinational corporations that manufacture and supply many types of safety products. Our main competitors vary by region and product. We believe that participants in this industry compete primarily on the basis of product characteristics (such as functional performance, technology, cost of ownership, comfort, design and style), price, service and delivery, customer support, the ability to meet the special requirements of customers, brand name trust and recognition, **purchasing options,** and e- business capabilities. Some of our competitors have greater financial and other resources than we do **,** and our business could be adversely affected by competitors' new product innovations, technological advances made to competing products and pricing changes made by us in response to competition from existing or new competitors. We may not be able to compete successfully against current and future competitors, and the competitive pressures faced by us could have a material adverse effect our business, consolidated results of operations and financial condition. In addition, e- business is a rapidly developing area, and the execution of a successful e- business strategy involves significant time, investment and resources. If we are unable to successfully expand e- business capabilities in support of our customer needs, our brands may lose market share, which could negatively impact revenue and profitability. RISKS RELATED TO NEW AND ADJACENT INITIATIVES Our plans to improve future profitability through restructuring programs may not be successful and could lead to unintended consequences. We have incurred and may incur restructuring charges primarily related to severance costs for staff reductions associated with our ongoing initiatives to drive profitable growth and right size our operations as well as programs to adjust our operations in response to current business conditions. For example, in ~~2022~~ **2023** , ~~151~~ **152** positions were eliminated in response to the changing business environment. Our cost structure in future periods is somewhat dependent upon our ability to maintain increased productivity without backfilling certain positions. If our programs are not successful, there could be a material adverse effect on our business and consolidated results of operations. Our inability to successfully identify, consummate and integrate current and future acquisitions or to realize anticipated cost savings and other benefits could adversely affect our business. Additionally, divestitures may expose us to alleged potential liabilities which could adversely affect our business. One of our operating strategies is to selectively pursue acquisitions. Any future acquisitions will depend on our ability to identify suitable acquisition candidates and successfully consummate such acquisitions. Acquisitions involve a number of risks including: • failure of the acquired businesses to achieve the results we expect; • diversion of our management' s attention from operational matters; • our inability to retain key personnel of the acquired businesses; • risks associated with unanticipated **or underestimated** events or liabilities **; • negative impacts due to evolving legal or regulatory landscape** ; • potential disruption of our existing business; and • customer dissatisfaction or performance problems at the acquired businesses. If we are unable to integrate or successfully manage businesses that we have recently acquired or may acquire in the future, we may not realize anticipated cost savings, improved manufacturing efficiencies and increased revenue, which may result in material adverse short and long- term effects on our consolidated operating results, financial condition and liquidity. Even if we are able to integrate the operations of our acquired businesses into our operations, we may not realize the full benefits of the cost savings, revenue enhancements or other benefits that we may have expected at the time of acquisition. In addition, even if we achieve the expected benefits, we may not be able to achieve them within the anticipated time frame, and such benefits may be offset by costs incurred in integrating the acquired companies and increases in other expenses. We have also divested businesses and may consider divesting businesses in the future. Divestiture risks relate to our ability to find appropriate purchasers, execute transactions on favorable terms, separate divested business operations with minimal impact to our remaining operations, and effectively manage any transitional service arrangements. Any of these factors could materially and adversely affect our consolidated results of operations and financial condition. If we fail to introduce successful new products or extend our existing product line, we could lose our market position and our financial performance could be materially and adversely affected. In the safety products market, there are frequent introductions of new products and product line extensions. If we are unable to identify emerging customer and technological trends, maintain and improve the competitiveness of our products and introduce new products, we may lose our market position, which could have a material adverse effect on our business, financial condition and results of operations. We continue to invest significant resources in research and development and market research, which includes the development of software platforms for our connected products. However, continued product and / or service development and marketing efforts are subject to the risks inherent in the development process. These risks include delays, the failure of new products and product line extensions to achieve anticipated levels of market acceptance **, disruptive products, technologies and services introduced by competitors,** and the risk of failed product introductions. RISKS RELATED TO CYBERSECURITY OR MISAPPROPRIATION OF OUR CRITICAL INFORMATION A failure of our information systems or a cybersecurity breach could materially and adversely affect our business, results of operations and financial condition. The proper functioning and security of our information systems is critical to the operation and reputation of our business. This includes the systems that support and operate our Safety io and MSA ~~™~~ platforms. Our information systems may be vulnerable to damage or disruption from natural or man- made disasters, computer viruses, power losses or other system or network failures. In addition, hackers, cyber- criminals and other persons could attempt to gain unauthorized access to our information systems with the intent of harming the Company, harming our information systems or obtaining sensitive information such as intellectual property, trade secrets, financial and business development information, and customer **-** and vendor **-** related information. To date, we have not experienced any **known** material breaches or material losses related to cyber- attacks. If our information systems or security fail, or if there is any compromise or breach of our security, it could disrupt our operations and / or result in a violation of applicable privacy and other laws, legal and financial exposure, remediation costs, negative impacts on our customers' willingness to transact business with us, or a loss of confidence in our security measures, which could have an adverse effect on our business, our reputation and our consolidated results of operations and financial condition. ~~Like many companies, from~~ **From** time to time, we have experienced attempts on our computer systems by unauthorized outside parties. Because the techniques used by computer hackers and others to access or sabotage networks continually evolve and generally are not recognized until launched against a target, we may be unable to anticipate, prevent or detect these attacks. As a result, the impact of any future incident cannot be predicted, including the failure of our information systems or misappropriation of our technologies and / or processes. Any such system failure or loss of such information could harm our competitive position or cause us to incur significant costs to remedy the damages caused by the incident. We have taken steps and incurred costs to further strengthen the security of our computer systems and continue to assess, maintain and enhance the ongoing effectiveness of our information security systems. While we attempt to mitigate ~~these~~ -- **the aforementioned** risks by employing a number of measures, including employee training, ~~comprehensive~~ monitoring of our networks and systems, and maintenance of backup and protective systems, our systems, networks **, facilities, business partners and associates** remain potentially vulnerable to advanced persistent threats. We cannot assure that ongoing improvements to our infrastructure and cybersecurity programs will be sufficient to prevent or limit the damage from any future cyber- attack or disruption to our information systems. It is therefore possible that ~~in the future~~ we may suffer ~~an~~ **a cyber** attack **with a material breach or material loss** , unauthorized parties may gain access to personal information in our possession and we may not be able to identify any such incident in a timely manner. Our continued success depends on our ability to protect our intellectual property. If we are unable to protect our intellectual property, our business could be materially and adversely affected. Our success depends, in part, on our ability to obtain and enforce patents, maintain trade secret protection **and know- how** and operate without infringing on the proprietary rights of third parties. We have been issued patents and have registered trademarks with respect to many of our products, but our competitors could independently develop similar or superior products or technologies, duplicate any of our designs, trademarks, processes or other intellectual property or design around any processes or designs on which we have or may obtain patents or trademark protection. In addition, it is possible that third parties may have, or will acquire, licenses for patents or trademarks that we may use or desire to use, so that we may need to acquire licenses to, or to contest the validity of, such patents or trademarks of third parties. Such licenses may not be made available to us on acceptable terms, if at all, and we may not prevail in contesting the validity of third party rights. We also protect trade secrets, know- how and other confidential information against unauthorized use by others or disclosure by persons who have access to them, such as our employees, through contractual arrangements. These agreements may not provide meaningful protection for our trade secrets, know- how or other proprietary information in the event of any unauthorized use, misappropriation or disclosure of such trade secrets, know- how or other proprietary information. Our inability to maintain the proprietary nature of our technologies could have a material adverse effect on our consolidated results of operations and financial condition. RISKS RELATED TO HUMAN CAPITAL MANAGEMENT If we lose any of our key personnel or are unable to attract, train and / or retain qualified personnel or **properly** plan the succession of senior management, our ability to manage our business and continue our growth could be negatively impacted. Our success depends in large part on the continued contributions of our key management, engineering ~~and~~ **,** sales and marketing **and other key** personnel, many of whom are highly skilled and would be difficult to replace. Our success also depends on the abilities of ~~new~~ personnel to function effectively, both individually and as a group. If we are unable to attract, effectively integrate and retain management, engineering, sales and marketing or other key personnel, then the execution of our ~~growth~~ **company** strategy and our ability to **adapt and** react to changing market requirements may be impeded, and our business could suffer as a result. In addition, hiring, training, and successfully integrating replacement critical personnel could be time consuming, may cause additional disruptions to our operations, and may be unsuccessful, which could negatively impact future revenues. Competition for personnel is intense, and we cannot assure that we will be successful in attracting and retaining qualified personnel. The hiring of new personnel may also result in increased costs and we do not currently maintain key person life insurance. Our success also depends on effective succession planning. Failure to ensure effective transfer of knowledge and smooth transitions involving senior management could hinder our strategic planning and execution. From time to time, senior management or other key employees may leave the Company. While we strive to reduce the negative impact of such changes, the loss of any key employee could result in significant disruptions to our operations, including adversely affecting the timeliness of product releases, the successful implementation and completion of company initiatives, the effectiveness of our disclosure controls and procedures and our internal control over financial reporting, and the results of our operations. We may be unable to hire ~~or~~ **,** retain ~~and~~ **or** develop a highly skilled and diverse global workforce or effectively manage changes in our workforce and respond to shifts in labor availability. It ~~it~~ **is** important to our business to hire, retain and develop a highly skilled and diverse global workforce. We compete to hire new personnel with a variety of capabilities in the many countries in which we manufacture and market our products. We also invest resources and time to develop and retain our employees' skills and competencies. We could experience unplanned or increased turnover of employees ~~with key capabilities~~ , ~~or~~ fail to develop adequate succession plans for leadership positions **,** or **fail to** hire and retain a workforce with the skills and in the locations we need to operate and grow our business. We could also fail to attract and develop personnel with key emerging capabilities that we need to continue to respond to changing ~~consumer~~ **end user** and customer needs and grow our business, including skills in the areas of manufacturing, engineering, sales, service, and various functional support areas. Occurrence of any of these conditions could deplete our institutional knowledge base and erode our competitiveness. We ~~are~~ **continue to** ~~experiencing~~ **experience** ~~continuing~~ a tight and competitive labor market and could face unforeseen challenges in the availability of labor. A sustained labor shortage or increased turnover rates within our employee base have led and could lead to increased costs such as increased overtime to meet demand ~~and~~ **or** increased wages to attract and retain employees. We have also been negatively affected and could continue to be negatively affected by labor shortages ~~or~~ **and other** constraints experienced by our partners, including our external manufacturing partners and freight providers. Failure to achieve and maintain a diverse workforce, compensate our employees competitively and fairly, maintain a safe and inclusive environment or promote the well-being of our employees could affect our reputation and also result in lower performance and an inability to retain valuable employees. RISKS RELATED TO DOING BUSINESS INTERNATIONALLY We have significant international operations and are subject to the risks of doing business in foreign countries and global supply chains. We have business operations in more than 40 international locations. In ~~2022~~ **2023** , approximately one- half of our net sales were made by operations located outside the United States. We also rely on global supply chains or otherwise source critical components and raw materials from suppliers based in foreign countries, which at times are used in manufacturing operations across our global footprint. In certain cases, components could be sole sourced or otherwise not easily substituted due to the highly regulated **or complex** nature of our products. Therefore, our operations and sourcing strategies **could face** ~~are subject to~~ supply shortages, sourcing delays, **changes in customer demand,** or disruption due to various geopolitical, economic ~~,~~ **and natural** disasters, ~~and~~ **as well as** other risks and uncertainties **related to doing business across borders** , which could have a material adverse effect on our business. ~~These~~ **Further examples of such** risks include the following: • Scarcity **or unavailability** of parts and components necessary to manufacture our products; • unexpected changes in regulatory requirements; • changes in trade policy or tariff regulations; • changes in tax laws and regulations; • unintended consequences due to changes to the Company' s legal structure; • additional valuation allowances on deferred tax assets due to an inability to generate sufficient profit in certain foreign jurisdictions; • intellectual property protection difficulties or intellectual property theft; • difficulty in collecting accounts receivable; • complications in complying with a variety of foreign laws and regulations, some of which may conflict with U. S. laws; • foreign privacy laws and regulations **that impede our ability to effectively do business** ; • **negative impacts from** trade protection measures and price controls; • trade sanctions and embargoes; • nationalization and expropriation **of assets** ; • increased international instability, potential instability of foreign governments or impacts from geopolitical conflict **or wars,** such as supplier or transportation disruptions; • **lack of** ~~effectiveness~~ ---- **effective** ~~of worldwide~~ compliance with MSA' s anti-bribery policy, the U. S. Foreign Corrupt Practices Act, and similar local laws; • difficulty in hiring ~~and~~ **,** retaining **and motivating** qualified employees; • **difficulty in** the ability to effectively negotiate with labor unions in foreign countries; • the need to take extra security precautions for our international operations; • costs and difficulties in managing culturally and geographically diverse international operations; • pandemics, severe weather events, or other disasters; and • risks associated with **disruptive political events, such as** the United Kingdom' s decision to exit the European Union, including disruptions to trade and free movement of goods, services and people to and from the United Kingdom; increased foreign exchange volatility with respect to the British pound; and additional legal and economic uncertainty. Any one or more of these risks could have a negative impact on the success of our ~~international~~ **global** operations and, thereby, have a material adverse effect on our business, consolidated results of operations and financial condition. Because we derive a significant portion of our sales from the operations of our foreign subsidiaries, future currency exchange rate fluctuations could adversely affect our results of operations and financial condition ~~,~~ and could affect the comparability of our results between financial periods. Our operations outside of the United States account for a significant portion of our net sales. The results of our foreign operations are generally reported in local currency and then translated into U. S. dollars at the applicable exchange rates for inclusion in our consolidated financial statements. The exchange rates between some of these currencies and the U. S. dollar have fluctuated significantly in recent years and may continue to do so in the future. A weakening of the currencies in which sales are generated relative to the currencies in which costs are denominated would decrease our results of operations and cash flow. Although the Company uses instruments to hedge certain foreign currency risks, these hedges only offset a portion of the Company' s exposure to foreign currency fluctuations. In addition, because our consolidated financial statements are stated in U. S. dollars, such fluctuations may affect our consolidated results of operations and financial position, and **they** may affect the comparability of our results between financial periods. Our inability to effectively manage our exchange rate risks or any volatility in currency exchange rates could have a material adverse effect on our business, consolidated results of operations and financial condition. We benefit from free trade laws and regulations, such as the United States- Mexico- Canada Agreement and any changes to these laws and regulations could adversely affect our results of operations. Existing free trade laws and regulations, such as the United States- Mexico- Canada Agreement, provide certain beneficial duties and tariffs for qualifying imports and exports, subject to compliance with the applicable classification and other requirements. Changes in laws or policies governing the terms of foreign trade, and in particular increased trade restrictions, tariffs or taxes on imports from countries where we manufacture products, such as China and Mexico, could have a material adverse effect on our business, consolidated results of operations and financial condition. GENERAL RISK FACTORS Damage to the reputation of MSA or to one or more of our product brands could adversely affect our business. Developing and maintaining our reputation, as well as the reputation of our brands, is a critical factor in our relationship with customers, distributors **, end users, suppliers, associates,** and others. Our inability to address negative publicity or other issues, including concerns about product safety or quality, real or perceived, could negatively impact our business which could have a material adverse effect on our business, consolidated results of operations and financial condition. If our goodwill, other intangible assets and long- lived assets become impaired, we may be required to record significant charges to earnings. We review our long- lived assets for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. Goodwill and indefinite- lived intangible assets are required to be assessed for impairment at least annually. Factors that may be considered a change in circumstances, indicating that the carrying amount of our goodwill, indefinite- lived intangible assets or long- lived assets may not be recoverable, include slower growth rates in our markets, reduced expected future cash flows, increased country risk premiums as a result of political uncertainty and a decline in stock price and market capitalization. We consider available current information when calculating our impairment charge. If there are indicators of impairment, our long- term cash flow forecasts for our operations deteriorate or discount rates increase, we may be required to recognize additional impairment charges in later periods. See Note 13 — Goodwill and Intangible Assets of the consolidated financial statements in Part II Item 8 of this Form 10- K for the carrying amounts of goodwill in each of our reporting segments and details on indefinite- lived intangible assets that we hold. **Failure to incorporate, or improperly incorporating, Artificial Intelligence (AI) could damage our business. New and emerging technologies, including Generative AI, bring opportunities and risks, and the implications of using (or not using) these technologies are only starting to emerge. Our business is subject to and impacted by these rapid technological advances. To remain competitive, we review and enhance our products and safety solutions against new technologies, including exploring the use of Generative AI in our solutions. If we fail to anticipate or respond to technological advancements, the demand for our products may be diminished. If the Company fails to procure, adopt, or use AI in a way that is efficient and additive to our business, it may have an adverse effect on our business, consolidated results of operations or financial condition. Conversely, there are risks that using AI could result in inadvertent data loss or disclosure (including but not limited to confidential information), biased algorithms, heightened regulatory scrutiny or inadvertent non- compliance, over- dependence, misleading or incomplete outputs, privacy and cybersecurity risks, ethical concerns, intellectual property risks, and other risks that could lead to reputational harm or have an adverse effect on our business, consolidated results of operations or financial condition.** Risks related to our defined benefit pension and other post- retirement plans could adversely affect our results of operations and cash flow. Significant changes in actual investment return on pension assets, discount rates, and other factors could adversely affect our results of operations and pension contributions in future periods. U. S. generally accepted accounting principles require that we calculate income or expense for the plans using actuarial valuations. These valuations reflect assumptions about financial markets and interest rates, which may change based on economic conditions. Funding requirements for our pension plans may become more significant. However, the ultimate amounts to be contributed are dependent upon, among other things, interest rates, underlying asset returns and the impact of legislative or regulatory changes related to pension funding obligations. For further information regarding our pension plans, refer to Note 15 — Pensions and Other Post- retirement Benefits of the consolidated financial statements in Part II Item 8 of this Form 10- K. If we fail to meet our debt service requirements or the restrictive covenants in our debt agreements or if interest rates increase, our results of operations and financial condition could be materially and adversely affected. We have a substantial amount of debt upon which we are required to make scheduled interest and principal payments and we may incur additional debt in the future. A significant portion of our debt bears interest at variable rates that may increase in the future. Our debt agreements require us to comply with certain restrictive covenants. If we are unable to generate sufficient cash to service our debt or if interest rates increase, our consolidated results of operations and financial condition could be materially and adversely affected. Additionally, a failure to comply with the restrictive covenants contained in our debt agreements could result in a default, which if not waived by our lenders, could substantially increase borrowing costs and require accelerated repayment of our debt. Please refer to Note 12 — Long- Term Debt of the consolidated financial statements in Part II Item 8 of this Form 10- K for commentary on our compliance with the restrictive covenants. Any period of interest rate increases may adversely affect our ability to obtain new financing or to refinance existing debt on terms the Company deems attractive, the cost of such financing, exchange- rates, and our profitability, which in turn may have a material adverse effect on our liquidity and capital resources. As of December 31, ~~2022~~ **2023** , we had $ ~~308~~ **292** . ~~6~~ **1** million of variable rate borrowings under our **senior** revolving credit facility **and 2023 term loan credit agreement** . A 50 basis point increase or decrease in interest rates could result in $ 1. ~~4~~ **7** million of additional interest expense. **18** ~~When the $ 315. 0 million of variable rate debt undertaken to complete the MSA, LLC divestiture is taken into account, a 50 basis point increase or decrease in interest rates could result in $ 3. 0 million of additional interest expense. Please refer to Note 20 — Contingencies of the consolidated financial statements in Part II Item 8 of this Form 10- K for additional information regarding the divestiture.~~