Risk Factors Comparison 2024-02-22 to 2023-02-28 Form: 10-K

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Based on the information currently known to us, we believe that the following information identifies the most significant risk factors affecting the Company. However, the risks and uncertainties we face are not limited to those set forth in the risk factors described below. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business. In addition, past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods. If any of the following risks and uncertainties develop into actual events, these events could have a material adverse effect on our business, financial condition. or results of operations. In such ~~a~~ case, the trading price of our Common Stock could decline. Operational **Risks There may be negative impacts to our business arising out of the closure of our plant in DeRidder, Louisiana. On November 1, 2023, we announced our plan to close our plant in DeRidder, Louisiana (the " DeRidder Plant "). The anticipated timing, charges, and costs of the closure of the DeRidder Plant could materially differ from our estimates if the plant closure results in adverse legal or regulatory actions, if personnel required to effect the shutdown become unavailable, or we are affected by other factors not currently contemplated. As a result of the Deridder Plant closing and reduced CTO refining capacity, we may be obligated, under** ~~and~~ - **contractual arrangements covering** ~~may be significant and any delay in our ability to replace these services could result in interruptions to our operations,both of which could adversely affect our financial condition and results of operations.For the~~ **these** ~~third- party~~ services ~~that remain,any such~~ **.The provision of these** services would be at risk if any of the counterparties were to idle or permanently shut down ~~the~~ **their** ~~associated mill or~~ plant,or if operations ~~at the associated mill or plant~~ were disrupted due to natural or other disaster,or by reason of strikes or other labor disruptions,or if there were a significant contractual dispute between the parties.In the event that the applicable counterparty ~~were~~ **was** to fail to provide the contracted services,we would be required to obtain these services from other third parties,most likely at an increased cost,or to expend capital to provide these services ourselves.The expenses associated with obtaining or providing these services,as well as any interruption in our operations as a result of the failure of the counterparty to provide these services,may be significant and may adversely affect our financial condition and results of operations.Furthermore,in the event that WestRock' s Covington,VA paper mill' s wastewater treatment operations do not comply with permits or applicable law and WestRock is unable to determine the cause of such non- compliance,then we will be responsible for **up to** ~~between 10 percent and~~ 50 percent of the costs and expenses of such noncompliance (increasing in 10 percent increments per violation during each twelve ~~-~~ month period) despite representing less than 3 percent of the total wastewater volume.These costs and expenses may be significant and may adversely impact our financial condition and results of operations.Additionally,several of our manufacturing facilities are leased.In the event we were to have a dispute with the landlord regarding the terms of the relevant lease agreements,or we were otherwise unable to fully access or utilize the leased property,the associated business disruption may be significant and may adversely affect our financial condition and results of operations. ~~Disruptions at any~~ **We are also dependent on third parties for the disposal** of **brine,which results from** our ~~facilities~~ **own conversion of BLSS into CTO.If these service providers do not perform under their contracts,the costs of disposing of brine ourselves,including,for example,the transportation costs,** could **be significant** Market Risks Adverse conditions in the automotive market ~~have and~~ may ~~continue to~~ negatively impact demand for our automotive carbon products. Sales of our automotive activated carbon products are tied to global internal- combustion- engine (~~"~~ **"** ICE ~~"~~ **"**) and hybrid electric vehicle automobile (~~"~~ **"** HEV ~~"~~ **"**) production levels. ICE and HEV automotive production in the markets we serve can be affected by macro- economic factors such as interest rates, fuel prices, shifts in vehicle mix (including shifts toward alternative energy vehicles), consumer confidence, employment trends, regulatory and legislative oversight requirements, and trade agreements. ~~For example, during the first half of 2020, the COVID- 19 pandemic led to a significant reduction in vehicle production, and vehicle sales were negatively impacted by government shutdown orders and stay- at- home directives. Additionally, vehicle production inputs, such as the microchip shortages during 2021 and 2022, were further impacted by the complexity of the global automotive supply chain and have resulted in reduced vehicle production and, as a result, vehicle sales, and our operating results have been negatively impacted. We currently anticipate this negative impact to lessen during 2023.~~ The Company' s ~~pavement~~ **road** technologies product line is heavily dependent on government infrastructure spending. A significant portion of our customers' ~~and our~~ revenues in our ~~pavement~~ **road** technologies business is derived from contracts with various foreign and U. S. governmental agencies, and therefore, when government spending is reduced, our customers' demand for our products is similarly reduced. ~~Our~~ **While we do not do business directly with governmental agencies, our** customers provide paving services to, for example, the governments of various jurisdictions within North America, South America, Europe, China, Brazil ~~,~~ and India ~~, and we sell pavement marking materials to the governments of various jurisdictions within North America~~ , and revenue either directly or indirectly attributable to such government spending continues to remain a significant portion of our revenues. Government business is, in general, subject to special risks and challenges, including: delays in funding and uncertainty regarding the allocation of funds to federal, state ~~,~~ and local agencies; delays in spending or reductions in other state and local funding dedicated ~~to~~ **for** transportation projects; other government budgetary constraints, cutbacks, delays or reallocation of government funding; long purchase cycles or approval processes; our customers ~~' and government agencies~~ ' competitive bidding and qualification requirements; changes in government policies and political agendas; and international conflicts or other military operations that could cause the temporary or permanent diversion of government funding from transportation or other infrastructure projects. Certain of the Company' s products are sold into cyclical end- markets, such as the automotive market and the apparel market, which are impacted by changes in consumer and industrial demand. Certain of our products are sold into end- markets that are cyclical and subject to frequent and rapid technology changes, changes in consumer preferences, evolving standards, and changes in product supply and demand. For example, demand for our ~~engineered~~ **Advanced** ~~polymers~~ **Polymer Technologies** products in the automotive market, where our products are formulated into automotive resins and coatings and various components, may be affected by technological advances, changing automotive original equipment manufacturer (" OEM") specifications, and global automobile production levels. Demand for our ~~engineered~~ **Advanced** ~~polymers~~ **Polymer Technologies** products **which** ~~, where our products~~ are sold into footwear adhesives and structural support, may be affected by consumer discretionary spending and changes in consumer preferences. Additionally, sales of our industrial specialties products may be negatively impacted due to reduced global industrial demand. The impact of these changes may lead to increased competition from competing and substitute products and downward pricing pressures on our customers, and therefore, our ~~engineered~~ **Advanced** ~~polymers~~ **Polymer Technologies** and industrial specialties product offerings. We face competition from new technologies and new or emerging competitors. Our industries and the end- use markets into which we sell our products experience periodic technological change and product improvement. Our future growth depends on our ability to gauge the direction of commercial and technological progress in key end- use markets, to swiftly identify and respond to disruptive technologies, and to fund and successfully develop, manufacture, and market products in such changing end- use markets. If we fail to keep pace with the evolving or disruptive technological innovations in our end- use markets on a competitive basis, our financial condition and results of operations could be adversely affected. In the Performance Materials segment, there is competition from other activated carbon manufacturers. These competitors are trying to develop more advanced and alternative activated carbon products that could more effectively compete with our products in automotive applications. There is also competition in automotive applications from non- activated carbon competitors and product offerings. For example, multiple OEMs are using sealed tanks in certain subsets of their vehicles to comply with the strict emission regulations (i. e., Tier 3 / LEV III) in the U. S. While sealed tank fuel systems generally require an increased sized pelleted activated carbon canister to deal with refueling emissions, in most cases, they do not use an extruded honeycomb to meet current U. S. and California regulations. There is also emerging competition in the" honeycomb" space, which may impact sales of the Company' s products. If a competitor were to succeed in developing products that are better suited than ours for automotive evaporative emissions capture applications and / or a competitive technology, such as, but not limited to, sealed gas tanks, our financial results could be negatively impacted. In addition, the adoption of electric and hydrogen fuel cell vehicles is increasing in the U. S. and other parts of the world. Consumer demand for these alternative- fueled vehicles is expected to continue to increase significantly in future years as certain states and international governments implement limits on the sale of vehicles with ICE with ~~targets~~ **various time lines** to ~~completely~~ phase out sales of ~~such~~ **ICE** vehicles ~~by as early as 2030~~ . A reduction in the sales of vehicles with internal combustion engines would reduce demand for our activated carbon automotive products. Our long- term strategy is to grow our sales of products for applications in all- electric and hydrogen fuel cell vehicles to off- set the expected decline in activated carbon sales for ICE. If we are unable to develop products for all- electric and hydrogen fuel cell vehicles or grow sales fast enough, our business and results of operations could be adversely impacted. The process of designing and developing new technology and related products is complex, costly, and uncertain and may require us to retain and recruit talent in areas of expertise outside of our current core competencies. There can be no assurance that such advances in technology will be feasible or will occur in a timely and efficient manner. Certain of our products face competition from substitute products where the costs of different raw material inputs can impact the price competitiveness of our products and negatively impact our sales and / or profits as we respond to substitute product competition. Gum rosin- based products and hydrocarbon resins compete with our TOR- based resins in the adhesives ~~and printing ink markets~~ **market** . The price of gum rosin has a significant impact on the market price for TOR and rosin derivatives and is driven by labor rates for harvesting, land leasing costs, and various other factors that are not within our control. Hydrocarbon resins, for example, C5 resins, are co- products from the manufacture of isoprene (synthetic rubber). Availability and pricing are determined by the supply / demand dynamics for synthetic rubber as well as the price of crude oil as the feedstock for isoprene and various other factors that are not within our control. Animal and **plant** ~~vegetable-~~ based fatty acids compete with TOFA products in lubricant and industrial specialties. The market price for **our** TOFA **and oleochemical** products ~~is~~ **are** impacted by the prices of other fats and oils, and the prices for other fats and oils are driven by actual and expected harvest rates, petroleum oil prices, and the biofuel market. Other monomers, thermoplastics, and polyols compete with our caprolactone- based products. The price for our products is impacted by the prices of competitive substitutes which are influenced by oil prices as well as other supply and demand factors. We may not be able to pass through raw material cost increases, or we may lose market share if we do not effectively manage our pricing, which in either case could negatively impact our financial results. Additionally, the price of energy may directly or indirectly impact demand, pricing ~~,~~ or profitability for certain of our products. As petroleum oil prices can change rapidly, Ingevity products may be disadvantaged ~~because~~ **due to the fact that** CTO **is a** ~~and BLSS are~~ thinly traded ~~commodities~~ **commodity** with pricing commonly established for periods ranging from one quarter to one- year periods **of time** . Due to this, alternative technologies which compete with product offerings provided by Ingevity may be advantaged from time to time in the marketplace. Protracted periods of high volatility or sustained oversupply of petroleum oil may also translate into increased competition from petroleum- based alternatives. In addition, pricing for competing **oleochemicals** ~~naturally derived oils~~ such as palm or soybean is likely to put further pressure on ~~the~~ pricing of the Company’ s products during periods of depressed petroleum prices. **We are diversifying** ~~The COVID- 19 pandemic has had and may continue to have, a negative impact on~~ our **raw materials** ~~business, financial condition, results of operations, and cash flows. The COVID- 19 pandemic continues~~ to **include oleochemical based products** ~~impact our operations and financial results. Our facilities~~ , **however,** ~~as well as the~~ **there can** ~~operations of our suppliers, customers, and third- party sales representatives and distributors, have been, and continue to~~ be ~~,~~ ~~disrupted by governmental and private sector responses to the COVID- 19 pandemic, including, without limitation, government~~

~~shutdown requirements, business shutdowns, work- from- home orders and social distancing protocols, travel or health- related restrictions, quarantines, self- isolations, and disruptions to transportation channels. These types of disruptions, or an outbreak among the employees in any of our facilities, could cause significant interruptions to, or temporary closures of, our operations and could materially adversely affect our ability to adequately staff and maintain our operations. Working remotely may eventually lead to inefficiencies, as well as technology and security risks. Additionally, we are uncertain if the extended period during which our employees are unable to travel to our facilities or those of our customers and suppliers may negatively impact our business. Disruptions to the operations of our suppliers have at times, and may again, negatively impact our ability to purchase goods and services for our business at efficient prices and in sufficient amounts. Additionally, the operations of our customers have been and could be further, disrupted, which can result in customers attempting to delay or cancel orders, reduce future orders or seek extended payment terms. Furthermore, the negative impact of the COVID- 19 pandemic on the global economy, adverse changes in the industries that our products serve or adverse changes in the financial condition of our customers could further adversely impact demand for our products, particularly in the automotive industry and industrial and consumer applications. The extent of the impact that the COVID- 19 pandemic will continue to have on our business and financial results will depend on various uncertainties and future developments, including the ultimate duration, severity, and spread of the virus and any new variants in the countries where we operate and transact business, subsequent government actions, and the resulting economic impacts. Disruptions at any of our facilities could negatively impact our production, financial condition, and results of operations. Disruptions to any of our manufacturing operations or other facilities, due to natural disasters and extreme weather, such as a hurricane, tropical storm, earthquake, tornado, severe weather, flood, fire, or other unanticipated problems such as labor difficulties, pandemics (including the COVID- 19 pandemic), equipment failure, cyberattacks or other cybersecurity incidents, capacity expansion difficulties or unscheduled maintenance, could cause operational disruptions of varied duration. Also, many of our production employees are governed by CBAs. The CBA at our North Charleston, South Carolina Performance Chemicals facility with the IBEW Local Union No. 1753 expired on June 30, 2022. The parties began contract negotiations in December 2022. In addition, the CBA at our Wickliffe, Kentucky Performance Materials facility with the USW, on behalf of its affiliated Local Union 0775, expired on February 1, 2023. The parties began contract renewal negotiations in January 2023. At both facilities, the parties continue to operate under the applicable expired CBA while negotiations are pending. While the Company has generally positive relations with its labor unions, there is~~ no guarantee ~~the Company~~ **that we** will be able to **produce** ~~successfully negotiate new union contracts without work stoppages, labor difficulties, or unfavorable terms. In addition, existing CBAs may not prevent a strike or work stoppage at the applicable plant. These types of disruptions could materially adversely affect our financial condition~~ and **commercialize oleochemical based** ~~results of operations to varying degrees depending upon the facility, the duration of the disruption, and our ability to shift business to another facility or find alternative sources of manufacturing capacity. Any losses due to these events may not be covered by our existing insurance policies or may be subject to certain deductibles. In certain cases, we have~~ products ~~, such as our extruded honeycomb and caprolactone products, that are only made at one~~ - **on** ~~facility. While we have some redundancies within the facilities that are the sole manufacturer of certain products, we have limited ability to make these products at other facilities. We are dependent upon third parties for the provision of certain critical operating services at several of our facilities. We are dependent upon third parties for the provision of certain critical operating services, primarily utilities and~~ - **an efficient** ~~related services (e. g., steam, compressed air, energy, water, wastewater treatment) at our Covington, Virginia Performance Materials facility~~ and **profitable basis in** the **near** ~~following Performance Chemicals facilities: Crossett, Arkansas; North Charleston, South Carolina; and Warrington, UK. We have existing long-~~ term contractual arrangements covering these services. The...... the transportation costs, could be significant . We are dependent on certain large customers. We have certain large customers in particular businesses, the loss of which could have a material adverse effect on the applicable segment' s sales and, depending on the significance of the loss, our results of operations, financial condition ~~,~~ or cash flows. Sales to ~~Ingevity~~ **the Company** ' s ten largest customers (across ~~both~~ **all three** segments) accounted for ~~30~~ **31** percent of total sales for ~~2022~~ **2023** . No customer accounted for more than 10 percent of total sales for ~~2022~~ **2023** . With some exceptions, our business with those large customers is based primarily upon individual purchase orders. As such, our customers could cease buying our products from us at any time, for any reason, with little or no recourse. If a major customer or multiple smaller customers elected not to purchase products from us, our financial condition and results of operations could be materially adversely affected. We are dependent on attracting and retaining key personnel. We are dependent upon our production workers, as well as upon engineering, technical, sales, and application specialists, together with experienced industry professionals and senior management. Our success depends, in part, on our ability to attract, retain and motivate key talent. Our failure to attract and retain individuals making significant contributions to our business could adversely affect our financial condition and results of operations. The inability to make or effectively integrate future acquisitions ~~and other investments~~ may negatively affect our results. As part of our growth strategy, we may pursue acquisitions of businesses and product lines or invest in joint ventures. The ability to grow through acquisitions or other investments depends upon our ability to identify, negotiate, finance, complete, and integrate suitable acquisitions or joint venture arrangements. There can be no assurances that we will be able to integrate these acquisitions in an efficient and cost- effective manner or that these acquisitions or joint ventures will generate the expected value. Acquisitions and other investments may expose us to liability from the target company and / or joint venture partner. Acquisition and investment target companies may be or may become involved in disputes regarding intellectual property and other aspects of their businesses or may be subject to liabilities that are unknown at the time of the transaction, including liabilities under environmental or tax laws. Depending on the nature of our investment and / or structure of an acquisition, we may take on or be exposed to such liability, which could materially impact our business, financial condition, or results of operations. As we rely on information technologies to conduct our business, cyber- attacks, data and privacy breaches, or a failure of information technology systems could disrupt our operations and expose us to liability, which could cause our business and reputation to suffer. We rely on our information technology systems, some of which are managed by third parties, to support, manage and maintain the day- to- day operations and activities of our business, including our manufacturing facilities, customer and vendor transactions, and financial, accounting, and business records. In addition, we collect and store certain data, including proprietary business information, and may have access to confidential or personal information that is subject to privacy and security laws and regulations. The secure processing, storage, and transmission of sensitive, confidential, and personal data is critical to our operations and business strategy. We have instituted a system of security policies, procedures, capabilities, internal controls and audits based on our pursuit of ISO 27001 certification, designed to protect this information. Additionally, we engage third- party threat detection, penetration testing, and monitoring services which includes a global cybersecurity incident response team. Despite our security architecture and controls, and those of our third- party providers, we may be vulnerable to cyber- attacks, computer viruses, security breaches, ransomware attacks, inadvertent or intentional employee actions, system failures, and other risks that could potentially lead to the compromising of sensitive, confidential or personal data, improper use of our, or our third- party provider systems, solutions or networks, unauthorized access, use, disclosure, modification or destruction of information, and operational disruptions. We also maintain an information security risk insurance policy to help mitigate the financial consequences of these risks, however, there is no guarantee that such a policy will be sufficient to address such costs. In addition, the global regulatory environment pertaining to information security and privacy is increasingly complex, with new and changing requirements, such as the European Union' s General Data Protection Regulation (" GDPR "), California Consumer Privacy Act (" CCPA "), and the China Cybersecurity Law and Personal Information Protection Law. GDPR, which applies to the collection, use, retention, security, processing, and transfer of personally identifiable information of residents of EU countries, mandates new compliance obligations and imposes significant fines and sanctions for violations. CCPA requires companies to provide new data disclosure, access, deletion, and opt- out rights to consumers in California. Implementing and complying with these laws and regulations may be more costly or take longer than we anticipate, or could otherwise affect our business operations. Information security breaches, cyber incidents, and disruptions, or failure to comply with laws and regulations related to information security or privacy, could result in legal claims or proceedings against us by governmental entities or individuals, significant fines, penalties or judgements, disruption of our operations, remediation requirements, changes to our business practices, and damage to our reputation, which could adversely affect our business, financial condition or results of operations. Complications with the design or implementation of our new enterprise resource planning (" ERP ") system could adversely impact our business and operations. We **have recently completed** ~~are in the process of~~ a complex, multi- year implementation of a new ERP system that ~~is~~ **was** necessary due to the finite life of the existing operating system. The ERP system implementation ~~requires~~ **required** the integration of the new ERP system with multiple new and existing information systems and business processes in order to maintain the accuracy of our books and records and to provide our management team with information important to the operation of our business. **If** ~~Such an initiative is a major financial undertaking and requires substantial time and attention from management and key employees. The implementation of the ERP system may prove to be more difficult, costly, or time- consuming than expected, and it is possible that the system will not yield the benefits anticipated. Failure to successfully design and implement the new ERP system as planned could harm our business, financial condition, and operating results. Additionally, if we do not effectively implement the ERP system as planned or~~ the ERP system does not operate as intended, the effectiveness of our internal control over financial reporting could be negatively impacted. ~~Supply Chain Risks Disruptions within our supply chain have negatively impacted and could continue to negatively impact, our production, financial condition, and results of operations. We have been, and could continue to be, adversely affected by disruptions within our supply chain and transportation network. Our products are transported by truck, rail, barge or ship primarily by third- party providers. The costs of transporting our products could be negatively affected by factors outside of our control, including rail service interruptions or rate increases, extreme weather events, tariffs, rising fuel costs, and capacity constraints. Recently, the unprecedented congestion in ocean shipping has, and could continue to, adversely impact the reliability of our export shipments to customers and imports of raw materials, and transport driver shortages experienced as a result of the COVID- 19 pandemic have caused extended lead times for domestic shipments. Significant delays or increased costs relating to transportation could materially affect our financial condition and results of operations. Disruptions at our suppliers could lead to volatility or increases in raw material or energy costs and / or reduced availability of materials or energy, potentially affecting our financial condition and results of operations. Our Performance Chemicals segment is highly dependent on CTO as a raw material, which is limited in supply, and may be subject to price increases; changing supply and demand economics for CTO could limit access to sufficient supply and / or cause price increases that we may be unable to pass through to customers. CTO is essential to our industrial specialties and some of our pavement technologies product lines within our Performance Chemicals segment. Availability of CTO is directly linked to (as it is a co- product of) the production output of kraft mills using softwood, primarily pine trees, as their feedstock, (i. e., pulp). Softwood pulp is the predominant fiber source for packaging grades of paper as well as fluff pulp for personal care products. As a result, there is a finite global supply of CTO, with global demand for softwood pulp driving the global supply of CTO, rather than demand for CTO itself. Most of the CTO made available for sale by its producers in North America, where our manufacturing assets are located, is covered by long- term supply agreements, further constraining availability. We typically source over 80 percent of our CTO needs through long- term supply contracts. The remainder of our CTO needs is sourced through short- term contracts and spot purchases in the open market. Most of our long- term contracted volumes are sourced through two primary parties: WestRock and Georgia- Pacific. During 2022, we sourced approximately 75 percent of our CTO and CTO equivalent volumes of BLSS, the precursor to CTO, from WestRock and Georgia- Pacific combined. These long- term CTO supply contracts permit periodic adjustment or negotiation of pricing and other terms. There can be no guarantee that pricing, CTO volume, and other terms will not be materially impacted as a result of these adjustments or negotiations. For example, effective January 1, 2022, WestRock removed a mill that had provided approximately 28, 500 tons of CTO per year~~

~~from our long- term supply agreement. If any of our suppliers fail to meet their respective obligations under our supply agreements or we are otherwise unable to procure an adequate supply of CTO, we would be unable to maintain our current level of production and our results of operations could be materially and adversely affected. There are other pressures on the availability of CTO. Some pulp or paper mills may choose to consume their production of CTO to meet their energy needs or reduce their carbon footprint, rather than sell the CTO to third parties. Weather conditions have in the past and may in the future affect the availability and quality of pine trees used in the kraft pulping process and, therefore, the availability of CTO that meets Ingevity' s quality standards. Geopolitical risk factors could constrain CTO availability. For example, sanctions imposed on Russia in 2022 have constrained the global CTO supply by approximately 10 percent. Also, there are regulatory pressures that may incentivize suppliers of CTO to sell CTO into alternative fuel markets (i. e., biofuels) rather than to historical end users such as Ingevity. CTO- based biofuel has been deemed to meet the EU' s Renewable Energy Directive, second phase (" RED II ") biofuel sustainability criteria. As a consequence of RED II, there has been a significant increase in demand for CTO and its derivatives, resulting in significantly increasing prices. In addition to these developments in the EU, various pieces of legislation regarding the use of alternative fuels have been introduced in the U. S. at both the federal and state level. Currently, none of the U. S. legislation mandates or provides incentives for the use of CTO or its derivatives as a biofuel. Future legislation in the U. S. and elsewhere may promote the use of CTO or its derivatives as a feedstock for the production of biofuels, further constraining supply. Because the supply of CTO is inherently constrained by the volume of kraft pulp processing as discussed above, as well as the recent diversion of CTO for the production of alternative fuels, the availability of CTO supply as a raw material for the pine- based chemicals industry is under pressure. This pressure has and we expect will continue to drive the cost of CTO to unprecedented levels. CTO accounted for approximately 14 percent of our consolidated cost of sales and 22 percent of our full company raw materials purchases in 2022. The inability to pass through any increases in our cost of CTO to our customers in the form of price increases or other adjustments will result in a negative impact on our results of operations. Additionally, we may be placed at a competitive disadvantage relative to certain competitors who rely on different primary raw materials or who have more favorable terms with their suppliers. We purchase a variety of other raw materials, which are also subject to pricing pressures; inability to procure these raw materials or to pass on price increases could negatively impact our operations or financial results. We purchase a variety of other raw materials from third parties for our manufacturing operations, including, but not limited to, hardwood sawdust, phosphoric acid, ethylene amines, black liquor, maleic / fumaric acid, hydrogen peroxide, cyclohexanone, pentaerythritol, calcium carbonates, pigments, glass beads, acrylic emulsions, and resins. Each raw material is subject to its own supply and demand dynamics which may, at times, limit availability and / or cause price volatility. For example, at times we have been unable to obtain our full requirements of hydrogen peroxide for our Warrington UK facility and we have limited ability to store quantities onsite. we may be unable to procure the quantities of raw materials we need which could negatively impact our operations or we may be unable to pass through price increases to our customers which could negatively impact our financial results.~~ International Operations Risks We are exposed to the risks inherent in international sales and operations. In ~~2022~~ **2023** , sales to customers outside of the U. S. made up approximately ~~47~~ **37** percent of our total sales, and we sell our products to customers in approximately ~~80~~ **75** countries. We have exposure to risks of operating outside the U. S., including: fluctuations in foreign currency exchange rates, including the euro, pound sterling, Japanese yen and Chinese renminbi; restrictions on, or difficulties and costs associated with, the repatriation of cash from foreign countries to the U. S.; difficulties and costs associated with complying with a wide variety of complex laws, treaties and regulations, which may carry significant penalties for non- compliance; unexpected changes in political or regulatory environments; earnings and cash flows that may be subject to tax withholding requirements or the imposition of tariffs, exchange controls or other restrictions; geopolitical and economic instability **, including the wars in Ukraine and the Gaza region** ; general country strikes or work stoppages; unforeseen public health crises, such as pandemic and epidemic diseases ~~(including the COVID- 19 pandemic)~~ ; import and export restrictions, tariffs, and other trade barriers or retaliatory actions; difficulties in maintaining overseas subsidiaries and international operations; difficulties in obtaining approval for significant transactions; government limitations on foreign ownership; government takeover or nationalization of business; and government mandated price controls. Any one or more of the above factors could adversely affect our international operations and could significantly affect our financial condition and results of operations. For example, Chinese government agencies have in the past required companies to reduce or suspend manufacturing operations from time to time, with little or no notice, for reasons such as energy restrictions and air quality concerns. The timing and length of these suspensions, which are expected to continue occurring, are difficult to predict. These unpredictable events could negatively impact our results of operations and cash flows. Further, any of these factors may impact our customers' non- U. S. operations, which could reduce demand for our products. As our international operations and activities expand, we inevitably have greater exposure to the risks associated with operating in many foreign countries. ~~Our engineered polymers product line may be adversely affected by the United Kingdom's withdrawal from the European Union. Effective January 1, 2021, the European Union (" EU") and the UK formed two separate markets and two distinct regulatory and legal environments, creating new barriers to trade in goods and services and to cross- border mobility and exchanges. Even though the UK reached an agreement with the EU on the terms of their future cooperation, as reflected in the EU- UK Trade and Cooperation Agreement and related arrangements, the regulatory frameworks of the UK and the EU may subsequently change and potentially divergent laws and regulations may develop, including those relating to UK and EU REACH. This may have adverse practical and / or operational implications for our engineered polymers product line, including potential disruption to supply chains, additional compliance and operational costs, required product modifications, and necessary operational changes.~~ Legal and Regulatory Risks From time to time, we may be engaged in legal actions associated with our intellectual property rights; if we are unsuccessful, these could potentially result in an adverse effect on our financial condition and results of operations. Intellectual property rights, including patents, trade secrets, confidential information, trademarks, trade names, and trade dress, are important to our business. See ~~"~~ **"** Intellectual Property ~~"~~ **"** included within Part I. Item 1 of this Form 10- K for more information on the 844 Patent. We endeavor to protect our intellectual property rights in key jurisdictions in which our products are produced or used, in jurisdictions into which our products are imported, and in jurisdictions where our competitors have significant manufacturing capabilities. Our success will depend to a significant degree upon our ability to protect and preserve our intellectual property rights. However, we may be unable to obtain or maintain protection for our intellectual property in key jurisdictions and the Company' s patents and other intellectual property may not prevent competitors from independently developing or selling similar or duplicative products and services. Although we own and have applied for numerous patents and trademarks throughout the world, we may have to rely on judicial enforcement of our patents and other proprietary rights. Our patents and other intellectual property rights may be challenged, invalidated, circumvented, and rendered unenforceable or otherwise compromised. We are currently involved in several legal actions relative to the intellectual property associated with the 844 Patent. On September 15, 2021, a jury in the lawsuit filed by the Company against BASF Corporation for patent infringement in the ~~United States~~ **U. S.** District Court for the District of Delaware (the " Delaware Proceeding ") issued a verdict in favor of BASF on certain counterclaims filed by BASF in the Delaware Proceeding. The jury awarded BASF damages of approximately $ 28. 3 million, which will be trebled under U. S. antitrust law to approximately $ 85. 0 million when the court enters judgment. **On May 18, 2023, the court in the Delaware Proceeding entered judgment on the jury' s verdict, which commenced the post- trial briefing stage. On February 13, 2024, the court in the Delaware Proceeding denied BASF' s motion for pre- judgment interest on its tortious interference claim as well as and our motion seeking judgment as a matter of law, or a new trial in the alternative.** In addition, BASF may seek ~~pre- and~~ post- judgment interest and attorneys' fees and costs in amounts that they will have to prove at a future date. Earlier in the Delaware Proceeding, the U. S. District Court dismissed the Company' s patent infringement claims against BASF alleging BASF infringed the 844 Patent and invalidated some, but not all, of the claims in our 844 patent, which expired in March 2022. The Company disagrees with the verdict, including the court' s application of the law ~~,~~ and ~~it~~ **entry of judgment, and** intends to ~~seek judgment as a matter of law in the Delaware Proceeding post- trial briefing stage and on~~ appeal ~~, if necessary~~ . The Company also intends to challenge the U. S. District Court' s previous dismissal of the Company' s patent infringement claims against BASF in the Delaware Proceedings. The final resolution of these matters could take up to ~~eighteen~~ **twenty- four** months and there can be no assurance that the Company will prevail in its attempts to challenge the verdict. Because the outcome of the Company' s post- trial motions and possible appeal is difficult to predict, as of December 31, ~~2022~~ **2023** , the Company has accrued a total of $ 85. 0 million, the full amount of the jury' s verdict (including treble damages). The amount accrued for this matter is included within Other liabilities on the consolidated balance sheet as of December 31, ~~2022~~ **2023** , and the charge is included within Other (income) expense, net on the consolidated statement of operations for the twelve months ended December 31, ~~2022~~ **2021** . The amount of any liability the Company may ultimately incur related to the Delaware Proceeding could be more or less than the amount accrued. The Company has and may continue to incur additional fees, costs and expenses for as long as the post- trial motions and possible appeal are ongoing. If the Company is required to pay the entire jury verdict (together with any associated fees, costs, and expenses), or the Company must make certain changes to its business when the matters associated with the Delaware Proceeding are eventually resolved, such outcomes could have an adverse effect on the Company' s business, financial condition, and operating results. The Delaware Proceeding and other legal actions to protect, defend or enforce our intellectual property rights could result in significant costs and diversion of our resources and our management' s attention, and we may not prevail in any such suits or proceedings, which could have an adverse effect on our financial condition and results of operations. Similarly, third parties may assert claims against us and our customers and distributors alleging our products infringe upon third- party intellectual property rights. If the Company is found to infringe any third- party rights, it could be required to pay substantial damages, or it could be enjoined from offering some of its products and services. We also rely heavily upon unpatented proprietary technology, know- how, and other trade secrets to maintain our competitive position. While we maintain policies to enter into confidentiality agreements with our employees and third parties to protect our proprietary expertise and other trade secrets, these agreements may not be enforceable or, even if legally enforceable, we may not have adequate remedies for breaches of such agreements. We also may not be able to readily detect breaches of such agreements. For instance, we manufacture some of our products in China where we may be at a greater risk of a third party misappropriating our intellectual property despite the foregoing policies, procedures and agreements. The failure of our patents or confidentiality agreements to protect our proprietary technology, know- how or trade secrets could result in significantly lower revenues, reduced profit margins, or loss of market share. Environmental and Sustainability Risks Certain elements of our strategic growth are dependent on the adoption of more stringent air quality standards around the world. Environmental standards drive the implementation of gasoline vapor emission control systems by automotive manufacturers. Given increasing societal concern over global warming and health hazards associated with poor air quality, there is growing pressure on regulators across the globe to take meaningful action. For those countries that have not significantly regulated gasoline vapor emissions, enacting more stringent regulations governing gasoline vapor emissions represents a significant upside to our Performance Materials ~~'~~ **'** automotive carbon business. However, regulators may react to a variety of considerations, including economic and political, that may result in any such more stringent regulations being delayed or shelved entirely, in one or more countries or regions. As the adoption of more stringent regulations governing gasoline vapor emissions is expected to drive significant growth in our automotive carbon applications, the failure to enact such regulations will have **an** ~~a significant~~ impact on the growth prospects for these products. Our business involves hazards associated with chemical manufacturing, storage, transportation ~~,~~ and disposal; the legal and regulatory environment related to such chemicals and other environmental impacts (such as climate change and extreme weather) could require expenditures or changes to our product formulations and operations. There are hazards associated with the chemicals we manufacture and the related storage and transportation of our raw materials, including common solvents, such as toluene and methanol, and reactive chemicals, such as acrylic acid, all of which fall under the OSHA Process Safety Management Code. These hazards could lead to an interruption or suspension of operations and have an adverse effect on the productivity and profitability of a particular manufacturing facility or on us as a whole. While we endeavor to provide adequate protection for the safe handling of these materials, issues could be created by various events, including natural disasters, severe weather events, acts of sabotage and performance by third parties, and as a result we could face potential hazards, including the following: piping and storage tank leaks and ruptures; mechanical failure; employee exposure to hazardous substances; and chemical spills and other discharges or releases of toxic or hazardous substances or gases. These hazards may cause personal injury and loss of life, damage to property, and contamination of the environment, which could lead to government fines, work stoppage injunctions, lawsuits by injured persons, damage to our public reputation and brand, and diminished product acceptance. If such actions are determined adversely to us, or there is an associated economic impact on our business, we may have inadequate insurance or cash flow to offset any associated costs. Increasing weather- related impacts on our operations and plant sites may impact the cost or availability of insurance. Furthermore, the potential impact of climate change and related regulations on our suppliers and customers is highly uncertain and there can be no assurance that it will not have an adverse effect on the availability over time of our suppliers' and customers' businesses, and on our financial condition and results of operations. Our operations are subject to a wide range of general and industry- specific environmental laws and regulations; changes to this legal and regulatory landscape could limit our business activities and increase our operating costs. Our operations are subject to a wide range of general and industry- specific environmental laws and regulations. Certain regulations applicable to our operations, including the OSHA and the TSCA in the U. S. and the REACH directive in Europe, the ~~UK~~ **United Kingdom** and other countries, prescribe limits restricting exposure to several chemicals used in our operations, including certain forms of formaldehyde, a raw material used in the manufacture of ~~phenolic modified rosin- based ink resins and~~ some lignin- based dispersants. Future studies on the health effects of chemicals used in our operations ~~, including alkylphenols, such as bisphenol A, which are used in our TOR- based ink resins,~~ may result in additional regulation or new requirements, which might further restrict or prohibit the use of, and exposure to, these chemicals. Additional regulation of or requirements for **such** ~~these or other~~ chemicals could require us to change our operations, and these changes could affect the quality or types of products we manufacture and / or materially increase our costs. Increased focus by governmental entities on environmental issues and sustainability may result in new or increased regulations. Changes in environmental laws and regulations, or their application, could subject Ingevity to significant additional capital expenditures and operating expenses in future years. Additionally, changes in the regulation of greenhouse gases, as well as future climate change laws and regulations, depending on their nature and scope, could subject our operations to significant additional costs or limits on operations. Our manufacturing facilities use energy, including electricity and natural gas and some of our plants emit amounts of greenhouse gas that may in the future be affected by legislative and regulatory efforts to limit greenhouse gas emissions. Potential consequences could include increased energy, transportation, and raw material costs and may require us to make additional investments in facilities and equipment or limit our ability to grow. Any such changes are uncertain and, therefore, it is not possible for Ingevity to predict with certainty the amount of additional capital expenditures or operating expenses that could be necessary for compliance with respect to any such changes. Independent of any such regulation, increased public awareness and adverse publicity about potential impacts on climate change or environmental harm from us or our industry could harm our reputation or otherwise impact Ingevity adversely. In recent years, investors have also begun to show increased interest about sustainability and climate change as it relates to their investment decisions. We have set targets for greenhouse gas reductions and related sustainability goals. There can be no assurance that we will meet these targets and goals. If we fail to achieve our sustainability goals or reduce our impact on the environment or if we are unable to respond or are perceived to be inadequately responding to sustainability concerns, we may receive adverse publicity, and certain investors may divert from, or avoid investing in, our securities, which could have a negative impact on our business and reputation. Financial and Economic Risks We may be adversely affected by general global economic and financial conditions beyond our control. Our businesses may be affected by a number of factors that are beyond our control such as general economic and business conditions, changes in tax laws, or tax rates and conditions in the financial services markets including counterparty risk, insurance carrier risk, rising interest rates, inflation, deflation, fluctuations in currencies, which factors may negatively impact our ability to compete. Macroeconomic challenges, including conditions in financial and capital markets and levels of unemployment, and the ability of the U. S. and other countries to deal with their rising debt levels, may continue to put pressure on the economy or lead to changes in tax laws or tax rates. There can be no assurance that changes in tax laws or tax rates will not have a material impact on our future cash taxes, effective tax rate, or deferred tax assets and liabilities. Adverse developments in global or regional economies could drive an increase or decrease in the demand for our products that could increase or decrease our revenues, increase or decrease our manufacturing costs, and ultimately increase or decrease our results of operations, financial condition and cash flows. As a result of negative changes in the economy, customers, vendors, or counterparties may experience significant cash flow problems or cause consumers of our products to postpone or refrain from spending in response to adverse economic events or conditions. If customers are not successful in generating sufficient revenue or cash flows or are precluded from securing financing, they may not be able to pay or may delay payment of accounts receivable that are owed to us or we may experience lower sales volumes. Our financial condition and results of operations could be materially and adversely affected by any of the foregoing. Inflation ~~and other adverse global economic conditions~~ could result in an adverse impact on our results of operations. We are affected by general global economic and financial conditions that are beyond our control, including inflation and significant spikes in energy costs. We attempt to reduce our inflation risk and mitigate the effects of other adverse economic and financial conditions by passing on price increases where appropriate to our customers. A significant portion of our business with our customers is purchase order based, which allows us to increase prices in response to inflation and other market conditions. However, to the extent our customers are under fixed- price contracts with limited or no price adjustment mechanisms, we are unable to mitigate the impact of inflation by passing on price increases through to our customers, and we could experience an adverse impact on our results of operations as a result. Challenges in the commercial and credit environment may materially adversely affect ~~our~~

Ingevity' s future access to capital. We have, at times, relied on various forms of credit to satisfy working capital needs. Our ability to issue debt or enter into other financing arrangements on acceptable terms could be materially adversely affected if there is a material decline in the demand for our products or in the solvency of our customers or suppliers or if other significantly unfavorable changes in economic conditions occur. Volatility in the world financial markets could increase borrowing costs or affect our ability to gain access to the capital markets, which could have a material adverse effect on our competitive position, business, financial condition, results of operations, and cash flows.