Risk Factors Comparison 2024-02-29 to 2023-03-01 Form: 10-K

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Set forth below are risks and uncertainties that could materially and adversely affect the Company' s results of operations, financial condition, liquidity and cash flows. The following discussion of risks contains forward- looking statements, and the risks set forth below are not the only risks faced by the Company. The Company' s business operations could also be affected by other factors not presently known to the Company or factors that the Company currently does not consider to be material. STRATEGIC AND OPERATIONAL RISKS We may be unable to complete a transaction to divest ~~our~~ Rail ~~division~~ on favorable terms or at all and our pursuit of a divestiture could adversely affect our businesses, results of operations and financial condition. ~~We previously~~ **Our intention to divest the Rail business was first** announced **in the fourth quarter of 2021** ~~that we intend to divest our Rail division~~. Our announcement ~~,~~ and our conducting ~~,~~ of a divestiture process for ~~our~~ Rail ~~division involves~~ **exposes us to** various risks and uncertainties, including changes in economic conditions, the risk that we may be unsuccessful in identifying an acquirer for **Rail,** the ~~division~~ **risk may be that we may be**, unable to enter into an agreement for a transaction and ~~any~~ **the risk that** agreement that we may enter into may not be on favorable terms and / or may not be completed due to regulatory or other factors **. Although we currently intend to divest the Rail business, we cannot provide any assurance on the timing or terms of any potential divestiture, or if a divestiture will occur**. Moreover, the announcement and conduct of the divestiture process could cause disruptions in, and create uncertainty surrounding, ~~our~~ Rail ~~division~~, including affecting ~~the~~ Rail ~~division~~' s relationships with its existing and future customers, suppliers and employees, which could have an adverse effect on the Rail division' s operations and financial condition, potentially making it more difficult to successfully complete a transaction on favorable terms. If we are unable to complete a divestiture of ~~our~~ Rail ~~division~~ or we complete a transaction on unfavorable terms, we may suffer negative publicity, ~~our~~ Rail and other businesses may suffer, our results of operations, financial condition or cash flows may be adversely affected and the market value of our shares may fall. In addition, the divestiture process may require commitments of significant time and resources on the part of management. As a result, the divestiture process may divert management' s attention from overseeing and exploring opportunities that may be beneficial to our other businesses and operations and, as such, adversely affect our other businesses and operations and harm our results of operations, financial condition or cash flows and the market value of our shares. If the ~~Harsco~~ Clean Earth Segment fails to comply with applicable environmental laws and regulations, its business could be adversely affected. The regulatory framework governing **CE** ~~the Harsco Clean Earth Segment~~' s business is extensive. The Company could be held liable if its operations cause contamination of air, groundwater or soil or expose its employees or the public to contamination. The Company may be held liable for damage caused by conditions that existed before it acquired the assets, business or operations involved. Also, it may be liable if it generates, transports or arranges for the transportation, disposal or treatment of hazardous substances that cause environmental contamination at facilities operated by others, or if a predecessor generated, transported, or made such arrangements and the Company is a successor. Liability for environmental damage could have a material adverse effect on the Company' s financial condition, results of operations and cash flows. The Company may also be held liable for the mishandling of waste streams resulting from the misrepresentations by a customer as to the nature of such waste streams. Stringent regulations of federal, state and local governments have a substantial impact on **CE** ~~the Harsco Clean Earth Segment~~' s transportation, treatment, storage, disposal and beneficial use activities. Many complex laws, rules, orders and regulatory interpretations govern environmental protection, health, safety, noise, visual impact, odor, land use, zoning, transportation and related matters. The Company also may be subject to laws concerning the protection of certain marine and bird species, their habitats, and wetlands. It may incur substantial costs in order to conduct its operations in compliance with these environmental laws and regulations. Changes in environmental laws or regulations or changes in the enforcement or interpretation of existing laws, regulations or permitted activities may require the Company to make significant capital or other expenditures, to modify existing operating licenses or permits, or obtain additional approvals or limit operations. New environmental laws or regulations that raise compliance standards or require changes in operating practices or technology may impose significant costs and / or limit the Company' s operations. **CE** ~~The Harsco Clean Earth Segment~~' s revenue is primarily generated as a result of requirements imposed on its customers under federal, state and local laws and regulations to protect public health and the environment. If requirements to comply with laws and regulations governing management of contaminated soils, dredge material, and hazardous wastes were relaxed or less vigorously enforced at the federal, state and local levels, demand for **CE** ~~the Harsco Clean Earth Segment~~' s services could materially decrease and the Company' s revenues and earnings could be reduced. If the **Company** ~~Harsco Clean Earth Segment~~ is unable to obtain, renew, or maintain compliance with its operating permits or license agreements with regulatory bodies, its business would be adversely affected. The **Company** ~~Harsco Clean Earth Segment~~' s facilities operate using permits and licenses issued by various regulatory bodies at various local, state and federal government levels. Failure to obtain permits and licenses necessary to operate these facilities on a timely basis or failure to renew or maintain compliance with its permits, licenses and site lease agreements on a timely basis could prevent or restrict the Company' s ability to provide certain services, resulting in a material adverse effect on its business. There can be no assurance that the Company will continue to be successful in obtaining timely permit or license applications approval, maintaining compliance with its permits, licenses and lease agreements and obtaining timely license renewals. The waste management industry, in which **CE** ~~the Harsco Clean Earth Segment~~ is a participant, is subject to various economic, business, and regulatory risks. The future operating results of **CE** ~~the Harsco Clean Earth Segment~~ may be affected by such factors as its ability to utilize its facilities and workforce profitably in the face of intense price competition, maintain or increase market share during periods of economic contraction or industry consolidation, realize benefits from cost reduction programs, invest in new technologies for treatment of various waste streams, generate incremental volumes of waste to be handled through **CE** ~~the Harsco Clean Earth Segment~~ ' s facilities from existing and acquired sales offices and service centers, appropriately contract with end disposal sites for the necessary volumes of waste, obtain sufficient volumes of waste at prices which produce revenue sufficient to offset the operating costs of its facilities and minimize downtime and disruptions of operations. Outdoor construction, which may be limited due to unfavorable weather, and dredging, which may be limited due to environmental restrictions in certain waterways in the Northeastern United States, can be cyclical in nature. If those cyclical industries slow significantly, the business that **CE** ~~the Harsco Clean Earth Segment~~ receives from them would likely decrease. The seasonality of the Company' s business may cause quarterly results to fluctuate. The majority of the Company' s cash flows provided by operations has historically been generated in the second half of the year. This is a result of normally higher income during the second and third quarters of the year, as the Company' s business tends to follow seasonal patterns. If the Company is unable to successfully manage the cash flow and other effects of seasonality on the business, its results of operations may suffer. Customer concentration and related credit and commercial risks, together with the long- term nature of contracts, may adversely impact the Company' s results of operations, financial condition and cash flows. For the year ended December 31, ~~2022~~ **2023** , the Company' s top five customers in **HE** ~~the Harsco Environmental Segment~~ accounted for approximately 31 % of revenues in that Segment and 17 % of the Company' s consolidated revenues. For the year ended December 31, ~~2022~~ **2023** , the Company' s top five customers in **CE** ~~the Clean Earth Segment~~ accounted for approximately ~~29~~ **28** % of the revenues in that Segment and ~~13~~ **12** % of the Company' s consolidated revenues. The Company routinely enters into contracts with its top customers of varying length and scope. Disagreements between the parties can arise as a result of the scope, nature and varying degree of relationship between the Company and these customers and can result in disagreements between the Company and a customer that could impact multiple regions within the Company' s business. **CE** ~~The Clean Earth Segment~~ may enter into a long- term contract with a customer covering multiple regions in the United States. A dispute with a customer in one region in the United States could impact the Company' s revenues related to that customer in another region. **HE** ~~The Harsco Environmental Segment~~ may incur capital expenditures or other costs at the beginning of a long- term contract that it expects to recoup through the life of the contract. Some of these contracts provide for advance payments to assist the Company in covering these costs and expenses. A dispute with a customer during the life of a long- term contract could impact the ability of the Company to receive payments or otherwise recoup incurred costs and expenses. Finally, both **HE** ~~the Harsco Environmental Segment~~ and **CE** ~~the Harsco Clean Earth Segment~~ have several large customers and, if a large customer were to experience financial difficulty or file for bankruptcy or receivership protection, it could adversely impact the Company' s results of operations, cash flows and asset valuations. The Company may lose customers or be required to maintain or reduce prices as a result of competition. The industries in which the Company operates are highly competitive. Some examples are as follows: • **HE** ~~The Harsco Environmental Segment~~ is sustained mainly through contract renewals and new contract signings. The Company may be unable to renew contracts at historical price levels or to obtain additional contracts at historical rates as a result of competition. If the Company is unable to renew its contracts at the historical rates or renewals are made at reduced prices, or if its customers terminate their contracts, revenue and results of operations may decline. • Like **HE** ~~the Harsco Environmental Segment~~ , **CE** ~~the Harsco Clean Earth Segment~~ is sustained primarily through contract renewals and new contract signings. **CE** ~~The Harsco Clean Earth Segment~~ faces competition from companies with greater resources than the Company, with closer geographic proximity to waste sites, with captive end disposal assets, and who may provide service offerings that we do not provide. In order to compete, the Company may be required to reduce price levels below historical price levels or obtain additional contracts at rates lower than historical rates. • The Rail business competes with companies that manufacture similar products both internationally and domestically. Certain international competitors export their products into the U. S. and sell them at lower prices, which can be the result of lower labor costs and government subsidies for exports. In addition, certain competitors may from time to time sell their products below their cost of production in an attempt to increase their market share. Such practices may limit the prices the Rail business can charge for its products and services. Unfavorable foreign exchange rates can also adversely impact the Rail business' s ability to match the prices charged by international competitors. If the Rail business is unable to match the prices charged by competitors, it may lose customers. Higher than expected claims under insurance policies, under which the Company retains a portion of the risk, could adversely impact results of operations and cash flows. The Company retains a significant portion of the risk for property, workers' compensation, U. K. employers' liability, automobile and general and product liability losses. Reserves have been recorded that reflect the undiscounted estimated liabilities for ultimate losses, including claims incurred but not reported. Inherent in these estimates are assumptions that are based on the Company' s history of claims and losses, a detailed analysis of existing claims with respect to potential value, and current legal and legislative trends. If actual claims are higher than those projected by management, an increase to the Company' s insurance reserves may be required and would be recorded as a charge to income in the period the need for the change was determined. The **Company** ~~Harsco Clean Earth Segment~~ ' s insurance policies do not cover all losses, costs, or liabilities that it may experience. The **Company** ~~Harsco Clean Earth Segment~~ maintains insurance coverage, but these policies do not cover all of its potential losses, costs, or liabilities. The Company could suffer losses for uninsurable or uninsured risks or in amounts in excess of its existing insurance coverage, which would significantly affect its financial performance. ~~For example, the Company' s pollution legal liability insurance excludes costs related to fines, penalties, or assessments.~~ The Company' s insurance policies ~~also~~ have deductibles and self- retention limits that could expose it to significant financial expense. The Company' s ability to obtain and maintain adequate insurance may be affected by conditions in the insurance market over which it has no control. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on the Company' s business, financial condition, and results of operations. In addition, the **Company** ~~Harsco Clean Earth Segment~~ ' s business requires that it maintain various types of insurance. If such insurance is not available or not available on economically acceptable terms, the **Company**

~~Clean Earth Segment~~ ' s ~~and our~~ businesses could be materially and adversely affected. Increases in purchase prices (or decreases in selling prices) or availability of steel or other materials and commodities may affect the Company' s profitability. The profitability of the Company' s products and services may be affected by changing purchase prices of raw material, including steel and other materials and commodities, supplier costs or own labor costs. If raw material costs, supplier or labor costs increase and the costs cannot be transferred to the Company' s customers, results of operations would be adversely affected. Additionally, decreased availability of steel or other materials or services could affect the Company' s ability to provide products and services in a timely manner. If the Company cannot obtain the necessary raw materials, then revenues and cash flows could be adversely affected. Certain services performed by **HE** ~~the Harsco Environmental Segment~~ result in the recovery, processing and sale of recovered metals and minerals and other high- value metal byproducts to its customers. The selling price of the byproducts material is market- based and varies based upon the current fair value of its components. Therefore, the revenue amounts generated from the sale of such byproducts material vary based upon the fair value of the commodity components being sold. The success of the Company' s strategic ventures depends on the satisfactory performance by strategic venture partners of their strategic venture obligations. The Company enters into various strategic ventures as part of its strategic growth initiatives as well as to comply with local laws. Differences in opinions or views between strategic venture partners can result in delayed decision- making or failure to agree on material issues which could adversely affect the business and operations of the venture. From time to time, in order to establish or preserve a relationship, or to better ensure venture success, the Company may accept risks or responsibilities for the strategic venture that are not necessarily proportionate with the reward it expects to receive. The success of these and other strategic ventures also depends, in large part, on the satisfactory performance by the Company' s strategic venture partners of their strategic venture obligations, including their obligation to commit working capital, equity or credit support as required by the strategic venture and to support their indemnification and other contractual obligations. If the Company' s strategic venture partners fail to satisfactorily perform their strategic venture obligations as a result of financial or other difficulties, the strategic venture may be unable to adequately perform or deliver its contracted services. Under these circumstances, the Company may be required to make additional investments and provide additional services to ensure the adequate performance and delivery of the contracted services. These additional obligations could result in reduced profits or, in some cases, increased liabilities or significant losses for the Company with respect to the strategic venture. In addition, although the Company generally performs due diligence with regard to potential strategic partners or ventures, a failure by a strategic venture partner to comply with applicable laws, rules or regulations could negatively impact its business and, in the case of government contracts, could result in fines, penalties, suspension or even debarment. Unexpected strategic venture developments could have a material adverse effect on results of operations, financial condition and cash flows. If the Company fails to maintain safe worksites, it may be subject to significant operating risks and hazards. The Company operates at facilities that may be inherently dangerous workplaces. **CE** ~~The Harsco Clean Earth Segment~~ operates facilities that accept, process and / or treat materials provided by its customers. **HE** ~~The Harsco Environmental Segment~~ has operations at customers' steel producing sites, which often times involve extreme conditions. If serious accidents or fatalities occur or its safety record was to deteriorate, it may be ineligible to bid on certain work, and existing service arrangements could be terminated. Further, regulatory changes implemented by the Occupational Safety and Health Administration, or similar foreign agencies, could impose additional costs on the Company. Adverse experience with hazards and claims could result in liabilities caused by, among other things, injury or death to persons, which could have a negative effect on the Company' s **ability to attract and retain employees or its** reputation with its existing or potential new customers and its prospects for future business. The Company maintains a workforce based upon current and anticipated workload. If the Company does not receive future contract awards or if these awards are delayed, significant cost may result that could have a material adverse effect on results of operations, financial condition, liquidity and cash flows. The Company' s estimates of future performance depend on, among other matters, whether and when the Company will receive certain new contract awards, including the extent to which the Company utilizes its workforce. The rate at which the Company utilizes its workforce is impacted by a variety of factors, including: • the ability to manage attrition; • the ability to forecast the need for services, which allows the Company to maintain an appropriately sized workforce; • the ability to transition employees from completed projects to new projects or between segments; and • the need to devote resources to non- revenue generating activities such as training or business development. While the Company' s estimates are based upon good faith judgment, these estimates can be unreliable and may frequently change based on newly available information. In the case of large- scale domestic and international projects where timing is often uncertain, it is particularly difficult to predict whether and when the Company will receive a contract award. The uncertainty of contract award timing can present difficulties in matching the Company' s workforce size with contract needs. If an expected contract award is delayed or not received, the Company could incur cost resulting from reductions in staff or redundancy of facilities or equipment that could have a material adverse effect on results of operations, financial condition, liquidity and cash flows. Union disputes or other labor matters could adversely affect the Company' s operations and financial results. A significant portion of the Company' s employees are represented by labor unions in a number of countries under various collective bargaining agreements with varying durations and expiration dates. There can be no assurance that any current or future issues with the Company' s employees will be resolved or that the Company will not encounter future strikes, work stoppages or other types of conflicts with labor unions or the Company' s employees. The Company may not be able to satisfactorily renegotiate collective bargaining agreements in the U. S. and other countries when they expire. If the Company fails to renegotiate existing collective bargaining agreements, the Company could encounter strikes or work stoppages or other types of conflicts with labor unions. In addition, existing collective bargaining agreements may not prevent a strike or work stoppage at the Company' s facilities in the future. The Company may also be subject to general country strikes or work stoppages unrelated to the Company' s business or collective bargaining agreements. A work stoppage or other limitations on production at the Company' s facilities for any reason could have an adverse effect on the Company' s business, results of operations, financial condition and cash flows. In addition, many of the Company' s customers and suppliers have unionized work forces, and may experience a lack of qualified employees. Strikes or work stoppages, as well as labor shortages, experienced by the Company' s customers or suppliers could have an adverse effect on the Company' s business and supply chain, results of operations and financial condition. The Company ~~' s~~ **may be unable to adequately protect its** intellectual property portfolio **or** ~~may not~~ prevent competitors from independently developing similar or duplicative products and services. The Company' s patents and other intellectual property may not prevent competitors from independently developing or selling similar or duplicative products and services, and there can be no assurance that the resources invested by the Company to protect the Company' s intellectual property will be sufficient or that the Company' s intellectual property portfolio will adequately deter misappropriation or improper use of the Company' s technology. The Company could also face competition in some countries where the Company has not protected its intellectual property portfolio ~~. The Company may also face attempts to gain unauthorized access to the Company' s information technology systems or products for the purpose of improperly acquiring trade secrets or confidential business information. The theft or unauthorized use or publication of the Company' s trade secrets and other confidential business information as a result of such an incident could adversely affect the Company' s competitive position and the value of the Company' s investment in research and development~~. The Company may be unable to secure or retain ownership or rights to use data in certain software analytics or services offerings. In addition, the Company may be the target of aggressive and opportunistic enforcement of patents by third parties, including non- practicing entities. Regardless of the merit of such claims, responding to infringement claims can be expensive and time- consuming. If the Company is found to infringe any third- party rights, the Company could be required to pay substantial damages or could be enjoined from offering some of the Company' s products and services. Also, there can be no assurances that the Company will be able to obtain or renew from third parties the licenses needed in the future, and there is no assurance that such licenses can be obtained on reasonable terms. Increased information technology security threats and more sophisticated computer crime pose a risk to the Company ~~' s~~ and its vendors, systems, networks, products and services. The Company relies upon information technology systems and networks in connection with a variety of business activities, some of which are managed by third parties (which we refer to collectively as our " associated third parties "). Additionally, the Company and its associated third parties collect and store data that is of a sensitive nature, which may include names and addresses, bank account information, and other types of ~~personal~~ **personally identifiable** information or sensitive business information. The secure operation of these information technology systems and networks, and the processing and maintenance of this data is critical to the Company' s business operations and strategy **. The Company may face attempts to gain unauthorized access to the Company' s information technology systems or products or those of its associated third parties for the purpose of improperly acquiring trade secrets or confidential business information. The theft or unauthorized use or publication of the Company' s trade secrets and other confidential business information as a result of such an incident could adversely affect the Company' s competitive position and the value of the Company' s investment in research and development**. Threats to our systems and our associated third parties' systems can derive from human error, fraud, or malice on the part of employees or third parties, or may result from accidental technological failure. Globally **,** these types of threats have increased in number and severity and it is expected that these trends will continue. These threats pose a risk to the security of the Company' s systems and networks and the confidentiality, availability and integrity of the Company' s data. Should an attack on the Company' s or our associated third parties' information technology systems and networks succeed, it could expose the Company and the Company' s employees, customers, dealers and suppliers to misuse of information or systems, the compromising of confidential information, manipulation and destruction of data, production downtimes and operations disruptions. ~~In 2021, an associated third party was the target of a cybersecurity attack. The attack did not result in the theft of personally identifiable information of any employees, but it resulted in logistical challenges with respect to internal reporting systems.~~ The occurrence of any of these events could adversely affect the Company' s reputation, competitive position, business, results of operations and cash flows. While we have **a robust cybersecurity program and maintain** cybersecurity insurance related to a breach event covering certain expenses, damages and claims arising from such incidents may not be covered, or may exceed the amount of any insurance available **. See Part I. Item 1C. Cybersecurity for additional details on the Company' s cybersecurity program**. In addition, various privacy and security laws govern the protection of this information and breaches in security could result in litigation, regulatory action, potential liability and the costs and operational consequences of implementing further data protection measures. For example, the European Union' s (" EU") General Data Protection Regulation (" GDPR") extends the scope of the EU data protection laws to all companies processing data of EU residents, regardless of the company' s location. The potential compliance costs with or imposed by new or existing regulations and policies that are applicable to us could have a material impact on our results of operations. MACROECONOMIC AND INDUSTRY RISKS Negative economic conditions may adversely impact demand for the Company' s products and services, as well as the ability of the Company' s customers to meet their obligations to the Company on a timely basis. Negative economic conditions, including the tightening of credit in financial markets, can lead businesses to postpone spending, which may impact the Company' s customers, causing them to cancel, decrease or delay their existing and future orders with the Company. In addition, **negative** economic conditions may **adversely** impact the Company' s customers by ~~either~~ causing them to close locations ~~serviced by the Harsco Environmental Segment~~ or ~~causing~~ **deteriorate** their financial condition ~~to deteriorate~~ to a point where they are unable to meet their obligations to the Company on a timely basis. One or more of these events could adversely impact the Company' s operating results and ability to collect its receivables. Cyclical industry and economic conditions may adversely affect the Company' s businesses. The Company' s businesses are subject to general economic slowdowns and cyclical conditions in each of the industries served. Examples are: • **HE** ~~The Harsco Environmental Segment~~ may be adversely impacted by prolonged slowdowns in steel mill production, excess production capacity, bankruptcy or receivership of steel producers and changes in outsourcing practices; • The resource recovery and slag optimization technologies business of **HE** ~~the Harsco Environmental Segment~~ can also be adversely impacted by prolonged slowdowns in customer production or a reduction in the selling prices of its materials, which are in some cases market- based and vary based upon the current fair value of the components being sold. Therefore, the revenue generated from the sale of such recycled materials varies based upon the fair value of the commodity components being sold; • The abrasives and roofing materials business of **HE** ~~the Harsco Environmental Segment~~ may be adversely impacted by economic conditions that slow the rate of residential roof replacement, or by slowdowns in the industrial and infrastructure refurbishment industries; • **Rail may be adversely impacted by developments in the railroad industry that lead to lower capital spending or reduced track maintenance spending; •** Prolonged slowdowns may result in a decrease in the amount of waste generated, resulting in less hazardous waste collected by **CE** ~~the Clean Earth Segment~~ ; and • Capital constraints and increased borrowing costs may also adversely impact the financial position and operations of the Company' s customers across all business segments. Furthermore, utilization of deferred tax assets is ultimately dependent on generating sufficient income in future periods to ensure recovery of those assets. The cyclicality of the Company' s end markets and adverse economic conditions may negatively impact the future income levels that are necessary for the utilization of deferred tax assets. Exchange rate fluctuations may adversely impact the Company' s business. Fluctuations in foreign exchange rates between the U. S. dollar and the approximately 25 other currencies in which the Company currently conducts business may adversely impact the Company' s results of operations in any given fiscal period. The Company' s principal foreign currency exposures are in the ~~EU~~ **Euro** , the **British pound sterling** ~~U. K.~~ , ~~China~~ **the Chinese yuan** and **the** ~~Brazil~~ **Brazilian real** . Given the structure of the Company' s operations, an increase in the value of the U. S. dollar relative to the foreign currencies in which the Company earns its revenues generally has a negative impact on the translated amounts of the assets and liabilities, results of operations and cash flows. The Company' s foreign currency exposures increase the risk of volatility in its financial position, results of operations and cash flows. If currencies in the below regions change materially in relation to the U. S. dollar, the Company' s financial position, results of operations, or cash flows may be materially affected. Compared with the corresponding full- year period in ~~2021~~ **2022** , the average value of major currencies changed as follows in relation to the U. S. dollar during the full- year ~~2022~~ **2023** , impacting the Company' s revenues and income: • British pound sterling ~~weakened~~ **strengthened** by ~~11~~ **1** %; • Euro ~~weakened~~ **strengthened** by ~~11~~ **3** %; • Chinese yuan weakened by 5 %; and • Brazilian real strengthened by ~~5~~ **3** % Compared with exchange rates at December 31, ~~2021~~ **2022** , the value of major currencies at December 31, ~~2022~~ **2023** changed as follows: • ~~Euro weakened~~ **British pound sterling strengthened** by ~~6~~ **5** %; • Chinese yuan weakened by ~~8~~ **3** %; and **• Brazilian real strengthened by 9 %** To illustrate the effect of foreign exchange rate changes in certain key markets of the Company, in **2023 revenues would have been less than 1 % or $ 8 million higher and operating income would have been 2 % or $ 3 million higher if the average exchange rates for** 2022 **were utilized. In a similar comparison for 2022,** revenues would have been approximately 4 % or $ 70 million higher and operating income would have been 9 % or $ 5 million higher if the average exchange rates for 2021 were utilized. ~~In a similar comparison for 2021, revenues would have been 1 % or approximately $ 21 million lower and operating income would have been less than 1 % or less than $ 1 million higher if the average exchange rates for 2020 were utilized.~~ Currency changes also result in assets and liabilities denominated in local currencies being translated into U. S. dollars at different amounts than at the prior period end. Generally, if the U. S. dollar weakens in relation to currencies in countries in which the Company does business, the translated amounts of the related assets, liabilities, and therefore stockholders' equity, would increase. Conversely, if the U. S. dollar strengthens in relation to currencies in countries in which the Company does business, the translated amounts of the related assets, liabilities, and therefore stockholders' equity, would decrease. Although the Company engages in foreign currency exchange forward contracts and other hedging strategies to mitigate foreign exchange transactional risks, hedging strategies may not be successful or may fail to completely offset these risks. In addition, competitive conditions in the Company' s manufacturing businesses may limit the Company' s ability to increase product prices in the face of adverse currency movement. Sales of products manufactured in the U. S. for the domestic and export markets may be affected by the value of the U. S. dollar relative to other currencies. Any long- term strengthening of the U. S. dollar could depress demand for these products and reduce sales. Conversely, any long- term weakening of the U. S. dollar could improve demand for these products and increase sales. LEGAL AND REGULATORY RISKS The Company' s global presence subjects it to a variety of risks arising from doing business internationally. The Company operates in approximately 30 countries, generating ~~43~~ **42** % of its revenues outside of the U. S. (based on location of the facility generating the revenue) for the year ended December 31, ~~2022~~ **2023** . In addition, as of December 31, ~~2022~~ **2023** , approximately ~~57~~ **54** % of the Company' s property, plant and equipment is located outside of the U. S. The Company' s global footprint exposes it to a variety of risks that may adversely affect the Company' s results of operations, financial condition, liquidity and cash flows. These include, but may not be limited to, the following: • periodic economic downturns in the countries in which the Company does business; • complexities around changes in the still developing relationship between the U. K. and the EU arising out of the U. K.' s withdrawal from the EU; • imposition of or increases in currency exchange controls and hard currency shortages; • customs matters and changes in trade policy or tariff regulations; • changes in regulatory requirements in the countries in which the Company does business; • changes in tax regulations, higher tax rates in certain jurisdictions and potentially adverse tax consequences including restrictions on repatriating earnings, adverse tax withholding requirements and" double taxation"; • longer payment cycles and difficulty in collecting accounts receivable; • complexities in complying with a variety of U. S. and foreign government laws, controls and regulations; • political, economic and social instability, civil and political unrest, terrorist actions and armed hostilities in the regions or countries in which, or adjacent to which, the Company does business; • increasingly complex laws and regulations concerning privacy and data security, including the EU' s GDPR; • inflation rates in the countries in which the Company does business; • complying with complex labor laws in foreign jurisdictions; • laws in various international jurisdictions that limit the right and ability of subsidiaries to pay dividends and remit earnings to affiliated companies unless specified conditions are met; • sovereign risk related to international governments, including, but not limited to, governments stopping interest payments or repudiating their debt, nationalizing private businesses or altering foreign exchange regulations; • uncertainties arising from local business practices, cultural considerations and international political and trade tensions; and • public health issues or other calamities impacting regions or countries in which the Company operates, including travel to and / or imports or exports to or from such regions or countries. If the Company is unable to successfully manage the risks associated with its global business, the Company' s results of operations, financial condition, liquidity and cash flows may be negatively impacted. Due to the international nature of the Company' s business, the Company could be adversely affected by violations of certain laws. The U. S. Foreign Corrupt Practices Act (“ FCPA ”) and similar anti- bribery laws in non- U. S. jurisdictions generally prohibit companies and their intermediaries from making improper payments to officials for the purpose of obtaining or retaining business. The FCPA also imposes accounting standards and requirements on publicly traded U. S. corporations and their foreign affiliates, which, among other things, are intended to prevent the diversion of corporate funds to the payment of bribes and other improper payments, and to prevent the establishment of “ off the books ” slush funds from which improper payments can be made. The Company may be unsuccessful in its efforts to prevent reckless or criminal acts by employees or agents and may be exposed to liability due to pre- acquisition conduct of employees or agents of businesses or operations the Company may acquire. Violations of these laws, or allegations of such violations, could disrupt the Company’ s operations, require significant management involvement and have a material adverse effect on the Company’ s results of operations, financial condition and cash flows. If the Company is found to be liable for violations of these laws (either due to its own acts, out of inadvertence or due to the acts or inadvertence of others), the Company could also be subject to severe criminal or civil penalties or other sanctions; disgorgement; further changes or enhancements to its procedures, policies and controls; personnel changes and other remedial actions. Furthermore, the Company is subject to the export controls and economic embargo rules and regulations of the U. S., including the Export Administration Regulations and trade sanctions against embargoed countries, which are administered by the Office of Foreign Asset Control within the Department of Treasury, as well as other laws and regulations administered by the Department of Commerce. These regulations limit the Company’ s ability to market, sell, distribute or otherwise transfer its products to prohibited countries or persons. Failure to comply with these rules and regulations may result in substantial civil and criminal penalties, including fines and disgorgement of profits, the imposition of a court- appointed monitor, the denial of export privileges and debarment from participation in U. S. Government contracts. A negative outcome on personal injury claims against the Company may adversely impact results of operations and financial condition. The Company has been named as one of many defendants ~~(approximately 90 or more in most cases)~~ in legal actions alleging personal injury from exposure to airborne asbestos over the past several decades. In their suits, the plaintiffs have named as defendants, among others, many manufacturers, distributors and installers of numerous types of equipment or products that allegedly contained asbestos. The **vast** majority of the asbestos complaints pending against the Company have been filed in New York **and** ~~. Almost all of~~ the ~~New York~~ **vast majority of such** complaints **generally follow a form that** ~~contain~~ **contains** a standard ~~claim for~~ **demand of significant** damages ~~of $ 20 million or $ 25 million against the approximately 90 defendants~~, regardless of the individual plaintiff' s alleged medical condition **,** and without ~~specifically~~ identifying any ~~of the~~ Company ~~’ s products~~ - **product** ~~as the source of plaintiff' s asbestos exposure~~. If the Company is found to be liable in any of these actions and the liability exceeds the Company' s insurance coverage, results of operations, cash flows and financial condition could be adversely affected. The Company’ s ongoing operations are subject to extensive laws, regulations, rules and ordinances relating to safety, health and environmental matters that impose significant costs and liabilities on the Company, and future laws and governmental standards could increase these costs and liabilities. The Company is subject to a variety of international, federal, state and local laws and governmental regulations, rules and ordinances regulating the use of certain materials contained in its products and / or used in its manufacturing processes. Many of these laws and governmental standards provide for extensive obligations that require the Company to incur significant compliance costs and impose substantial monetary fines and / or criminal sanctions for violations. Furthermore, such laws and standards are subject to change and may become more stringent. Although it is not possible to predict changes in laws or other governmental standards, the development, proposal or adoption of more stringent laws or governmental standards may require the Company to change its processes, for example, by reducing or eliminating use of the regulated component or material in its process. The Company may not be able to develop a new process to comply with such legal and regulatory changes without investing significant time and resources, if at all. In addition, such legal and regulatory changes may also affect buying decisions by the users of the Company’ s products that contain regulated materials or that involve the use of such materials in the process. If applicable laws and governmental standards become more stringent, the Company’ s results of operations, liquidity and financial condition could be materially adversely affected. The Company is subject to various environmental laws, and the success of existing or future environmental claims against it could adversely impact the Company' s results of operations and cash flows. In addition to the environmental and safety considerations discussed above ~~with respect to the Harsco Clean Earth Segment~~, the Company' s operations generally are subject to various federal, state, local and international laws, regulations and ordinances relating to the protection of health, safety and the environment, including those governing discharges to air and water, handling and disposal practices for solid and hazardous byproducts, the remediation of contaminated sites and the maintenance of a safe workplace. These laws impose penalties, fines and other sanctions for non- compliance and liability for response costs, property damages and personal injury resulting from past and current spills, disposals or other releases of, or exposure to, hazardous materials. The Company could incur substantial costs as a result of non- compliance with or liability for remediation or other costs or damages under these laws. The Company may be subject to more stringent environmental laws in the future, and compliance with more stringent environmental requirements may require the Company to make material expenditures or subject it to liabilities that the Company currently does not anticipate. The Company is currently involved in a number of environmental remediation investigations and cleanups and, along with other companies, has been identified as a" potentially responsible party" for certain byproduct disposal sites under the federal" Superfund" law. At several sites, the Company is currently conducting environmental remediation, and it is probable that the Company will agree to make payments toward funding certain other of these remediation activities. It also is possible that some of these matters will be decided unfavorably to the Company and that other sites requiring remediation will be identified. Each of these matters is subject to various uncertainties, and financial exposure is dependent upon the following factors: • the continuing evolution of environmental laws and regulatory requirements; • the availability and application of technology; • the allocation of cost among potentially responsible parties; • the years of remedial activity required; and • the remediation methods selected. The nature of the Company’ s products creates the possibility of significant product liability and warranty claims, which could harm its business. The Company’ s customers use some of its products in potentially hazardous applications that can cause injury or loss of life and damage to property, equipment or the environment. In addition, the Company’ s products are integral to the production process for some end- users and any failure of the Company’ s products could result in a suspension of operations, including products historically sold by business units of the Company to the extent that the Company retains liability for such historical products. Accidents may occur at a location where the Company’ s equipment and services have been or are being used. Investigations into such accidents, even if the Company and its products are ultimately found not to be the cause of such accidents, require the Company to expend significant time, effort and resources. The Company cannot be certain that its products will be completely free from defects. The Company may be named as a defendant in product liability or other lawsuits asserting potentially large claims. In addition, the Company cannot guarantee that insurance will be available or adequate to cover any or all liabilities incurred. The Company also may not be able to maintain insurance in the future at levels it believes are necessary and at rates it considers reasonable. FINANCIAL, TAX AND FINANCIAL MARKET RISKS Restrictions imposed by the Company' s Senior Secured Credit Facilities, accounts receivable securitization facility and other financing arrangements may limit the Company' s operating and financial flexibility. The agreements governing the Company' s outstanding financing arrangements impose a number of restrictions. Under the Company' s Senior Secured Credit Facilities, the Company must comply with certain financial covenants on a quarterly basis. The covenants also place limitations on dividends, acquisitions, investments in joint ventures, unrestricted subsidiaries, indebtedness and the imposition of liens on the Company' s assets. In the event of a default, the Company' s lenders and the counterparties to the Company' s other financing arrangements could terminate their commitments to the Company and declare all amounts borrowed, together with accrued interests and fees, immediately due and payable. If this were to occur, the Company might not be able to pay these amounts, or the Company might be forced to seek an amendment to the Company' s financing arrangements which could make the terms of these arrangements more onerous for the Company. In addition, this could also trigger an event of default under the cross- default provisions of the Company' s other obligations. As a result, a default under one or more of the existing or future financing arrangements could have significant consequences for the Company. The Company is exposed to counterparty risk in its derivative financial arrangements. The Company uses derivative financial instruments, such as interest rate swaps and foreign currency exchange forward contracts, for a variety of purposes. The Company uses interest rate swaps in conjunction with certain debt issuances in order to secure either a fixed or floating interest rate. The Company uses foreign currency exchange forward contracts as part of a worldwide program to minimize foreign currency operating income and balance sheet exposure. In particular, the Company uses foreign currency exchange forward contracts to hedge commitments, such as foreign currency debt, firm purchase commitments and foreign currency cash flows for certain export sales transactions. The unsecured contracts for foreign currency exchange forward contracts outstanding at December 31, ~~2022~~ **2023** mature at various times through ~~2023~~ **2025** and are with major financial institutions. The Company may also enter into derivative contracts to hedge commodity exposures. The failure of one or more counterparties to the Company' s derivative financial instruments to fulfill their obligations could adversely affect the Company' s results of operations, financial condition, liquidity and cash flows. The Company’ s variable rate indebtedness subjects it to interest rate risk, which could cause the Company' s debt service obligations to increase significantly. The Company' s total debt at December 31, ~~2022~~ **2023** was $ 1. 4 billion. Of this amount, approximately ~~63~~ **64** % had variable rates of interest and approximately ~~37~~ **36** % had fixed interest rates. The weighted average interest rate of total debt was approximately ~~6~~ **7** . ~~5~~ **2** %. At debt levels as of December 31, ~~2022~~ **2023** , a one percentage point increase in variable interest rates would increase interest expense by $ ~~8~~ **9** . ~~7~~ **2** million per year and a one percentage point decrease in variable interest rates would decrease interest expense by $ ~~8~~ **9** . ~~7~~ **2** million. If the Company is unable to successfully manage its exposure to variable interest rates, including through interest rate swaps that the Company has put into place, its debt service obligations may increase even though the amount borrowed remains the same and, in turn, its results of operations and financial condition may be negatively impacted. Separately, a one percentage point change in interest rates also impacts our facility fees from our AR Facility by $ 1. ~~4~~ **5** million per year. The Company is subject to taxes in numerous jurisdictions and could be subject to additional tax liabilities, which could materially adversely affect the Company’ s results of operations and cash flows and impact the Company’ s ability to compete abroad. The Company is subject to U. S. federal, U. S. state and international income, payroll, property, sales and use, value- added, fuel and other types of taxes in numerous jurisdictions. Changes in tax rates, enactments of new tax laws, revisions of tax regulations, and claims or litigation with taxing authorities could result in substantially higher taxes, and therefore, could have a significant adverse effect on the Company' s results of operations, financial condition and liquidity. The Company' s tax expense and liabilities may also be affected by other factors, such as changes in business operations, acquisitions, investments, entry into new geographies, intercompany transactions, the relative amount of foreign earnings, losses incurred in jurisdictions for which the related tax benefits may not be realized, and changes in deferred tax assets and their valuation. Significant judgment is required in evaluating and estimating the Company' s tax expense and liabilities. The ultimate tax determination for many transactions and calculations is uncertain. For example, the Tax Act requires complex computations to be performed that were not historically required, significant judgments to be made in interpretations of the provisions of the Tax Act, estimates in calculations, and the preparation and analysis of information not previously relevant or regularly produced. The U. S. Treasury Department, the IRS, and other standard- setting bodies will continue to interpret or issue guidance on how provisions of the Tax Act will be applied or administered. As future guidance is issued, the Company may need to make adjustments to amounts previously recorded, and those adjustments could materially impact the Company' s consolidated financial statements in the period in which the adjustments are made. The Company' s defined benefit NPPC is directly affected by equity and bond markets. A downward trend in those markets could adversely impact the Company' s results of operations, financial condition and cash flows. In addition to the economic issues that directly affect the Company' s businesses, changes in the performance of equity and bond markets, particularly in the U. K. and the U. S., impact actuarial assumptions used in determining annual NPPC, pension liabilities and the valuation of the assets in the Company' s defined benefit pension plans. Financial market deterioration would most likely have a negative impact on the Company' s NPPC and the pension assets and liabilities. This could result in a decrease to stockholders' equity and an increase in the Company' s statutory funding requirements.