Risk Factors Comparison 2024-02-21 to 2023-02-15 Form: 10-K

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

Ownership of the Company' s securities involves a number of risks and uncertainties. Potential investors should carefully consider the risks and uncertainties described below and the other information in this Annual Report on Form 10- K before deciding whether to invest in the Company' s securities. The Company' s business, financial condition or results of operations could be materially adversely affected by any of these risks. The risks described below are not the only ones ~~facing~~ the Company **faces** . Additional risks that are currently unknown to the Company or that the Company currently considers immaterial may also impair its business or adversely affect its financial condition or ~~results of operations. COVID- 19 Related Risks The COVID- 19 pandemic and related impacts has had, and could continue to have, an adverse effect on the Company' s business, financial condition and results of operations. The ongoing COVID- 19 pandemic, including the emergence of variants for which vaccines may not be effective, may negatively affect our business by causing or contributing to, among other things: • Significant disruptions in our business operations and in the ability of significant third- party vendors, manufacturing and other business or commercial partners, including customers, to meet their obligations to us; • Significant decrease or volatility in sales of or demand for our products due to any decreased demand for products, closure or reduced operating hours of our key customers; consumer inability to purchase our products due to personal illness or government implemented restrictions and any resulting changes in consumer preferences; • Worldwide, regional and local adverse economic and financial market conditions, including increased risk of inflation; fluctuations in commodities, packaging, transportation and other input costs; increased unemployment; decreased disposable income; declining consumer confidence; or economic slowdowns or recessions in any of our major markets, all of which could impact the manufacturing operations of the Company or our third- party suppliers; • Significant U. S. or international governmental actions, or other limitations or restrictions, including restrictions on the ability of our employees, suppliers, customers or third- party partners to travel or perform necessary business functions or our ability to manufacture, ship, distribute, market or sell our products; and • Adverse impacts on our supply chain, including manufacturing by the Company or third- party partners, due to raw material, packaging or other supply shortages, labor shortages or reduced availability of air or other commercial transport, port congestion and closures. Although we are unable to predict the impact on our ability to source materials in the future, we expect these and other supply chain pressures to continue into the coming year. In addition, sustained labor shortages or increased turnover rates within our employee base, caused by COVID- 19 or as a result of general macroeconomic factors, could lead to increased costs, such as increased wage rates to attract and retain employees, and could negatively affect our ability to efficiently operate our manufacturing and distribution facilities and overall business. Even as efforts to contain the pandemic have made progress and some restrictions have relaxed, new variants of the virus are causing additional outbreaks. The extent of COVID- 19' s effect on our operational and financial performance in the future will depend on future developments, including the duration, spread and intensity of the pandemic, our continued ability to manufacture and distribute our products, any future government actions affecting consumers, our business operations, including any vaccine mandates, and the economy generally, changing economic conditions and any resulting inflationary impacts, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. Such impacts could materially adversely affect the Company' s business, financial condition and~~ results of operations. Industry and Economic Risks The Company is subject to intense competition in a marketplace dominated by large omni- channel and e- commerce retailers. The Company competes with numerous other manufacturers and distributors of consumer and commercial products, many of which are large and well- established. A proliferation of digitally native brands has further intensified the competitive landscape. The Company' s principal customers are large mass merchandisers, discount stores, home centers, warehouse clubs, office superstores, specialty retailers, wholesalers, commercial distributors, direct- to- consumer channels, and e- commerce retailers. The dominant share of the market represented by these large retailers, together with changes in consumer shopping patterns, and the integration of brick and mortar and e- commerce operations at major retailers, has contributed to the formation of dominant multi- category omni- channel and e- commerce retailers that have strong negotiating power with suppliers. These retailers have and may continue to foster high levels of competition among suppliers, reduce inventory levels, demand innovative new products and products tailored to each of their unique specifications, require suppliers to maintain or reduce product prices in response to competitive, economic or other factors, and require product delivery with shorter lead times. Retailers have imported and may continue to import products directly from foreign sources and ~~to~~ source and sell products under their own private label brands, typically at lower prices, that compete with the Company' s products. The combination of these market influences and retailer consolidation has created an intensely competitive environment in which the Company' s principal customers continuously evaluate which product suppliers to use, resulting in downward pricing pressures and the need for consumer- meaningful brands, the ongoing introduction and commercialization of innovative new products, continuing improvements in category management and customer service, and the maintenance of strong relationships with large, high- volume purchasers. The Company also faces the risk of changes in the strategy or structure of its major customers, such as overall store and inventory reductions. The intense competition in the traditional retail and e- commerce sectors may result in a number of customers ~~, such as Bed, Bath & Beyond,~~ experiencing financial difficulty or failing in the future **. For example, the Company' s results in 2023, particularly in the Learning and Development segment, were negatively impacted by the bankruptcy of a large customer** . To address these challenges, the Company must be able to respond to competitive factors and the potential loss of customers in the future, and the failure to respond effectively could result in a loss of sales, reduced profitability and a limited ability to recover cost increases through price increases. The Company' s customers may further consolidate, which could materially adversely affect the

Company' s sales and margins. The Company' s customers have steadily consolidated over time. The Company expects any customers that consolidate will take actions to harmonize pricing from their suppliers, close retail outlets, reduce inventory, and rationalize their supply chain, which could adversely affect the Company' s business and results of operations. There can be no assurance that, following consolidation, the Company' s large customers will continue to buy from the Company across different product categories or geographic regions, or at the same levels as prior to consolidation, which could negatively impact the Company' s financial results. Further, if the consolidation trend continues, it could result in additional increase in the customers' negotiating power with suppliers, as well as pricing and other competitive pressures that could reduce the Company' s sales and ~~margins~~ **profitability** . Strategic and Operational Risks The Company' s sales are dependent on purchases by several large customers and any significant decline in these purchases or pressure from these customers to reduce prices could have a negative effect on the Company' s future financial performance. Although the Company has long- established relationships with many customers, the Company generally does not have any long- term supply or binding contracts or guarantees of minimum purchases with its largest customers. Purchase commitments by these customers are generally made using individual purchase orders. As a result, these customers may cancel their orders, change purchase quantities from forecast volumes, delay purchases for a number of reasons beyond the Company' s control or change other terms of the business relationship. Significant or numerous cancellations, reductions, delays in purchases or changes in business practices by customers could have a material adverse effect on the Company' s business, results of operations and financial condition. In addition, because many of the Company' s costs are fixed, a reduction in customer demand due to decreased sales to end consumers could have an adverse effect on the Company' s **profitability** ~~gross profit margins and operating income~~ . The retail landscape in many of the Company' s markets continues to be impacted by the rapid growth of e- commerce retailers, changing consumer preferences (including **shopping** online ~~shopping~~ **and through mobile commerce and social applications**) and the emergence of alternative retail channels, such as subscription services and direct- to- consumer businesses. The rapid growth in e- commerce and emergence of alternative retail channels may adversely affect the Company' s relationships with its key retailers, whereby the number of products it sells will no longer be a reliable indicator of the amount of future business the Company can expect. The Company depends on a continuous flow of new orders from large, high- volume retail customers; however, the Company may be unable to continually meet the needs of these customers. Retailers are increasing their demands on suppliers to: • reduce lead times for product delivery, which may require the Company to increase inventories and could impact the timing of reported sales; • improve customer service ~~, such as with direct import programs, whereby product is supplied directly to retailers from third- party suppliers~~ ; and • adopt new technologies including those related to inventory management such as Radio Frequency Identification, otherwise known as RFID technology, which may have substantial implementation costs. The Company cannot provide any assurance that it can continue to successfully meet the needs of its customers or that customer demand will remain consistent. A substantial decrease in sales to any of its major customers and an inability to adapt to the emergence of alternative retail channels could have a material adverse effect on the Company' s business, results of operations and financial condition. If the Company is unable to **innovate and** commercialize a continuing stream of new products that create demand, the Company' s ability to compete in the marketplace **and financial results** may be adversely impacted. The Company' s strategy includes investment in new product development and a focus on innovation. Its long- term success in the competitive retail environment and the industrial and commercial markets depends on its ability to develop and commercialize a continuing stream of innovative new products and line extensions that create demand. The Company' s ability to quickly innovate in order to adapt its products to meet changing consumer demands is essential, especially in light of e- commerce significantly reducing the barriers for even small competitors to quickly introduce new brands and products directly to consumers. New product development and commercialization efforts, including efforts to enter markets or product categories in which the Company has limited or no prior experience, have inherent risks. These risks include the costs involved, such as development and commercialization, product development or launch delays, and the failure of new products and line extensions to achieve anticipated levels of market acceptance or growth in sales or operating income. The Company also faces the risk that its competitors will introduce innovative new products that compete with the Company' s products. In addition, sales generated by new products or line extensions could cause a decline in sales of the Company' s existing products. If new product development and commercialization efforts are not successful, the Company' s financial results could be adversely affected. If the Company does not continue to develop and maintain leading brands or realize the anticipated benefits of ~~increased~~ advertising and promotion spend over the long term, its operating results may suffer. The Company' s ability to compete successfully also depends increasingly on its ability to develop and maintain leading brands so that the Company' s retail and other customers will need its products to meet consumer demand. Leading brands allow the Company to realize economies of scale in its operations. The development and maintenance of such brands require significant investment in brand- building and marketing initiatives. Over the long term, these initiatives may not deliver the anticipated results and the results of such initiatives may not cover the costs of the increased investment. Failure to further expand the Company' s e- commerce business, despite ~~increasing~~ e- commerce investments, may materially and adversely affect the Company' s market position, net sales and financial performance. The retail industry has rapidly evolved and consumers have embraced shopping online and through mobile commerce **and social** applications. As a result, the portion of total consumer expenditures with retailers occurring through digital platforms is increasing, and the pace of this increase has accelerated. At the same time, the portion of retail business at traditional " brick and mortar " stores and shopping centers ~~is decreasing~~ **has decreased** . The Company' s strategy includes investments in e- commerce, omni- channel and technology initiatives. If these investments fail to adequately or effectively allow the Company to further expand its e- commerce business, maintain or grow its overall market position or otherwise benefit the Company, the Company' s market position, net sales and financial performance could be adversely affected. In addition, a greater concentration of e- commerce sales could result in a reduction in the amount of sales by the Company' s other customers, which could, if not offset by a greater increase in e- commerce sales, materially adversely affect the business of the

Company. Furthermore, the cost of certain e- commerce, omni- channel and technology investments may adversely impact the Company' s financial performance in the short and long- term. There can be no assurance that investments in e- commerce and omni- channel infrastructure and technology will result in increased sales ~~,~~ through e- commerce or otherwise. The Company' s plans to execute its turnaround plan **and restructuring initiatives** , improve productivity, reduce complexity and costs may not be successful, which would materially adversely affect its financial results. The Company is executing a turnaround plan to build a global, next generation consumer products company that can unleash the full potential of its brands in a fast- moving omni- channel environment. The Company is implementing various global initiatives in connection with the turnaround plan to reduce costs and improve cash flows. Project Ovid is a multi- year, customer centric supply chain initiative to transform the Company' s go- to- market capabilities in the U. S., improve customer service levels and drive operational efficiencies. This initiative ~~, which commenced its first phase go- live during the third quarter of 2022 and its second phase go- live in February 2023,~~ is expected ~~to leverage technology to further simplify the organization by harmonizing and automating processes. This initiative is designed~~ to reduce the complexity of the organization, improve the Company' s cash conversion cycle and increase investment in the Company' s most significant growth platforms. It is further designed to reduce costs associated with direct materials, indirect expenses, and distribution and logistics, among other things. Other major productivity, streamlining and divestment programs may also be required in the future to continue the turnaround plan. **In** ~~For example, in~~ January 2023, the Company announced Project Phoenix, an initiative that ~~aims~~ **was intended** to strengthen the ~~company~~ **Company** by leveraging its scale to further reduce complexity, streamlining its operating model and driving operational efficiencies. It ~~incorporates~~ **incorporated** a variety of initiatives designed to simplify the organizational structure, streamline the ~~company~~ **Company** ' s real estate **portfolio** , centralize its supply chain functions, transition to a unified One Newell go- to- market model in key international geographies, and otherwise reduce overhead costs. The Company expects to realize significant savings when the initiatives are fully implemented, however it ~~will result~~ **resulted** in material charges ~~as well as~~ **and led to** the elimination of approximately 13 % of office positions during 2023 **. Additionally, in May 2023, the Company announced the Network Optimization Project in order to improve the Company' s cost structure and operating margins while maintaining focus on customer and consumer fulfillment. The Network Optimization Project incorporates a variety of initiatives, including a reduction in the overall number of distribution centers, an optimization of distribution by location, and completion of select automation investments intended to further streamline the Company' s cost structure and to maximize operating performance. In January 2024, the Company announced an organizational realignment which is expected to strengthen the Company' s front- end commercial capabilities, such as consumer understanding and brand communication, in support of the " where to play " and " how to win " choices the company unveiled in June of 2023. The Company expects to realize savings when fully implemented, however it will result in material charges and is expected to result in the elimination of approximately 7 % of office roles** . These initiatives may not be substantially completed in the expected timeframe, may be more costly to implement than expected, or may not fully achieve the anticipated cost savings. Such ~~programs~~ **initiatives** involve a significant amount of **capital expenditures,** organizational change **and execution risk** , which could have a negative impact on employee engagement, divert management' s attention from other initiatives, and if not properly managed, impact the Company' s ability to retain key employees, cause disruptions in the Company' s day- to- day operations and have a negative impact on the Company' s financial results **. In addition, the Company' s ongoing review of its operating footprint and non- core brands will likely result in future restructuring charges** . Further, the Company has pursued and may continue to pursue acquisitions of brands, businesses, or technologies from third parties. The Company' s success depends on its ability to integrate such acquired brands, businesses, or technologies, to continuously improve its manufacturing operations to gain efficiencies, to reduce supply chain costs and to streamline and redeploy nonstrategic selling, general and administrative expenses in order to produce products at a best- cost position and allow the Company to invest in innovation and brand building, including advertising and promotion. Future acquisitions could result in substantial additional debt, exposure to contingent liabilities, such as litigation or earn- out obligations, the potential impairment of goodwill or other intangible assets, or significant integration and transaction costs. The Company' s operations are dependent upon third- party vendors and suppliers whose failure to perform adequately could disrupt the Company' s business operations. The Company currently sources a significant portion of parts and products from third parties. The Company' s ability to select and retain reliable vendors and suppliers who provide timely deliveries of quality parts and products will impact the Company' s success in meeting customer demand for timely delivery of quality products. The ability of third- party suppliers to timely deliver finished goods and / or raw materials, and the ability of the Company' s own facilities to timely deliver finished goods, may be affected by events beyond their control, such as inability of shippers to timely deliver merchandise due to work stoppages or slowdowns, demand volatility or port congestion **, disruption from geopolitical conflicts** , unavailability of shipping containers or other equipment, or significant weather and health conditions affecting manufacturers and / or shippers. Any adverse change in the Company' s relationships with its third- party suppliers, the financial condition of third- party suppliers, the ability of third- party suppliers to manufacture and deliver outsourced parts or products on a timely basis, or the Company' s ability to import products from third- party suppliers or its own facilities could have a material adverse effect on the Company' s business, results of operations and financial condition. In addition, the financial condition of the Company' s vendors and suppliers may be adversely affected by general economic conditions, such as credit difficulties and the uncertain macroeconomic environment. In ~~addition, in~~ some instances **,** the Company maintains single- source or limited- source sourcing relationships, either because multiple sources are not available or the relationship is advantageous due to performance, quality, support, delivery, capacity or price considerations. For example, ~~certain businesses in~~ the Baby business unit ~~have~~ **within the Company' s Learning and Development segment has** a single source of supply for products that comprise a majority of ~~their~~ **its** sales and which owns intellectual property rights in respect ~~of~~ **to** many of those products. Any inability of the Company' s vendors and suppliers to timely deliver quality parts and products or any unanticipated change in supply, quality or pricing of products could be disruptive and costly to the Company. The Company may not be able to quickly or effectively replace any of its suppliers if the need arose, and it may be difficult to retrieve tooling and molds possessed by any of its third- party suppliers. The Company' s dependence on these few suppliers could also adversely affect its ability to react quickly and effectively to changes in the market for its products. A cyber- attack or failure of one or more key information technology systems, networks, processes, associated sites or service providers could have a material adverse impact on the Company' s business or reputation. The Company relies extensively on information technology (" IT ") systems, networks and services, including Internet sites, data hosting and processing facilities and tools and other hardware, software and technical applications and platforms, some of which are managed, hosted, provided and / or used by third parties or their vendors, to assist in conducting business. The various uses of these IT systems, networks and services include, but are not limited to: • ordering and managing materials from suppliers; • converting materials to finished products; • shipping products to customers; • marketing and selling products to consumers; • collecting and storing customer, consumer, employee, investor and other stakeholder information and personal data, including data that may be subject to data privacy laws, including but not limited to the General Data Protection Regulation of the European Union (" GDPR "), the California Consumer Privacy Act (" CCPA "), the California Privacy Rights Act (" CPRA ") **, the Colorado Privacy Act (" CPA "), Virginia Consumer Data Protection Act (" VCDPA "), the Utah Consumer Protection Act (" UCPA ")** or **the** General Law for Protection of Personal Data (" LGPD ") of Brazil; • processing transactions; • summarizing and reporting results of operations; • hosting, processing and sharing confidential and proprietary research, business plans and financial information; • complying with regulatory, legal or tax requirements; • providing data security; and • handling other processes necessary to manage the Company' s business. Increased IT security threats and cyber- crime, including advanced persistent threats, computer viruses, ransomware, other types of malicious code, hacking, phishing and social engineering schemes designed to provide access to the Company' s networks or data, pose a potential risk to the security of the Company' s IT systems, networks and services, as well as the confidentiality, availability and integrity of the Company' s data. Cyber threats are becoming more sophisticated, are constantly evolving and are being made by groups and individuals with a wide range of expertise and motives, increasing the difficulty of detecting and successfully defending against them. The Company deploys technical and organizational measures to protect and prevent unauthorized access to or loss of data, however, as techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target, the Company may be unable to anticipate these techniques or implement preventive measures. Furthermore, the Company' s relationships with, and access provided to, third parties and their vendors may create difficulties in anticipating and implementing adequate preventive measures or fully mitigating harms after an attack or breach occurs. The Company cannot guarantee that its security efforts will prevent attacks and resulting breaches or breakdowns of the Company' s, or its third- party service providers' databases or systems notwithstanding whether the Company takes reasonable steps to prevent such attacks. The Company' s operations, especially its retail operations, involve the storage and transmission of employees', customers' and consumers' personal and sensitive information, such as credit card and bank account numbers. The Company' s payment services may be subject to credit card and other payment fraud schemes, including unauthorized use of credit cards, debit cards or bank account information, identity theft or merchant fraud. If the IT systems, networks or service providers relied upon fail to function properly, or if the Company suffers a loss or disclosure of customers' and consumers' data, business or stakeholder information, due to any number of causes, ranging from catastrophic events to power outages to security breaches, or the inability to effectively address these failures on a timely basis, the Company may suffer interruptions in its ability to manage operations, a risk of government enforcement action, litigation and possible liability, and reputational, competitive and / or business harm, which may adversely impact the Company' s results of operations and / or financial condition. In addition, if the Company' s service providers, suppliers or customers experience a breach or unauthorized disclosure or system failure, their businesses could be disrupted or otherwise negatively affected, which may result in a disruption in the Company' s supply chain or reduced customer orders or other business operations, which would adversely affect the Company. The Company is subject to laws of various ~~countries~~ **jurisdictions** where it operates or does business related to solicitation, collection, processing, transferring, storing or use of consumer, customer, vendor or employee information or related data, including the GDPR which went into effect in May 2018, the CCPA, which went into effect on January 1, 2020, the LGPD which went into effect in August 2020, the CPRA **and VCDPA both of** which became operative in January 2023 **, the CPA which went into effect in July 2023, the UCPA having gone into effect on December 31, 2023,** and various **other** U. S. state level privacy regulations. The changes introduced by the GDPR, CCPA, LGPD, CPRA **, CPA** and **other** U. S. state laws increase the complexity of regulations enacted to protect business and personal data, subject the Company to additional costs and have required, and may in the future require, costly changes to the Company' s security systems, policies, procedures and practices. The Company' s operating results can be adversely affected by inflation, changes in the cost or availability of raw materials, labor, energy, transportation and other necessary supplies and services, as well as the impact of tariffs. ~~Competition~~ **The Company' s success is dependent, in part, on its continued ability to reduce its exposure to** ~~for~~ - **or mitigate the impact of increases in the cost of raw materials, finished goods, energy, transportation and other necessary supplies and services through a variety of programs, including periodic purchases, future delivery purchases, long- term contracts, sales price adjustments and certain derivative instruments, while maintaining and improving margins and market share. Significant inflation in the costs of** labor ~~is becoming more acute~~ **, finished goods, raw materials, energy** and **transportation** ~~we have experienced increased labor costs as~~ **has** ~~a~~ **negatively impacted, and will likely continue to negatively impact, the Company' s** ~~result~~ **results of operations** . There is no assurance that we will be able to fully offset any **such** cost increases through cost reduction programs or price increases of our products, especially given the competitive environment. If we generally are not able to sufficiently increase our pricing to offset these increased costs or if increased costs and prolonged inflation were to occur, it could materially and adversely affect our business, operating results and profitability. Sustained price increases may lead to declines in volume as competitors may not adjust their prices or customers may decide not to pay the higher prices, which could lead to sales declines and loss of market share. While we seek to project tradeoffs between price increases and volume, our projections may not accurately predict the volume impact of price increases. ~~In addition, volatility in certain commodity markets could significantly affect our production cost. In addition, the Company’ s success is dependent, in part, on its continued ability to reduce its exposure to or mitigate the impact of increases in the cost of raw materials, finished goods, energy, transportation and other necessary supplies and services through a variety of programs, including periodic purchases, future delivery purchases, long- term contracts, sales price adjustments and certain derivative instruments, while maintaining and improving margins and market share. Also, the Company relies on third- party manufacturers as a source for its products. These manufacturers are also subject to price volatility and labor cost and other inflationary pressures, which may, in turn, result in an increase in the amount the Company pays for sourced products. During periods of rising prices of raw materials, there can be no assurance that the Company will be able to pass any portion of such increases on to customers.~~ Conversely, when raw material prices decline, customer demands for lower prices could result in lower sale prices and, to the extent the Company has existing inventory, lower margins. As a result, fluctuations in raw material prices could have a material adverse effect on the Company’ s business, results of operations and financial condition. **In addition,** ~~Some~~ **some** of the products the Company manufactures require particular types of glass, metal, paper, plastic, resin, wax, wood or other materials. Supply shortages for a particular type of material can delay production or cause increases in the cost of manufacturing the Company’ s products. Pricing and availability of finished goods, raw materials, energy, transportation and other necessary supplies and services for use in the Company’ s businesses can be volatile due to numerous factors beyond its control, including general, domestic and international economic conditions, natural disasters, labor costs, production levels, competition, consumer demand, import duties and tariffs, currency exchange rates, international treaties, and changes in laws, regulations, and related interpretations. Specifically, evolving trade policies could continue to make sourcing products from foreign countries difficult and costly, as the Company sources a significant amount of its products from outside of the United States. Given the Company' s reliance upon non- domestic suppliers, any significant changes to the United States trade policies (and those of other countries in response) may cause a material adverse effect on its ability to source products from other countries or significantly increase the costs of obtaining such products, which could result in a material adverse effect on our financial results. Any additional tariffs on Chinese- origin goods, or on other certain products imported into the United States or ~~,~~ European Union **, such as** carbon import taxes could increase the cost of some **of** our products and reduce our margins. Unfavorable shifts in industry- wide demand for the Company’ s products could result in inventory valuation risk. The Company evaluates its ending inventories for excess quantities, impairment of value, and obsolescence. This evaluation includes analysis of sales levels by product and projections of future demand based upon input received from our customers, sales team, and management. If inventories on hand are in excess of demand or slow moving, appropriate write- downs may be recorded. In addition, the Company writes off inventories that are considered obsolete based upon changes in customer demand, product design changes **including those required by new product regulation,** that result in existing inventory obsolescence, or new product introductions, which eliminate demand for existing products. Remaining inventory balances are adjusted to approximate net realizable market value. If future demand or market conditions are less favorable than the Company’ s estimates, including the volatility of customer demand patterns and the impact of retailer inventory rebalancing in response to ~~softening~~ **soft** global demand, write- downs may be required. The Company cannot be certain that obsolete or excess inventories, which may result from unanticipated changes in the estimated total demand for its products, will not affect it beyond the inventory charges that have already been recorded. The Company may not be able to attract, retain and develop key talent. The Company’ s ability to successfully execute its turnaround plan and its future performance depends in significant part upon the continued service of its executive officers and other key leaders. The loss of the services of one or more executive officers or other key employees could have a material adverse effect on the Company’ s business, prospects, financial condition and results of operations. The Company’ s success also depends, in part, on its continuing ability to attract, retain and develop highly qualified talent. In ~~2022 and~~ 2023, the Company hired a new Chief Financial Officer ~~and~~ **, Chief Human Resources Officer,** President ~~,~~ **of** Brand Management and Innovation **and Segment CEO** ~~, respectively. Competition~~ for **Outdoor and Recreation** ~~such talent is intense~~ . Global competition for such ~~personnel~~ **talent** is intense and has increased in the recent past amidst emerging labor trends, including but not limited to increased remote work options. There can be no assurance that the Company can retain its key employees or attract, **engage,** retain or otherwise develop internally other highly qualified ~~personnel~~ **talent** in the future. Damage to the Company’ s reputation or loss of consumer confidence could have an adverse effect on the Company’ s business. Maintaining the Company’ s strong reputation with consumers, customers and suppliers worldwide is critical to the Company’ s continued success. Adverse publicity about the Company, its brands, corporate practices, or any other issue that may be associated with the Company, whether or not deserved, could jeopardize that reputation. Such adverse publicity could come from traditional sources such as government investigations or public or private litigation, but may also arise from negative comments on social media regarding the Company or its brands. Additionally, due to the scale and scope of our business, we must rely on relationships with third parties, including our suppliers, distributors, contractors, and other external business partners for certain functions. While we have policies and procedures for managing these relationships, they inherently involve less control over business operations, governance, and compliance, thereby potentially increasing our reputational and legal risk. If third parties fail to comply with our policies and procedures or similar compliance requirements set forth by our customers, the Company could potentially suffer significant losses of business and revenue from certain customers. Further, third parties sell counterfeit versions of some of our products, which are often inferior or may pose safety risks. As a result, consumers of our brands could confuse our products with these counterfeit products, which could cause them to refrain from purchasing our brands in the future and in turn could impair our brand equity. Finally, there has been an increased focus from certain investors, customers, consumers, employees, and other stakeholders concerning corporate citizenship and sustainability matters. From time to time, the Company announces certain initiatives regarding its focus areas, which may include environmental matters, diversity, inclusion and belonging, sustainability, packaging, responsible sourcing and social investments. In ~~2022~~ **2023**, the Company published its Corporate Citizenship Report which included updates on many of these focus areas and goals for certain areas. The Company could fail, or be perceived to fail, in its achievement of such initiatives and goals or it could fail in accurately reporting its progress on such initiatives and goals. In addition, the Company could be criticized for the scope of such initiatives or perceived as not acting responsibly in connection with these matters. The Company' s reputation and business could be negatively impacted by such developments or litigation may be filed against the Company resulting in significant expenses or investments to repair such impacts. Damage to the Company' s reputation or a loss of consumer confidence in the Company' s brands could adversely affect the Company' s business, results of operations, cash flows and financial condition as well as require resources to repair the harm. A deterioration in labor relations could adversely impact the Company' s global business. At December 31, ~~2022~~ **2023**, the Company had approximately ~~28~~ **24**, ~~000~~ **600** employees worldwide, a portion of which are covered by collective bargaining agreements or are located in countries that have collective arrangements decreed by statute. The Company periodically negotiates with certain unions and labor representatives and may be subject to work stoppages or may be unable to renew such collective bargaining agreements on the same or similar terms, or at all. Risks related to the strength of global retail, commercial and industrial sectors and changes in foreign, cultural, political and financial market conditions could impair the Company' s international operations and financial performance. The Company' s business depends on the strength of the retail, commercial and industrial sectors of the economy in various parts of the world, primarily in North America, and to a lesser extent Europe, Latin America and the Asia Pacific region. These sectors of the economy are affected primarily by factors such as consumer demand and the condition of the retail industry, which, in turn, can be affected by specific events or general economic conditions, including worldwide or country- specific economic instability. Continuing challenging global economic conditions, particularly outside of the U. S., and potential volatility in domestic and / or foreign equity markets, may result in considerable pressure on consumer demand, which may have an adverse effect on demand for the Company' s products, as well as its financial condition and results of operations. The Company could also be negatively impacted by economic crises in specific countries or regions. Such events could negatively impact the Company' s overall liquidity and / or create significant credit risks relative to its local customers and depository institutions. Consumer demand and the condition of these sectors of the economy may also be impacted by other external factors such as war, terrorism, geopolitical uncertainties, public health issues, natural disasters and other business interruptions. The impact of these external factors is difficult to predict, and one or more of these factors could adversely impact the Company' s business. Further, some of the Company' s operations are conducted or products are sold in countries where economic growth has slowed, or where economies have suffered economic, social and / or political instability or hyperinflation; or where the ability to repatriate funds has been significantly delayed or impaired. Current government economic and fiscal policies in these economies, including stimulus measures and currency exchange rates and controls, may not be sustainable and, as a result, the Company' s sales or profits related to those countries may decline. The economies of other foreign countries important to the Company' s operations could also suffer slower economic growth or economic, social and / or political instability or hyperinflation in the future. The Company' s international operations (and particularly its business in emerging markets), including manufacturing and sourcing operations (and the international operations of the Company' s customers), are subject to inherent risks which could adversely affect the Company, including, among other things: • protectionist policies restricting or impairing the manufacturing, sales or import and export of the Company' s products, including tariffs and countermeasures; • new restrictions on access to markets; • lack of developed infrastructure; • inflation (including hyperinflation) or recession; • devaluations or fluctuations in the value of currencies; • changes in and the burdens and costs of compliance with a variety of laws and regulations, including the Foreign Corrupt Practices Act, tax laws, accounting standards, trade protection measures and import and export licensing requirements, environmental laws and occupational health and safety laws; • social, political or economic instability; • acts of war and terrorism; • natural disasters or other crises; • reduced protection of intellectual property rights; • restrictions on transfer of funds and / or exchange of currencies; • expropriation of assets or forced relocations of operations; and • other adverse changes in policies, including monetary, tax and / or lending policies, encouraging foreign investment or foreign trade by host countries. In addition, our global operations expose us to risks associated with public health crises, such as pandemics and epidemics, which could harm our business and cause our operational results to suffer. Further, the United Kingdom exited the European Union in 2020 **(" Brexit ")** and entered into a trade and cooperation agreement with the European Union in 2021. The trade agreement offers United Kingdom and European Union businesses preferential access to each other' s markets, ensuring imported goods will be free of tariffs and quotas. However, economic relations between the United Kingdom and the European Union are now on more restricted terms than before and there remains uncertainty around the post- Brexit regulatory environment. Brexit may also lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which E. U. laws to replace or replicate, and those laws and regulations may be cumbersome, difficult or costly in terms of compliance. Any of these effects of Brexit, among others, could adversely affect our business, financial condition, operating results and cash flows. Additionally, if a potential devaluation of the local currencies of our international customers relative to the U. S. dollar occurs, it may impair the purchasing power of our international customers and could cause international customers to decrease their volume of orders or cancel orders completely. Should any of these risks occur, the Company' s ability to manufacture, source, sell or export its products or repatriate profits could be impaired. In addition, the Company could experience a loss of sales and profitability from its international operations and / or the Company could experience a substantial impairment or loss of assets. Financial Risks The Company has substantial indebtedness, which could materially and adversely affect the Company and its financial position, including decreasing its business flexibility, impacting its ratings and increasing its borrowing costs. At December 31, ~~2022~~ **2023**, the Company had $ ~~5.~~ 4 **. 9** billion in outstanding debt, reflecting ~~an~~ **a** ~~increase~~ **decrease** of approximately $ ~~490~~ **500** million versus December 31, ~~2021~~ **2022**. The Company' s substantial indebtedness has, and could continue to have, important consequences for the Company, including: • requiring the Company to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness, which reduces the availability of its cash flow to fund working capital requirements, capital expenditures, future acquisitions, dividends, repurchases of the Company' s common stock and other general corporate purposes; • limiting the Company' s flexibility in planning for, or reacting to, adverse business and economic conditions or changes in the Company' s business and the industries in which it operates; • placing the Company at a competitive disadvantage compared to its competitors that have less debt; **•** limiting its ability to borrow additional funds; and • requiring the Company to comply with financial and non- financial covenants in its debt documents that **may place restrictions on business activities and** , if breached, subject the Company to cross- default and acceleration provisions. In addition, if the Company is unable to timely reduce its level of indebtedness, the Company will be subject to increased demands on its cash resources, which could increase its total debt- to- capitalization ratios, decrease its interest coverage ratios, lower its credit ratings, result in a breach of covenants or otherwise adversely affect the business and financial results of the Company going forward. An increase in interest rates could have a material adverse effect on the Company' s business. While the majority of the Company' s debt is fixed, fluctuations in interest rates can increase borrowing costs on the portion that is variable, and interest rate increases on this portion of the Company' s debt could have a material adverse effect on the Company' s business. ~~Indeed, increases~~ **Increases** in interest rates would ~~increase~~ **raise** the cost of servicing our debt and could reduce our profitability and cash flows. In response to the last global economic recession, extraordinary monetary policy actions of the U. S. Federal Reserve and other central banking institutions, including the utilization of quantitative easing, were taken to create and maintain a low interest rate environment. ~~However, the U. S. Federal Reserve raised its benchmark interest rate nine times from December 2015 through the end of 2018, including four times in 2018, each time by a quarter of a percentage point, before reducing interest rates in 2019 three times. In response to the COVID- 19 pandemic, the U. S. Federal Reserve reduced its benchmark interest rate to 0 % in March 2020 before voting in November 2020 to keep short- term interest rates anchored in a range between 0 % and 0. 25 %. After holding rates constant in 2021 to support its policy of pandemic relief, the U. S. Federal Reserve, in response to significant inflation, began its policy of increasing the target federal funds rate from effectively zero.~~ During ~~2022~~ **2023** , the U. S. Federal Reserve raised the targeted federal funds rate ~~seven~~ **four** times for a total of ~~425~~ **100** basis points resulting in a target range of ~~4~~ **5** . 25 % to ~~4.~~ 5 **. 50** %. The policy statements, decisions and actions of the U. S. Federal Reserve are uncertain and subject to change depending on economic conditions. Any change in the fiscal policies or stated target interest rates of the U. S. Federal Reserve or other central banking institutions, or market expectations of such change, are difficult to predict and may result in significantly higher long- term interest rates. Such a transition may be abrupt and may, among other things, reduce the availability and / or increase the costs of **issuing new Senior Notes,** obtaining new debt and refinancing existing indebtedness. Reductions in the Company' s credit ratings could materially and adversely affect its business **, availability of future borrowings** , financial condition and results of operations. The Company' s credit ratings impact the cost and availability of future borrowings and, accordingly, the Company' s cost of capital. The Company' s credit ratings reflect each rating organization' s opinion of its financial strength, operating performance and ability to meet its debt obligations. The credit ratings assigned to the Company also impact the interest rates paid on short- and long- term financing. On ~~November~~ **August 21, 2023, Moody' s Corporation (" Moody' s ") downgraded the Company' s debt ratings to " Ba2 ". As a result of Moody' s downgrade, certain of the Company' s outstanding senior notes currently aggregating to approximately $ 3.** 1 **billion (the " Coupon- Step Notes ") are subject to an interest rate adjustment of 25 basis points. The change to the interest rate due to the downgrade will increase the Company' s interest expense by approximately $ 8 million on an annualized basis (approximately $ 2 million in 2023). On February 9** , ~~2019~~ **2024, Moody' s downgraded the Company' s senior unsecured debt rating to " Ba3 ", subjecting the Coupon- Step Notes to an additional interest rate adjustment of 25 basis points. The change to the interest rate due to the downgrade will further increase the Company' s interest expense by approximately $ 8 million on an annualized basis (approximately $ 6 million in 2024). On August 3, 2023** , S & P Global Inc. (" S & P ") downgraded the Company' s debt ~~rating~~ **ratings to " BB ". In March 2023, S & P had also downgraded the Company' s debt ratings** to " BB " ~~as~~ **. As a result of the** S & P ~~believed~~ **downgrades,** the Company ~~would fail~~ **' s Coupon- Step Notes are subject** to ~~meet~~ **an aggregated interest rate adjustment of 50 basis points. The change to the interest rate due to the downgrade will increase the Company' s interest expense by approximately $ 15 million on an annualized basis (approximately $ 8 million in 2023). Furthermore, as a result of the March** S & P ~~' s target debt level for 2019. In addition, on March 9, 2020, Moody' s Corporation (" Moody' s ") downgraded the Company' s debt rating to " Ba1 " based on a view that the Company would fail to meet Moody' s target debt level for 2020. As a result of the S & P and Moody' s downgrades, certain of the Company' s outstanding senior notes were subject to an interest rate adjustment of 25 basis points for each~~ downgrade ~~, totaling 50 basis points. In addition~~ , the Company' s ability to borrow from the commercial paper market on terms it ~~deemed~~ **deems** acceptable or favorable was eliminated ~~and its cost of borrowing increased~~ . On February ~~11~~ **14** , ~~2022~~ **2024** , S & P ~~Global Inc. (~~ **downgraded the Company' s debt ratings to** " ~~S & P ") upgraded the Company' s debt rating to " BBB-~~ **BB** - " ~~from " BB " as S & P believed the Company has been able to achieve S & P' s target debt level. As a result of this upgrade~~ , **subjecting** the Company ~~has been in a position~~ **' s Coupon- Step Notes** to ~~access the commercial paper market, and~~ - **an** ~~the~~ **additional** interest ~~rates~~ - **rate adjustment** ~~on certain~~ of ~~its outstanding senior notes were reduced by~~ 25 basis points **, which will increase interest expense by approximately $ 8 million** on an annualized basis **(approximately $ 6 million** ~~. However, any future downgrade by S & P below " BBB- " or further downgrade by Moody' s would further increase the Company' s borrowing costs and continue to adversely affect the Company' s financial results. In addition,~~ in **2024)** ~~the event of a future reduction in credit rating, the Company would likely be required to pay a higher interest rate in future financings, and its potential pool of investors and funding sources could decrease. If the Company' s short- term ratings were to be further lowered, it would limit, or eliminate entirely, the Company' s access to the commercial paper market. See Liquidity and Capital Resources in Item 7~~ . On February 14, 2023, Fitch Ratings downgraded the Company' s ~~debt~~ **Long- Term Issuer Default** ~~rating~~ **Rating** to " BB " **, then to " B " on November 1, 2023** . ~~This~~ **These** ~~downgrade~~ **downgrades** ~~does~~

did not impact the interest rates on any of the Company ~~'~~ **'** s senior notes **. See Liquidity and Capital Resources in Item 7** . The ratings from credit agencies are not recommendations to buy, sell or hold the Company' s securities, and each rating should be evaluated independently of any other rating. Failure to **remediate the material weaknesses in our internal control over financial reporting or our inability to** maintain effective internal control over financial reporting **,** could result in material misstatements in our financial statements, and our failure to meet our reporting and financial obligations, which in turn could have a negative impact on our financial condition. The Company is required by the SEC to establish and maintain effective internal control over financial reporting that provides reasonable assurance regarding the reliability of its financial reporting and the preparation of financial statements in accordance with U. S. GAAP. Our internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. The Company **did not maintain effective controls over the reviews of significant assumptions used in the impairment assessment of goodwill, indefinite- lived tradenames and long- lived assets. Specifically, the control activities related to the reviews of the significant assumptions utilized in the impairment assessments were not executed, as designed, at the appropriate level of precision to prevent or detect a material misstatement. These control deficiencies resulted in management adjustments to the impairment loss and the other intangible assets, net accounts, prior to the issuance of the Company' s financial statements. These control deficiencies could result in a material misstatement of the goodwill, indefinite- lived tradenames, long- lived assets and the related accounts and disclosures in the annual or interim consolidated financial statements. Accordingly, our management** has **determined that** ~~experienced, and in the~~ **these control deficiencies constitute** ~~future may experience again,~~ material weaknesses ~~along~~ **. The Company' s management,** with ~~potential problems implementing and maintaining adequate~~ **the oversight of the Audit Committee of the Board, is updating our** internal **processes and** controls ~~. Failure~~ to ~~maintain~~ **strengthen their effectiveness and has developed a remediation plan, which includes the following actions: • Identifying additional resources to assist in the preparation and reviews of significant assumptions used in the impairment assessments; and • Improving the development of sufficient supporting documentation related to reviews over significant assumptions associated with the Company' s impairment assessments. The material weaknesses will not be considered remediated until management designs and implements** effective ~~internal~~ controls **that operate for a sufficient period of time and management has concluded** , ~~including any~~ **through testing, that these controls are effective. The Company will monitor the effectiveness of its remediation plan and will refine its remediation plan, as needed. We can give no assurance that the measures we take will remediate the material weaknesses or that additional material weaknesses will not arise in the future. Any** failure to ~~implement required~~ **remediate the material weaknesses, or the identification of** new **material weaknesses** ~~or improved controls, could result~~ in our ~~inability to conclude that the Company has effective~~ internal control over financial reporting ~~. If the Company cannot meet its~~ **, could result in material misstatements in our** financial **statements that may continue undetected** ~~reporting obligations in a timely and reliable manner~~ , **negatively impact** ~~or prevent fraud,~~ the public perception of the Company and ~~its~~ **our** securities ~~may be~~ **and cause us to fail to meet our reporting and financial obligations or incur significant additional costs to remediate the material weakness, each of which could** ~~harmed~~ -- **harm our ability** ~~, and it may be unable~~ to raise capital on favorable terms in the future or otherwise ~~, which could~~ have a negative impact on **our** ~~the Company' s~~ financial condition. Continued declines in the future expected cash flows for the Company' s businesses or changes to underlying assumptions used to calculate fair value could result in additional impairment charges which could have a material adverse effect on the Company' s financial results of operations. The Company is required under U. S. GAAP to review its long- lived assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, and are also required to conduct impairment tests on goodwill and other indefinite- lived intangible assets annually or more frequently, if circumstances indicate that the carrying value may not be recoverable or that an other- than- temporary impairment exists. During the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , the Company recorded non- cash impairment charges related to goodwill and indefinite- lived intangibles of $ **339 million, $** 474 million ~~,~~ **and** $ 60 million ~~and $ 1. 5 billion~~ , respectively. Future events or factors may occur that would adversely affect the fair value of the Company' s assets and require impairment charges **,** ~~. Such events or factors may include~~ **including** , but ~~are~~ not limited to, divestitures of certain businesses or product lines, strategic decisions made in response to changes in economic and competitive conditions, the impact of the economic environment on the Company' s sales and customer base, a material adverse change in the Company' s relationship with significant customers or business partners, or a sustained decline in the Company' s stock price. In the event any such impairment indicators become known or are present, the Company may be required to perform impairment tests based on changes in the economic environment and other factors, and these tests could result in impairment charges in the future. **As** ~~Given the Company' s recent history of impairment charges,~~ there is minimal difference between the estimated fair values and the carrying values of some of ~~its~~ **the Company' s** intangible assets **as a result** ~~, increasing the possibility~~ of **recent impairment charges,** future impairment charges **may occur** . See Critical Accounting Estimates in Item 7 and Footnotes 1 and 7 of Notes to Consolidated Financial Statements. The Company is exposed to both foreign currency translation and transaction risks that may materially adversely affect the Company' s operating results, financial condition and liquidity. The reporting currency for the Company' s financial statements is the U. S. dollar and it has substantial assets, liabilities, revenues and costs denominated in currencies other than U. S. dollars. The preparation of the Company' s Consolidated Financial Statements requires translation of those assets, liabilities, revenues and expenses into U. S. dollars at then- applicable exchange rates. Consequently, increases and decreases in the value of the U. S. dollar versus other currencies will affect the amount of these items in the Company' s Consolidated Financial Statements, even if their value has not changed in their original currency. These translations could result in significant changes to the Company' s results of operations from period to period. Although the Company may employ, at times, a variety of techniques to mitigate the impact of exchange rate fluctuations, including foreign currency hedging activities, it cannot guarantee that such risk management strategies will be effective, and its financial condition or results of operations could be adversely impacted. In addition, foreign currency transaction risk arises when the Company and its subsidiaries enter into transactions where the settlement occurs in a currency other than its functional currency **. The Company continues to recognize foreign exchange losses related to the currency devaluation in Argentina and its designation as a hyperinflationary economy** . Exchange differences (gains and losses) arising on the settlement of monetary items or on translation of monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the Consolidated Statement of Operations in the period in which they arise. Although the Company may employ, at times, a variety of techniques to mitigate the impact of foreign currency transaction risk, including the hedging of forecasted cash inflows and outflows, it cannot guarantee that such risk management strategies will be effective, and its financial condition or results of operations could be adversely impacted. See Management' s Discussion and Analysis of Financial Condition and Results of Operations and Footnote 10 of the Notes to Consolidated Financial Statements for further information. Circumstances associated with divestitures and **brand or** product line exits could adversely affect the Company' s results of operations and financial condition. The Company may decide to sell or discontinue **or exit** certain **brands,** businesses or product lines in the future based on an evaluation of performance and strategic fit ~~. On March 31, 2022, the Company sold its CH & S business unit to Resideo Technologies, Inc., for a purchase price of $ 593 million, subject to customary working capital and transaction adjustments~~ . Divestitures or discontinuations of businesses or products may result in asset impairments, including those related to goodwill and other intangible assets, and losses upon disposition, both of which could have an adverse effect on the Company' s results of operations and financial condition. In addition, the Company may encounter difficulty in finding buyers or executing alternative exit strategies at acceptable prices and terms and in a timely manner, and prospective buyers may have difficulty obtaining financing. Past and future divestitures and business discontinuations also involve additional risks, including the following: • difficulties in the separation of operations, services, products and personnel; • the retention of certain current or future liabilities in order to induce a buyer to complete a divestiture; • the disruption of the Company' s business; • the potential loss of key employees; and • disputes or litigation with the buyers. The Company may not be successful in managing these or any other significant risks that it may encounter in divesting ~~or~~ **,** discontinuing **or exiting** a **brand,** business or ~~exiting~~ product ~~lines~~ **line** , which could have a material adverse effect on its business. Legal, Tax and Regulatory Risks Governmental investigations or actions by other third parties could have a material adverse effect on management and the Company' s business operations. The Company is subject to various federal, state and foreign laws and regulations. As further described in Footnote 18 of the Notes to the Consolidated Financial Statements, the Company is also subject to third party litigation. The potential outcomes of third-party litigation, if insured, could exceed policy limits, resulting in significant costs and expenses. The Company could be responsible for any settlement or judgment over the amount of available insurance coverage or for the entire settlement or judgment, if not insured. In the ordinary course of business, the Company is also subject to formal and informal regulatory and governmental examinations, subpoenas, requests for documents, testimony or information, inquiries, investigations, threatened legal actions and proceedings. The Company previously disclosed that it had received a subpoena and related informal document requests from the ~~U. S. Securities and Exchange Commission (the "~~ SEC ~~")~~ primarily relating to its sales practices and certain accounting matters for the time period beginning from January 1, 2016. ~~The~~ **On September 29, 2023, the** Company ~~cooperated~~ **entered into a settlement** with the SEC ~~in connection with its~~ **, which concluded the** investigation **of** ~~and requests for documents, testimony and information. In late January 2023,~~ the Company ~~began discussing with~~ **. Under the terms of the settlement, the Company neither admitted nor denied** the SEC ~~the possibility of reaching~~ **' s findings and paid** a ~~settlement to resolve the investigation~~ **civil penalty of approximately $ 13 million** , which ~~now focuses~~ **did not have a material effect** on the ~~time period between the third quarter of 2016 through the second quarter of 2017. Further, on June 30, 2021, the~~ Company **' s Consolidated Financial Statements** ~~received a subpoena from the SEC requesting the production of documents relating to disclosures on the potential impact of U. S. Treasury regulations, as further described below~~ . Responding to governmental investigations, voluntary document requests, subpoenas or actions by regulatory bodies may be time- consuming, expensive and disruptive to the Company' s operations and could divert the attention of management and key personnel from the Company' s business operations. ~~See Footnote 18 of the Notes to Consolidated Financial Statements for further information.~~ The Company' s businesses and operations are subject to regulation in the U. S. and abroad. Changes in laws, regulations and related interpretations may alter the environment in which the Company does business. This includes changes in environmental, data privacy, competitive and product- related laws, as well as changes in accounting standards, taxation and other regulations. Accordingly, the Company' s ability to manage regulatory, tax and legal matters (including environmental, human resource, product liability, patent and other intellectual property matters), and to resolve pending legal and environmental matters without significant liability could require the Company to record significant reserves in excess of amounts accrued to date or pay significant fines during a reporting period, which could materially impact the Company' s results. In addition, new regulations may be enacted in the U. S. or abroad that may require the Company to incur additional personnel- related, environmental or other costs on an ongoing basis, significantly restrict the Company' s ability to sell certain products, or incur fines or penalties for noncompliance, any of which could adversely affect the Company' s results of operations. As a U. S.- based multinational company, the Company is also subject to tax regulations in the U. S. and multiple foreign jurisdictions, some of which are interdependent. For example, certain income that is earned and taxed in countries outside the U. S. may not be taxed in the U. S. until those earnings are actually repatriated or deemed repatriated. If these or other tax regulations should change, the Company' s financial results could be impacted **. Furthermore, the Organization for Economic Co- operation and Development (the " OECD ") has introduced a framework to implement a global minimum corporate tax of 15 %, referred to as Pillar Two. Many aspects of Pillar Two are effective as of January 1, 2024, with certain remaining aspects to be effective beginning January 1, 2025 or later. While it is uncertain whether the U. S. will enact legislation to adopt Pillar Two, certain**

countries in which we operate have adopted legislation, and other countries are in the process of introducing legislation to implement Pillar Two. While we do not currently expect Pillar Two to have a material impact on our effective tax rate, our analysis is ongoing as the OECD continues to release guidance and countries implement legislation . On June 18, 2019, the U. S. Treasury and the Internal Revenue Service (" IRS ") released temporary regulations under IRC Section 245A (" Section 245A ") as enacted by the 2017 U. S. Tax Reform Legislation (" 2017 Tax Reform ") and IRC Section 954 (c) (6) (the " Temporary Regulations ") to apply retroactively to the date the 2017 Tax Reform was enacted. On August 21, 2020, the U. S. Treasury and IRS released finalized versions of the Temporary Regulations (collectively with the Temporary Regulations, the " Regulations "). The Regulations seek to limit the 100 % dividends received deduction permitted by Section 245A for certain dividends received from controlled foreign corporations and to limit the applicability of the look- through exception to foreign personal holding company income for certain dividends received from controlled foreign corporations. Before the retroactive application of the Regulations, the Company benefited in 2018 from both the 100 % dividends received deduction and the look- through exception to foreign personal holding company income. The Company analyzed the Regulations and concluded the relevant Regulations were not validly issued. Therefore, the Company has not accounted for the effects of the Regulations in its Consolidated Financial Statements for the period ending December 31, ~~2022~~ **2023** . The Company believes it has strong arguments in favor of its position and believes it has met the more likely than not recognition threshold that its position will be sustained. However, due to the inherent uncertainty involved in challenging the validity of regulations as well as a potential litigation process, there can be no assurances that the relevant Regulations will be invalidated or that a court of law will rule in favor of the Company. If the Company' s position on the Regulations is not sustained, the Company would be required to recognize an income tax expense of approximately $ 180 million to $ 220 million related to an income tax benefit from fiscal year 2018 that was recorded based on regulations in existence at the time. In addition, the Company may be required to pay any applicable interest and penalties. The Company believes it has strong arguments in favor of its position and believes it has met the more likely than not recognition threshold that its position will be sustained. However, due to the inherent uncertainty involved in challenging the validity of regulations as well as a potential litigation process, there can be no assurances that the relevant Regulations will be invalidated or that a court of law will rule in favor of the Company. ~~See Footnote 12 of the Notes to Consolidated Financial Statements.~~ The resolution of the Company' s tax contingencies may result in additional tax liabilities, which could adversely impact the Company' s cash flows and results of operations. The Company is subject to income tax in the U. S. and numerous jurisdictions internationally. Significant estimation and judgment are required in determining the Company' s worldwide provision for income taxes. In the ordinary course of the Company' s business, there are many transactions and calculations where the ultimate tax determination is uncertain. The Company is regularly under audit by various worldwide tax authorities. Although the Company believes its tax estimates are reasonable, the final outcome of tax audits and related litigation could be materially different than that reflected in its historical income tax provisions and accruals. There can be no assurance that the resolution of any audits or litigation will not have an adverse effect on future operating results. The Company may incur significant costs in order to comply with environmental remediation obligations. In addition to operational standards, environmental laws also impose obligations on various entities to investigate and / or clean up contaminated properties or to pay for the cost of such activities, often upon parties that did not actually cause the contamination. Accordingly, the Company may be liable, either contractually or by operation of law, for investigation and / or remediation costs even if the contaminated property is not presently owned or operated by the Company, is a landfill or other location where it has disposed of wastes, or if the contamination was caused by third parties during or prior to the Company' s ownership or operation of the property. Given the nature of the past industrial operations conducted by the Company and others at these properties, there can be no assurance that all potential instances of soil or groundwater contamination have been identified, even for those properties where an environmental site assessment has been conducted. The Company does not believe that any of the Company' s existing obligations, including at third- party sites where it has been named a potentially responsible party, will have a material adverse effect upon its business, results of operations or financial condition. However, future events, such as changes in existing laws or policies or their enforcement, or the discovery of currently unknown contamination, may give rise to additional remediation liabilities that may be material. **See** ~~Environmental Matters are described further in~~ Footnote 18 of the Notes to Consolidated Financial Statements for a further discussion of these and other environmental- related matters. The Company' s business involves the potential for product recalls, product liability and other claims against it, which could affect its earnings and financial condition. As a manufacturer and distributor of consumer products, the Company is subject to the U. S. Consumer Products Safety Act of 1972, as amended by the Consumer Product Safety Improvement Act of 2008, which empowers the U. S. Consumer Products Safety Commission to exclude from the market products that are found to be unsafe or hazardous, and similar laws under foreign jurisdictions. Under certain circumstances, the Consumer Products Safety Commission or a comparable foreign agency could require the Company to repurchase or recall one or more of its products. Additionally, other laws and agencies, such as the National Highway Traffic Safety Administration, regulate certain consumer products sold by the Company in the United States and abroad, and more restrictive laws and regulations may be adopted in the future. From time to time, the Company has announced voluntary recalls of its products where it has identified potential product safety concerns. ~~Any repurchase or recall of the Company' s products could be costly and damaging to the Company' s reputation.~~ When the Company is required to remove, or voluntarily removes, its products from the market, ~~the Company' s reputation could be tarnished and~~ the Company might have large quantities of finished products that it ~~could not~~ **is unable to** sell. The Company also faces exposure to product liability claims if one of its products is alleged to have resulted in property damage, bodily injury or other adverse effects. In addition to the risk of substantial monetary judgments or fines or penalties that may result from any governmental investigations, product liability claims or regulatory actions could result in negative publicity that could harm the Company' s reputation in the marketplace, adversely impact the value of its end- user brands, or result in an increase in the cost of producing the Company' s products. Similar to product liability claims, the Company faces exposure to class action lawsuits related to the performance, safety or advertising of its products. Such class action suits could result in substantial monetary judgments and, injunctions related to the sale of products and could potentially tarnish the Company' s reputation. Although the Company maintains product liability insurance in amounts that it believes are reasonable, that insurance is, in most cases, subject to significant self- insured retentions for which the Company is responsible, and the Company cannot assure you that it will be able to maintain such insurance on acceptable terms, if at all, in the future or that product liability claims will not exceed the amount of insurance coverage. The Company does not maintain insurance against many types of claims involving alleged product defects other than personal injury or property damage. Additionally, the Company does not maintain product recall insurance and may not have insurance coverage for claims asserted in consumer class action lawsuits that seek monetary compensation unrelated to personal injury and / or property damage, such as claims related to the marketing or warranty of the product ~~. As a result, product recalls, product liability claims and other product- related claims could have a material adverse effect on the Company' s business, results of operations and financial condition~~ . The Company spends substantial resources ensuring compliance with governmental and other applicable standards. However, compliance with these standards does not necessarily prevent individual or class action lawsuits, which can entail significant cost and risk. As a result, these types of claims could have a material adverse effect on the Company' s business, results of operations and financial condition. The Company' s product liability insurance program is an occurrence- based program based on its current and historical claims experience and the availability and cost of insurance. The Company currently either self- insures or administers a high retention insurance program for most product liability risks. Historically, product liability awards have rarely exceeded the Company' s individual per occurrence self- insured retention. The Company cannot give assurance, however, that its future product liability experience will be consistent with its past experience or that claims and awards subject to self- insured retention will not be material. See Footnote 18 of the Notes to Consolidated Financial Statements for a further discussion of these and other regulatory and litigation- related matters. If the Company fails to adequately protect its intellectual property rights, competitors may manufacture and market the same or similar products, which could adversely affect the Company' s market share and results of operations. The Company' s success with its proprietary products depends, in part, on its ability to protect its current and future technologies and products and to defend its intellectual property rights, including its patent, trade secret and trademark rights. If the Company fails to adequately protect its intellectual property rights, competitors may manufacture and market the same or similar products **, or the incidence of counterfeit products may increase** . The Company holds numerous design and utility patents covering a wide variety of products. The Company cannot be sure that it will receive patents for any of its innovations or that any existing or future patents that it receives or licenses will provide competitive advantages for its products. The Company also cannot be sure that competitors will not challenge and potentially invalidate any existing or future patents that the Company receives or licenses. In addition, patent rights may not prevent competitors from developing, using or selling products that are similar or functionally equivalent to the Company' s products. If the Company is found to have infringed the intellectual property rights of others or cannot obtain necessary intellectual property rights from others, its competitiveness could be negatively impaired. If the Company is found to have violated the trademark, trade secret, copyright, patent or other intellectual property rights of others, directly or indirectly, such a finding could result in the need to cease use of such intellectual property in the Company' s business, as well as the obligation to pay for past infringement. If rights holders are willing to permit the Company to continue to use such intellectual property rights, they could require a payment of a substantial amount for such continued use. Either ceasing use or paying such amounts could cause the Company to become less competitive and could have a material adverse effect on the Company' s business, financial condition, and results of operations. Even if the Company is not found to infringe a third party' s intellectual property rights, claims of infringement could adversely affect the Company' s business. The Company could incur significant legal costs and related expenses to defend against such claims, and the Company could incur significant costs associated with discontinuing to use, provide, or manufacture certain products, or services even if it is ultimately found not to have infringed such rights. Climate change and increased focus by governmental and non- governmental organizations and customers on sustainability issues, including those related to climate change, may adversely affect our business and financial results. ~~Certain scientists have concluded that increasing~~ **Increasing** concentrations of greenhouse gases in the Earth' s atmosphere may produce **changes in the** climate ~~changes~~ that could have significant physical effects, such as increased frequency and severity of storms, droughts, floods, wildfires and other climatic events. Increased frequency of extreme weather could cause increased incidence of disruption to the production and distribution of our products at these locations. Increasing natural disasters in connection with climate change could also be a direct threat to our third- party vendors, service providers or other stakeholders, including disruptions of supply chains or information technology or other necessary services for our Company. Federal, state, and local governments, as well as some of our customers, are beginning to respond to climate change issues. This increased focus on sustainability is resulting in new legislations, regulations and customer requirements that could negatively affect us, as we may incur additional costs or be required to make changes to our operations in order to comply with any new regulations or customer requirements. Legislation or regulations that potentially impose restrictions, caps, taxes, or other controls on emissions of greenhouse gases such as carbon dioxide, a by- product of burning fossil fuels such as those used in the Company' s supply chain, could adversely affect our operations and financial results. More specifically, legislative, or regulatory actions related to climate change could adversely impact the Company by increasing our energy costs and reducing fuel efficiency and could result in the creation of substantial additional capital expenditures and operating costs in the form of taxes, emissions allowances, or required equipment upgrades. Any of these factors could impair our operating efficiency and productivity and result in higher operating costs. In addition, revenues could decrease if we are unable to meet regulatory or customer sustainability requirements. These additional costs, changes in operations, or loss of revenues could have a material adverse effect on our business, financial condition, and results of operations.