Risk Factors Comparison 2024-02-26 to 2023-02-16 Form: 10-K

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The following are certain risk factors that could affect our business, financial condition and results of operations. The risks that are described below are not the only ones that we face. These risk factors should be considered in connection with evaluating forward- looking statements contained in this Annual Report on Form 10- K because these factors could cause our actual results and financial condition to differ materially from those projected in forward- looking statements. Although the risks are organized by headings, and each risk is discussed separately, many are interrelated. If any of the following risks actually occur, our business, financial condition or results of operations could be negatively affected. Readers should not interpret the disclosure of any risk factor to imply that the risk has not already materialized. Risk Relating to our Business The bearing ~~industry~~ and ~~the industries into which we sell our various~~ industrial motion ~~products~~ **industries** are highly competitive, and this competition results in significant pricing pressure for our products that could affect our revenues and profitability. The global bearing industry is highly competitive and consolidated. We compete with many domestic and foreign manufacturers of anti-friction bearings. In addition, the industries into which we sell our industrial motion products are also highly competitive and consolidating. Due to competitiveness within these industries, we may not be able **to continue** to increase prices for our products to cover increases in our costs or to achieve desired profitability. In addition, we face pressure from our customers to reduce prices, and the contractual nature of business with OEM customers, could adversely affect our revenues and profitability. In addition, our customers may choose to purchase products from one of our competitors rather than pay the prices we seek for our products, which could adversely affect our revenues and profitability. Our business is capital intensive, and if there are downturns in the industries that we serve, we may be forced to significantly curtail or suspend operations with respect to those industries, which could result in our recording asset impairment charges, restructuring charges or taking other measures that may adversely affect our results of operations and profitability. Our business operations are capital intensive, and we devote a significant amount of capital to certain industries. Our profitability is dependent on factors such as labor compensation and productivity and inventory and supply chain management, which are subject to risks that we may not be able to control. If there are downturns in the industries that we serve, including as a result of high inflation or a recession, we may be forced to significantly curtail or suspend our operations with respect to those industries, including laying- off employees, reducing production, recording asset impairment charges and other measures, which may adversely affect our results of operations and profitability. We have taken approximately $ ~~86~~ **127** million in impairment and restructuring charges in the aggregate during the last five years. Changes in business or economic conditions, or our business strategy, may result in additional restructuring actions and may require us to take additional charges in the future, which could have a material adverse effect on our earnings. Changes in customer preferences and inventory reductions by customers or distributors could adversely affect the Company' s business. The Company has previously experienced distributor inventory corrections reflecting de- stocking of the supply chain associated with softer demand in certain markets. The Company' s results in a period may be adversely impacted by similar customer inventory adjustments in the future, as well as changes in customer buying preferences. Any change in raw material prices, the availability or cost of raw materials or logistics expenses could adversely affect our results of operations and profit margins. We require substantial amounts of raw materials, including steel, to operate our business. Our supply of raw materials could be and has in the past been interrupted for a variety of reasons, including availability and pricing. Prices for raw materials necessary for production have fluctuated significantly in the past, have risen substantially over the past few years, and could continue to do so in the future. We generally attempt to manage these fluctuations by passing along increased raw material prices to our customers in the form of price increases or surcharges; however, we may be unable to **continue to** increase the price of our products, or may experience a lag in doing so, due to pricing pressure, contract terms or other factors, which could adversely impact our revenue and profit margins. Moreover, future disruptions in the supply of our raw materials could impair our ability to manufacture our products for our customers, impact our ability to manufacture and deliver our products on a timely basis, require us to pay higher prices in order to obtain these raw materials from other sources or necessitate the use of expedited or more costly freight options. Any significant increase in the prices for such raw materials or logistics expenses could adversely affect our results of operations and profit margins. ~~The COVID- 19 pandemic has, and could continue to, adversely and materially impact our business. The global outbreak of COVID- 19 and associated variants has negatively impacted our business operations in a number of ways, including: volatility in economic demand; higher levels of absenteeism, turnover and reduced labor availability; shipping and logistics delays; supply chain and manufacturing disruptions; and higher levels of inflation for raw material, purchased components, freight and other costs. We could continue to experience these and other impacts from the pandemic, and collectively or individually, these factors could adversely and materially impact our short- term and long- term operations, cost structure, and related results of operations, including revenue, gross margins, operating margins and cash flows.~~ We may not realize the improved operating results that we anticipate from past and future acquisitions, may experience difficulties in integrating acquired businesses, and may incur unanticipated liabilities and costs associated with such acquired businesses. We seek to grow, in part, through strategic acquisitions, joint ventures and other alliances, which are intended to complement or expand our businesses, and expect to continue to do so in the future. These acquisitions involve challenges and risks. In the event that we do not successfully integrate these acquisitions into our existing operations so as to realize the expected return on our investment, issues identified in our due diligence review are not **adequately** addressed or the costs associated with such issues are higher than expected, or we uncover material issues (including historical environmental, trade, sanctions, ~~or~~ tax **or** compliance violations) that were not identified during our due diligence review, our results of operations, cash flow or financial condition could be adversely affected. Our operating results depend in part on continued successful research, development and marketing of new and / or improved products and services, and there can be no assurance that we will continue to successfully introduce new products and services. The success of new and improved products and services depends on their initial and continued acceptance by our customers. Our businesses are affected, to varying degrees, by technological change and corresponding shifts in customer demand, which could result in unpredictable product transitions or shortened life cycles, especially as it relates to market and technological changes driven by electrification, environmental requirements, automation, the continued rising importance of e- commerce **, artificial intelligence** and increased digitization. We may experience difficulties or delays in the research, development, production, or marketing of new products and services that may prevent us from recouping or realizing a return on the investments required to bring new products and services to market. The end result could have a negative impact on our operating results. Loss of our rights to exclusive use of our intellectual property whether through patent infringement, counterfeiting, theft of trade secrets, or otherwise could have a material adverse effect on the Company. Third- party claims alleging our infringement of intellectual property rights could also have a material adverse effect on the Company. We rely on a combination of patents, trademarks, trade secret laws, invention assignment agreements, confidentiality agreements, and other arrangements to protect our intellectual property rights. These rights are important to our business, and their loss, whether through patent infringement, counterfeiting, theft of trade secrets, **data breach,** or otherwise, could have a material adverse effect on the Company. Additionally, third parties may bring claims to challenge the validity of our patents or other intellectual property rights or allege that we infringe their patents or other intellectual property rights. We may incur substantial costs if our competitors or other third parties allege such claims. If the outcomes of any such disputes are unfavorable to us, we could be subject to damages and reputational harm and our business could be otherwise adversely affected. Risks Related to our Capital Structure, the Global Financial Markets, and Currency Exchange Rates An increase in our levels of debt and the corresponding impact to our financial covenants or a failure to maintain our credit ratings could limit our ability to invest in our business. An increase in our levels of debt might lead us to have less cash flow available for our business operations, capital expenditures, and strategic transactions and our ability to service our debt obligations or to obtain future financing could be negatively impacted by general adverse economic and industry conditions and **rising** interest rate trends. In addition, a failure to maintain our credit ratings could adversely affect our cost of borrowing, liquidity and access to capital markets. Some of our debt has variable interest rates, which could increase the cost of servicing such debt **, and fixed rate debt may have increased cost to refinance at maturity** . Interest rates have risen significantly over the past **few** ~~year~~ **years** and may **remain elevated or** rise in the future due to inflation or other causes. As a result, the costs of servicing our variable interest rate debt could further increase even if the amount borrowed under such facilities remains the same. Increased servicing costs could in turn negatively impact our profitability and cash flow **. In addition, fixed rate debt currently outstanding that matures in the future may be refinanced with higher interest rates leading to additional servicing costs** . The global nature of our business exposes us to foreign currency fluctuations that may affect our asset values, results of operations and competitiveness. We are exposed to the risks of currency exchange rate fluctuations because a significant portion of our net sales, costs, assets and liabilities, are denominated in currencies other than the U. S. dollar. These risks include a reduction in our net asset values, net sales, operating income and competitiveness. For those countries outside the U. S. where we have significant sales, a strengthening in the U. S. dollar as we have seen over the past few years or devaluation in the local currency would reduce the value of our local inventory as presented in our Consolidated Financial Statements. In addition, a stronger U. S. dollar or a weaker local currency would result in reduced revenue, operating profit and shareholders' equity due to the impact of foreign exchange translation on our Consolidated Financial Statements. Fluctuations in foreign currency exchange rates may make our products more expensive for others to purchase or increase our operating costs, affecting our competitiveness and our profitability. Changes in exchange rates between the U. S. dollar and other currencies and volatile economic, political and market conditions in emerging market countries have in the past adversely affected our financial performance and may in the future adversely affect the value of our assets located outside the ~~United States~~ **U. S.** , our gross profit and our results of operations. Our results of operations may be materially affected by conditions in global financial markets or in any of the geographic regions in which we, our customers or our suppliers operate. If an end user cannot obtain financing to purchase our products, either directly or indirectly contained in machinery or equipment, demand for our products will be reduced, which could have a material adverse effect on our financial condition and earnings. Global financial markets have experienced volatility in the past, including volatility in securities prices and diminished liquidity and credit availability. Our access to the financial markets cannot be assured and is dependent on, among other things, market conditions and company performance. Accordingly, we may be forced to delay raising capital, issue shorter tenors than we prefer or pay unattractive interest rates, which could increase our interest expense, decrease our profitability and significantly reduce our financial flexibility. If a customer becomes insolvent or files for bankruptcy, our ability to recover accounts receivable from that customer would be **adversely** affected ~~adversely~~ and any payment we received during the preference period prior to a bankruptcy filing potentially may be recoverable by the bankruptcy estate. Furthermore, if certain of our customers liquidate in bankruptcy, we may incur impairment charges relating to obsolete inventory and machinery and equipment. In addition, financial instability of certain companies in the supply chain could disrupt production in any particular industry. A disruption of production in any of the industries where we participate could have a material adverse effect on our financial condition and earnings. If any of our suppliers are unable or unwilling to provide the products or services that we require or materially increase their costs, our ability to offer and deliver our products on a timely and profitable basis could be impaired. We cannot assure you that any or all of our relationships will not be terminated or that such relationships will continue as presently in effect. Furthermore, if any of our suppliers were to become subject to bankruptcy, receivership or similar proceedings, we may be unable to arrange for alternate or replacement relationships on favorable terms, which could harm our sales and operating results. Risks Related to the Global Nature of our Operations Global political instability and other risks of international operations may adversely affect our operating costs, revenues and the price of our products. Our international operations expose us to risks not present in a purely domestic business, including primarily: • changes in international treaties or trade unions, which may make our products or our customers' products more costly to export or import; • changes in tariff regulations, which may make our products more costly to export or import; • threatened or actual state seizure of foreign- owned manufacturing assets; • hostilities between countries in which we operate which could limit our ability to manufacture in, sell into, ~~or~~ export out of **, or access assets located in** such jurisdictions **; • the imposition of sanctions on countries in which we operate, from which we receive critical supplies or into which we sell our products; • strained geopolitical relations between countries in which we have significant operations including the U. S. and China** ; • political protests or unrest which could negatively impact our operations; • difficulties establishing and maintaining relationships with local OEMs, distributors and dealers; • import and export licensing requirements; • compliance with a variety of foreign laws and regulations, including unexpected changes in taxation ~~and~~ **,** environmental **, sustainability** or other regulatory requirements, which could increase our operating and other expenses and limit our operations; • additional costs, taxes and restrictions related to repatriation of cash in international jurisdictions; • disadvantages of competing against companies from countries that are not subject to U. S. laws and regulations, including the FCPA; • difficulty in staffing and managing geographically diverse operations; • disruptions to our global supply chain and logistical issues associated with port closures or congestion, delays or increased costs; • tax exposures related to cross- border intercompany transfer pricing and other tax risks unique to international operations; and • compliance with data protection regulations. These and other risks also may increase the relative price of our products compared to those manufactured in other countries, reducing the demand for our products in the markets in which we operate, which could have a material adverse effect on our revenues and earnings. We have global operations, and changes to government trade policies including the imposition of tariffs and other trade barriers, as well as the resulting consequences, could adversely impact our revenue and profit margins. The U. S. government has imposed tariffs on certain foreign goods, including steel and other raw materials as well as certain products made from such materials. Changes in U. S. trade policy have resulted in, and could further result in, U. S. trading partners adopting responsive trade policies that make it more difficult or costly for us to export our products to those countries. In addition, the governments of other countries in which we have substantial operations could impose tariffs on, or restrict trade in, the materials and components necessary for the production of our products. These measures could result in an increase in our production costs. If we are unable to increase the price of our products or otherwise mitigate these increased costs, it could adversely impact our revenue and profit margins. Risks Related to Human Capital Management and Employee Benefits If we are unable to attract, retain and develop key personnel and develop and successfully execute succession plans, our business could be materially adversely affected. Our business substantially depends on the continued service of key members of our management and other key employees. The loss of the services of a significant number of members of our management or other key employees could have a material adverse effect on our business. Our future success also will depend on our ability to attract, retain and develop highly skilled personnel **at all levels of the organization** , such as engineering, finance, marketing and senior management professionals, as well as skilled labor. Competition for these types of employees is intense **, particularly in developed countries such as the U. S.,** and has increased recently, and we could experience difficulty from time to time in hiring, developing and retaining the personnel necessary to support our business. If we do not succeed in retaining and developing our current employees, attracting new high- quality employees, and developing and successfully executing succession plans, our business could be materially adversely affected. Work stoppages or similar difficulties could significantly disrupt our operations, reduce our revenues and materially affect our earnings. A work stoppage at one or more of our facilities, whether caused by fire, flooding, epidemics, pandemics **, public health concerns** ~~(including the COVID- 19 outbreak)~~ , military hostilities, government- imposed shutdowns, severe weather, including that caused by climate change, other natural disaster or otherwise, could have a material adverse effect on our business, financial condition and results of operations. In addition, some of our employees are represented by labor unions or works councils under collective bargaining agreements with varying durations and terms. We have experienced work stoppages at certain of our facilities historically at times, and while these stoppages have been short- term in nature, no assurances can be made that we will not experience additional work stoppages due to government directives, employee health concerns, and other types of conflicts with labor unions, works councils, and other similar groups in the future. A work stoppage at one of our suppliers could also materially and adversely affect our operations if an alternative source of supply were not readily available. In addition, if one or more of our customers were to experience a work stoppage, that customer could halt or limit purchases of our products, which could have a material adverse effect on our business, financial condition and results of operations. In addition, the credit and default risk or bankruptcy of customers or suppliers as a result of work stoppages could also materially and adversely affect our operations and results. Expenses and contributions related to our defined benefit plans are affected by factors outside our control, including the performance of plan assets, interest rates, actuarial data and experience, and changes in laws and regulations, all of which could impact our funded status. Our future expense and funding obligations for defined benefit pension plans depend upon a number of factors, including the level of benefits provided for by the plans, the future performance of assets with specific country economic performance risks set aside in trust for these plans, the level of interest rates used to determine the discount rate to calculate the amount of liabilities, actuarial data and experience, and any changes in government laws and regulations. In addition, if the various investments held by our pension trusts do not perform as expected or the liabilities increase as a result of discount rate changes and other actuarial changes, our pension expense and required contributions would increase and, as a result, could materially adversely affect our business or require us to record charges that could be significant and would cause a reduction in our shareholders' equity. We may be required legally to make contributions to the pension plans in the future in excess of our current expectations, and those contributions could be material. Future actions involving our defined benefit and other postretirement plans, such as annuity purchases, lump- sum payouts, and / or plan terminations could cause us to incur significant pension and postretirement settlement and curtailment charges, and require cash contributions. We have purchased annuities and offered lump- sum payouts to defined benefit plan and other postretirement plan participants and retirees in the past. If we were to take similar actions in the future, we could incur significant pension settlement and curtailment charges related to the reduction in pension and postretirement obligations from annuity purchases, lump- sum payouts of benefits to plan participants, and / or plan terminations. Pursuing these types of actions could require us to make additional contributions to the defined benefit plans to maintain a legally required funded status. Risks Related to Legal, Compliance and Regulatory Matters ~~If government- imposed restrictions continue, are re- imposed, or are expanded, our business could be further adversely impacted. The global outbreaks of COVID- 19 and new variants of the virus continue to create uncertainty with respect to economic demand and operations. The COVID- 19 outbreak has resulted in significant governmental measures being implemented to control the spread of COVID- 19, including, among others, restrictions on travel and manufacturing operations in certain regions of the world. To the extent that governments reimpose restrictions that have now lapsed, or to the extent that the COVID - 19 outbreak intensifies or new dangerous variants develop and new restrictions are implemented, we could experience additional material impacts to our short- term and long- term operations, access to skilled labor or raw materials, and related results of operations, including revenue, gross margins, operating margins and cash flows.~~ Current and future environmental health and safety laws, regulations, and customer requirements impose substantial costs and limitations on our operations and compliance may be more costly than we expect. We are subject to the risk of substantial environmental liability and limitations on our operations due to current environmental laws and regulations and future environmental laws and regulations could impose additional risks and limitations. We are or may become subject to extensive federal, state, local and foreign environmental, health and safety laws and regulations concerning matters such as air emissions, wastewater discharges, the use of per- and polyfluoroalkyl substances **, such as polytetrafluoroethylene,** or other chemicals of concern, waste management (e. g. storage, disposal) and the investigation and remediation of contamination. The risks of substantial costs and liabilities related to compliance with these laws and regulations are an inherent part of our business, and future conditions may develop, arise or be discovered that create substantial environmental compliance or remediation liabilities and costs **or which may require that we change certain production methods or materials used in our manufacturing processes or products** . Compliance with environmental, health and safety legislation and regulatory requirements may prove to be more limiting and costly than we anticipate. To date, we have committed significant expenditures in our efforts to manage remediation activities and maintain compliance with these requirements at our facilities, and we expect that we will continue to make significant expenditures related to such compliance in the future. From time to time, we may be subject to legal proceedings brought by private parties or governmental authorities with respect to environmental matters, including matters involving alleged noncompliance with or liability arising from environmental, health and safety laws, property damage or personal injury. Actual or alleged violations of environmental, health and safety laws or environmental permit requirements could result in restrictions or prohibitions on operations and substantial civil or criminal fines, as well as, under some environmental, health, and safety laws, the assessment of strict liability and / or joint and several liability. New laws and regulations, including those that may relate to emissions of greenhouse gases or the use, discharge or disposal of chemicals of concern utilized in our manufacturing processes, stricter enforcement of existing laws and regulations, new and more stringent customer requirements, the discovery of previously unknown contamination or the imposition of new clean- up requirements or standards could require us to incur costs **, change production methods or materials** or become the basis for new or increased liabilities that could have a material adverse effect on our business, financial condition or results of operations. We are subject to a wide variety of domestic and foreign laws and regulations that could adversely affect our results of operations, cash flow or financial condition. We are subject to a wide variety of domestic and foreign laws and regulations, and legal compliance risks, including securities laws, tax laws, data privacy laws, employment and pension- related laws, competition laws, U. S. and foreign export and trade laws, government procurement regulations, and laws governing improper business practices. We are affected by both new laws and regulations, and changes to existing laws and regulations which may continue to evolve through interpretations by courts and regulators. Furthermore, the laws and regulations to which we are subject may differ from jurisdiction to jurisdiction, further increasing the cost of compliance and the risk of noncompliance. In addition, we could be adversely affected by violations of the FCPA and similar worldwide anti- bribery laws as well as export controls and economic sanction laws. The FCPA and similar anti- bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to non- U. S. government officials for the purpose of obtaining or retaining business. ~~Recently~~ **In the past** , there has been a substantial increase in the global enforcement of anti- corruption laws. We operate in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti- bribery laws may conflict with local customs and practices. Our policies mandate compliance with these laws, but we cannot assure you that our internal controls and procedures will always protect us from the improper acts committed by our employees, agents or third- party intermediaries. If we are found to be liable for FCPA, export control or sanction violations, we could suffer from criminal or civil penalties or other sanctions, including loss of export privileges or authorization needed to conduct aspects of our international business, which could have a material adverse effect on our business. Also, our sales to public- sector customers are subject to complex regulations. Noncompliance with government procurement regulations, information security requirements, or other applicable laws or regulations could result in civil, criminal and administrative liability, termination of government contracts or other public- sector customer contracts, and suspension, debarment or ineligibility from doing business with governmental entities or other customers in the public sector. Compliance with the laws and regulations described above or with other applicable foreign, federal, state, and local laws and regulations currently in effect or that may be adopted in the future could materially adversely affect our competitive position, operating results, financial condition and liquidity. **The global** ~~New or more stringent government regulations~~ **regulatory** ~~or standards associated~~ **landscape is rapidly evolving and new and potentially conflicting requirements, including** with **respect to** climate change **, environmental sustainability and other matters,** could ~~increase our~~ **lead to added** operational **complexity and compliance risks while adversely impacting our** costs and **financial results. In addition,** severe weather associated with a changing climate could negatively impact our operations and those of our customers and suppliers. ~~We~~ **The pace at which regulators in many jurisdictions** are **implementing** ~~subject to domestic and foreign regulations~~ **regulatory change is currently heightened across a wide variety of topics including** ~~and standards governing emission limits which are, in part, designed to address~~ climate change **, environmental sustainability, employment and labor, ethics, data privacy, governance, and others** . ~~Due~~ **Rapid changes in the regulatory environment may lead** to ~~increasing~~ **additional costs of compliance and risks associated with non-compliance. Furthermore, regulations governing our** global **operations** ~~concern over the effects of climate change, new or more stringent regulations and standards~~ may **at times conflict across jurisdictions leading to additional complexity and** ~~be mandated. Tighter emissions controls as a result of these actions could increase our operational~~ **operating** costs ~~and could lead to disruptions in our operations as compliance is attained~~ . In addition, environmental activism **, government regulations** and **reporting standards, and other** initiatives aimed at limiting climate change and reducing global greenhouse gas emissions could interfere with our business strategy and operations as well as require material investment in energy efficiency projects ~~and~~ **,** renewable energy sourcing **, emission controls, data collection and verification resources** . Severe weather associated with a changing climate could also negatively impact the operation of our facilities, as well as those of our customers and suppliers ~~. Responses~~ **and impact our ability** to **insure our assets on commercially desirable terms and conditions. Actions required to comply with regulations or stakeholder expectations associated with** corporate social responsibility (“ CSR ”) topics, including those related to climate change, could adversely affect our business and performance. Investors, customers, suppliers, employees, regulators and other stakeholders are increasingly focused on CSR practices and disclosures, and expectations in this area are rapidly evolving and growing. We have announced goals covering certain CSR topics, such as those related to reductions in greenhouse gas emissions and maintaining employee health and safety. Over time, stakeholder expectations for, and regulatory requirements **(such as the Corporate Sustainability Reporting Directive)** related to, our CSR program and initiatives may change, and our investors, customers, suppliers, employees or regulators may ~~demand~~ **advocate** that we implement additional, or stricter, goals and initiatives related to CSR topics. Greater expectations or legal requirements may cause us to undertake costly initiatives to satisfy such new criteria ~~. If we are unable to respond effectively, stakeholders may conclude that our CSR program and initiatives are inadequate~~ . If we do not meet, or are perceived to have not met, announced CSR goals or do not accurately disclose our progress on such goals, our reputation, competitive position, financial condition and operating results could be adversely impacted. Risks Related to Data Privacy and Information Security The Company may be subject to risks relating to its information technology systems, including the risk of ~~security~~ **cybersecurity** ~~breaches~~ **incidents** . The Company relies on information technology systems **and those of third parties who provide products or services to us** to manage and operate its business and to process, transmit and store ~~sensitive and confidential~~ data, including its intellectual property **, personal data** and other proprietary business information and that of its customers and suppliers. Despite security measures taken by the Company, the Company’ s information technology systems (both on- premises and third- party managed) may be vulnerable to attacks by hackers or ~~breached~~ **subject to unauthorized access** due to employee error, ~~technological~~ **technology** ~~error~~ **vulnerabilities or misconfigurations** , supplier error, malfeasance or other ~~disruptions~~ **causes** . While we have utilized and continue to utilize various controls and systems to mitigate such risks, we cannot assure that the actions we have implemented and are implementing, or that we ~~cause or~~ have ~~caused~~ **required or will require** third- party service providers to implement, will be sufficient to protect our systems or ~~sensitive and confidential~~ data. We have been and may in the future be subject to attempts to gain unauthorized access to our information technology systems. To date, the impacts of prior ~~events~~ **incidents** have not had a material adverse effect on us. **A** ~~Any such breach in security~~ **cybersecurity incident** could expose the Company and its employees, customers and suppliers to risks of misuse of confidential information, manipulation and destruction of data, production downtimes ~~, litigation~~ and operational disruptions, which in turn **could result in litigation, business disputes and government investigations, and related monetary damages, injunctive requirements and fines, and** could adversely affect the Company' s reputation, competitive position, business or results of operations. Data privacy and security concerns, as well as evolving ~~government~~ regulation **and enforcement** , could adversely affect our results of operations and profitability. We collect, store, access and otherwise process certain confidential or sensitive data, including proprietary business information, personal data or other information that is subject to privacy **, data protection** and security laws, regulations and / or government or customer- imposed controls. We operate in a global environment in which the data privacy regulatory and legal framework ~~is~~ **and corresponding enforcement and litigation landscape are** evolving quickly. Moreover, the data privacy laws of the specific jurisdictions in which we operate may vary and potentially conflict. As such, we ~~cannot predict the~~ **incur and expect to continue to incur significant ongoing** ~~cost~~ **costs as part** of ~~compliance~~ **our efforts to comply** with ~~future~~ **applicable law. Any failure, or perceived failure, to comply with our** data **protection or** privacy **- related legal obligations may** ~~laws, regulations and standards, future interpretations of current laws, regulations and standards, or the potential effects on our business. Government enforcement actions can be costly and interrupt the regular operation of our business, and a violation of data privacy laws or a security breach involving personal or customer data can~~ result in ~~fines,~~ reputational damage, loss of business, **regulatory investigations and fines,** and civil lawsuits **, and related monetary damages and injunctive requirements** , any of which may adversely affect our results of operations and profitability. General Risk Factors Weakness in global economic conditions or in any of the industries or geographic regions in which we or our customers operate, as well as the cyclical nature of our customers' businesses generally or sustained uncertainty in financial markets, could adversely impact our revenues and profitability by reducing demand and margins. There has been significant volatility in the capital markets and in the end markets and geographic regions in which we and our customers operate, which has negatively affected our revenues. Our revenues also may be negatively affected by changes in customer demand, changes in the product mix and negative pricing pressure in the industries in which we operate. Margins in those industries are highly sensitive to demand cycles, and our customers in those industries historically have tended to delay large capital projects, including expensive maintenance and upgrades during economic downturns. As a result, our revenues and earnings are impacted by overall levels of industrial production. Rising inflationary pressure has resulted in and could further result in increased employee expenses, shipping costs, raw material costs, energy and fuel costs and other costs of production. If we cannot continue to absorb or pass these increases in our costs of production to our customers, our results of operations, profit margins and cash flows could be adversely affected. Increases in compensation, wage pressure, and other expenses for our employees have adversely affected our profitability and could continue to do so. These cost increases may ~~result from~~ **continue to be impacted by** inflationary pressures that could further reduce our sales or profitability. Inflation has led to and could continue to lead to further increases in other operating costs, such as shipping costs, costs of raw materials, and energy and fuel prices. If we are unable **to continue** to increase the price of our products to offset further cost increases, or experience a lag in doing so, due to pricing pressure, contract terms or other factors, our financial condition, results of operations and cash flows may be adversely affected. Warranty, recall, quality or product liability claims could materially adversely affect our earnings. Warranty, recall, quality or product liability claims could materially adversely affect our earnings and brand reputation. In our business, we are exposed to warranty and product liability claims **, including in certain industry segments with potential high value claims, such as rail, aerospace and wind energy, and through our automotive customer contracts which often contain negotiated warranty provisions** . In addition, we may be required to participate in the recall of a product. If we fail to meet customer specifications for their products, we may be subject to product quality costs and claims, as well as adverse brand reputational impacts. A successful warranty or product liability claim against us, or a requirement that we participate in a product recall, could have a material adverse effect on our earnings and brand reputation. If our internal controls are found to be ineffective, our financial results or our stock price may be adversely affected. Our most recent evaluation resulted in our conclusion that, as of December 31, ~~2022~~ **2023** , our internal control over financial reporting was effective. We believe that we currently have adequate internal control procedures in place for future periods, including processes related to newly acquired businesses; however, increased risk of internal control breakdowns generally exists in a business environment that is decentralized. In addition, if our internal control over financial reporting is found to be ineffective, investors may lose confidence in the reliability of our financial statements, which may adversely affect our stock price. Changes in accounting standards could have an adverse effect on our results of operations, as reported in our financial statements. Our consolidated financial statements are prepared in accordance with U. S. Generally Accepted Accounting Principles (" U. S. GAAP"), which is periodically revised and / or expanded. Accordingly, from time to time we are required to adopt new or revised accounting standards and related interpretations issued by recognized authoritative bodies, including the Financial Accounting Standards Board (" FASB") and the SEC. The impact of accounting pronouncements that have been issued but not yet implemented is disclosed in this Annual Report on Form 10- K and our Quarterly Reports on Form 10- Q. It is possible that future accounting guidance we are required to adopt, or future changes in accounting principles, could change the current accounting treatment that we apply to our consolidated financial statements and that such changes could have an adverse effect on our results of operations, as reported in our consolidated financial statements. **18**