Risk Factors Comparison 2024-02-22 to 2023-02-24 Form: 10-K

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The following risks could materially and adversely affect our business, financial condition and results of operations, and cause the trading price of our common stock to decline. This list does not identify all risks that we face; our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial. Due to risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods. You should also refer to the other information set forth in this Annual Report on Form 10- K, including Item 7 " Management' s Discussion and Analysis of Financial Condition and Results of Operations " and Item 8 " Financial Statements and Supplementary Data. " ECONOMIC / POLITICAL RISKS Our business is dependent on the construction industry and is subject to economic cycles — Our products are principally sold to the U. S. construction industry. Construction spending is affected by general economic conditions, changes in interest rates, demographic shifts, industry cycles, employment levels, inflation and other business, economic and financial factors, any of which could contribute to a downturn in construction activities or spending in Vulcan- served markets. A downturn in Vulcan- served markets, particularly in our top revenue- generating markets, could have a material adverse effect on our business, financial condition ~~,~~ and results of operations ~~. Our business is exposed to the risks associated with a pandemic, epidemic or other public health emergency, such as the coronavirus (COVID- 19) pandemic — The COVID- 19 pandemic caused governments and businesses around the world to implement strict measures to help control the spread of the virus. The vast majority, if not all, of these measures are no longer in place in the United States. While our industry was deemed essential in every state in which we operate and we continued to operate across our footprint when such measures were in place, our operations, supply chain, customers, and transportation networks were negatively impacted by such measures (including our own) and the health of our employees. The progression of COVID- 19 (which remains highly uncertain) or another pandemic may result in future measures taken by governments and / or businesses (including our own) that could negatively impact our business~~ . Our business is dependent on the timing and amount of federal, state and local funding for infrastructure — Our products are used in a variety of public infrastructure projects that are funded and financed by federal, state and local governments. In ~~2022~~ **2023** , voters in local jurisdictions in **Arizona,** California, ~~Florida,~~ Georgia **, New Mexico** , North Carolina, South Carolina ~~,~~ **and** Texas ~~and Virginia~~ , among others, approved bond and revenue- raising measures to provide additional resources for transportation projects. In November 2021, the federal Infrastructure Investment and Jobs Act (IIJA), which included a five **-** year road, bridge and public transportation program reauthorization at record levels, was signed into law. These state and federal highway programs, as well as funding for other aggregates- intensive public infrastructure, will support demand for our products for several years to come. However, given the time to set up new federal programs, varying state and local budgetary situations and the stages of projects, we cannot be entirely assured of the existence, amount and timing of appropriations for future public infrastructure projects. We are subject to various risks arising from our international business operations and relationships — We are subject to **risks associated with potential disruption caused by changes in domestic or global political, economic and diplomatic developments, including war, civil and political unrest, illnesses declared as a public health emergency (including viral pandemics such as COVID- 19), terrorism, expropriation and local labor conditions. We are also subject to** both the risks of conducting international business and the requirements of the Foreign Corrupt Practices Act of 1977 (the FCPA) associated with our aggregates production facilities including those located in British Columbia, Canada; Puerto Cortés, Honduras; and Quintana Roo, Mexico. These risks have included, and may in the future include, changes in international trade policies, such as the United States- Mexico- Canada Agreement (USMCA), imposition of duties, taxes or government royalties, arbitrary changes to permits, zoning classifications or operating agreements, or overt acts by foreign governments, including expropriations and other forms of takings of property. Recently, the Mexican government has taken actions that adversely affect our property and operations in **Mexico** ~~that country~~ , including arbitrary shutdown orders to immediately cease underwater quarrying and extraction operations. We continue to vigorously pursue all lawful avenues available to us in order to protect our rights, under both Mexican and international law ~~and intend to resume normal operations in Mexico as soon as permitted~~ . ~~Part I~~ OPERATIONS, GROWTH AND COMPETITIVE ~~RISKSWithin~~ **RISKS Within** our local markets, we operate in a highly competitive industry — The construction aggregates industry is highly fragmented with a large number of independent local producers in a number of our markets. Additionally, in most markets, we also compete against large private and public companies, some of which are significantly vertically integrated. This significant competition could lead to lower prices and lower sales volumes. Certain markets are experiencing the expanded use of aggregates substitutes — Recycled concrete and asphalt are increasingly being used in a number of our markets, particularly urban markets, as a substitute for aggregates. The expanded use of recycled concrete and asphalt could cause a significant reduction in the demand for aggregates. **Part I** Our long- term success depends upon securing and permitting aggregates reserves in strategically located areas — Construction aggregates have a high weight- to- price ratio, and transportation costs can quickly exceed the cost of the aggregates. Therefore, except for geographic regions that do not possess commercially viable deposits of aggregates and are served by rail, barge or ship, the markets for our products tend to be localized around our quarry sites and are served by truck. New quarry sites often take years to develop, so our strategic planning and new site development must stay ahead of actual growth. Additionally, in a number of urban and suburban areas in which we operate, it is increasingly difficult to permit new sites or expand existing sites due to community resistance. Therefore, our future success is dependent, in part, on our ability to accurately forecast future areas of high growth in order to locate optimal facility sites and on our ability to secure operating and environmental permits to operate at those sites. Our future growth depends in part on acquiring and successfully integrating other businesses in our industry — Our ability to acquire and integrate businesses is dependent upon the availability of attractive businesses with owners that are willing to sell at fair market prices, conducting proper due diligence on such available businesses, and developing and executing integration plans for acquired businesses. Our aggregates operations are subject to the risks of open pit and underground mining ~~–~~ **—** Aggregates mining involves risks such as pit wall failures, pillar or ceiling collapse, flooding, and seismic events related to geologic conditions and our mining activities. Any ground control event could lead to serious injuries, loss of life, equipment damage, production delays or cessation, and increased operating costs. FINANCIAL / ACCOUNTING RISKSOur industry is capital intensive, resulting in significant fixed and semi- fixed costs — Due to the high levels of fixed capital required for extracting and producing construction aggregates, our earnings are highly sensitive to changes in product shipments. Therefore, it is important that our capital allocation decisions are properly informed and our capital deployment is well planned and executed. A deterioration in our credit ratings and / or the state of the capital markets could negatively impact the cost and / or availability of financing — We currently have approximately $ ~~4~~ **3** . ~~0~~ **9** billion of debt with maturities between ~~2023~~ **2024** and 2048. We expect to finance acquisitions with a combination of cash flows from existing operations, additional debt and / or additional equity. The mix of financing sources for acquisitions will be situationally dependent. A deterioration in our credit ratings, regardless of the cause, could limit our debt financing options and increase the cost of such debt financing. While we do not anticipate a credit ratings downgrade and plan to manage our capital structure consistent with investment- grade credit metrics, we cannot assure our current credit ratings. A deterioration in the state of the capital markets, regardless of our credit ratings, could impact our access to and / or cost of new debt or equity capital. We use estimates in accounting for a number of significant items — As discussed more fully in " Critical Accounting Policies " under Item 7 " Management' s Discussion and Analysis of Financial Condition and Results of Operations, " we use estimates and assumptions that require significant judgment in accounting for the following items: ⍰ goodwill impairment ⍰ impairment of long- lived assets excluding goodwill ⍰ business combinations and purchase price allocation ⍰ pension and other postretirement benefits ⍰ environmental compliance costs ⍰ claims and litigation including self- insurance ⍰ income taxesAdditionally, the calculation of mineral resources and reserves are estimates and depend upon geological interpretation and statistical inferences or assumptions drawn from drilling and sampling analysis. These estimates are subject to uncertainty due to factors that include the inherent variability of the deposit and recoverability of saleable material in the mining process. These estimates and assumptions could change significantly in the future and could adversely affect our financial position, results of operations or cash flows. Our effective tax rate is subject to change — Factors that may increase our future effective tax rate include, but are not limited to: governmental authorities increasing statutory income tax rates or eliminating deductions **(particularly the depletion deduction)** or credits; the mix of jurisdictions in which our earnings are taxed **and the mix of earnings from depletable versus non- depletable businesses** ; changes in the valuation of our deferred tax assets and liabilities; the effect our stock price has with regard to excess tax benefits from share- based compensation; adjustments to estimated taxes upon finalization of various income tax returns; the resolution of issues arising from income tax audits with various tax authorities; and the interpretation of income tax laws and / or administrative practices. LEGAL / REGULATORY COMPLIANCE RISKSOur operations are subject to changes in legal requirements and governmental policies — Our operations are affected by numerous federal, state and local laws and regulations, including those related to zoning, land use and environmental matters. In addition, our operations require numerous governmental approvals and permits, which often require us to make significant capital and operating expenditures to comply with the applicable requirements. Stricter laws and regulations, or more stringent interpretations of existing laws or regulations, may impose new liabilities, taxes or tariffs on us; reduce operating hours; require additional investment by us in pollution control equipment; create restrictions on our products; impede our access to reserves or hamper the opening of new, or the expansion of existing, plants or facilities. We are involved in certain environmental matters and other legal proceedings — We are involved in environmental investigations and cleanups at sites that we own or owned, where we operate or have operated or where we sent materials for recycling or disposal, as well as related offsite investigations and cleanups. We are also involved in several other complex, non- environmental, legal proceedings. As required by GAAP, we establish reserves when a loss is determined to be probable and the amount can be reasonably estimated. Our assessment of probability and loss estimates are based on the facts and circumstances known to us at a particular point in time. Subsequent developments related to these matters may affect our assessment and estimates of loss contingency. For a description of our current significant legal proceedings and environmental matters, see Note 12 " Commitments and Contingencies " in Item 8 " Financial Statements and Supplementary Data. " Climate change legislation or regulations may adversely impact our business — A number of governmental bodies have introduced or are contemplating legislative and regulatory change in response to the potential impacts of climate change. Such legislation or regulation, if enacted, potentially could include provisions for a " cap and trade " system of allowances and credits or a carbon tax, among other provisions, and adversely impact the availability and / or cost of purchased electricity. Expectations relating to environmental, social and governance ~~(ESG)~~ considerations **and related reporting obligations** expose us to potential liabilities, increased costs, reputational harm ~~,~~ and other adverse effects on our business — Many governments, regulators, investors, employees, customers and other stakeholders are increasingly focused on ~~ESG~~ **environmental, social and governance** considerations relating to businesses, including climate change and greenhouse gas emissions, human and civil rights, and diversity, equity and inclusion. In addition, we make statements about our ~~ESG~~ **sustainability** goals and initiatives through our ~~ESG~~ **sustainability** report, our other non- financial reports, information provided on our website, press releases and other communications. Responding to these ~~ESG~~ **environmental, social and governance** considerations and implementing these goals and initiatives involves risks and uncertainties, requires investments, and depends in part on third- party performance or data that is outside our control. We cannot guarantee that we will achieve our announced ~~ESG~~ **sustainability** goals and initiatives. In addition, some stakeholders may disagree with our goals and initiatives. Any failure, or perceived failure, by us to achieve our goals, further our initiatives, adhere to our public statements, comply with **related** federal, state or international ~~ESG~~ laws and regulations, or meet evolving and varied stakeholder expectations and standards could result in legal and regulatory proceedings against us. We may incur material costs and losses as a result of claims that our products do not meet regulatory requirements or contractual specifications — Our operations involve providing products that must meet building code or other regulatory requirements and contractual specifications for durability, stress- level capacity, weight- bearing capacity and other characteristics. If we fail to provide products meeting these requirements and specifications, product liability claims may arise against us. We have resolved certain claims of this kind, but there are currently open claims, and we expect future claims, some of which may exceed our product liability insurance coverage. PERSONNEL RISKSOur future success depends upon attracting and retaining qualified personnel, particularly in sales and operations — Our success in attracting qualified personnel, particularly in the areas of sales and operations, is affected by changing demographics of the available pool of workers with the training and skills necessary to fill the available positions, the impact on the labor supply due to general economic conditions, and our ability to offer competitive compensation and benefit packages. Disputes with organized labor could disrupt our business operations — Labor unions represent approximately 13 % of our workforce. Disputes with our trade unions, or the inability to renew our labor agreements, may lead to strikes or other actions that could disrupt our business operations. GENERAL RISK FACTORSWe are dependent on information technology systems (our own and those of our service providers such as Amazon Web Services), and these systems contain ~~confidential or sensitive~~ **non- public** data about our business, employees, suppliers ~~,~~ and customers — The protection of our information technology systems and the data contained therein is critical to us. We have a dedicated information security team that executes our information security program and routinely tests the security of our applications, networks, databases, etc. **While we have security measures and technology in place designed to protect proprietary or classified information about our business, employees, suppliers and customers, there can be no assurance that our efforts will prevent all threats to our information technology systems (or those of our service providers). In addition, the rapid evolution and increased adoption of artificial intelligence technologies may intensify our cybersecurity risks. Because the techniques used to obtain unauthorized access or sabotage information technology systems change frequently, become more sophisticated and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures.** The loss of use of information technology systems (whether ours or our service providers), regardless of the cause, would disrupt our business operations. The failure to keep secure the confidential and sensitive data about our business, employees, suppliers and customers, regardless of the reason for such failure, could expose us, our employees, suppliers and / or our customers to the misuse of such data and could ~~result in~~ **damage our** ~~reputational~~ -- **reputation** ~~harm~~ **, cause us to incur significant liability** and **have a material adverse effect on our business,** financial **condition** ~~liability. The Audit Committee, which has oversight responsibility for our information security program, is briefed on such program at least twice annually,~~ and **results of operations** ~~our Chief Financial Officer is briefed on such program at least quarterly~~ . Weather can, and climate change may, materially affect our operations — Almost all of our products are consumed outdoors in the public or private construction industry, and our production and distribution facilities are located outdoors. Inclement weather affects both our ability to produce and distribute our products and affects our customers' short- term demand because their work also can be hampered by weather. Potential impacts of climate change include disruption in production and product distribution due to impacts from major storm events, shifts in regional weather patterns and intensities, availability of energy and / or water, and sea level changes. A number of our facilities are located in desert climates, and while we have not experienced any significant shortages of energy or water in the past, we cannot guarantee that we will not in the future. Furthermore, public expectations for addressing climate change could result in increased energy, transportation and raw material costs and may require us to make additional investments in facilities and equipment. **Our product distribution is multi- modal and often dependent upon third- party providers — Our products are distributed either by truck to local markets or by rail, barge or oceangoing vessel to remote markets. The distribution and cost of distribution could be negatively affected by factors such as rail service interruptions or rate increases, tariffs, rising fuel costs, truck / railcar / barge shortages, truck driver and rail crew shortages, capacity constraints and minimum tonnage requirements. The production of our products is dependent upon the supply chain for several key inputs — In our production and distribution processes, we consume significant amounts of electricity, diesel fuel, liquid asphalt and other petroleum- based resources. Additionally, we operate significant amounts of fixed and mobile equipment that require regular maintenance and replacement of parts. The availability and pricing of these resources are subject to market forces.**