Risk Factors Comparison 2024-03-06 to 2023-03-02 Form: 10-K

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Our business is subject to a variety of risks and uncertainties, including, but not limited to, the risks and uncertainties described below. If any of the following risks occur, our business' s financial condition, cash flows, liquidity and results of operations may be negatively impacted, and we may not be able to achieve our quarterly, annual or long- range plans. Additional risks and uncertainties not known to us or not described below may also negatively impact our business and results of operations. You should carefully consider the following risks before you decide to purchase our common stock. If any of the following risks actually occur, our business, results of operations, and financial condition could be materially adversely affected, the value of our common stock could decline, and you may lose all or part of your investment. Risk Factors Summary The following is a summary of the principal factors that make an investment in our common stock speculative or risky **. • While the Merger Agreement is in effect, we are subject to certain interim covenants. • If the Merger is consummated, the combined company may not perform as we expect or the market expects, which could have an adverse effect on the price of First Advantage common stock, which our current stockholders will own following the completion of the Merger in accordance with the terms of the Merger Agreement. • The number of shares of First Advantage common stock issuable in the Merger in respect of one share of our common stock is fixed and will not be adjusted. Because the market price of First Advantage common stock may fluctuate, Sterling stockholders who elect to receive the Stock Consideration (or who elect to receive the Cash Consideration but are subject to proration) cannot be sure of the market value of the Stock Consideration they will receive in exchange for their Sterling shares in connection with the Merger. • The announcement and pendency of the Merger may result in disruptions to our business, and the Merger could divert management' s attention, disrupt our relationships with third parties and employees, and result in negative publicity or legal proceedings, any of which could negatively impact our operating results and ongoing business. • The Merger may not be completed within the expected timeframe, or at all, for a variety of reasons, including the possibility that the Merger Agreement is terminated prior to the consummation of the Merger, and the failure to complete the Merger could adversely affect our business, results of operations, financial condition, and the market price of our common stock** . • We could face liability based on the nature of our services and the information we report or fail to report in our background screening, which may not be covered or fully covered by insurance. • We are subject to significant governmental regulation, and changes in law or regulation, or a failure to correctly identify, interpret, comply with and reconcile the laws and regulations to which we are subject, could result in substantial liability or materially adversely affect our product and service offerings, revenue or profitability. • Our international operations subject us to a broad range of laws and regulations that may be difficult to manage and could expose us to numerous risks that, individually or together, could materially and adversely affect our business. • Failure to comply with economic sanctions, anti- corruption and anti- money laundering laws and similar laws primarily associated with our activities outside of the U. S. could subject us to penalties and other material adverse consequences. • We collect, host, store, transfer, disclose, use, secure, retain and dispose of personal information. Security breaches may result in the disclosure of personal information (as well as confidential information) and improper use of such information may negatively affect our business and harm our reputation. • Failure to comply with privacy, data protection and cybersecurity laws and regulations could have a materially adverse effect on our reputation, results of operations or financial condition, or have other material adverse consequences. • If a third party asserts that we are infringing its intellectual property, whether successful or not, it could subject us to costly and time- consuming litigation or expensive licenses, and our business may be harmed. • If our trademarks, trade names, and confidential information are not adequately protected, we may lose our competitive advantage in our target markets. • Our growth depends on the success of our strategic relationships with third parties as well as our ability to successfully integrate our applications with a variety of third- party technologies. • The success of our business depends in part on our relationships with our partners and vendors. • A failure, disruption, including any disruption tied to the transition to any new technologies, or change to the cost of the technologies that we utilize could have a materially adverse effect on our business and results of operations. • Systems failures, interruptions or delays in service, including due to natural disasters or other catastrophic events, could delay and disrupt our services, which could materially harm our business and reputation. • Our business, financial condition and results of operations could be materially adversely affected by unfavorable conditions in the general economy. • Our business, financial condition and results of operations are subject to the effects of a rising rate of inflation. • We are subject to significant competition, and if we fail to compete successfully, our sales could decline and our business, financial condition and results of operations could be materially adversely affected. • A significant portion of our fulfillment operations, and certain of our technology development operations, subject us to particular risks inherent in operating overseas. • If we fail to upgrade, enhance and expand our technology and services to meet client needs and preferences, or fail to successfully manage the transition to new products and services, the demand for our products and services may materially diminish. • We have incurred operating losses in the past, may incur operating losses in the future and may not achieve or maintain profitability in the future. • Our ~~recent~~ **historical** growth rates may not be sustainable or indicative of future growth. • Our growth depends, in part, on increasing our presence in the markets that we currently serve, and we may not be successful in doing so. • We acquire information from a variety of sources to conduct our business, and if some of these sources are not available to us in the future, or if the fees charged by such sources significantly increase, our business may be materially and adversely affected and our profit margins may decline. • We are subject to payment- related risks that may result in higher operating costs or the inability to process payments, either of which could harm our business, financial condition and results of operations. • Sales to government entities and higher- tier contractors to governmental clients involve unique competitive, procurement, budget, administrative and contractual risks, any of which could materially adversely impact our business, financial condition and results of operations. • We may incur impairment charges for our goodwill which would negatively affect our operating results. • The economic, health and business disruption that can be caused by a widespread public health concern or crisis, such as the COVID- 19 pandemic, could adversely affect our business, financial condition and results of operations. • If we experience a material weakness in internal control over financial reporting in the future or otherwise fail in the future to maintain an effective system of internal control over financial reporting or effective disclosure controls and procedures, we may not be able to accurately or timely report our financial condition or results of operations, which may materially adversely affect investor confidence in us and, as a result, the price of our common stock. • Our Sponsor controls us and its interests may conflict with ours or yours in the future. • To service our indebtedness, we require a significant amount of cash, which depends on many factors beyond our control. • We are a " controlled company " within the meaning of the corporate governance standards of Nasdaq and, as a result, qualify for exemptions from certain corporate governance requirements. • Sales, or the potential for sales, of a substantial number of shares of our common stock in the public market could cause our stock price to drop significantly. Risks Relating to **the Merger While the Merger Agreement in in effect, we are subject to certain interim covenants. On February 28, 2024, we entered into the Merger Agreement with First Advantage and Merger Sub, pursuant to which First Advantage agreed to acquire us for a combination of cash and stock. The Merger Agreement generally requires us to operate our business in the ordinary course, subject to certain exceptions, including as required by applicable law, pending consummation of the Merger, and subjects us to customary interim operating covenants that restrict us, without First Advantage' s approval, from taking certain specified actions until the Merger is completed or the Merger Agreement is terminated in accordance with its terms. These restrictions could prevent us from pursuing certain business opportunities that may arise prior to the consummation of the Merger and may adversely affect our ability to execute our business strategies and attain financial and other goals and may adversely impact our financial condition, results of operations and cash flows. Even if the Merger is consummated, the combined Company may not perform as we expect or the market expects. Risks associated with the combined company following the Merger include: • integrating two businesses is a difficult, expensive and time- consuming process, and the failure to integrate successfully the businesses of Sterling and First Advantage and their financial forecasting and controls, procedures and reporting cycles in the expected time frame would adversely affect First Advantage' s future results following completion of the Merger; • consolidating and integrating corporate, information technology, finance and administrative infrastructures; • it is possible that key employees might decide not to remain with First Advantage after the Merger is completed, and the loss of key personnel or the failure to maintain employee morale could materially and adversely affect the resulting entity' s results of operations, financial condition and growth prospects; • the success of the combined company will also depend upon preserving relationships with third parties and pre- existing customers of Sterling and First Advantage, which relationships may be adversely affected by customer preferences or public attitudes about the Merger and attracting new business and operational relationships. Any adverse changes in these relationships could adversely affect the combined company' s business, results of operations and financial condition; • coordinating sales and marketing efforts to effectively position the combined company' s capabilities; • coordinating and integrating operations in countries in which First Advantage had not previously operated; • the stock price of First Advantage common stock after the Merger may be affected by factors different from those currently affecting the stock price of Sterling; and • if governmental agencies or regulatory bodies impose requirements, limitations, costs, divestitures or restrictions on the consummation of the proposed Merger, the combined company' s ability to realize the anticipated benefits of the Merger may be impaired. If any of these events were to occur, the value of First Advantage common stock received by our stockholders in the Merger could be adversely affected. In connection with the Merger, Sterling stockholders who elect to receive the Stock Consideration (or who elect to receive Cash Consideration but are subject to proration) will receive a fixed number of First Advantage shares for each of their shares of Sterling common stock (i. e., 0. 979 First Advantage shares for each Sterling share). Accordingly, the market value of the Stock Consideration that our stockholders will receive in the Merger will vary based on the price of First Advantage common stock at the time our stockholders receive the Merger Consideration. As a result of any such changes in stock price, the market value of the shares of First Advantage common stock that our stockholders will receive at the time that the Merger is completed could vary significantly from the value of such shares immediately prior to the public announcement of the Merger. A decline in the market price of First Advantage common stock could result from a variety of factors beyond First Advantage' s control, including, among other things, the possibility that First Advantage may not achieve the expected benefits of the acquisition of Sterling as rapidly or to the extent anticipated, Sterling' s business may not perform as anticipated following the transactions, the effect of First Advantage' s acquisition of Sterling on First Advantage' s financial results may not meet the expectations of First Advantage, financial analysts or investors, or the addition and integration of Sterling' s business may be unsuccessful, may take longer or be more disruptive than anticipated, as well as numerous factors affecting First Advantage and its businesses that are unrelated to Sterling. In connection with the proposed Merger, our current and prospective employees may experience uncertainty about their future roles with us following the Merger, which may materially adversely affect our ability to attract and retain key personnel and other employees while the Merger is pending. Key employees may depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with us following the Merger, and may depart prior to the consummation of the Merger. Accordingly, no assurance can be given that we will be able to attract and retain key employees to the same extent that we have been able to in the past. The proposed Merger could cause disruptions to our business or business relationships with our existing and potential customers, suppliers, partners, vendors, and other**

business partners, and this could have an adverse impact on our results of operations. Parties with which we have business relationships may experience uncertainty as to the future of such relationships and may delay or defer certain business decisions, seek alternative relationships with third parties, or seek to negotiate changes or alter their present business relationships with us. Parties with whom we otherwise may have sought to establish business relationships may seek alternative relationships with third parties. The pursuit of the Merger may place a significant burden on management and internal resources, which may have a negative impact on our ongoing business. It may also divert management’ s time and attention from the day- to- day operation of our business and the execution of our other strategic initiatives. This could adversely affect our financial results. In addition, we have incurred and will continue to incur other significant costs, expenses and fees for professional services and other transaction costs in connection with the proposed Merger, and many of these fees and costs are payable regardless of whether or not the pending Merger is consummated. We also could be subject to litigation related to the proposed Merger, which could prevent or delay the consummation of the Merger and result in significant costs and expenses. Any of the foregoing, individually or in combination, could materially and adversely affect our business, financial condition and results of operations and prospects. The Merger may not be completed within the expected timeframe, or at all, for a variety of reasons, including the possibility that the Merger Agreement is terminated prior to the consummation of the Merger, and the failure to complete the Merger could adversely affect our business, results of operations, financial condition and the market price of our common stock. There can be no assurance that the Merger will be completed in the expected timeframe, or at all. The Merger Agreement contains a number of customary closing conditions that must be satisfied or waived prior to the completion of the Merger, including, among others, (i) the expiration or termination of the waiting period under the Hart- Scott- Rodino Antitrust Improvements Act of 1976, as amended, and clearance under the antitrust and foreign direct investment laws of certain other jurisdictions, (ii) the absence of certain orders or laws preventing the consummation of the Merger, (iii) the effectiveness of the registration statement on Form S- 4 to be filed by First Advantage with the SEC in connection with the Merger, (iv) the authorization for listing on Nasdaq of the shares of common stock of First Advantage to be issued in connection with the Merger and (v) the mailing of the information statement contemplated by Rule 14c- 2 of the Exchange Act by us to our stockholders, and the lapse of at least 20 business days from the date of completion of such mailing. There can be no assurance that all required regulatory approvals will be obtained or that all closing conditions will otherwise be satisfied (or waived, if applicable), and, if all required regulatory approvals are obtained and all closing conditions are satisfied (or waived, if applicable), we can provide no assurance as to the terms, conditions and timing of such approvals or that the Merger will be completed in a timely manner or at all. Many of the conditions to completion of the Merger are not within our or First Advantage’ s control, and we cannot predict when or if these conditions will be satisfied (or waived, as applicable). Even if regulatory approval is obtained, it is possible conditions will be imposed that could result in a material delay in, or the abandonment of, the Merger or otherwise have an adverse effect on us. The Merger Agreement contains customary mutual termination rights for us and First Advantage, which could prevent the consummation of the Merger, including if the Merger is not completed by February 28, 2025 (subject to an extension of six months at First Advantage’ s election if on February 28, 2025 all of the closing conditions except those relating to antitrust approvals have been satisfied or waived). The Merger Agreement also contains customary termination rights for the benefit of each party, including if the other party breaches its representations, warranties, or covenants under the Merger Agreement in a way that would result in a failure of the other party’ s condition to closing being satisfied (subject to certain procedures and cure periods). If the Merger is not completed within the expected timeframe or at all, we may be subject to a number of material risks, including: • the market price of our common stock may decline to the extent that current market prices reflect a market assumption that the Merger will be completed; • if the Merger Agreement is terminated under certain specified circumstances, we or First Advantage will be required to pay a termination fee, including that we will be required to pay First Advantage a termination fee of approximately $ 66. 3 million under specified circumstances, and First Advantage will be required to pay us a reverse termination fee ranging from $ 60 million to $ 100 million under specified circumstances; • some costs related to the Merger must be paid whether or not the Merger is completed, and we have incurred, and will continue to incur, significant costs, expenses and fees for professional services and other transaction costs in connection with the proposed Merger, as well as the diversion of management and resources towards the Merger, for which we will have received little or no benefit if completion of the Merger does not occur; and • we may experience negative publicity and / or reactions from our investors, customers, suppliers, partners, vendors and other business partners and employees. Risks Relating to Our Business and Industry Regulatory and Legal Risks We face potential liability from individuals, classes of individuals, clients or regulatory bodies for claims based on the nature, content or accuracy of our services and the information we use and report and depending on our compliance with the ~~Fair Credit Reporting Act (“~~ FCRA ~~”)~~, U. S. state consumer reporting agency laws or regulations, foreign regulations and applicable employment laws. Our potential exposure to lawsuits or government investigations may increase depending in part on our clients’ compliance with these laws and regulations and applicable employment laws in their procurement and use of our screening reports as part of their hiring process, which is generally outside of our control. Our potential liability includes claims of non- compliance with the FCRA and other laws and regulations governing our services, as well as other claims of defamation, invasion of privacy, negligence, copyright, patent or trademark infringement. In some cases we may be subject to strict liability. We also face potential liability from our clients, and possibly third parties, in the event we fail to report information, particularly criminal records or other potentially negative information. For example, should we fail to identify and report an available and reportable criminal felony record that our client hired us to report, or should we fail to correctly report such information to our client, then we may face potential liability in the event that the employer hires such candidate, later discovers such record, terminates such employee and is in turn sued by such employee. We may also face liability in the event the employer hires such candidate and that employee then causes personal or monetary injury or damage to the employer, its other employees or other third parties. From time to time, we have been subject to claims and lawsuits by current and potential employees of our clients, alleging that we provided to our clients inaccurate or improper information that negatively affected the clients' hiring decisions. Although the resolutions of these lawsuits have not had a material adverse effect on us to date, the costs of such claims, including settlement amounts or punitive damages, could be material in the future, could cause adverse publicity and reputational damage, could divert the attention of our management, could subject us to equitable remedies relating to the operation of our business and provision of services and result in significant legal expenses, all of which could have a material adverse effect on our business, financial condition and results of operations and adverse publicity, and could result in the loss of existing clients and make it difficult to attract new clients. Insurance may not be adequate to cover us for all risks to which we are exposed or may not be available to cover these claims at all. Any imposition of liability, particularly liability that is not covered by insurance or is in excess of our insurance coverage, could have a material adverse effect on our business, financial condition or results of operations. Additionally, we cannot be certain that our insurance coverage, including any applicable deductibles, copays and other policy limits, will continue to be available to us at a reasonable cost or will be adequate to cover any claims or lawsuits we may face in the future or that we will be able to renew our insurance policies on favorable terms, or at all. Because we are a consumer reporting agency relating to many of our services and we deal primarily in searching and reporting public and non-public consumer information and records, including criminal records, employment and education history, credit history, driving records and drug screening results, we are subject to extensive, evolving and often complex governmental laws and regulations, such as the FCRA, the Drivers' Privacy Protection Act (" DPPA "), state consumer reporting agency laws as well as state licensing and registration requirements, including as a consumer reporting agency and a private investigator, and various other foreign, federal, state and local laws and regulations, including the Investigative Consumer Reporting Agency Act and case law relating to the FCRA and such other law and regulations. The restrictions and process requirements largely relate to what may be reported about an individual, when, to whom, and for what purposes, and how the subjects of consumer reports are to be treated. Compliance with these laws and regulations requires significant expense and resources, which could increase significantly as these laws and regulations evolve. Additionally, our identity verification services could also be adversely impacted if we fail to comply with the rules and regulations of the FBI. Our failure to comply with FBI regulations could result in loss of our status as an FBI channeler, which could have a material adverse effect on our business, financial condition, results of operations or growth strategy. Further, as discussed below under " Risks Related to Intellectual Property, Information Technology and Data Privacy — Failure to comply with privacy, data protection and cybersecurity laws and regulations could have a materially adverse effect on our reputation, results of operations or financial condition, or have other material adverse consequences, " we are subject to laws that restrict access to, use and disclosure of certain types of personal information and regulate the protection, storage and disposal of such information. We are subject to such laws and regulations in many jurisdictions. Identifying, interpreting and complying with foreign laws and regulations is particularly difficult due to the broad range of such foreign laws and regulations, as well as uncertainties with respect to the applicability and interpretation of such laws and regulations. Failure to comply with these domestic and foreign laws and regulations, to the extent applicable, may harm our reputation and result in the imposition of civil and criminal penalties and fines, private litigation, restrictions on our operations, and breach of contract or indemnification claims by our clients and vendors including data suppliers, which may not be covered by insurance. Further, laws and regulations governing investment migration programs are subject to regulatory interpretation. Should it be determined that these programs violate any laws or regulations, our Sterling Diligence business, specifically with respect to our Citizenship-by- Investment diligence solutions, could be adversely impacted, which could have a material adverse effect on our business, financial condition and results of operations. In addition to the challenges of identifying, interpreting and complying with such laws and regulations, and changes to such laws and regulations over time, we face the challenge of reconciling the many potential conflicts between such laws and regulations among the various domestic and international jurisdictions that may be involved in the provision of our services. These challenges may require us to incur additional compliance costs, and could also increase our exposure to potential lawsuits, fines and penalties. A failure to correctly identify, interpret, comply with and reconcile the laws and regulations to which we are subject could result in substantial liability and could have a material adverse effect on us. The expansion of our business into areas other than employment screening may require compliance with additional laws and regulations. Changes to law, regulation, or administrative enforcement and interpretations or other limitations and prohibitions could materially adversely affect our offerings, revenue, or profitability. For example, **the CFPB has invoked its rule making authority under the Dodd- Frank Act and has begun the process to review and consider amendments to the FCRA, the outcome of which could impact our business. Depending on the outcome of the rule making process, the federal laws that govern delivery of our products and services could impact our interactions and agreements with clients, suppliers and the way we report information to consumers. Additionally,** numerous states and municipalities have implemented " ban the box " and " fair chance " hiring laws that limit or prohibit employers from inquiring or using a candidate' s criminal history to make employment decisions ~~.~~ **and** ~~Many~~ **many** ~~states and municipalities~~ **of such laws** have **been** ~~in recent years~~ amended ~~their " ban the box " and " fair chance " laws~~ to increase the restrictions on the use of such information. In addition to the laws that impact what types of criminal information can be used at different stages of the hiring process, redaction of personal identifying information in criminal records (such as date of birth), and court rules and lawsuits that limit and or restrict access to identifiers in criminal records, may negatively impact our ability to perform complete criminal background checks. Some county courts, such as Los Angeles County, California, have enacted rules to limit access to personal identifiers in criminal records, causing delays and barriers to perform complete criminal background checks. **Further, several states have enacted " clean slate " laws that will require courts to scrub certain types of offenses from their records. These laws limit the criminal history records that are publicly available and will have some impact on the availability of**

information for criminal background check purposes. If the U. S. federal government, a foreign government or additional states or municipalities were to pass regulations precluding or limiting the use of pre- employment screening in hiring decisions, ~~or~~ precluding or limiting the ability to leverage certain personal identifying information in criminal **records, or precluding or limiting other types of information in public** records, our ability to conduct our current business in the applicable jurisdiction could be materially reduced or eliminated. In ~~2022~~ **2023** , we performed screening services in over 240 countries and territories worldwide. We expect to continue to provide screening services in a large number of countries and territories worldwide and we intend to expand our international operations. Privacy and other laws and regulations governing our operations in these jurisdictions may not be fully developed, may vary significantly, are subject to change from time to time, and may sometimes conflict or be subject to multiple interpretations. Identifying, interpreting and complying with these laws and regulations is difficult, and we cannot be certain we have done so or will correctly do so. As a result, we rely on outside counsel or business personnel in interpreting or applying local laws and regulations, which generally is limited, or on our clients' or local vendors' knowledge of such laws and regulations. In addition, a significant portion of our operations, including screening fulfillment, are conducted through subsidiaries in Mumbai, India and Manila, the Philippines. Our international operations, including our screening fulfillment operations in India and the Philippines, may subject us to additional risks and challenges, particularly with respect to: • obtaining qualified, reliable data sources and vendors that cover international markets on reasonable terms, if at all; • the need to develop, localize and adapt our products and services for specific countries, including translation into foreign languages, localization of contracts for different legal jurisdictions and associated expenses; • compliance challenges related to the complexity of multiple, conflicting and changing governmental laws and regulations, including employment, tax, privacy, intellectual property ~~and~~ **,** data protection **, and AI** laws and regulations; • potentially weaker protection for intellectual property and other legal rights than in the U. S. and practical difficulties in enforcing intellectual property and other rights; • laws, customs and business practices favoring local competitors; • foreign exchange controls that might prevent us from repatriating cash to the U. S.; • increased financial accounting and reporting burdens and complexities; • potential negative consequences from changes to taxation policies, including unfavorable foreign tax rules; • enforcing contracts under foreign legal systems, as well as defending claims brought in jurisdictions outside the U. S.; • difficulties in appropriately staffing and managing foreign operations and providing appropriate compensation for local markets; • increased costs and risks of developing and managing global operations, including our potential failure to implement global best practices, experiences of employee dissatisfaction and the improper allocation of resources, as a result of distance as well as language and cultural differences; • labor disturbances; • new and different sources of competition; • currency fluctuations that could affect our margins on international services or could increase the cost of labor at our India and Philippines subsidiaries; • non- compliance with applicable currency exchange control regulations, transfer pricing regulations, or other similar regulations; • geopolitical unrest, which could cause disruptions in our business, limit our ability to conduct business in certain jurisdictions or cause us to change our business practices; and • trade relations, security and economic instability, regional or international conflicts and the outbreak of pandemics or diseases. Operating and expanding our business internationally, such as through our ~~recent~~ acquisition of Socrates in Latin America, could require us to incur additional compliance costs, which may be significant, or could subject us to substantial liability, including civil and criminal penalties and fines, restrictions on our operations, and breach of contract or indemnification claims by our clients and data suppliers, for failure to adequately comply in any or all of these jurisdictions. Any such cost or liability could have a material adverse effect on our business, financial condition and results of operations. Failure to comply with economic sanctions, anti- corruption and anti- money laundering laws and similar laws associated primarily with our activities outside of the U. S. could subject us to penalties and other material adverse consequences. We are subject to various trade restrictions, including economic sanctions and export controls, imposed by governments around the world with jurisdiction over our operations. Such trade controls prohibit or restrict transactions involving certain persons and certain designated countries or territories, including Cuba, Iran, Syria, North Korea, the Crimea Region of Ukraine, the so- called Donetsk People' s Republic and the so- called Luhansk People' s Republic. We maintain policies and procedures designed to ensure compliance with applicable sanctions and export controls, including those imposed by OFAC, the U. S. Department of Commerce' s Bureau of Industry and Security, His Majesty' s Treasury and the EU or EU member states. As part of our business, we engage in limited interactions involving certain countries that are targets of economic sanctions, including obtaining or verifying information that is located in such countries. We believe that such interactions are conducted in compliance with applicable trade controls in accordance with relevant legal exemptions and authorizations **, and we have implemented sanctions compliance programs, policies and procedures designed to foster compliance with these laws** . However, our employees, contractors, and agents, and companies to which we outsource certain of our business operations, may take actions in violation of laws and regulations and our policies for which we may be ultimately responsible and our policies and procedures may not be adequate in protecting us from liability. Any such violation could have a material adverse effect on our reputation, client relationships, business, results of operations and prospects. We operate a global business and may have direct or indirect interactions with officials and employees of government agencies or state- owned or affiliated entities. We are subject to anti- bribery, anti- corruption and anti- money laundering laws in the countries in which we operate, including the U. S. Foreign Corrupt Practices Act (the " FCPA "), the U. S. domestic bribery statute contained in 18 U. S. C. § 201, the U. S. Travel Act, the USA PATRIOT Act and the U. K. Bribery Act. These laws generally prohibit companies and their employees and third- party intermediaries from corruptly promising, authorizing, offering, or providing, directly or indirectly, improper payments of anything of value to foreign government officials, political parties and private- sector recipients for the purpose of obtaining or retaining business, directing business to any person, or securing any improper advantage. Many anti- corruption laws also prohibit commercial bribery (i. e., bribery involving private parties) and soliciting and receiving bribes. In addition, U. S. public companies are required to maintain books and records that accurately and fairly represent their transactions and to have an adequate system of internal accounting controls. In many foreign countries, including countries in which we may conduct business, it may be a local custom that businesses engage in practices that are prohibited by the FCPA or other applicable laws and regulations. We face significant risks if we or any of our directors, officers, employees, agents or other partners or representatives fail to comply with these laws, and governmental authorities in the U. S. and elsewhere could seek to impose substantial civil or criminal fines and penalties which could have a material adverse effect on our business, reputation, results of operations and financial condition. We have implemented an anti- corruption compliance program and policies, procedures and training designed to foster compliance with these laws. However, our employees, contractors, and agents, and companies to which we outsource certain of our business operations, may take actions in violation of our policies or applicable law. Such actions could have a material adverse effect on our reputation, business, results of operations and prospects. Violation of applicable trade controls, anti- corruption laws, or anti- money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions, disgorgement of profits, injunctions, suspension or debarment from U. S. government contracts and other remedial measures, any of which could have a materially adverse effect on our reputation, business, financial condition, results of operations and prospects. In addition, responding to any enforcement action may result in a significant diversion of management' s attention and resources and significant defense costs and other professional fees. Further, we cannot predict the nature, scope or effect of future regulatory requirements, including changes that may affect existing regulatory exceptions, and we cannot predict the manner in which existing laws and regulations might be administered or interpreted. Risks Related to Intellectual Property, Security and Data Privacy We collect, host, store, transfer, disclose, use, secure, retain and dispose of personal information. Security breaches may result in the disclosure of personal (and other confidential) information and improper use of information may negatively affect our business and harm our reputation. Our products and services involve the collection and transmission of confidential and sensitive information of our clients and their existing and potential employees, including personal information such as: social security numbers and their foreign equivalents, driver' s license numbers, dates of birth, addresses, identity verification information (such as government issued identification or passport numbers) and other sensitive personal and business information, which subjects us to potential liability from clients, consumers and other data subjects, third parties and government authorities relating to claims of legal or regulatory non- compliance, defamation, invasion of privacy, false light, negligence, intellectual property infringement, misappropriation or other violation and / or other related causes of action. A security breach in our facilities, platforms, computer networks, systems or databases (or those of our third- party service providers) or employee error or misconduct could expose us to a risk of loss of, or unauthorized access to and misappropriation or compromise of, this personal and business information, which could result in adverse publicity and harm our business and reputation and result in a loss of clients, system interruptions or the imposition of fines or other penalties by governmental agencies and claims by our clients and their candidates and employees. Further, the global security environment grows increasingly challenging as attacks on information technology systems continue to grow in frequency, complexity and sophistication **(including through the increasing use of artificial intelligence)** and our systems may be targeted and vulnerable to physical break- ins, denial- of- service attacks, computer viruses, ransomware **, malware** , loss or destruction of data, other malicious code, or unauthorized access or attacks by hackers (including, for example, state-sponsored attacks arising out of the conflict between Russia and Ukraine), employee error or malfeasance and similar intrusions. Outside parties may also attempt to fraudulently induce employees to take actions, including the release of proprietary business or personal information or to make fraudulent payments through illegal electronic spamming, phishing, spear phishing or other tactics. Certain of these malicious parties may be state- sponsored and supported by significant financial and technological resources. Although this is a global problem, it may affect us more than other businesses because malevolent parties may focus on the amount and type of personal and business information that we collect, host, store, transfer, process, disclose, use, secure, retain and dispose of. If unauthorized parties gain access to our products or services or our platforms, computer networks, systems or databases, or if authorized parties utilize our products or services for non- permissible purposes, they may be able to steal, publish, delete or modify the confidential and third- party personal information in our control, or impact our ability to access data or operate our systems. There is an increased risk that we may experience cybersecurity- related incidents as a result of the continued use of remote working and hybrid work- from- home arrangements by our employees, third- party service providers and other third parties working remotely, as such remote working may create additional opportunities for the exploitation of vulnerabilities. Any inability to protect the security, integrity, availability and privacy of our data and electronic transactions, or any misuse of our information services by our clients, employees, vendors or hackers, could cause significant harm to our business and reputation and result in significant liability. Techniques used to obtain unauthorized access or to sabotage systems change frequently, are increasingly complex and sophisticated and may be difficult to detect for long periods of time and generally are not discovered until after they have been launched against or infiltrated a target. As a result, we may be unable to anticipate these techniques or to implement adequate preventative **or containment** measures. An actual or perceived breach of our security could have one or more of the following material and adverse effects: • deter clients from using our products and services and harm our reputation; • expose clients to the risk of financial or medical identity theft; • expose us to liability; • increase operating expenses to correct problems caused by the breach; • deter data suppliers from supplying information to us; • affect our ability to meet clients' expectations; • divert management focus; or • lead to inquiries from, or sanctions or penalties imposed by, governmental authorities, such as the Federal Trade Commission, data protection supervisory authorities or state attorneys general, each of which has imposed significant penalties on companies that have failed to adequately protect personal information, and U. S. states' attorneys general, who have authority to impose fines or penalties with respect to breaches under state laws. We rely on a variety of security measures, software, tools and monitoring to provide security for our processing, transmission and storage of personal information and other confidential information. We also rely on third- party service providers to process some of our data and any failure by such third parties to prevent or mitigate security breaches or improper access to, or disclosure of, such information could have adverse consequences for us similar to an incident directly on our systems. Although none of the data or cybersecurity incidents that we have encountered to date have materially affected us, we cannot assure that we or our third- party service providers will not experience any future security breaches, cyber- attacks or unauthorized disclosures, particularly given the continuously evolving nature of tools and methods used by hackers and cyber criminals. Our information technology systems may be vulnerable to computer viruses, malware or physical or electronic intrusions that our security measures may not detect. Furthermore, federal and state regulators and many federal, state and international laws and regulations require notice of certain data security breaches that involve personal information, which, if applicable, could lead to widespread negative publicity, which may cause our clients to lose confidence in the effectiveness of our data security measures. In addition, we may incur significant costs and operational consequences in connection with investigating, mitigating, remediating, eliminating, and putting in place additional measures designed to prevent future actual or perceived security incidents, as well as in connection with complying with any notification or other obligations resulting from any security incidents. These costs may include, but are not limited to, retaining the services of cybersecurity vendors and service providers, compliance costs arising out of existing and future cybersecurity, data protection and privacy laws and regulations and costs related to maintaining redundant networks, data backups and other damage- mitigation measures. While we maintain insurance coverage that, subject to policy terms and conditions, is designed to cover losses or claims that may arise in connection with certain aspects of data and cyber risks, such insurance coverage may be insufficient to cover all losses or all types of claims that may arise. Furthermore, we cannot be certain that insurance coverage will continue to be available on acceptable terms or at all, or that the insurer will not deny coverage as to any future claim. If we are unable to fully protect the security and privacy of our data and electronic transactions, including through updates to our products and applications, or if we or our third- party service providers are unable to prevent any data security breach, incident, unauthorized access, and / or misuse of our information by our clients, employees, vendors, or hackers, it could result in significant liability (including litigation and regulatory actions and fines), cause lasting harm to our brand and reputation and cause us to lose existing clients and fail to win new clients. The collection, storage, hosting, transfer, processing, disclosure, use, security and retention and destruction of personal information required to provide our products and services is subject to federal, state, municipal and foreign privacy, data and consumer protection and cybersecurity laws. These laws, which are not uniform, generally do one or more of the following: regulate the collection, storage, hosting, transfer (including in some cases, the transfer outside the country of collection), processing, disclosure, use, security and retention and destruction of personal information; require notice to individuals of privacy practices; and give individuals certain rights with respect to their personal information. A growing trend of laws and regulations in this area is to provide for mandatory notification to affected individuals, clients, data protection authorities and / or other regulators in the event of a data breach, and further expansion of requirements is possible. Further, if our practices or products are perceived to constitute an invasion of privacy, we may be subject to increased scrutiny and public criticism, litigation, and reputational harm, which could disrupt our business and expose us to liability. In many cases, these laws apply not only to third- party transactions, but also to transfers of information among us and our subsidiaries. The GDPR, the U. K. data protection regime consisting primarily of the U. K. General Data Protection Regulation, effective as of January 1, 2021, and the U. K. Data Protection Act 2018 (together, the " U. K. GDPR "), the Health Insurance Portability and Accountability Act (" HIPAA ") in the U. S., and the California Consumer Privacy Rights Act (" CPRA ") are among some of the more comprehensive of these laws. The scope and interpretation of data privacy and cybersecurity regulations continues to evolve, and we believe that the adoption of increasingly restrictive regulations in this area is likely in the near future internationally and within the U. S. at both state and federal levels. For example, the ~~recently effective~~ CPRA, which expands upon the California Consumer Privacy Act requires covered companies to, among other things, provide new disclosures to California consumers, and affords such consumers new privacy rights including the ability to opt- out of certain sales of personal information and expanded rights to access and require deletion of their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is collected, used and shared. The CPRA exempts much of the data that is covered by FCRA and DPPA and, therefore, much of our data is not subject to the CPRA. However, information we hold about individual residents of California that is not subject to FCRA and DPPA would be subject to the CPRA. The CPRA provides for civil penalties for violations, as well as a private right of action for security breaches that may increase security breach litigation. Further, **numerous** other states ~~, such as Virginia, Colorado, Utah and Connecticut,~~ have ~~instituted~~ **enacted** privacy and data security laws, rules and regulations, and many similar laws have been proposed at the federal and state level. These laws, rules and regulations may increase our compliance costs and potential liability, particularly in the event of a data breach, and could have a material adverse effect on our business, including how we use personal information, our financial condition, and the results of our operations or prospects. There are also laws and regulations governing the collection and use of biometric information, such as fingerprints and face prints. For example, the Illinois Biometric Information Privacy Act (" BIPA ") applies to the collection and use of " biometric identifiers " and " biometric information " which include finger and face prints. A business required to comply with BIPA is not permitted to sell, lease, trade or otherwise profit from biometric identifiers or biometric information it collects, and is also under obligations to have and disclose to the public a written policy with respect to the retention and destruction of all biometric identifiers and biometric information; ensure that it informs the subject of the collection and the purpose of the collection and obtains consent for such collection; and obtain consent for any disclosure of biometric identifiers or biometric information. Individuals are afforded a private right of action under BIPA and may recover statutory damages equal to the greater of $ 1, 000 (or $ 5, 000 for reckless violations) or actual damages and reasonable attorneys' fees and costs ~~. The statute is broad and still being interpreted by the courts through continued litigation~~ . Additionally, a number of other laws concerning the collection, retention and use of biometric information have been proposed or passed. Such laws and proposals, if passed, could increase our potential liability, increase our compliance costs, cause us to change our business practices and materially adversely affect our business. In Europe and the U. K., the GDPR and the U. K. GDPR impose stringent operational requirements for entities processing personal data including requirements to provide detailed disclosures about how personal data is processed, demonstrate an appropriate legal basis and grant significant rights for data subjects. The GDPR, national implementing legislation in European Economic Area (" EEA ") member states, and the U. K. GDPR impose a strict data protection compliance regime including: providing detailed disclosures about how personal data is collected and processed (in a concise, intelligible and easily accessible form); demonstrating that an appropriate legal basis is in place or otherwise exists to justify data processing activities; granting rights for data subjects in regard to their personal data (including the right to access, to be " forgotten " and the right to data portability), imposing an obligation to notify data protection regulators or supervisory authorities (and in certain cases, affected individuals) of significant data breaches; maintaining a record of data processing; and complying with the principle of accountability and the obligation to demonstrate compliance through policies, procedures, training and audits. In addition, both regimes impose significant penalties for non- compliance. In particular, under the GDPR / U. K. GDPR, fines of up to 20 million euros or up to 4 % of the annual global revenue of the noncompliant company, whichever is greater, could be imposed for violations of certain of the GDPR / U. K. GDPR requirements. Such penalties are in addition to any civil litigation claims by data subjects (which may result in significant compensation or damages liabilities), potential regulatory investigations, reputational damage, consent orders, orders to cease / change the way we process or transfer personal data, enforcement notices, compulsory audits, resolution agreements, requirements to take particular actions with respect to training, policies or other activities. While the GDPR applies uniformly across the EU, each EU member state is permitted to issue nation- specific data protection legislation, which has created inconsistencies on a country- by- country basis. Moreover, Brexit (as defined below), and the potential future evolution of U. K. data protection laws it has made possible, has created further uncertainty and could result in the application of new data privacy and protection laws and standards to our operations in the U. K., our handling of personal data of users located in the U. K., and transfers of personal data between the EU and the U. K. Today, U. K. GDPR largely mirrors the GDPR. Reflecting this, on June 28, 2021, the European Commission adopted an adequacy decision which provides for the free transfer of personal data from the EU to the U. K. In its decision, the European Commission included a sunset clause, which provides that it will automatically expire on June 27, 2025 subject to renewal only if the U. K. continues to ensure an adequate level of data protection. In announcing the decision, it was further noted that there will be close monitoring of the U. K. system as it evolves and that the European Commission may intervene at any time if the level of data protection in the U. K. deviates from the level of protection in place at the time of the decision. If the U. K. does not retain its positive adequacy decision from the EU, we may be required to implement new processes and put new agreements in place, such as standard contractual clauses, to govern any transfers of personal data from the EU to the U. K. In addition, as noted above, Brexit and the subsequent implementation of the U. K. GDPR exposes us to two parallel data protection regimes, each of which potentially authorizes similar significant fines and other potentially divergent enforcement actions for certain violations. On July 16, 2020, the European Court of Justice (" CJEU "), among other things, called into question the use of Standard Contractual Clauses (" SCCs "), as a lawful mechanism for cross- border transfers of personal data, noting adequate safeguards must be met for SCCs to be valid. The European Commission updated the SCCs on June 4, 2021, and additional regulatory guidance has been released that seeks to impose additional obligations on companies seeking to rely on the SCCs for such transfers. Parties transferring personal data from the EEA to third countries with " inadequate data protection " such as the U. S. had until December 27, 2022 to update any existing agreements, or any new agreements executed before September 27, 2021, that rely on SCCs. On March 21, 2022, the U. K.' s own form of agreement and addendum to the E. U. SCCs (the " U. K. SCCs "), which can be used for transfers for data from the U. K. to third countries, came into force. Parties had until September 21, 2022 to implement the U. K. SCCs for new agreements, and have until March 21, 2024 to update all existing agreements. Since the CJEU' s decision in 2020, certain European supervisory authorities have indicated that they are looking at cross- border transfers more closely, and certain Data Protection Authorities decided in 2022 that the transfer of data to the U. S. using certain analytics tools is illegal. While these decisions related specifically to analytics tools in question, the considerations underlying them may be farther reaching, applying potentially to any transfer of EEA personal data to the U. S. **While the E. U.- U. S. Data Privacy Framework (" DPF ") received approval in 2023 from the E. U., U. K. and Swiss authorities as an adequate mechanism for transfer of data to certified U. S. organizations (including Sterling),** ~~Additional~~ **additional** legal challenges in the E. U. to the mechanisms allowing companies to transfer personal data from the EEA to certain other jurisdictions, including the U. S., **under the DPF and otherwise,** are ongoing **or threatened** , and may result in further limitations on the ability to transfer data across borders. Although we have taken steps to implement the new EU and U. K. SCCs and ensure adequate safeguards to transfer personal data from the EU and U. K. to the U. S. **, including maintaining our DPF certification** , as supervisory authorities issue further guidance on personal data export mechanisms, including circumstances where the SCCs and U. K. SCCs cannot be used, and continue taking enforcement action, we could suffer additional costs, complaints, regulatory investigations or fines and / or personal data transfer suspensions. If we are unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we provide our services and could adversely affect our financial results. Until the legal uncertainties regarding how to legally continue transfers pursuant to the SCCs / U. K. SCCs and other mechanisms are settled, we will continue to face uncertainty as to whether our efforts to comply with our obligations under the GDPR / U. K. GDPR will be sufficient. In addition to rules restricting or conditioning cross- border data transfers, certain countries have put in place mandatory data residency requirements, meaning that storage of residents' data must remain within the country. For example, Canada has certain sector- specific data residency requirements with which we comply. The Russian Federation currently mandates domestic data residency, which does not currently impact us as we do not do business in Russia and are not subject to Russian law. If a country where we operate or do business but do not have local data storage capabilities were to put in place such a restriction, it would result in additional information technology costs to support local infrastructure and cloud platforms or a loss of revenue from that country if local data residency cannot be accommodated. Such data residency requirements have been proposed, but not yet enacted, in ~~India, among~~ other jurisdictions **that may impact us** . Outside of Europe, the People' s Republic of China enacted a new Personal Information Protection Law, effective November 1, 2021 (" PIPL ") that imposes various restrictions and conditions on the collection, use, disclosure, security, retention, cross- border transfer and other processing of personal information. PIPL represents an entirely new privacy regulatory regime in China and introduces new uncertainties, increased obligations and potential exposure to fines and penalties (including fines of up to 5 % of annual global revenue) for the operation of our business in China. The future enactment of more restrictive laws, rules or regulations and / or future enforcement actions or investigations could have a materially adverse impact on us through increased costs or restrictions on our businesses and noncompliance could result in significant regulatory penalties and legal liability and damage our reputation. Due to the substantial number of state, local and international jurisdictions in which we operate, there also is a risk that we may be unable to adequately monitor actual or proposed changes in, or the interpretation of, the laws or governmental regulations of such jurisdictions. Although we make reasonable efforts to comply with all applicable data protection laws and regulations, our interpretations and such measures may have been or may prove to be insufficient or incorrect, and any delay in our compliance with changes in such laws or regulations could result in potential fines, penalties, or other sanctions for non- compliance. In addition, data security events and concerns about privacy abuses by other companies are changing consumer and social expectations for enhanced privacy and data protection. Any failure or perceived failure by us or any other third parties with whom we do business to comply with these laws, rules, regulations, and standards, including the enhanced obligations imposed by the GDPR / U. K. GDPR, HIPAA, CPRA and BIPA, or with other obligations (including contractual obligations) to which we or they may be or may become subject, may result in significant costs to our business and require us to modify our data processing practices and policies, cease offering certain products and services, incur substantial costs and potential liability in an effort to comply with such laws and regulation, or lead to actions against us or them by governmental entities, private claims and litigations, fines, penalties, or other liabilities or result in orders or consent decrees forcing us or them to modify our or their business practices. Additionally, changes in these laws and requirements, including limitations on information permitted to be used in employment- related screenings, could limit our clients' uses of personal information and could result in reduced demand for our products and services or cause us to incur additional compliance costs and expose us to increased noncompliance risk. We and / or our clients also may be subject to a number of passed and proposed laws and regulations related to the use of **AI** ~~artificial intelligence~~ and machine learning ~~(" AI ")~~ , which control for, among other things, data bias and anti- discrimination. For example **, New York City recently put into effect a law that regulates the use of AI in automated employment decisioning tools. Additionally** , in the U. S., the Federal Trade Commission (" FTC ") enforces consumer protection laws such as Section 5 of the FTC Act, which prohibits unfair and deceptive practices, including use of biased algorithms in AI. In October 2021, the U. S. Equal Employment Commission (" EEOC ") announced the launch of a new initiative to monitor the use of AI and other algorithmic decision- making technology in the hiring and employment context and to ensure that such use does not violate federal civil rights and employment laws and has identified possible discrimination in the use of automated systems, including use of AI in hiring decisions, as a focus of its 2023 Strategic Enforcement Plan. The EEOC stated that the initiative will focus on applicants, current employees, employers and technology vendors to make sure the use of AI and other technologies do not create new discriminatory barriers to jobs. **These initiatives may require us to conduct bias testing and impose new safeguards in developing new products and services that use AI.** The European Commission also recently released its draft proposal for a regulation (i. e., the E. U. AI Act) implementing harmonized rules on AI and amending certain union legislative acts. The proposed regulation would impose additional restrictions and obligations on providers and users of AI systems, including increasing transparency so consumers know they are interacting with an AI system, requiring human oversight in AI, and prohibiting certain practices of AI that could lead to physical or psychological harm. **Provisional political agreement on a proposed E. U. AI Act was reached between co- legislators in December 2023.** The ~~EU~~ Act is expected to be adopted ~~by Parliament in 2023, taking~~ **later this year and to come into** effect **beginning** in ~~2024~~ **2026** ~~or 2025~~ . Given the increased focus by these and other regulators on the use of AI, other **U. S. states and** countries are considering additional laws, regulations, and standards related to AI, which may be introduced in the future. Regulation in this area could impact how our clients use our products and services to interact with consumers and how we provide our services to our clients. AI tools can also present unique technological, ethical and legal challenges, such as the possibility of insufficient data sets, or data sets that contain biased information, which can negatively impact the decisions, predictions or analyses that AI applications produce. Deficiencies such as these, whether real or perceived, could cause us reputational harm and subject us to legal liability, including claims of product liability, breach of warranty, or negligence. Potential government regulation related to AI use and ethics may also increase the burden and cost of research and development in this area, and failure to properly remediate AI usage or ethics issues may cause public confidence in AI to be undermined, which could slow adoption of AI in our offerings. The rapid evolution of AI will require the application of resources to develop, test and maintain our products and services to help ensure that AI is implemented ethically in order to minimize unintended, harmful impact. Third parties may assert patent and other intellectual property infringement claims against us in the form of lawsuits, letters or other forms of communication. If a third party successfully asserts a claim that we are infringing its proprietary rights, then royalty or licensing agreements might not be available on terms we find acceptable or at all. As currently pending patent applications are not publicly available, we cannot anticipate all such claims or know with certainty whether our technology infringes the intellectual property rights of third parties. These claims, whether or not successful, could require significant management time and attention; result in costly and time- consuming litigation and the payment of substantial damages; require us to expend additional development resources to redesign our products and services to avoid infringement or discontinue the sale of our products and services; create negative publicity that adversely affects our reputation and brand and the demand for our products and services; or require us to indemnify our clients. Even if we have not infringed any third parties' intellectual property rights, we cannot be sure our legal defenses will be successful, and even if we are successful in defending against such claims, our legal defense could require significant financial resources and management' s time, which could adversely affect our business. If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our target markets and our business may be adversely affected. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity, possibly leading to market confusion and potentially leading us to pursue legal action. In addition, there could be trade name or trademark infringement allegations brought by owners of other trademarks or trademarks that incorporate variations of our unregistered trademarks or trade names. Our efforts to enforce or protect our proprietary rights related to trademarks, copyrights, or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could materially adversely affect our business, financial condition or results of operations. We currently rely upon trade secret protection, as well as non- disclosure agreements with our employees, consultants and third parties, to protect our confidential and proprietary information. We cannot guarantee that we will be successful in maintaining, protecting, or enforcing the confidentiality of our trade secrets or that our non- disclosure agreements will provide sufficient protection of our trade secrets, know- how, or other proprietary information in the event of any unauthorized use, misappropriation, or other disclosure. Further, we cannot provide any assurances that our employees, consultants and third parties will not breach the agreements and disclose our proprietary information, including our trade secrets. Additionally, we rely upon invention assignment agreements with our employees and certain of our consultants and other third parties. If we do not protect our intellectual property adequately, competitors may be able to use our methods and databases and thereby erode any competitive advantages we may have. We will be able to protect our proprietary rights from unauthorized use by third parties only to the extent that our proprietary methods and technologies are effectively maintained as trade secrets, and we have taken necessary security measures to protect this information. These measures alone, however, may not provide adequate protection for our trade secrets, know- how or other confidential information. If any of our confidential or proprietary information, such as our trade secrets, were to be disclosed or misappropriated, or if any such information was independently developed by a competitor, our competitive position could be harmed. Additionally, enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive, and time- consuming, and the outcome is unpredictable. In addition, some courts inside and outside the U. S. are less willing or unwilling to protect trade secrets. It is also possible that our trade secrets will become known by some other mechanism or independently developed by our competitors, and we would have no right to prevent them from using that technology or information to compete with us. Risks Generally Related to Our Business We depend on relationships with third parties and are also dependent on third parties for the license of certain software and development tools that are incorporated into or used with our applications. If the operations of these third parties are disrupted or any of these third parties are unwilling or unable to continue to provide a critical product or service, and we are unable to make alternative arrangements for the supply of such product or service on commercially reasonable terms or a timely basis, or at all, our own operations may suffer, which could materially adversely affect our operating results. In addition, we rely upon licensed third- party software to help improve our internal systems, processes, and controls. Identifying partners, and negotiating and documenting relationships with them, requires significant time and resources. The priorities and objectives of these third- party service providers may differ from ours and we may be at a disadvantage if our competitors are effective in providing incentives to third parties to favor their products or services or to prevent or reduce use of our services, or in negotiating better rates or terms with such third parties. Acquisitions of our partners by our competitors could end our strategic relationship with the acquired partner and result in a decrease in the number of our current and potential clients, or the support services available for third- party technology may be negatively affected by mergers and consolidation in the software industry. In addition, like us, third parties are vulnerable to operational and technological disruptions, and we may have limited remedies against these third parties in the event of product or service disruptions. If we are unsuccessful in establishing or maintaining our relationships with these third parties, or in monitoring the quality of their products and services or performance, our ability to compete in the marketplace or to grow our revenues could be impaired and our operating results may suffer. To the extent that our applications depend upon the successful integration and operation of third- party software in conjunction with our software, any current or future undetected errors, failures, bugs or defects in our applications or this third- party software, especially when updates or new products or software are released, as well as cybersecurity threats or attacks related to such software, could prevent the deployment or impair the functionality of our applications, delay new application introductions, result in a failure of our applications, result in increased costs, including claims from clients, and injure our reputation. Our applications and third- party software are used in information technology (" IT ") environments with different operating systems, system management software, devices, databases, servers, storage, middleware, custom, and third- party applications and equipment and networking configurations, which may cause errors, failures, bugs, or defects in the IT environment into which such software and technology are deployed. This diversity increases the likelihood of errors, failures, bugs, or defects in those IT environments. Any real or perceived errors, failures, bugs or defects in our products could result in negative publicity, loss of or delay in market acceptance of our products and harm to our brand, weakening of our competitive position, claims by clients for losses sustained by them or failure to meet the stated service level commitments in our client agreements as well as impair our ability to attract new clients or retain existing clients. Furthermore, software may not continue to be available to us on commercially reasonable terms. Although we believe that there are commercially reasonable alternatives to the third- party software we currently license, this may not always be the case, or it may be difficult or costly to replace. Integration of new software into our applications may require significant work and require substantial investment of our time and resources. We also need to continuously modify and enhance our applications to keep pace with changes in third- party technologies, and other third- party software, communication, browser and database technologies. We must also appropriately balance the application capability demands of our current clients with the capabilities required to serve the broader market. Furthermore, uncertainties about the timing and nature of new network platforms or technologies, or modifications to existing platforms or technologies, could increase our product development expenses. Any failure of our applications to operate effectively with future network platforms and other third- party technologies could reduce the demand for our applications, result in client and end user dissatisfaction, and materially adversely affect our business and operating results. We may experience difficulties in managing improvements to our systems, processes and controls or in connection with third- party software, which could materially impair our ability to provide products and services to our clients in a timely manner, cause us to lose clients, limit us to smaller deployments of our products and services, or increase our technical support costs. From time to time we enter into relationships with certain partners and vendors, some of which offer highly specialized services. If any of these partners or vendors were to cease providing their services, elect to not renew their agreements with us on commercially reasonable terms or at all, breach their agreements with us or fail to satisfy our expectations, whether due to exclusivity arrangements with our competitors, acquisition by one of our competitors, vendor consolidation, regulation or otherwise, we may not be able to find a suitable replacement on commercially reasonable terms or at all. If a vendor raises the costs for its services, we may not be able to pass through such cost increases to our clients. If a partner or vendor updates its products without providing sufficient notice to us, there could be disruptions, which could result in errors, delays, and interruptions. We have developed a comprehensive integration platform by partnering with leading HCM and ATS platforms to integrate our front- end client interface into our clients' systems. However, if any of these HCM or ATS platforms were to enter into an exclusivity arrangement with one of our competitors or we were to otherwise lose the partnership, we could lose not only the partnership with the HCM or ATS platform but the clients using the platform as well. Further, if any of these platforms were to be disrupted, our ability to deliver our products and services would be adversely affected. Losses of our partner or vendor relationships as described above, disruptions of our partner platforms, or changes to partners' or vendors' capabilities or the terms or our relationships could materially adversely affect our business, financial condition and results of operations. Our technology infrastructure is critical to the performance of our front- end client interface as well as our fulfillment and operating systems. Substantially all of our technology platform and company systems run on a complex distributed system, commonly referred to as cloud computing. The technology landscape is constantly evolving, and in order to remain competitive, we must adapt and migrate to new technologies, applications and processes. There can be no assurance that our transition to new technologies and infrastructure, such as our recent migration to new cloud computing systems, will be without operational interruptions or other disruptions. Such transitions can be complex and involve substantial expenditures as well as risks inherent to the conversion to any new system, including potential loss of information or disruption to operations. We own, operate and maintain elements of our technology infrastructure, but significant elements are operated by third parties that we do not control and which would require significant time and expense to replace. We rely on these third parties to host our applications and to provide continuous power, cooling, internet connectivity and physical and technological security for our servers, and our operations depend in part on their ability to protect their systems and facilities against any damage or interruption from natural disasters, such as earthquakes and hurricanes, power or telecommunication failures, human error, usage spikes, fires, floods and other catastrophic events, terrorist attacks, malicious attacks, vandalism, sabotage and similar events. The occurrence of such an event or other damage to, failure of, or unanticipated problem at a facility, or a decision to close a facility without adequate notice, could result in lengthy interruptions to our cloud- based technology platform. The third parties that we rely on to host our technology infrastructure may not have redundancy for all of their systems, and even with current and planned disaster recovery arrangements, any failure or interruption in the services provided by these third parties could disrupt our business, including by preventing clients from accessing our products and services, and we could suffer financial loss, liability to clients, loss of clients, regulatory intervention or damage to our reputation, any of which could have a material adverse effect on our business, financial condition and results of operations. Further, we cannot guarantee that our current or future third- party cloud providers will keep up with our increasing capacity needs or client demand. In addition, our users depend on internet service providers, online service providers, and other website operators for access to our systems. These providers could experience outages, delays, and other difficulties due to system failures unrelated to our technology infrastructure, events which are beyond our control, or mitigation. Also, in the event of such a failure or interruption, insurance may not be adequate to cover us for all risks to which we are exposed or may not be available to cover any losses that we may incur. We incur significant costs with our third- party data hosting services. If the costs for such services increase due to vendor consolidation, regulation, contract renegotiation, or otherwise, we may not be able to pass through such fee increases to our clients. In addition, if any of these third- party vendors cease providing services, elect to not renew their agreements with us on commercially reasonable terms or at all, breach their agreements with us or fail to satisfy our expectations, our operations could be disrupted and we could be required to incur significant costs, which could materially adversely affect our business, financial condition and results of operations. Additionally, any inability of these third parties to keep up with our needs for capacity could have a material adverse effect on our business. Any changes in these third parties' service levels, or any errors, defects, disruptions, or other performance problems with our applications or the infrastructure on which they run, could materially adversely affect our reputation and may damage our clients' or other users' stored files or result in lengthy interruptions in our products and services. Interruptions in our products or services might materially adversely affect our reputation and operating results, cause us to issue refunds or service credits to clients, subject us to potential liabilities, or result in contract terminations or loss of clients. Our business depends on the efficient and uninterrupted operation of our systems, networks and infrastructure. We cannot assure you that we, or our third- party service providers, will not experience systems failures or business interruptions. Our systems, networks, infrastructure and other operations are vulnerable to impact or interruption from a wide variety of causes, including: power, internet or telecommunications failures; hardware failures or software errors; human error, acts of vandalism or sabotage; catastrophic events, such as natural disasters, extreme weather events, climate change or acts of war ~~or~~ **,** terrorism **or other military conflicts (such as the ongoing conflicts in Ukraine and the Middle East)** ; malicious cyber- attacks or cyber incidents, such as unauthorized access, ransomware **, malware** , denial- of- service, loss or destruction of data, computer viruses or other malicious code; and the loss or failure of systems over which we have no control, such as loss of support services from critical third- party service providers. In addition, we may also face significant increases in our use of power and data storage and may experience a shortage of capacity or increased costs associated with such usage. Any failure of, or significant interruption, delay or disruption to, or security breaches affecting, our platforms, systems, networks or infrastructure could result in disruption to our operations, including disruptions in service to our clients; cause us to incur significant expense to repair, replace or remediate systems, networks or infrastructure; harm our brand and reputation; divert our employees' attention; reduce our revenue; subject us to liability; cause us to breach service level contract obligations or cause us to issue credits or lose clients, any of which could materially adversely affect our business, financial condition and results of operations. We internally support and maintain many of our systems and networks, including those underlying our products and services; however, we may not have sufficient personnel to properly respond to all system, network or infrastructure problems. Our failure to monitor or maintain our systems, networks and infrastructure, including those maintained or supported by our third- party service providers, or to find a replacement for defective or obsolete components within our systems, networks and infrastructure in a timely and cost- effective manner when necessary, could have a material adverse effect on our business, financial condition and results of operations. While we generally have disaster recovery and business continuity plans for much of our business, including redundant systems, networks, computer software and hardware and data centers to mitigate interruption to our normal course of business, our systems, networks and infrastructure may not always be fully redundant and our disaster recovery and business continuity plans may not always be sufficient, effective or implemented properly. Similarly, although some contracts with our third- party service providers require adequate disaster recovery or business continuity capabilities, we cannot be certain that these will be adequate or implemented properly. Our disaster recovery and business continuity plans are heavily reliant on the availability of the internet and mobile phone technology, so any disruption of those systems would likely affect our ability to recover promptly from a crisis situation. If we are unable to execute our disaster recovery and business continuity plans, or if our plans prove insufficient for a particular situation or take longer than expected to implement in a crisis situation, it could have a material adverse effect on our business, financial condition and results of operations, and our business interruption insurance may not adequately compensate us for losses that may occur. The substantial majority of our revenues are derived from pre- employment screening services. Unfavorable conditions in the general economy could result in reduced demand for our products and services, as our revenues are dependent upon general economic and hiring conditions and upon conditions in the industries we serve. To the extent that the economy in general or labor market conditions in particular deteriorate, our existing and potential clients may slow or defer hiring, and may be reluctant to increase expenditures on employee screening. In addition, individuals may choose to change employment less frequently during an economic downturn. This could interfere with our growth strategy of increasing the number of background screens performed by, and average revenue per order of, our client base, and could have a material adverse effect on our business, financial condition and results of operations. The **continuing impacts on** ~~COVID- 19 pandemic has disrupted~~ the U. S. and global economies ~~and put an unprecedented strain on businesses around the world~~ , including effects on inflation, monetary policy and fiscal policy ~~,~~ and ~~may~~ **the ongoing conflicts in Ukraine and the Middle East and other geopolitical events, have** ~~continue~~ **continued** to cause uncertainty in the U. S. and global economy. This uncertainty could create unfavorable market conditions which may cause concerns of or lead to an economic slowdown or recession. It is not possible for us to estimate the duration or magnitude of the impact ~~of~~ **on** the **economy** ~~COVID- 19 pandemic~~ and its effects on our business, financial condition or results of operations at this time. Any future economic downturn may have a material adverse effect on our business, financial condition and results of operations. ~~The~~ **Since the latter half of 2021 and throughout 2022 and 2023, the** U. S. ~~has recently~~ experienced historically high levels of inflation. **As a result of inflation and other macroeconomic factors, we have experienced declines in base business growth with our existing clients.** If inflation continues or worsens, it could **further** negatively impact us by increasing our operating expenses. Inflation may lead to cost increases in multiple areas across our business, including the cost of labor. Further, inflation may also cause our clients to reduce their use of our products and services. To the extent that we are unable to pass on these costs through increased prices, revised budget estimates, or offset them otherwise, or if we experience lower demand from our customers due to inflation, the rising rate of inflation may adversely affect our business, financial condition and results of operations. The market for global background screening and identity verification services is highly fragmented and competitive. We compete for business based on numerous factors, including service speed, accuracy and results, ease- of- use, breadth of offering, fulfillment reliability, reputation, client service, platform quality, and price. We compete with a diverse group of screening companies, including global full- suite players characterized by their global scale and enterprise offerings; mid- tier players that tend to focus on a particular geographic region, industry or product line; and small independent background screening players that typically serve small- to medium- sized businesses. New entrants to the market have in the past emerged, both as start- ups as well as participants in adjacent sectors such as applicant tracking systems and payroll processing companies that seek to integrate background screening into their onboarding products and solutions, and may emerge in the future, which would further increase competition. Additionally, our clients may also decide to insource work that has been traditionally outsourced to us. Some of our competitors are larger than us, have more resources than we do, have more expertise in certain industries than we do, are better financed than we are, or provide more specialized or diversified services than we do. Due in part to their size and resources, certain competitors may be in a better position to reallocate resources and anticipate and respond to existing and changing client preferences and requirements, emerging technologies and market trends. Also, our status as a public company gives our competitors access to information about us and our business, while we may not have access to similar information about them. Our competitors have imitated or attempted to imitate, and will likely continue to imitate or attempt to imitate, our services and branding, which could harm our business and results of operations. We cannot guarantee that others will not independently develop technology and products with the same or similar function to any proprietary technology we rely on to conduct our business and differentiate ourselves from our competitors. Further, the intellectual property used in our business generally is not patented, and we therefore rely primarily on other forms of protection, including trade and service marks, trade secrets, trade dress and the strength of our brand. It is also possible that new competitors or alliances or consolidation among competitors may emerge and significantly increase competition. In addition, we face difficulties in competing for clients who already have long-standing relationships with other screening service providers, especially if the products and services provided by such competitors are already integrated into the client' s technology platform or hiring processes, which often creates a barrier to switching providers and increases switching costs for the potential client. Continuing strong competition could result in pricing pressure, increased sales and marketing expenses, loss of clients, and greater investments in research and development. If we fail to successfully compete, our business, financial condition and results of operations could be materially and adversely affected. While a majority of our U. S. enterprise client contracts are exclusive to us or require Sterling to be used as the primary provider for the duration of their contract, we still rely on our clients' continuing demand for our products and solutions, our technology, our value proposition, and our brand and reputation to compete. The loss of a significant client or any reduced demand for our products and services by our clients, especially our large clients, would have a negative impact on our business. We cannot guarantee that we will maintain relationships with any of our clients on acceptable terms or at all or retain, renew or expand upon our existing agreements. The failure to do so could negatively affect our business, financial condition, and results of operations. We may also face increased competition in the identity verification market, including both our online Identity- as- a-Service suite and our fingerprinting services. Our competitors may develop identity verification services that compete with ours, including biometrics technology that directly competes with or is superior to our own. Additionally, if we are unable to develop new hardware and software or enhance our existing technology in a timely manner in response to technological changes, we will be unable to compete in our chosen markets. Any of these factors as well as any security breaches that affect our identity verification services may make it difficult for us to retain existing clients or attract new clients and may cause our business, financial condition and results of operations to be harmed. A significant portion of our fulfillment operations and certain of our technology development operations, are conducted, through subsidiaries, in Mumbai, India and Manila, the Philippines, which subjects us to particular risks and challenges inherent in operating overseas. In particular, these operations are subject to local political, security and economic instability, regional conflicts and local risks with respect to ~~COVID- 19~~ **a widespread public health concern** or **crisis, such as** another pandemic **,** and the responses of local governments, institutions and healthcare providers thereto. If our operations at these sites are disrupted, even for a brief period of time, whether due to malevolent acts, defects, computer viruses, climate change, natural disasters such as earthquakes, fires, hurricanes or floods, power telecommunications failures, or other external events beyond our control, it could result in interruptions in service to our clients, damage to our reputation, harm our client relationships, and reduced revenues and profitability. We may not have sufficient protection or recovery plans in certain circumstances, such as a significant natural disaster, and our business interruption insurance may be insufficient to compensate us for losses that occur. In the case of such an event, a client could elect to terminate our relationship, delay or withhold payment to us, or even make claims against us. Such events could have negative impacts on client relationships. Further, misconduct by our overseas employees could result in infringement or misappropriation of our intellectual property, which may be exacerbated by potentially weaker protection for intellectual property and other legal rights than in the U. S. as well as practical difficulties in enforcing intellectual property and other rights. In addition, currency fluctuations that could increase the cost of labor at our India and **the** Philippines subsidiaries. These risks could prevent us from achieving cost savings or efficiencies from our international operations, and could have a material adverse effect on our business, financial condition and results of operations. We operate in an industry that is subject to rapid technological advances and changing client needs and preferences. In order to remain competitive and responsive to client demands, we continually upgrade, enhance, and expand our technology, products and services. Our competitors may introduce new products and services that might offer better combinations of price and performance or better address our clients' needs as compared to our current or future products and services. If we fail to respond successfully to technology challenges and client needs and preferences, our ability to service clients may be affected and the demand for our products and services may diminish. In addition, investment in product development often involves a long return on investment cycle. We have made and expect to continue to make significant investments in product development. We must continue to dedicate a significant amount of resources to our development efforts before knowing to what extent our investments will result in products the market will accept and we cannot assure you that any such products that we develop or offer will be produced economically. The expenses or losses associated with unsuccessful product development, or a lack of market acceptance of new products, could materially adversely affect our business, financial condition and results of operation. In addition, our business could be adversely affected in periods surrounding our new product introductions if clients delay purchasing decisions to evaluate the new product offerings. Furthermore, we may not execute successfully on our product development strategy, including because of challenges with regard to product planning and timing and technical hurdles that we fail to overcome in a timely fashion. Additionally, unexpected delays and difficulties can occur as clients implement and test our products and services. Implementation typically involves integration with our clients' and third- party systems and internal processes, as well as adding client and third- party data to our platform. This can be complex and time- consuming for our clients and can result in delays. We provide our clients with upfront estimates regarding the duration and resources associated with the implementation of our products and solutions. However, delays may occur due to discoveries made during the implementation process, such as unique or unusual client requirements or our internal limitations. If we are unable to resolve these issues and we fail to meet the upfront estimates and the expectations of our clients, it could result in client dissatisfaction, loss of clients, delays in generating revenues, or negative brand perception about us and our products and services. Our implementation cycles could also be disrupted by factors outside of our control, such as deficiencies in the platform of our clients or third- party ATS or HCM systems, which could materially adversely affect our business, financial condition and results of operations. We have incurred operating losses in the past, may incur operating losses in the future, and may not achieve or maintain profitability in the future. We have incurred operating losses in recent years, including net losses of $ ~~52~~ **0** . ~~3~~ **1** million and $ 18. 5 million for the years ended December 31, ~~2020~~ **2023** and 2021, respectively, and may ~~continue to~~ incur net losses in the future. We expect our operating expenses to increase in the future as we continue our growth initiatives by focusing on expanding into new geographies, developing new products and services and investing in our technology, focusing on new partnerships and as a result of legal, accounting, and other expenses related to operating as a public company. These initiatives and additional expenses may be more costly than we expect, and we cannot guarantee that we will be able to increase our revenue to offset our operating expenses. ~~Our~~ **We may not experience the** revenue growth ~~may slow~~ **that we have experienced in the past** or our revenue may decline for a number of other reasons, including reduced demand for our products and services, increased competition, a decrease in the growth or reduction in size of our overall market, the impacts to our business from the **general economic conditions** ~~COVID- 19 pandemic~~ or concerns of an economic downturn or recession, or if we cannot capitalize on growth opportunities. If our revenue does not grow at a greater rate than our operating expenses, we will not be able to achieve and maintain profitability. We have experienced significant growth in several recent periods, with year- over- year base growth moderating starting in the later half of the third quarter of 2022. **While** ~~Revenue~~ **revenue** ~~increased 41. 4 % from $ 454. 1 million for the year ended December 31, 2020 to $ 641. 9 million for the year ended December 31, 2021. Revenue~~ increased 19. 5 % from $ 641. 9 million for the year ended December 31, 2021 to $ 766. 8 million for the year ended December 31, 2022 **, revenue decreased 6** . ~~These~~ **1 % to $ 719. 6 million for the year ended December 31, 2023. Accordingly,** historical rates of growth **that we have experienced in the past** may not be sustainable or indicative of our future rate of growth. **We** ~~During the third quarter of 2020, as shelter- in- place policies were relaxed, businesses began to reopen and general economic conditions began to improve, we~~ experienced ~~an increase~~ **increased** ~~in the~~ demand ~~for our products and services as we closely partnered with our clients to support their increasing hiring needs. This increase in demand continued through 2021 and~~ through the first half of the third quarter in 2022 as the broader macroeconomic recovery from the COVID- 19 pandemic continued. In addition, the structural shift from in- office to remote work has reduced switching costs for employees and expanded talent pools for employers, further increasing demand. However, in the latter half of the third quarter of 2022, year- over- year base growth began to moderate due to macroeconomic uncertainty related to factors including inflation, monetary policy and fiscal policy, which moderation continued through ~~the fourth quarter of 2022~~ **2023** during which we experienced a year- over- year decline in base business with our existing clients that offset positive trends in other revenue drivers, including growth from new clients, up- sell and cross- sell and retention. These factors have caused uncertainty among our clients and general populace of a future economic downturn or recession, which could impact the hiring and turnover trends of our clients. Our ability to grow our business will depend, in large part, on our ability to further penetrate our existing markets, attract new clients and identify and effectively invest in growing Verticals and Regions. We believe that our continued revenue growth, as well as our ability to improve or maintain margins and profitability, will depend upon, among other factors, our ability to respond to the challenges, risks and difficulties described elsewhere in this Annual Report on Form 10- K and the extent to which use of our various products and services grows and contributes to our results of operations. Additionally, growing our existing business or executing our business strategy may place significant demands on and strain our personnel and organizational structure, including our management, staff and information systems. To successfully manage our growth, we will also need to maintain appropriate staffing levels and update our operating, financial and other systems, procedures, and controls accordingly and we cannot provide assurance that we will be able to successfully manage any such challenges or risks to our future growth. Our growth could be limited if we fail to innovate or adapt to market trends and product innovations adequately. Any new products and services we develop or acquire may not be introduced in a timely or cost- effective manner and may not achieve the market acceptance necessary to generate significant revenues, and any new markets in which we attempt to sell our products and services, including new countries or regions, may not be receptive or implementation may be delayed. Our future growth will be adversely affected if we do not identify and invest in faster- growing Verticals. In addition, our number of clients and markets may not continue to grow or may decline due to a variety of possible risks, including increased competition. Any of these factors could cause our revenue growth to decline and may materially adversely affect our margins and profitability. Failure to continue our revenue growth or improve margins could have a material adverse effect on our business, financial condition and results of operations. You should not rely on our historical rate of revenue growth as an indication of our future performance. We believe that our future growth depends not only on continuing to reach our current core market, but also continuing to broaden our client base in the United States, EMEA, APAC, Canada and Latin America. In these markets, we have faced and may continue to face challenges that are different from those we encounter elsewhere, including competitive, hiring, legal, regulatory, economic, political and other difficulties, such as understanding and accurately predicting the needs and preferences of clients in these markets. We may also encounter difficulties in attracting clients due to a lack of familiarity with or acceptance of our brand. We continue to evaluate marketing efforts and other strategies to expand our client base. In addition, although we are investing in marketing activities to increase market penetration, we cannot assure you that we will be successful. If we are not successful, our business, financial condition and results of operations may be harmed. We rely extensively upon information derived from a wide variety of sources. We rely on automated technology, our employees and third parties to search public and private sources and obtain data from information companies. We generally do not have long- term agreements with our data suppliers. Some data suppliers, as well as some service suppliers, such as the drug testing laboratories we use, are also owned, or may in the future be acquired, by our competitors, which may make us vulnerable to unpredictable price increases or delays and refusals to renew agreements. Because our contracts with our clients often contain restrictions on the amounts or types of costs that may be passed through to our clients, we may not be able to recover certain of the costs charged to us by our data and service suppliers. Further, our data and service suppliers could increase their fees in the future and we may not be able to pass through such fee increases to our clients. If our data and service suppliers or data sources are no longer able or are unwilling to provide us with certain data or services, including as a result of our noncompliance with laws, regulations or our contractual agreements with them, we will need to find alternative data and service suppliers with comparable breadth and accuracy, which may not be available on acceptable terms or at all. If we are unable to identify and contract with suitable alternative data and service suppliers and integrate them into our service offerings, we could experience service disruptions, increased costs and reduced quality of our products and services, which could have a material adverse effect on our business, financial condition and results of operations. We accept a variety of payment methods, including bank checks, electronic funds transfers and electronic payment systems. Accordingly, we are, and will continue to be, subject to significant and evolving regulations and compliance requirements, including obligations to implement enhanced authentication processes that could result in increased costs and liability, and reduce the ease of use of certain payment methods. For certain payment methods, including credit and debit cards, as well as electronic payment systems, we pay certain fees that we currently pass through to our clients. However, these fees may increase over time and we may not be able to pass through such fee increases to our clients. We rely on independent service providers for payment processing, including credit and debit cards. If these independent service providers become unwilling or unable to provide these services to us, or if the cost of using these providers increases, our business could be harmed. We and our payment processing providers are also subject to payment card association operating rules and agreements, including data security rules and agreements, certification requirements, and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules, agreements or requirements, or if our data security systems are breached or compromised, we may be liable for losses incurred by card issuing banks or clients, subject to fines and higher transaction fees, lose our ability to accept credit or debit card payments from our clients, or process electronic fund transfers or facilitate other types of payments. Any failure to comply could significantly harm our brand, reputation, business, financial condition, and results of operations. Additionally, clients may dispute their invoices or otherwise fail to pay for our products and services on a timely basis or at all. In the past, certain clients have sought to slow their payments to us or have filed for bankruptcy protection, resulting in delay or cancelation of their payments to us. If we are unable to collect clients' fees on a timely basis or at all, bad debt may exceed reserves for such contingencies, and our bad debt exposure may increase over time. Write- offs for bad debt could have a materially negative effect on our business, financial condition and results of operations. Further, we incur costs for any products and services delivered; to the extent that we are not paid timely or at all, our results of operations and financial condition would be adversely impacted. We derive a portion of our revenues, and intend to derive an increasing portion of our revenues in the future, from sales to U. S. federal, state and local governmental and education clients and higher- tier contractors to governmental clients. Doing business with government entities and their higher- tier contractors presents a variety of risks in addition to those involved in sales to other clients. The procurement process for governments and their agencies is highly competitive, can be time- consuming, requires us to incur significant up- front time and expense, and subjects us to additional compliance risks and costs, without any assurance that we will win a contract. In certain jurisdictions, our ability to win business may be constrained by political and other factors unrelated to our competitive position in the market. Demand for our products and services may be affected by public sector budgetary cycles and changes in funding, including reduced, delayed, or unavailable funding or changed spending priorities in any given fiscal cycle, and extended federal government shutdowns, any of which could materially adversely affect demand for our products and services and could impact our ongoing government contracts if government funding for such projects is reduced or eliminated. We must comply with laws and regulations relating to government contracts, which affect how we do business with our clients and may result in additional costs to our business. Any failure to comply with applicable laws and regulations, including as a result of misconduct by employees, subcontractors, agents, suppliers, business partners and others working on our behalf, could result in contract termination, damage to our reputation, price or fee reductions or suspension or debarment from contracting with the government, each of which could materially adversely affect our business, financial condition and results of operations. Significant laws and regulations that affect sales to government entities and higher- tier contractors to governmental clients include: • federal, state and local laws and regulations regarding the formation, administration and performance of government contracts; • the federal Civil False Claims Act (and similar state and local false claims acts), which provides for substantial civil penalties for violations, including for submission of or causing the submission of a false or fraudulent claim to the U. S. government for payment or approval; and • federal, state, and local laws and regulations regarding procurement integrity, including gratuity, bribery and anti- corruption requirements as well as limitations on political contributions and lobbying. Further, entities providing services to governments are required to comply with a variety of complex laws, regulations and contractual provisions relating to the formation, administration, or performance of government contracts that give public sector clients substantial rights and remedies, many of which are not typically found in commercial contracts. These may include rights with respect to price protection, the accuracy of information provided to the government, contractor compliance with supplier equal opportunity, socio- economic and affirmative action policies and reporting requirements and other terms that are particular to government contracts. Federal, state and local governments routinely investigate and audit contractors for compliance with these requirements, and the qui tam provisions of the federal Civil False Claims Act (and similar state and local false claims acts) authorize a private person to file civil actions on behalf of the federal and state governments and retain a share of any recovery, which can include treble damages and civil penalties. If it is determined that we have failed to comply with these requirements, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, costs associated with the triggering of price reduction clauses, fines and suspension or debarment from future government business, and we may suffer reputational damage. Further, the negative publicity that could arise from any such penalties, sanctions or findings could have a material adverse effect on our reputation and reduce our ability to compete for new contracts with both government and commercial clients. In addition, governmental clients and higher- tier contractors may have contractual, statutory or regulatory rights to modify without our consent or terminate current contracts with us for convenience (for any reason or no reason) or due to a default. If a contract is terminated for convenience, we may only be able to collect fees for products or services delivered prior to termination and settlement expenses. If a contract is terminated due to a default, we may be liable for excess costs incurred by the client for procuring alternative products or services or be precluded from doing further business with government entities. Governmental clients and higher- tier contractors may also have broad intellectual property rights in products and data developed under our contracts. Compliance with complex regulations and contracting provisions in a variety of jurisdictions can be expensive and consume significant management resources. In addition, government entities may revise existing contract rules and regulations or adopt new contract rules and regulations at any time. Any of these changes could impair our ability to obtain new contracts or renew contracts under which we currently perform when those contracts are eligible for re- competition. As of December 31, ~~2022~~ **2023** , we had goodwill of $ ~~849~~ **879** . ~~6~~ **4** million. The carrying value of goodwill represents the fair value of an acquired business in excess of identifiable assets and liabilities as of the date the business was acquired. Our goodwill is predominantly a result of the acquisition of Sterling by certain affiliates of The Goldman Sachs Group, Inc. (" Goldman Sachs ") and Caisse de dépôt et placement du Québec (" CDPQ " and, together with Goldman Sachs, our " Sponsor ") on June 19, 2015 (the " Sponsor Acquisition "). Determining the fair value of certain assets acquired and liabilities assumed is judgmental in nature and requires management to use significant estimates and assumptions, including assumptions with respect to future cash flows, discount rates, growth rates and asset lives. We do not amortize goodwill that we expect to contribute indefinitely to our cash flows, but instead we evaluate these assets for impairment at least annually, or more frequently if changes in circumstances indicate that a potential impairment could exist. Significant negative industry or economic trends, disruptions to our business, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in use of the acquired assets, divestitures and market capitalization declines may impair our goodwill. Any charges relating to such impairment could materially adversely affect our financial condition and results of operations. A significant outbreak, epidemic, or pandemic of contagious diseases in the human population, or similar widespread public health concern or crisis, could adversely affect economies, financial markets, and overall demand for our products. Additionally, any preventative or protective actions taken by public health and governmental authorities, business, other organizations and individuals with respect to any such event, may disrupt our business and the businesses of our clients, resulting in a material adverse effect on our business, financial condition and results of operations. The impacts from any potential widespread public health concern or crisis, such as the COVID- 19 pandemic, include, but are not limited to: • the increased risk that we may experience cybersecurity- related incidents as a result of ~~our employees,~~ service providers ~~,~~ and third parties working remotely; • diversion of our management team' s time and attention to respond to the effects of the widespread public health concern or crisis, on our business and operations; • our service levels or ability to fulfill client orders being affected as a result of our employees and their immediate families becoming ill as a result of the widespread public health concern or crisis; and • a significant disruption of global financial markets, which could negatively affect our ability to access capital in the future. Any of these risks could have a material adverse effect on our business, financial condition or results of operations. ~~While the COVID- 19 outbreak recently appeared to be trending downward, particularly as vaccination rates increased, new variants of COVID- 19 have continued to emerge, spread through the U. S. and globally and cause significant disruptions.~~ The ~~continued and future impact of the COVID- 19 pandemic, or the~~ impact of any other potential widespread public health concern or crisis ~~,~~ on our business remains uncertain and will depend on a variety of changing factors that we may not be able to accurately predict, such as the duration and scope of the ~~COVID- 19 pandemic or other~~ health concern or crisis ~~, the potential for a resurgence of cases, the impact of variants~~ , the disruption of the national and global economy, the duration of the economic downturn, the laws, programs and actions that governments will enact or take, the extent to which our clients' businesses contract or fail ~~, the extent to which our own operations are affected by office closures, remote work or infections~~ , and how quickly and to what extent normal economic and operating conditions can resume. Any of these factors could exacerbate the risks and uncertainties identified above. To the extent our clients reduce their operations, downsize their screening programs, or otherwise demand fewer of our products and solutions, our business could be materially adversely impacted. Demand for our products and services is subject to our clients' continual evaluation of their need for our products and services and is impacted by several factors, including their budget availability, hiring, and workforce needs, and a changing regulatory landscape. Demand for our offerings is also dependent on the size of our clients' operations. Our clients could reduce their operations for a variety of reasons, including general economic slowdown or recession, divestitures and spin- offs, business model disruption, poor financial performance, or as a result of increasing workforce automation. Demand for drug screenings may decline as a result of evolving U. S. drug laws. For example, the legalization of cannabis in several U. S. states has led to a decrease in orders for marijuana screenings. Our revenues may be significantly reduced should our clients decide to downsize their screening programs or take such programs in- house. We are subject to risks relating to public opinion, which may be magnified by incidents or adverse publicity concerning our industry or operations. We operate in an industry that involves the risk of negative publicity, especially relating to cybersecurity, privacy, and data protection, and adverse developments with respect to our industry may also, by association, negatively impact our reputation. For example, when information services companies are involved in high- profile events involving data theft or other losses of data, these events could result in increased legal and regulatory scrutiny, adverse publicity, and potential litigation concerning the commercial use of such information for our industry in general. If there is a perception that the practices of our business or our industry constitute an invasion of privacy, our business and results of operations may be negatively impacted. There have been and may continue to be perception issues, social stigmas and negative media attention regarding the collection, use, accuracy, correction and sharing of personal data, which could materially adversely affect our business, financial condition and results of operations. Seasonality may cause our operating results to fluctuate from quarter to quarter. Demand for our products and services, and our revenue, is affected seasonally by macroeconomic hiring trends. Typically, revenue acceleration begins in the first quarter, with steady growth across the quarters as hiring accelerates. However, the fourth quarter, ending December 31, is typically our lowest revenue quarter due to a general market trend of lower hiring during the latter half of December due to the holidays. Also, certain clients across various industries historically have ramped up their hiring throughout the first half of the year as winter concludes, commercial activity tied to outdoor activities increases, and the school year ends, giving rise to student and graduate hiring. In addition, clients may elect to complete post- onboarding screening such as workforce re- screens and other products at different periods and intervals during any given year. It is not always possible to accurately forecast the timing and magnitude of these projects. Further, digital transformation, growth in e- commerce, and other economic shifts can impact seasonality trends, making it difficult for us to predict how our seasonality may evolve in the future. As a result, it may be difficult to forecast our results of operations accurately, and there can be no assurance that the results of any particular quarter or other period will serve as an indication of our future performance. Risks Related to Our Capital Structure, Indebtedness and Capital Requirements As of February 28, ~~2023~~ **2024** , our Sponsor controls approximately ~~62~~ **53** . ~~3~~ **5** % of the voting power of our common stock. For so long as our Sponsor continues to own a significant percentage of our common stock, our Sponsor will still be able to significantly influence the composition of our board of directors and the approval of actions requiring stockholder approval through its voting power, including potential mergers or acquisitions, payment of dividends, asset sales, amendment of our amended and restated certificate of incorporation or amended and restated bylaws and other significant corporate transactions. Accordingly, for such period of time as our Sponsor holds a controlling interest in us, our Sponsor will have significant influence with respect to our management, business plans and policies. In particular, our Sponsor will be able to cause or prevent a change of control of our company or a change in the composition of our board of directors and could preclude any unsolicited acquisition of our company. The concentration of voting power could deprive you of an opportunity to receive a premium for your shares of common stock as part of a sale of our company and ultimately might affect the market price of our common stock. Our Sponsor and its affiliates engage in a broad spectrum of activities. In the ordinary course of their business activities, our Sponsor and its affiliates may engage in activities where their interests conflict with our interests or those of our stockholders. ~~Three~~ **Two** of our ~~nine~~ **ten** directors are affiliated with our Sponsor. These persons will have fiduciary duties both to us and to our Sponsor. As a result, they may have real or apparent conflicts of interest on matters affecting both us and our Sponsor, which in some circumstances may have interests adverse to ours. Our amended and restated certificate of incorporation generally permits our Sponsor, its affiliates, our non- employee directors and their affiliates to engage, directly or indirectly, in the same lines of business in which we operate or otherwise to compete with us. Our Sponsor and its affiliates may also pursue acquisition opportunities that would be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. In addition, our Sponsor and its affiliates may have an interest in us pursuing acquisitions, divestitures and other transactions that, in their judgment, could enhance their investment, even though such transactions might involve risks to you. Our substantial indebtedness could adversely affect our financial condition and limit our ability to raise additional capital to fund our operations. We have a substantial amount of indebtedness. As of December 31, ~~2022~~ **2023** , we had total indebtedness of $ ~~505~~ **498** . ~~5~~ **0** million outstanding under the 2022 Credit Agreement, which provides for $ 300. 0 million aggregate principal amount of term loans and a $ 400. 0 million revolving credit facility. Additionally, we have $ 0. 7 million of letters of credit outstanding under our Revolving Credit Facility, with additional capacity for letters of credit of $ 39. 3 million. Our high level of indebtedness could have important consequences to us, including: • making it more difficult for us to satisfy our obligations with respect to our debt; • limiting our ability to obtain additional financing to fund future working capital, capital expenditures, investments or acquisitions or other general corporate requirements; • requiring a substantial portion of our cash flows to be dedicated to debt service payments or debt repayment instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, investments or acquisitions or other general corporate purposes; • increasing our vulnerability to adverse changes in general economic, industry and competitive conditions; • exposing us to the risk of increased interest rates as borrowings under our 2022 Credit Agreement (to the extent not hedged) bear interest at variable rates, which could further adversely affect our cash flows; • limiting our flexibility in planning for and reacting to changes in our business and the industry in which we compete; • restricting us from making strategic acquisitions or causing us to make non- strategic divestitures; • requiring us to repatriate cash from our foreign subsidiaries to accommodate debt service payments; • placing us at a disadvantage compared to other, less leveraged competitors; and • increasing our cost of borrowing. Any one of these limitations could have a material effect on our business, financial condition, results of operations, prospects and our ability to satisfy our obligations in respect of our outstanding debt. In addition, the 2022 Credit Agreement contains, and the agreements governing future indebtedness may contain, restrictive covenants that limit our ability to engage in activities that may be in our long- term best interests. Our failure to comply with those covenants could result in an event of default that, if not cured or waived, could result in the acceleration of all of our indebtedness. Despite our current debt levels, we may incur substantially more indebtedness, which could further exacerbate the risks associated with our substantial leverage. We and our subsidiaries may be able to incur additional indebtedness in the future, which may be secured. While our 2022 Credit Agreement limits our ability and the ability of our subsidiaries to incur additional indebtedness, these restrictions are subject to a number of qualifications and exceptions and thus, notwithstanding these restrictions, we may still be able to incur substantially more debt and the indebtedness incurred in compliance with these restrictions could be substantial. Also, these restrictions do not prohibit us from incurring obligations that do not constitute indebtedness as defined therein. To the extent that we incur additional indebtedness, the risks that we now face related to our substantial indebtedness could increase. See Part II, Item 7. " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Credit Facility. " We cannot assure you that our business will generate sufficient cash flow from operations, or that future borrowings will be available to us under our 2022 Credit Agreement in amounts sufficient to enable us to fund our liquidity needs. Additionally, our operations are conducted entirely through our subsidiaries and our ability to generate cash to meet our debt service obligations is highly dependent on the earnings and the receipt of funds from our subsidiaries via dividends or intercompany loans. If we do not generate sufficient cash flow from operations to satisfy our debt obligations, we may have to undertake alternative financing plans, such as: • refinancing or restructuring our debt; • reducing or delaying capital investments; • selling assets; or • seeking to raise additional capital. We cannot assure you that we would be able to enter into these alternative financing plans on commercially reasonable terms or at all. Our ability to restructure or refinance our indebtedness will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. In addition, any failure to make scheduled payments of interest and principal on our outstanding indebtedness would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness on commercially reasonable terms or at all. Any alternative financing plans that we may be required to undertake would still not guarantee that we would be able to meet our debt obligations. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to obtain alternative financing, could materially adversely affect our business, financial condition, results of operations or prospects. See Part II, Item 7. " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources. " Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly. Borrowings under our 2022 Credit Agreement are at variable rates of interest and expose us to interest rate risk. The recent rise in interest rates has increased our cost of borrowing. If interest rates continue to increase, our debt service obligations under our 2022 Credit Agreement will continue to increase. On February 28, 2023, we entered into an amortizing $ 300. 0 million notional value interest rate swap. The notional value steps down from $ 300. 0 million to $ 150. 0 million on February 27, 2026. The swap provides for us to pay, as applied to the notional value, a fixed rate of interest of 4. 26 % monthly and receive, on a monthly basis, an amount equal to the greater of the one- month term SOFR and a floor of (0. 10 %), as applied to the notional value (the " Floating Leg "). The interest rate swap matures on November 29, 2027. The interest expense related to the 2022 Credit Agreement will be offset by proceeds received from the Floating Leg of the interest rate swap. The covenants in our 2022 Credit Agreement impose restrictions that may limit our operating and financial flexibility. Our 2022 Credit Agreement contains a number of significant operating and financial restrictions and covenants that limit our ability, among other things, to: • incur certain additional indebtedness; • transfer money between our various subsidiaries; • pay dividends on, repurchase or make distributions with respect to our subsidiaries' capital stock or make other restricted payments; • issue stock of subsidiaries; • make certain investments, loans or advances; • transfer and sell certain assets; • create or permit liens on assets; • consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; • enter into certain transactions with our affiliates; and • amend certain documents. In addition, the 2022 Credit Agreement contains financial covenants requiring us to comply with (a) a maximum net leverage ratio of 4. 00: 1. 00 (which may be increased to 4. 50: 1. 00 for four quarters if we and our subsidiaries consummate acquisitions during any 6- month period for which the total aggregate cash consideration is greater than or equal to $ 75. 0 million) and (b) a minimum interest coverage ratio of 3. 00: 1. 00. Both financial covenants are tested quarterly. These covenants could materially adversely affect our ability to finance our future operations or capital needs. Furthermore, they may restrict our ability to expand and pursue our business strategies and otherwise conduct our business. Our ability to comply with these covenants may be affected by circumstances and events beyond our control, such as prevailing economic conditions and changes in regulations, and we cannot assure you that we will be able to comply with such covenants. These restrictions also limit our ability to obtain future financings or to withstand a future downturn in our business or the economy in general. In addition, complying with these covenants may also cause us to take actions that may make it more difficult for us to successfully execute our business strategy and compete against companies that are not subject to such restrictions. A breach of any covenant in our 2022 Credit Agreement or the agreements and indentures governing any other indebtedness that we may have outstanding from time to time would result in a default under that agreement or indenture after any applicable grace periods. A default, if not waived, could result in acceleration of the debt outstanding under the agreement or indenture and in a default with respect to, and an acceleration of, the debt outstanding under other debt agreements. If that occurs, we may not be able to make all of the required payments or borrow sufficient funds to refinance such debt. Even if new financing were available at that time, it may not be on terms that are acceptable to us or terms as favorable as our current agreements. If our debt is in default for any reason, our business, financial condition and results of operations could be materially and adversely affected. Changes in our effective tax rate or exposure to additional income tax liabilities could adversely affect our financial results. Taxation and tax policy changes, tax rate changes, new tax laws, revised tax law interpretations, changes in the geographic mix of our earnings and changes in accounting standards and guidance related to tax matters may cause fluctuations in our effective tax rate, all of which could adversely impact our financial results. For example, the Inflation Reduction Act of 2022, as ~~recently~~ signed into law by President Biden, includes a one percent excise tax on share buybacks and on November 23, 2022, our board of directors authorized the repurchase of up to $ 100. 0 million of our shares of common stock. The excise tax on share buybacks is currently not expected to have a material impact on our tax liability. Our ability to use net operating loss carryforwards to offset future income taxes may be subject to limitation. As of December 31, ~~2022~~ **2023** , we had approximately $ ~~16~~ **15** . ~~3~~ **7** million of U. S. federal net operating loss carryforwards (" NOLs ") **. Our NOLs are subject** ~~, a portion of which will begin~~ to **annual use limitations, and** expire ~~in~~ **between** 2026 **and 2031** . Utilization of our NOLs depends on many factors, including our future income, which cannot be assured. In addition, Section 382 of the Internal Revenue Code of 1986, as amended (the " Code "), generally imposes an annual limitation on the amount of NOLs that may be used to offset taxable income by a corporation that has undergone an " ownership change " (as determined under Section 382). An ownership change generally occurs if one or more stockholders (or groups of stockholders) that are each deemed to own at least 5 % of our stock increase their ownership percentage by more than 50 percentage points over their lowest ownership percentage during a rolling three- year period. We have experienced an ownership change under Section 382 of the Code in the past. Thus, our ability to utilize existing NOLs **are** ~~may be~~ subject to **annual** ~~limitation~~ **limitations** under Section 382 of the Code. The application of such limitation may cause U. S. federal income taxes to be paid by us earlier than they otherwise would be paid if such limitation was not in effect and could cause such NOLs to expire unused, in each case reducing or eliminating the benefit of such NOLs. To the extent we are not able to offset our future taxable income with our NOLs, this would adversely affect our operating results and cash flows if we have taxable income in the future. In addition to the aforementioned federal income tax implications pursuant to Section 382 of the Code, most U. S. states follow the general provisions of Section 382 of the Code, either explicitly or implicitly resulting in separate state net operating loss limitations. We have recorded a valuation allowance on $ 13. 1 million related to our NOLs as of December 31, ~~2022~~ **2023** . Risks Relating to

Ownership of Our Common Stock The market price of our common stock may be highly volatile or may decline regardless of our operating performance and you could lose all or part of your investment as a result. The trading price of our common stock could be volatile, and you could lose all or part of your investment. Stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. Our board of directors recently approved a share repurchase program, but we are not obligated to repurchase a specified number of shares, or any at all, and may suspend, terminate or modify the program without notice at any time **. We have suspended repurchases of our common stock under the share repurchase program pending consummation of the Merger** . The following factors, in addition to other factors described in this " Risk Factors " section, may have a significant effect on the market price of our common stock: • our actual results of operations may vary from the expectations of securities analysts and investors; • our results of operations may vary from those of our competitors; • actual or anticipated fluctuations in our quarterly or annual operating results, including as a result of our ability to retain existing clients and attract new clients, the timing and success of new service offerings or product introductions, geographic expansion, or the seasonality of our business cycle; • the financial projections we may provide to the public, any changes in these projections or our ability to meet these projections; • investor perceptions of the investment opportunity associated with our common stock relative to other investment alternatives; • the extent or lack of securities analyst coverage of us or changes in analysts' financial estimates; • announcements by us or our competitors of significant contracts, price reductions, new products or technical innovations, acquisitions, dispositions, strategic partnerships, joint marketing relationships, joint ventures, results of operations or capital commitments; • changes in our relationship with our clients or in client needs or expectations or trends in the markets in which we operate; • changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business; • investigations or regulatory scrutiny of our operations or lawsuits filed or threatened against us; • our ability to implement our business strategy; • our ability to complete and integrate acquisitions; • the amount and timing of any repurchases under our share repurchase program; • trading volume of our common stock; • changes in accounting principles; • the loss of any of our management or key personnel; • sales of our common stock by us, our executive officers and directors or our stockholders (including our Sponsor or its affiliates) in the future; • changes in our capital structure, such as future issuances of debt or equity securities; • short sales, hedging and other derivative transactions involving our common stock; • economic, political, legal and other regulatory factors unrelated to our performance; • negative trends in global economic conditions ~~, including as a result of the COVID- 19 pandemic~~ or activity levels in our industry; • other events or factors, including severe weather, natural disasters, those resulting from war **and other military conflicts (including the ongoing conflicts in Ukraine and the Middle East)** , incidents of terrorism, pandemics, or other public health emergencies or external events or responses to these events; and • overall fluctuations in the U. S. equity markets, including due to concerns of an economic downturn or recession. In addition, broad market and industry factors may negatively affect the market price of our common stock, regardless of our actual operating performance, and factors beyond our control may cause our stock price to decline rapidly and unexpectedly. Our Sponsor owns a majority of the voting power in the Company. As a result, we are a " controlled company " within the meaning of the corporate governance standards of Nasdaq. A company of which more than 50 % of the voting power is held by an individual, a group or another company is a " controlled company " within the meaning of the corporate governance standards of Nasdaq and may elect not to comply with certain corporate governance requirements of Nasdaq, including: • the requirement that a majority of our board of directors consist of independent directors; • the requirement that director nominations be made, or recommended to the full board of directors, by its independent directors or by a nominations committee comprised solely of independent directors; and • the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee' s purpose and responsibilities. We currently do not rely on the exemptions listed above, but at any point in time we may choose to rely on any or all of the exemptions accorded to a " controlled company ". If we choose to rely on any or all of the exemptions, our board of directors and those committees may have more directors who do not meet Nasdaq independence standards than they would if those standards were to apply. The independence standards are intended to ensure that directors who meet those standards are free of any conflicting interest that could influence their actions as directors. Accordingly, our stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of Nasdaq. Sales of a substantial number of shares of our common stock in the public market or the perception that these sales might occur, including sales by our Sponsor, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. Moreover, the approximately ~~62~~ **53** % of our outstanding common stock held by our Sponsor as well as approximately ~~1~~ **3** . 1 million shares of common stock held by certain of our officers and directors, have been registered for resale on a registration statement on Form S- 3. Additionally, we have filed registration statements on Form S- 8 under the Securities Act registering shares issuable under the 2015 LTIP, the 2021 Equity Plan and the ESPP. As of February 28, ~~2023~~ **2024** , there were (i) ~~9~~ **8** , ~~290~~ **236** , ~~129~~ **986** shares of common stock issuable upon the exercise of options outstanding under the 2015 LTIP, (ii) 3, ~~493~~ **749** , ~~673~~ **917** unvested shares of restricted stock that were issued under the 2021 Equity Plan, (iii) 4, ~~387~~ **546** , ~~501~~ **475** shares of common stock issuable upon the exercise of options outstanding under the 2021 Equity Plan, (iv) ~~49~~ **113** , ~~082~~ **951** shares of common stock issuable upon the settlement of RSUs outstanding under the 2021 Equity Plan, (v) ~~11~~ **14** , ~~122~~ **062** , ~~424~~ **084** shares of common stock reserved for future issuance under the 2021 Equity Plan, and (vi) ~~3~~ **4** , ~~810~~ **692** , ~~649~~ **961** shares of common stock reserved for future issuance under the ESPP. Shares registered under such registration statements, including shares issuable upon the exercise of options, will be eligible for resale in the public market without restriction, subject to Rule 144 limitations applicable to affiliates, any applicable lock- up agreements and the vesting and transfer restrictions described in our Definitive Proxy Statement on Schedule 14A, filed with the SEC on April ~~29~~ **18** , ~~2022~~ **2023** (our " ~~2022~~ **2023** Proxy Statement ") under " Executive Compensation ~~— Summary Compensation Table~~ — Narrative Disclosure to Summary Compensation Table — Long- Term Equity Incentives — 2015 LTIP " and " — Sterling Check Corp. 2021 Omnibus Incentive

Plan. " Further, our amended and restated certificate of incorporation authorizes us to issue shares of common stock and options relating to common stock for the consideration and on the terms and conditions established by our board of directors in its sole discretion, whether in connection with acquisitions or otherwise. Any common stock that we issue, including under the 2021 Equity Plan or other equity incentive plans that we may adopt in the future, would dilute the percentage ownership held by our stockholders. In the future, we may also issue our securities in connection with investments or acquisitions. The amount of shares of our common stock issued in connection with an investment or acquisition could constitute a material portion of our then- outstanding shares of our common stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to our stockholders. If securities or industry analysts cease publishing research or reports about us, our business or our markets, or if they adversely change their recommendations or publish negative reports regarding our business or our common stock, our stock price and trading volume could materially decline. The trading market for our common stock is influenced by the research and reports that industry or securities analysts may publish about us, our business, our markets or our competitors. We do not have any control over these analysts and we cannot provide any assurance that analysts will continue to cover us or provide favorable coverage. If one or more of the analysts who do cover us downgrade our stock or our industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, or if we fail to meet their expectations for our financial results, the price of our stock could materially decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to materially decline. We do not currently expect to pay any cash dividends. We do not currently expect to pay any cash dividends on our common stock for the foreseeable future. Instead, we intend to retain future earnings, if any, for the future operation and expansion of our business. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend upon our results of operations, cash requirements, financial condition, contractual restrictions, restrictions imposed by applicable laws, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions and other factors that our board of directors deems relevant. Because we are a holding company and all of our business is conducted through our subsidiaries, dividends, distributions and other payments from, and cash generated by, our subsidiaries will be our principal sources of cash to fund operations and pay dividends. Accordingly, our ability to pay dividends to our stockholders is dependent on the earnings and distributions of funds from our subsidiaries. Under our 2022 Credit Agreement, we and our subsidiaries are limited in our ability to pay cash dividends. Our ability to pay dividends may also be similarly restricted by the terms of any future credit agreement or any future debt or preferred equity securities we or our subsidiaries may issue. Accordingly, if you purchase shares of our common stock, realization of a gain on your investment will depend on the appreciation of the price of our common stock, which may never occur. Investors seeking dividend income should not purchase our common stock. We may issue preferred stock the terms of which could adversely affect the voting power or value of our common stock. Our amended and restated certificate of incorporation authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designations, preferences, limitations and relative rights, including preferences over our common stock respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our common stock. For example, we might grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of the common stock. Anti- takeover provisions in our organizational documents and Delaware law might discourage or delay acquisition attempts for us that you might consider favorable, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock. Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may have an anti- takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt, or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders, and may make changes in our management more difficult without the approval of our board of directors. Among other things, these provisions: • establish a classified board of directors such that only a portion of the board of directors is elected at each annual meeting; • allow the authorized number of our directors to be determined exclusively by resolution of our board of directors and grant our board of directors the sole power to fill any vacancy on the board of directors; • limit the ability of stockholders to remove directors without cause if our Sponsor ceases to own 50 % or more of the voting power of our common stock; • eliminate the ability of our stockholders to call special meetings of stockholders, if our Sponsor ceases to own 50 % or more of the voting power of our common stock; • would allow us to authorize the issuance of undesignated preferred stock in connection with a stockholder rights plan or otherwise, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of our common stock; • prohibit stockholder action by written consent from and after the date on which our Sponsor ceases to beneficially own 50 % or more of the voting power of our common stock; • provide that the board of directors is expressly authorized to make, alter, or repeal our bylaws and that our stockholders may only amend our bylaws with the approval of 66 2 / 3 % or more in voting power of all outstanding shares of our capital stock, if our Sponsor ceases to own 50 % or more of the voting power of our common stock; • restrict the forum for certain litigation against us to Delaware; and • establish advance notice requirements for nominations for elections to our board or for proposing matters that can be acted upon by stockholders at stockholder meetings. In addition, while we have opted out of Section 203 of the General Corporation Law of the State of Delaware (the " DGCL "), our amended and restated certificate of incorporation contains similar provisions providing that we may not engage in certain " business combinations " with any " interested stockholder " for a three- year period following the time that the stockholder became an interested stockholder, unless: • prior to such time, our board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder; • upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85 % of our voting stock outstanding at the time the transaction commenced, excluding certain shares; or • at or subsequent to that time, the business combination is approved by our board of directors and by the affirmative vote of holders of at least 66 2 / 3 % of our outstanding voting stock that is not owned by the interested stockholder. Our amended and restated certificate of incorporation provides that our Sponsor and its affiliates, and any of their respective direct or indirect transferees and any group as to which such persons are a party, do not constitute " interested stockholders " for purposes of this provision. Further, as a Delaware corporation, we are also subject to provisions of Delaware law, which may impair a takeover attempt that our stockholders may find beneficial. These anti- takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of our company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire. Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware or the federal district courts of the U. S. as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain what such stockholders believe to be a favorable judicial forum for disputes with us or our directors, officers or other employees. Our amended and restated certificate of incorporation provides that, unless we otherwise consent in writing, (A) (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, other employee or stockholder of us to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws (as either may be amended or restated) or as to which the DGCL confers exclusive jurisdiction on the Court of Chancery of the State of Delaware or (iv) any action asserting a claim governed by the internal affairs doctrine of the law of the State of Delaware shall, to the fullest extent permitted by law, be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware; and (B) the federal district courts of the U. S. shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act; however, there is uncertainty as to whether a court would enforce such provision, and investors cannot waive compliance with federal securities laws and the rules and regulations thereunder. Notwithstanding the foregoing, the exclusive forum provision shall not apply to claims seeking to enforce any liability or duty created by the Exchange Act or any other claim for which the federal courts of the U. S. have exclusive jurisdiction. The choice of forum provisions may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers, and other employees, although our stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and board of directors. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock shall be deemed to have notice of and consented to the forum provisions in our amended and restated certificate of incorporation. Taking advantage of the reduced disclosure requirements applicable to " emerging growth companies " may make our common stock less attractive to investors. The JOBS Act provides that, so long as a company qualifies as an " emerging growth company, " it will, among other things: • be exempt from the provisions of Section 404 (b) of the Sarbanes- Oxley Act requiring that its independent registered public accounting firm provide an attestation report on the effectiveness of its internal control over financial reporting; • be exempt from the " say on pay " and " say on golden parachute " advisory vote requirements of the Dodd- Frank Act; and • be exempt from certain disclosure requirements of the Dodd- Frank Act relating to compensation of its executive officers and be permitted to omit the detailed compensation discussion and analysis from proxy statements and reports filed under the Exchange Act. We have utilized, and currently intend to continue to utilize, each of the exemptions described above. In addition, the JOBS Act permits an emerging growth company like us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies, meaning that the company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to use this extended transition period and, as a result, our financial statements may not be comparable with similarly situated public companies. We will remain an emerging growth company until the earliest of (i) the last day of the year in which we have total annual gross revenue of $ 1. 235 billion or more; (ii) the last day of the year following the fifth anniversary of the date of the closing of our IPO; (iii) the date on which we have issued more than $ 1. 0 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC. Taking advantage of these exemptions may result in less active trading, lower trading prices or more volatility in the price of our common stock. As a public company, we are required to comply with the SEC' s rules implementing Sections 302 and 404 of the Sarbanes- Oxley Act, and other federal regulations implementing Section 906 of the Sarbanes- Oxley Act, which require management to certify financial and other information in our quarterly and annual reports and will require management to provide an annual management report on the effectiveness of internal control over financial reporting. In addition, we are required to evaluate the effectiveness of our disclosure controls and procedures in our quarterly and annual reports. If we are unable to maintain appropriate internal control over financial reporting or effective disclosure controls and procedures, it could cause us to fail to meet our reporting obligations on a timely basis or result in material misstatements in our consolidated financial statements. We are required to make annual assessments of the effectiveness of our internal control over financial reporting pursuant to Section 404. However, as an emerging growth company, our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 until the date we are no longer an emerging growth company. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating. When evaluating our internal control over financial reporting, we may identify material weaknesses. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. If we identify any material weaknesses in our internal control over financial reporting or are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is effective, if our independent registered public accounting firm is unable to express an unqualified opinion as to the effectiveness of our internal control over financial reporting once we are no longer an emerging growth company, or if we are unable to conclude in our quarterly and annual reports that our disclosure controls and procedures are effective, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected, and we could become subject to investigations by Nasdaq, the SEC or other regulatory authorities, which could require additional financial and management resources. In addition, if we fail to remediate any material weakness, our financial statements could be inaccurate and we could face restricted access to capital markets. The requirements of being a public company, including compliance with the reporting requirements of the Exchange Act and the requirements of the Sarbanes- Oxley Act and Nasdaq, may strain our resources, increase our costs and divert management’ s attention, and we may be unable to comply with these requirements in a timely or cost- effective manner. As a public company, we incur significant legal, regulatory, finance, accounting, investor relations and other expenses that we did not incur as a private company, including costs associated with public company reporting requirements of the Exchange Act, and the corporate governance standards of the Sarbanes- Oxley Act and Nasdaq. These requirements may place a strain on our management, systems and resources and we may incur significant legal, accounting, insurance and other expenses that we did not incur as a private company. The Exchange Act requires us to file annual, quarterly and current reports with respect to our business and financial condition within specified time periods and to prepare a proxy statement with respect to our annual meeting of stockholders. The Sarbanes- Oxley Act requires that we maintain effective disclosure controls and procedures and internal control over financial reporting. Nasdaq requires that we comply with various corporate governance requirements. To maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting and comply with the Exchange Act and Nasdaq requirements, significant resources and management oversight may be required. This may divert management’ s attention from other business concerns and lead to significant costs associated with compliance, which could have a material adverse effect on us and the price of our common stock. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time- consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. These laws and regulations could also make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or its committees or as our executive officers. Advocacy efforts by stockholders and third parties may also prompt even more changes in governance and reporting requirements. We cannot predict or estimate the amount of additional costs we may incur or the timing of these costs. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and potentially civil litigation. General Risks We may undertake acquisitions or divestitures, which may not be successful, and which could materially adversely affect our business, financial condition and results of operations. From time to time, we may consider acquisitions, which may not be completed or, if completed, may not be ultimately beneficial to us. We also may consider potential divestitures of businesses from time to time. We routinely evaluate potential acquisition and divestiture candidates and engage in discussions and negotiations regarding potential acquisitions and divestitures on an ongoing basis; however, even if we execute a definitive agreement, there can be no assurance that we will consummate the transaction within the anticipated closing timeframe, or at all. Moreover, there is significant competition for acquisition and expansion opportunities in our industry. Acquisitions involve numerous risks, including: (i) failing to properly identify appropriate acquisition targets and to negotiate acceptable terms; (ii) incurring the time and expense associated with identifying and evaluating potential acquisition targets and negotiating potential transactions; (iii) diverting management’ s attention from the operation of our existing business; (iv) using inaccurate estimates and judgments to evaluate credit, operations, funding, liquidity, business, management and market risks with respect to the acquisition target or assets; (v) litigation relating to an acquisition, particularly in the context of a publicly held acquisition target, that could require us to incur significant expenses, result in or delay or enjoin the transaction; (vi) failing to properly identify an acquisition target’ s significant problems, liabilities or risks; (vii) not receiving required regulatory approvals on the terms expected or such approvals being delayed or restrictively conditional; and (viii) failing to obtain financing on favorable terms, or at all. In addition, in connection with any acquisitions, we must comply with various antitrust requirements. In addition, it is possible that perceived or actual violations of these requirements could give rise to litigation or regulatory enforcement action or result in us not receiving the necessary approvals to complete a desired acquisition. Furthermore, when we complete an acquisition, the anticipated benefits from such acquisition may not be achieved unless the operations of the acquired business are integrated in an efficient, cost- effective and timely manner. The integration of any acquired business includes numerous risks, including an acquired business not performing to our expectations, our not integrating it appropriately and failing to realize anticipated synergies and cost savings as a result, and difficulties, inefficiencies or cost overruns in integrating and assimilating the organizational cultures, operations, technologies, products and services of the acquired business with ours and maintaining uniform standards, policies, and procedures across multiple platforms and locations, including for those located outside the U. S. This may result in a greater than anticipated increase in the transaction, remediation, and integration costs and could discourage us from entering into acquisitions where the potential for such costs outweigh the perceived benefit. Further, although we conduct due diligence with respect to the business and operations of each of the companies we acquire, we may not have identified all material facts concerning these companies, which could result in unanticipated events or liabilities. The integration of our acquisitions will require substantial attention from management and operating personnel to ensure that the acquisition does not disrupt any existing operations, or affect our reputation or our clients' opinions and perceptions of our products and services. We may spend time and resources on acquisitions that do not ultimately increase our profitability or that cause loss of, or harm to, relationships with employees and clients. We cannot guarantee that any acquisitions we seek to enter into will be carried out on favorable terms or that the anticipated benefits of any acquisition, investment, or business relationship will materialize as intended or that no unanticipated liabilities will arise. Divestitures also involve numerous risks, including: (i) failing to properly identify appropriate assets or businesses for divestiture and buyers; (ii) inability to negotiate favorable terms for the divestiture of such assets or businesses; (iii) incurring the time and expense associated with identifying and evaluating potential divestitures and negotiating potential transactions; (iv) management' s attention being diverted from the operation of our existing business, including to provide on- going services to the divested business; (v) encountering difficulties in the separation of operations, products, services or personnel; (vi) retaining future liabilities as a result of contractual indemnity obligations; and (vii) loss of, or damage to our relationships with, any of our key employees, clients, suppliers or other business partners. We cannot readily predict the timing or size of any future acquisition or divestiture, and there can be no assurance that we will realize any anticipated benefits from any such acquisition or divestiture. If we do not realize any such anticipated benefits, our business, financial condition and results of operations could be materially adversely affected. If we enter into strategic alliances, partnerships or joint ventures, we may not realize the anticipated strategic goals for any such transactions. From time to time, we may enter into strategic alliances, partnerships or joint ventures as a means to accelerate our entry into new markets, provide new products or services or enhance our existing capabilities. Entering into strategic alliances, partnerships and joint ventures entails risks, including: (i) difficulties in developing or expanding the business of newly formed alliances, partnerships and joint ventures; (ii) exercising influence over the activities of joint ventures in which we do not have a controlling interest; (iii) potential conflicts with or among our partners; (iv) the possibility that our partners could take action without our approval or prevent us from taking action; and (v) the possibility that our partners become bankrupt or otherwise lack the financial resources to meet their obligations. In addition, there may be a long negotiation period before we enter into a strategic alliance, partnership or joint venture or a long preparation period before we commence providing products or services or begin earning revenues pursuant to such arrangement. We typically incur significant business development expenses, and management' s attention may be diverted from the operation of our existing business, during the discussion and negotiation period with no guarantee of consummation of the proposed transaction. Even if we succeed in developing a strategic alliance, partnership or joint venture with a new partner, we may not be successful in maintaining the relationship, which may have a material adverse effect on our business, financial condition or results of operations. We cannot assure you that we will be able to enter into strategic alliances, partnerships or joint ventures on terms that are favorable to us, or at all, or that any strategic alliance, partnership or strategic alliance we have entered into or may enter into will be successful. In particular, these arrangements may not generate the expected number of new clients or engagements or other benefits we seek. Unsuccessful strategic alliances, partnerships or joint ventures could harm our reputation and have a material adverse effect on our business, financial condition and results of operations. We are exposed to litigation risk. We are from time to time involved in various litigation matters and claims, including lawsuits regarding employment matters, breach of contract matters, alleged violations of the FCRA and other business and commercial matters. See Item 3. " Legal Proceedings. " Many aspects of our business, and the businesses of our clients, involve substantial risks of liability. These risks include, among others, claims that we provided to our clients inaccurate or improper information or that we failed to correctly report information to a client. These are typically claims by private plaintiffs, including subjects of our background reports and third parties with which we do business, but can also include regulatory investigations and enforcement proceedings. Many of these matters arise in the U. S. under the FCRA and other laws of U. S. states focused on privacy and the conduct and content of background reports, and relate to actual or alleged process errors, inclusion of erroneous or impermissible information, or failure to include appropriate information in background reports that we prepare. Since the introduction of the GDPR and the U. K. GDPR, the market has also witnessed an increase in collective privacy actions in other jurisdictions across Europe and the U. K. Investigations, enforcement actions, claims or proceedings may also arise under other laws addressing privacy and the use of background information such as criminal and credit histories around the world. Although we carry insurance that may limit our risk of damages in some matters, we may still sustain uncovered losses or losses in excess of available insurance, and we could incur significant legal expenses defending claims, even those without merit. For example, in September 2020 we settled a class action lawsuit alleging violations of the FCRA for $ 15. 0 million, which was covered by our insurers after we met our retention. Additionally, in November 2019, we settled a matter with the CFPB. The CFPB' s allegations generally related to the period from December 2012 to July 2016 and we neither admitted nor denied any of the allegations as part of the settlement. As part of the settlement, we paid redress of $ 6. 0 million to pay certain consumers and paid the CFPB $ 2. 5 million in civil money penalty, neither of which were covered by our insurers. Due to the uncertain nature of the litigation process, it is not possible to predict with certainty the outcome of any particular litigation matter or claim, and we could in the future incur judgments or enter into settlements that could have a material adverse effect on our business, financial condition and results of operations. The ultimate outcome of lawsuits against us may require us to change or cease certain operations and may result in higher operating costs. An adverse resolution of any litigation matter or claim could cause damage to our reputation and could have a material adverse effect on our business, financial condition and results of operations. We may be subject to securities litigation, which is expensive and could divert management attention. Our share price may be volatile and, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Litigation of this type could result in substantial costs and diversion of management' s attention and resources, which could have a material adverse effect on our business, financial condition and results of operations. Any adverse determination in litigation could also subject us to significant liabilities. Fluctuations in foreign currency exchange rates may materially adversely affect our financial results. We operate in several different countries outside the U. S., most notably the U. K. and Canada, and historically, approximately 15 – 20 % of our revenue has been denominated in currencies other than the U. S. dollar. For the year ended December 31, ~~2022~~ **2023** , $ ~~123~~ **109** . ~~0~~ **9** million of our revenue was denominated in currencies other than the U. S. dollar. Portions of our expenses, assets and liabilities are denominated in non- U. S. dollar currencies as well. Because our consolidated financial statements are presented in U. S. dollars, we must translate non- U. S. dollar denominated revenues, income and expenses, as well as assets and liabilities, into U. S. dollars at exchange rates in effect during or at the end of each reporting period. Accordingly, increases or decreases in the value of the U. S. dollar against other currencies may affect our business, financial condition and results of operations. As we increase the extent of our international operations, such foreign currency exchange rate fluctuations could make it more difficult to detect underlying trends in our business and results of operations, such as our margins and cash flows. Foreign currency exchange rate fluctuations may also adversely impact third-party vendors we rely on for services, which may be passed along to us in the form of price increases. In recent years, external events, such as Brexit, the COVID- 19 pandemic, ~~the~~ **international** ~~conflict~~ **conflicts** ~~between Russia and~~ **(such as the ongoing conflicts in** Ukraine **and the Middle East)** , uncertainty regarding actual and potential shifts in U. S. and foreign trade, economic and other policies and the passage of U. S. tax reform legislation, have caused significant volatility in currency exchange rates, especially among the U. S. dollar, the pound sterling and the euro, and these or other external events may continue to cause such volatility. While we may in the future again engage in hedging activity to attempt to mitigate currency exchange rate risk with respect to our expenses denominated in foreign currencies, our hedging activities may not be effective, particularly in the event of inaccurate forecasts of the levels of our foreign- denominated assets and liabilities. Accordingly, if there are adverse movements in the exchange rates, we may suffer significant losses, which would materially adversely affect our financial condition and results of operations. The ~~United Kingdom~~ **U. K.** ' s exit from the EU could have a material adverse effect on our business, financial condition and results of operations. On January 31, 2020, the ~~United Kingdom~~ **U. K.** formally withdrew from the EU (" Brexit "), entering into a transition period that ended on December 31, 2020. This process is unprecedented in EU history and the effects of Brexit remain uncertain. Although the ~~United Kingdom~~ **U. K.** entered into a trade and cooperation agreement with the EU on December 24, 2020 that provides for, among other things, the free movement of goods between the ~~United Kingdom~~ **U. K.** and the EU, continued legal uncertainty and potentially divergent national laws and regulations in relation to financial laws and regulations, tax and free trade agreements, immigration laws and employment laws may adversely affect economic or market conditions in the ~~United Kingdom~~ **U. K.** , Europe or globally, which could contribute to instability in global financial and foreign exchange markets, including volatility in the value of the British pound, or the euro, which could negatively affect our revenues and the broader economic environment on which our business and industry depend. The U. K.' s departure from the EU and the terms of the future relationship between the ~~United Kingdom~~ **U. K.** and the EU could significantly impact the business environment in which we and our clients operate, increase the costs of conducting business in both the ~~United Kingdom~~ **U. K.** and the EU, impair or prohibit access to EU clients, create challenges in attracting or retaining non- British EU employees and introduce significant new uncertainties with respect to the legal and regulatory requirements to which we and our clients are subject. In particular, Brexit **could** ~~is expected to~~ significantly affect the regulatory landscape in both the ~~United Kingdom~~ **U. K.** and the EU and may have a material impact on their respective economies, which could have a materially adverse impact on us despite our international client base. Failure to retain our existing senior management team or the inability to attract and retain qualified personnel could materially adversely affect our ability to operate or grow our business. The success of our business depends upon the skills, experience and efforts of our executive officers, particularly Joshua Peirez, our Chief Executive Officer and Director ~~, Peter Walker, our Executive Vice President and Chief Financial Officer~~ and Lou Paglia, our President and Chief Operating Officer. There is a risk that ~~any~~ **either** of Messrs. Peirez ~~, Walker,~~ or Paglia could leave the Company at any time, subject to certain notice requirements, although each is subject to post-termination restrictive covenants including non- compete covenants. Further, volatility in our stock price could negatively impact the value of executive officer equity awards and our ability to retain talent of key employees and executives. Although we have invested in succession planning, the loss of key members of our senior management team could nevertheless have a material adverse effect on our business, financial condition and results of operations. Should we lose the services of any member of our senior management team, we would have to conduct a search for a qualified replacement. This search may be prolonged, and we may not be able to locate and hire a qualified replacement. Our business also depends on our ability to continue to attract, motivate and retain a large number of highly qualified personnel in order to support our clients and achieve business results. There is a limited pool of employees who have the requisite skills, training and education. Identifying, recruiting, training, integrating and retaining qualified personnel requires significant time, expense and attention, and the market for qualified personnel, particularly those with experience in background screening, has become increasingly competitive as an increasing number of companies seek to enhance their positions in the markets we serve. Our inability to attract, retain and motivate personnel with the requisite skills could impair our ability to develop new products and services, enhance our existing products and services, grow our client base, enter into new markets or manage our business effectively. Increases in labor costs, potential labor disputes and work stoppages or an inability to hire skilled personnel could materially adversely affect our business. An increase in labor costs, including as a result of the rising rate of inflation that the U. S. is currently experiencing, work stoppages or disruptions at our officers or those of our service providers, or other labor disruptions, could decrease our revenue and increase our expenses. In addition, although our employees are not represented by a union, our labor force may become subject to labor union organizing efforts, which could cause us to incur additional labor costs and increase the related risks that we now face. It is also possible that a union seeking to organize one subset of our employee population could also mount a corporate campaign, resulting in negative publicity or other actions that require attention by our management team and our employees. Negative publicity, work stoppages, or strikes by unions could have a material adverse effect on our business, prospects, financial condition, and results of operations. The competition for skilled sales and other personnel can be intense in the regions in which our offices are located. A significant increase in the salaries and wages paid in these regions or by competing employers could result in a reduction of our labor force, increases in the salaries and wages that we must pay or both ~~. For example, the U. S. is experiencing an acute workforce shortage~~ , which ~~in turn has created a very competitive wage environment that~~ may **also** increase our operating costs. If we are unable to hire skilled manufacturing, sales and other personnel or retain our existing personnel, our ability to execute our business plan, and our results of operations, would suffer. Our ability to conduct our business may be materially adversely affected by unforeseen or catastrophic events. In addition, our **operations, including in the** U. S., ~~and European~~ -- **Europe** , ~~Indian~~ - **India** and **the** ~~Philippine~~ **Philippines** ~~operations~~ **,** are heavily concentrated in particular areas and may be adversely affected by events in those areas. We may incur losses as a result of unforeseen or catastrophic events, including fire, natural disasters, extreme weather events, power loss, telecommunications failure, software or hardware malfunctions, theft, cyber- attacks, war ~~or~~ **,** terrorist attacks **or other military conflicts (such as the ongoing conflicts in Ukraine and the Middle East)** . In addition, employee misconduct or error could expose us to significant liability, losses, regulatory sanctions and reputational harm. Misconduct or error by employees could include engaging in improperly using confidential information or engaging in improper or unauthorized activities or transactions. These unforeseen or catastrophic events could adversely affect our clients' levels of business activity and precipitate sudden significant changes in regional and global economic conditions and cycles. Certain of these events also pose significant risks to our employees and our physical facilities and operations around the world, whether the facilities are ours or those of our third- party service providers or clients. If our systems were to fail or be negatively affected as a result of an unforeseen or catastrophic event, our business functions could be interrupted, our ability to make our products and services available to our clients could be impaired and we could lose critical data. If we are unable to develop adequate plans to ensure that our business functions continue to operate during and after an unforeseen or catastrophic event, and successfully execute on those plans should such an event occur, our business, financial condition, results of operations and reputation could be materially harmed. In addition, although we believe our virtual- first policy has reduced our geographic concentration while it has broadened our exposure to multiple geographies, our U. S. operations are heavily concentrated in the New York metropolitan area, our European operations are heavily concentrated in London, England, Swansea, Wales and Wroclaw, Poland, our Indian operations are heavily concentrated in Mumbai and our Philippine operations are heavily concentrated in Manila. Any event that affects these geographic areas could particularly affect our ability to operate our business. If our estimates or judgments relating to our critical accounting policies prove to be incorrect or change significantly, our results of operations could be harmed. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity and the amount of sales and expenses that are not readily apparent from other sources. Our results of operations may be harmed if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors and could result in a decline in our stock price. Expectations relating to environmental, social and governance (" ESG ") considerations could expose us to potential liabilities, increased costs and reputational harm. Governmental authorities, non- governmental organizations, customers, investors, external stakeholders and employees are increasingly sensitive to ESG considerations, such as diversity and inclusion, sustainability, climate change, cyber- security and data privacy. This focus on ESG considerations may lead to increased compliance costs associated with running our business. Responding to ESG concerns, implementing ESG initiatives and achieving ESG goals involves risks and uncertainties, requires investment, and depends in part on third- party performance or data that is outside of our control. We risk negative stockholder reaction, including from proxy advisory services, as well as damage to our brands and reputation, if we fail, or are perceived to fail, to adhere to our public statements about ESG matters, comply fully with developing interpretations of ESG laws and regulations or meet evolving and varied stakeholder expectations and standards. In addition, some stakeholders may disagree with our ESG goals and initiatives. If we do not meet the evolving and varied ESG expectations of our customers, investors and other stakeholders, we could experience reduced demand for our products and services, loss of customers and other negative effects on our business, results of operations and the market price of our common stock, and could be exposed to government enforcement actions or private litigation.