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

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We are subject to various risks and uncertainties in the course of our business. The following summarizes the risks and uncertainties that we consider to be material and that may materially and adversely affect our business, financial condition, results of operations or cash flows and the market value of our securities. Investors should consider these matters, in addition to the other information we have provided in this Annual Report on Form 10- K and the documents we incorporate by reference. Risk Factor Summary Risks Related to Our Business, Industry and Operations • ~~The impact and effects of public health crises, pandemics and epidemics, including the ongoing coronavirus (" COVID- 19") pandemic, could adversely affect our business, financial condition and results of operations. •~~ Cyclicality in the petrochemical industry has in the past, and may in the future, result in reduced operating margins or operating losses. • We sell commodity products in highly competitive markets and face significant competition and price pressure. • ~~Volatility in~~ **Our operations depend on the availability and** costs of raw materials ~~and~~ **,** energy **and utilities, and volatility in costs of raw materials, energy and utilities and supply chain constraints** may result in increased operating expenses and adversely affect our results of operations and cash flows. • External factors beyond our control can cause fluctuations in demand for our products and in our prices and margins, which may negatively affect our results of operations and cash flows. • The housing market may continue its recent decline or decline further, and any such continuation or decline in the homebuilding industry may adversely affect our operating results. • We operate internationally and are subject to related risks, including exchange rate fluctuations, exchange controls, political risk and other risks relating to international operations. • Our inability to compete successfully may reduce our operating profits. • Our production facilities process some volatile and hazardous materials that subject us to operating **and litigation** risks that could adversely affect our operating results. • We rely on a limited number of outside suppliers for specified feedstocks and services. • We rely heavily on third party transportation, which subjects us to risks and costs that we cannot control. Such risks and costs may adversely affect our operations. • We may pursue acquisitions, dispositions, joint ventures or other transactions that may impact our results of operations and financial condition. We may have difficulties integrating the operations of recently acquired businesses, such as Westlake Epoxy, and future acquired businesses. • Capital projects are subject to risks, including delays and cost overruns, which could have an adverse impact on our financial condition and results of operations. • Public and investor sentiment towards climate change and other environmental, social and governance (" ESG") matters could adversely affect our cost of capital and the price of our common stock. • Our participation in joint ventures and similar arrangements exposes us to a number of risks, including risks of shared control. • Our operations could be adversely affected by labor relations. • We have certain material pension and other post- retirement employment benefit (" OPEB") obligations. Future funding obligations related to these obligations could restrict cash available for our operations, capital expenditures or other requirements or require us to borrow additional funds. • If our goodwill ~~, indefinite~~ **or other long** - lived ~~intangible assets or other intangible~~ assets become impaired in the future, we may be required to record non- cash charges to earnings, which could be significant. • Failure to adequately protect critical data and technology systems could materially affect our operations. • Fluctuations in foreign currency exchange and interest rates could affect our consolidated financial results. • Our property insurance has only partial coverage for acts of terrorism and, in the event of terrorist attack, we could lose net sales and our facilities **. Our casualty and other insurance policies may be subject to coverage limitations. • The impact and effects of public health crises, pandemics and epidemics could adversely affect our business, financial condition and results of operations** . Legal, Governmental and Regulatory Risks • Our operations and assets are subject to extensive environmental, health and safety laws and regulations. • Our operations and assets are subject to climate- related risks and uncertainties. • We are subject to operational and financial risks and liabilities associated with the implementation of and efforts to achieve our carbon emission reduction goals. Risks Related to Our Indebtedness • Our level of debt could adversely affect our ability to operate our business. • To service our indebtedness and fund our capital requirements, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control. • The Credit Agreement and the indenture governing certain of our senior notes impose significant operating and financial restrictions, which may prevent us from capitalizing on business opportunities and taking some actions. Risks Related to Taxes • A change in tax laws, treaties or regulations, or their interpretation or application, could have a negative impact on our business and results of operations. • We depend in part on distributions from Westlake Partners to generate cash for our operations, capital expenditures, debt service and other uses. Westlake Partners' tax treatment depends on its status as a partnership for federal income tax purposes, and it not being subject to a material amount of entity- level taxation. If the Internal Revenue Service (" IRS") were to treat Westlake Partners as a corporation for federal income tax purposes, or if Westlake Partners became subject to entity- level taxation for state tax purposes, its cash available for distribution would be substantially reduced, which would also likely cause a substantial reduction in the value of its common units that we hold. Risks Related to the Ownership of Our Securities • We will be controlled by our principal stockholder and its affiliates as long as they own a majority of our common stock, and our other stockholders will be unable to affect the outcome of stockholder voting during that time. Our interests may conflict with those of the principal stockholder and its affiliates, and we may not be able to resolve these conflicts on terms possible in arms- length transactions. Risk Related to Business, Industry and Operations Public health crises, pandemics and epidemics...... predicted with certainty at this time. Our historical operating results reflect the cyclical and volatile nature of the petrochemical industry. The industry is mature and capital intensive. Margins in this industry are sensitive to supply and demand balances both domestically and internationally, which historically have been cyclical. The cycles are generally characterized by periods of tight supply, leading to high operating rates and

margins, followed by periods of oversupply primarily resulting from excess new capacity additions, leading to reduced operating rates and lower margins. Moreover, profitability in the petrochemical industry is affected by the worldwide level of demand along with vigorous price competition which may intensify due to, among other things, new industry capacity. In general, weak economic conditions reduce demand and put pressure on margins. It is not possible to predict accurately the supply and demand balances, market conditions and other factors that will affect industry operating margins in the future. New capacity additions, principally of ~~olefins~~ **ethylene, polyethylene, chlorine, caustic soda and PVC** in North America, Asia and the Middle East **and in the epoxy value chain in Asia** , a number of which have been recently completed, may lead to periods of over- supply and lower profitability. **Additionally, new entrants to the market, including when customers backward integrate into products we supply, can further exacerbate supply and demand imbalances.** As a result, our Performance and Essential Materials **(" PEM")** segment operating margins may be negatively impacted. The impact of COVID- 19 and the ~~conflict~~ **conflicts in the Middle East and** between Russia and Ukraine may lead to further supply chain constraints, supply and demand shifts, workforce availability issues and increased uncertainty in general economic and business conditions **,** including inflationary pressures, ~~increasing~~ **persistent high** interest rates and possible recession. We sell **most of** our **commodity** products in highly competitive markets **and face significant competition and price pressure** . ~~Due to the~~ **We sell most of our** commodity ~~nature of many of our~~ products ~~,~~ **in highly competitive markets.** ~~competition~~ **Competition** in ~~these~~ **commodity** markets is based primarily on price and to a lesser extent on performance, product quality, product deliverability and customer service. As a result, we generally are not able to protect our market position for **most of** these products by product differentiation and may not be able to pass on cost increases to our customers. Accordingly, increases in raw material and other costs may not necessarily correlate with changes in prices for these products, either in the direction of the price change or in magnitude. Specifically, timing differences in pricing between raw material prices, which may change daily, and contract product prices, which in many cases are negotiated monthly or less often, sometimes with an additional lag in effective dates for increases, have had and may continue to have a negative effect on profitability. Significant volatility in raw material costs tends to place pressure on product margins as sales price increases could lag behind raw material cost increases. Conversely, when raw material costs decrease, customers could seek relief in the form of lower sales prices. **Our operations depend on the availability of raw materials, energy and utilities, and volatility in costs of raw materials, energy and utilities may result in increased operating expenses and adversely affect our results of operations and cash flows. Our operations depend on the continued supply of raw materials and reliable energy. The availability of natural gas and electricity can be affected by numerous events such as weather (e. g., hurricanes and periods of considerable heat or cold, like Winter Storm Uri in 2021), pipeline and other logistics interruptions, electrical grid outages, cybersecurity incidents, intermittent electricity generation (particularly from wind and solar), hostilities and sanctions arising from geopolitical tensions, human error, and supply and demand imbalances for raw materials and electricity.** Significant variations in the costs and availability of raw materials and energy may negatively affect our results of operations. These costs have risen significantly in the past due primarily to oil and natural gas cost increases. We purchase significant amounts of ethane feedstock, natural gas, ethylene and salt to produce several basic chemicals. We also purchase significant amounts of electricity to supply the energy required in our production processes. The cost of these raw materials and energy, in the aggregate, represents a substantial portion of our operating expenses. The prices of raw materials and energy generally follow price trends of, and vary with market conditions for, crude oil and natural gas, which are highly volatile and cyclical, as well as the ability of domestic producers to export natural gas liquids, ethane and ethylene. Changes to regulatory policies applicable to the German energy sector for industrial users have contributed to higher prices for industrial users of energy in the past and may continue to do so in the future. Our results of operations have been and could in the future be significantly affected by increases in these costs. Price increases increase our working capital needs and, accordingly, can adversely affect our liquidity and cash flows. In addition, because we utilize the first- in, first- out (" FIFO") method of inventory accounting, during periods of falling raw material prices and declining sales prices, our results of operations for a particular reporting period could be negatively impacted as the lower sales prices would be reflected in operating income more quickly than the corresponding drop in feedstock costs. We use derivative instruments (including commodity swaps and options) in an attempt to reduce price volatility risk on some feedstock commodities. In the future, we may decide not to hedge any of our raw material costs or any hedges we enter into may not have successful results. Also, our hedging activities involve credit risk associated with our hedging counterparties, and a deterioration in the financial markets could adversely affect our hedging counterparties and their abilities to fulfill their obligations to us. Lower prices of crude oil, such as those experienced from the third quarter of 2014 through 2020, led to a reduction in the cost advantage for natural gas liquids- based ethylene crackers in North America, such as ours, as compared to naphtha- based ethylene crackers. As a result, our margins and cash flows were negatively impacted. Lower crude oil and natural gas prices could lead to a reduction in hydraulic fracturing in the United States, which could reduce the availability of feedstock and increase prices of feedstock for our operations. Higher natural gas prices could also adversely affect our ability to export products that we produce in the United States. In addition to the impact that this has on our exports from the United States, reduced competitiveness of U. S. producers also has in the past increased the availability of chemicals in North America, as U. S. production that would otherwise have been sold overseas was instead offered for sale domestically, resulting in excess supply and lower prices in North America. We could also face the threat of imported products from countries that have a cost advantage. Furthermore, additional export storage facilities for natural gas liquids, ethane and ethylene may lead to higher exports of such products from the United States or greater restrictions on hydraulic fracturing could restrict the availability of our raw materials in the United States, thereby increasing our costs. External factors beyond our control can cause volatility in raw material prices, demand for our products, product prices and volumes and deterioration in operating margins. These factors can also magnify the impact of economic cycles on our business and results of operations. Examples of external factors include:
• general economic and business conditions, including in North America, Europe and Asia, including inflation, ~~increasing~~

persistent high interest rates and possible recession; • new capacity additions in North America, Europe, Asia and the Middle East; • the level of business activity in the industries that use our products; • competitor action; • technological innovations; • currency fluctuations; • the impact of supply chain constraints and workforce availability; • international events and circumstances; • pandemics, such as COVID- 19 pandemic, and other public health threats and efforts to contain their transmission; • war, sabotage, terrorism and civil unrest, including the ~~conflict~~ **conflicts** between Russia and Ukraine **and in the Middle East** ; • governmental regulation, including in the United States, Europe and Asia; • public attitude towards climate change and safety, health and the environment; • perceptions of our products by potential buyers of our products, as well as the public generally, and related changes in behavior, including with respect to recycling; • severe weather and natural disasters **; • long- term impacts of climate change, including rising sea levels and changes in weather patterns, such as drought and flooding** ; and • credit worthiness of customers and vendors. A number of our products are highly dependent on durable goods markets, such as housing and construction, which are themselves particularly cyclical. Weakness in the U. S. residential housing market and economic weakness in North America, Europe, Asia and the Middle East could have an adverse effect on demand and margins for our products. Further, ~~increasing~~ **persistent high** interest rates, inflationary pressures and the possibility of recession can have an unfavorable impact on the demand for housing and our products. We may reduce production at or idle a facility for an extended period of time or exit a business because of high raw material prices, an oversupply of a particular product and / or a lack of demand for that particular product, which makes production uneconomical. Temporary outages sometimes last for several quarters or, in certain cases, longer **,** and cause us to incur costs, including the expenses of maintaining and restarting these facilities. Factors such as increases in raw material costs or lower demand in the future may cause us to further reduce operating rates, idle facilities or exit uncompetitive businesses. A lower level of economic activity in the United States, Europe or globally could result in a decline in demand for our products, which could adversely affect our net sales and margins and limit our future growth prospects. In addition, these risks could cause increased instability in the financial and insurance markets and could adversely affect our ability to access capital and to obtain insurance coverage that we consider adequate or is otherwise required by our contracts with third parties. We cannot predict whether and to what extent the housing market in the United States will grow, particularly if interest rates for mortgage loans **remain elevated or** continue to rise. The U. S. housing market remained strong throughout the COVID- 19 pandemic, but began softening at the end of the second quarter of 2022 and continued to decline **throughout** ~~in the second half of 2022~~ **2023** primarily due to inflationary pricing, rapidly rising interest rates for mortgage loans and increasing construction costs. Other factors that might impact the homebuilding industry include uncertainty in domestic and international financial, credit and consumer lending markets amid slow economic growth or recessionary conditions in various regions or industries around the world, including as a result of the ~~COVID- 19 pandemic, the conflict~~ **conflicts in the Middle East and** between Russia and Ukraine **, higher interest rates** , tight lending standards and practices for mortgage loans that limit consumers' ability to qualify for mortgage financing to purchase a home, higher home prices, population declines or slower rates of population growth or U. S. Federal Reserve policy changes. If there is limited economic growth, a decline in employment and consumer income, a general change in consumer behavior ~~, including as a result of the COVID- 19 pandemic, the conflict between Russia and Ukraine,~~ and / or tightening of mortgage lending standards, practices and regulation, or if interest rates for mortgage loans or home prices rise, there could be a corresponding adverse effect on our financial condition, results of operations or cash flows, including, but not limited to, the amount of revenues or profits we generate in our Housing and Infrastructure Products segment. We operate internationally and are subject to the risks of doing business on a global basis. These risks include, but are not limited to, fluctuations in currency exchange rates, currency devaluations, imposition or the threat of trade barriers (which could, among other things, negatively impact our ability to export our products outside of the United States), imposition or the threat of tariffs and duties (which could, among other things, lead to lower demand for our products outside of the United States), inflationary pressures and possibility of recession, restrictions on the transfer of funds, changes in law and regulatory requirements, involvement in judicial proceedings in unfavorable jurisdictions, economic instability and disruptions, political unrest and epidemics. U. S. foreign trade policies could lead to the imposition of additional trade barriers and tariffs on us in foreign jurisdictions. Our operating results could be negatively affected by any of these risks. The industries in which we operate are highly competitive. Historically, there have been a number of mergers, acquisitions, spin- offs and joint ventures in the industry **in which the PEM business operates** . This restructuring activity has resulted in fewer but more competitive **PEM** producers, many of which are larger than we are and have greater financial resources than we do. Among our **PEM** competitors are some of the world' s largest chemical companies and chemical industry joint ventures. Competition within the petrochemical industry and in the manufacturing of housing and infrastructure products is affected by a variety of factors, including: • product price; • balance of product supply / demand; • material, technology and process innovation; • technical support and customer service; • quality; • reliability of raw material and utility supply; • availability of potential substitute materials; and • product performance. Changes in the competitive environment could have a material adverse effect on our business and our operations. These changes could include: • the emergence of new domestic and international competitors; • the rate of capacity additions by competitors; • the additions of export storage facilities for natural gas liquids, ethane and ethylene; • changes in customer base due to mergers; • the intensification of price competition in our markets; • the introduction of new or substitute products by competitors; and • the technological innovations of competitors. **Our production facilities process some volatile and hazardous materials that subject us to operating risks that could adversely affect our operating results.** We have manufacturing sites in North America, Europe and Asia. Our operations are subject to the usual hazards associated with chemical, plastics, housing and infrastructure products manufacturing and the related use, storage, transportation and disposal of feedstocks, products and wastes **, and litigation arising as a result of such hazards** , including: • pipeline leaks and ruptures; • explosions; • fires; • mechanical failure; • unscheduled downtime; • labor difficulties; • transportation interruptions; • transportation accidents involving our products; • remediation complications; • chemical spills, discharges or releases of toxic or hazardous substances or gases; • other environmental risks; • sabotage; • terrorist attacks; and • political unrest. All of these hazards can cause personal injury and loss of life, catastrophic damage to or destruction of property and equipment and environmental damage, and may result in a suspension of operations and the imposition of civil or criminal penalties. We are from time to time subject to environmental claims brought by governmental entities or third parties. A loss or shutdown over an extended period of operations at any one of our chemical manufacturing facilities would have a material adverse effect on us. We maintain property, business interruption and casualty insurance that we believe is in accordance with customary industry practices, but we cannot be fully insured against all potential hazards incident to our business, including losses resulting from ~~war~~ **wars** ~~risks~~ or terrorist acts **, among other things. In addition, certain policies may be subject to coverage limitations, which may affect the extent of any recovery thereunder** . As a result of market conditions **and past claims** , premiums and deductibles for certain insurance policies can increase substantially and, in some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. If we were to incur a significant liability for which we were not fully insured, **or if an insurer was unwilling or unable to meet its obligations,** it could have a material adverse effect on our financial condition, results of operations or cash flows. We are exposed to significant losses from products liability, personal injury and other claims relating to the products we manufacture. Additionally, individuals currently seek, and likely will continue to seek, damages for alleged personal injury or property damage due to alleged exposure to chemicals at our facilities or to chemicals otherwise owned, controlled or manufactured by us. We are also subject to present and future claims with respect to workplace exposure, workers' compensation and other matters. Any such claims, whether with or without merit, could be time consuming, expensive to defend and could divert management' s attention and resources. We maintain and expect to continue to maintain insurance for products liability, workplace exposure, workers' compensation and other claims, but the amount and scope of such insurance may not be adequate or available to cover a claim that is successfully asserted against us. In addition, such insurance could become more expensive and difficult to maintain and may not be available to us on commercially reasonable terms or at all. The results of any future litigation or claims are inherently unpredictable, but such outcomes could have a material adverse effect on our financial condition, results of operations or cash flows. We obtain a significant portion of our raw materials from a few key suppliers. If any of these suppliers is unable to meet its obligations under any present or future supply agreements, we may be forced to pay higher prices to obtain the necessary raw materials. Any interruption of supply or any price increase of raw materials could have a material adverse effect on our business and results of operations. A vendor may choose, subject to existing contracts, to modify its relationship due to general economic concerns or concerns relating to the vendor or us, at any time. Any significant change in the terms that we have with our key suppliers, or any significant additional requirements from our suppliers that we provide them additional security in the form of prepayments or with letters of credits, could materially adversely affect our financial condition, results of operations or cash flows. We rely heavily on third party transportation, which subjects us to risks and costs that we cannot control. Such risks and costs may materially adversely affect our operations. We rely heavily on railroads, barges, pipelines, ships, trucks and other shipping companies to transport raw materials to the manufacturing facilities used by our businesses and to ship finished products to customers. These transport operations are subject to various hazards and risks, including extreme weather conditions, work stoppages and operating hazards (including pipeline leaks and ruptures and storage tank leaks), as well as interstate transportation regulations. In addition, the methods of transportation we utilize, including shipping chlorine and other chemicals by railroad, may be subject to additional, more stringent and more costly regulations in the future. If we are delayed or unable to ship finished products or unable to obtain raw materials as a result of any such new regulations or public policy changes related to transportation safety, or these transportation companies fail to operate properly, or if there were significant changes in the cost of these services due to new or additional regulations, or otherwise, we may not be able to arrange efficient alternatives and timely means to obtain raw materials or ship goods, which could result in a material adverse effect on our business and results of operations **. We may pursue acquisitions, dispositions, joint ventures or other transactions that may impact our results of operations and financial condition. We may have difficulties integrating the operations of acquired businesses** . We seek opportunities to maximize efficiency and create stockholder value through various transactions. These transactions may include domestic and international business combinations, purchases or sales of assets or contractual arrangements or joint ventures. In this regard, we regularly consider acquisition opportunities that would be consistent or complementary to our existing business strategies. To the extent permitted under our credit facility, the indenture governing our senior notes and other debt agreements, some of these transactions may be financed by additional borrowings by us. Although we would pursue these transactions because we expect them to yield longer- term benefits if the efficiencies and synergies we expect are realized, they could adversely affect our results of operations in the short term because of the costs associated with such transactions and because they may divert management' s attention from existing business operations. These transactions may not yield the business benefits, synergies or financial benefits anticipated by management. Integration of acquired operations could lead to restructuring charges or other costs. Our ability to realize the anticipated benefits of ~~recent~~ acquisitions will depend, to a large extent, on our ability to integrate our business with the acquired businesses. The combination of such independent businesses is a complex, costly and time- consuming process. As a result, we have devoted, and will continue to devote significant management attention and resources to integrating business practices and operations. The integration process may disrupt the businesses and, if implemented ineffectively or if impacted by unforeseen negative economic or market conditions or other factors, we may not realize the full anticipated benefits of the acquisitions. Our failure to meet the challenges involved in integrating such businesses could adversely affect our results of operations. In addition, the overall integration of the businesses may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of customer relationships, or diversion of management' s attention. Even if the operations of our businesses acquired are integrated successfully, we may not realize the full benefits of the acquisitions, including the synergies, cost savings or sales or growth opportunities that we expect. These benefits may not be achieved within the anticipated time frame, or at all. Furthermore, additional unanticipated costs may be incurred in the integration of the businesses. All of these factors could decrease or delay the expected benefits of the acquisitions and negatively impact us. If we are unable to integrate or to successfully manage businesses that we may acquire in the future, our business, financial condition and results of operations could be adversely affected. We may not be able to realize the operating efficiencies, synergies, cost savings or other benefits expected from acquisitions for a number of reasons, including the following: • we may fail to integrate the businesses we acquire into a cohesive, efficient enterprise; • our resources, including management resources, are limited and may be strained if we engage in a large acquisition or significant number of acquisitions, and acquisitions may divert our management' s attention from initiating or carrying out programs to save costs or enhance revenues; and • our failure to retain key employees and contracts of the businesses we acquire. We have capital expansion plans for our facilities. Expansion projects may be subject to delays or cost overruns, including delays or cost overruns resulting from any one or more of the following: • unexpectedly long delivery times for, or shortages of, key equipment, parts or materials; • shortages of skilled labor and other personnel necessary to perform the work; • delays and performance issues; • failures or delays of third- party equipment vendors or service providers; • unforeseen increases in the cost of equipment, labor and raw materials; • work stoppages and other labor disputes; • unanticipated actual or purported change orders; • disputes with contractors and suppliers; • design and engineering problems; • latent damages or deterioration to equipment and machinery in excess of engineering estimates and assumptions; • financial or other difficulties of our contractors and suppliers; • interference from adverse weather conditions; and • difficulties in obtaining necessary permits or in meeting permit conditions. Significant cost overruns or delays could materially affect our financial condition and results of operations. Additionally, actual capital expenditures could materially exceed our planned capital expenditures. There have been intensifying efforts within the investment community (including investment advisors, investment fund managers, sovereign wealth funds, public pension funds, universities and individual investors) to promote the divestment of, or limit investment in, the stock of companies in the petrochemical industry. There has also been pressure on lenders and other financial services companies to limit or curtail financing of companies in the industry. Because we operate within the petrochemical industry, if these efforts continue or expand, our stock price and our ability to raise capital may be negatively impacted. Members of the investment community are increasing their focus on ESG practices and disclosures by public companies, including practices and disclosures related to climate change and sustainability, DEI initiatives and heightened governance standards. As a result, we may continue to face increasing pressure regarding our ESG disclosures and practices. Additionally, members of the investment community may screen companies such as ours for ESG disclosures and performance before investing in our stock. Over the past few years, there has also been an acceleration in investor demand for ESG investing opportunities, and many large institutional investors have committed to increasing the percentage of their portfolios that are allocated towards ESG investments. With respect to any of these investors, our ESG disclosures and efforts may not satisfy the investor requirements or their requirements may not be made known to us. If we or our securities are unable to meet the ESG standards or investment criteria set by these investors and funds, we may lose investors or investors may allocate a portion of their capital away from us, our cost of capital may increase, and our stock price may be negatively impacted. We are party to several joint ventures and similar arrangements, including an investment, together with Lotte Chemical USA Corporation (" Lotte"), in a joint venture, LACC, LLC (" LACC"), to build and operate an ethylene facility. Our participation in joint ventures and similar arrangements, by their nature, requires us to share control with unaffiliated third parties. If there are differences in views among joint venture participants in how to operate a joint venture that result in delayed decisions or the failure to make decisions, or our joint venture partners do not fulfill their obligations, the affected joint venture may not be able to operate according to its business plan and fulfill its obligations. In that case, we may be required to write down the value of our investment in a joint venture, increase the level of financial or other commitments to the joint venture or, if we have contractual agreements with the joint venture, our operations may be materially adversely affected. Any of the foregoing could have a material adverse effect on our financial condition, results of operations or cash flows. The vast majority of our employees in Europe and Asia, and some of our employees in North America, are represented by labor unions and works councils. Our operations may be adversely affected by strikes, work stoppages and other labor disputes. We have U. S. and non- U. S. defined benefit pension plans covering certain current and former employees. Certain non- U. S. defined benefit plans associated with our European operations have not been funded and we are not obligated to fund those plans under applicable law. As of December 31, ~~2022~~ **2023** , the projected benefit obligations for our pension and OPEB plans were $ 1, ~~048~~ **123** million and $ ~~49~~ **44** million, respectively. The fair value of pension investment assets was $ ~~785~~ **818** million as of December 31, ~~2022~~ **2023** . The total underfunded status of the pension obligations calculated on a projected benefit obligation basis as of December 31, ~~2022~~ **2023** was $ ~~263~~ **305** million, including the Westlake Defined Benefit Plan and the Vinnolit Pension Plan (locally known as' Grund- und Zusatzversorgung' in Germany), which were underfunded by $ ~~81~~ **47** million and $ ~~107~~ **142** million, respectively, on an individual plan basis. The unfunded OPEB obligations as of December 31, ~~2022~~ **2023** were $ ~~49~~ **44** million. We will require future operating cash flows to fund our pension and OPEB obligations, which could restrict available cash for our operations, capital expenditures and other requirements. We may also not generate sufficient cash to satisfy these obligations, which could require us to seek funding from other sources, including through additional borrowings, which could materially increase our outstanding debt or debt service requirements. Under **the accounting principles generally accepted in the United States ("** GAAP **")** , we review goodwill ~~and indefinite- lived intangible assets~~ for impairment on an annual basis or more frequently if events or circumstances indicate that ~~their~~ -- **the** carrying ~~value~~ **amount** may not be recoverable. ~~Other~~ **Long- lived assets, including tangible assets and** intangible assets **with finite lives,** are reviewed if events or circumstances indicate that their carrying ~~value~~ **amount** may not be recoverable. **Our balance sheet includes significant goodwill and long- lived assets. In the fourth quarter of 2023, we recorded a goodwill impairment charge in the PEM segment of $ 128 million related to Westlake Epoxy and a non- cash long- lived asset impairment charge of $ 347 million related to our base epoxy resin business in the Netherlands.** The process of impairment testing for our goodwill and ~~intangible~~ **long- lived** assets involves a number of judgments and estimates made by management including the fair values of assets and liabilities, future cash flows, our interpretation of current economic indicators and market conditions, overall economic conditions and our strategic operational plans with regards to our business units. If the judgments and estimates used in our analysis are not realized or change due to **future** external factors, then actual results may not be consistent with these judgments and estimates, and our goodwill and ~~intangible~~ **other long- lived** assets may become **further** impaired in future periods. If our goodwill ~~, indefinite~~ **and long** - lived ~~intangible assets or other intangible~~ assets are determined to be impaired in the future, we may be required to record **further** non- cash charges to earnings during the period in which the impairment is determined, which could be significant and have an adverse effect on our financial condition and results of operations **. We are increasingly dependent on digital technologies and services to conduct our business. We use these technologies for internal and operational purposes, including data storage, processing, and transmission, as well as in our interactions with our business associates, such as customers and suppliers** . Information technology system failures, network disruptions and breaches of data security due to internal or external factors including cyber- attacks could **have material adverse impacts on our business — and the business of our subsidiaries and affiliates that we support — or cause** ~~disrupt~~ **disruptions to** our operations ~~by causing delays~~ **. Such disruptions could include, but are not limited to, delaying** or ~~cancellation~~ --- **cancelling** ~~of~~ customer orders, ~~impede~~ **impeding** the manufacture or shipment of products or ~~cause~~ **causing** standard business processes to become ineffective, **or** ~~resulting in~~ the unintentional **or malicious** disclosure of **proprietary, confidential or other sensitive** information ~~or damage to our reputation~~ . Cyber- attacks could include, but are not limited to, ransomware attacks, malicious software, attempts to gain unauthorized access to our **systems or** data ~~and~~ **or** ~~the~~ **other electronic security breaches that could lead to disruptions in critical systems,** unauthorized release, corruption or loss of ~~our~~ data ~~and~~ **including protected information such as** personal information **of our employees** , interruptions in communication, loss of our intellectual property or theft of our sensitive or proprietary technology, loss or damage to our data delivery systems, or other cybersecurity and infrastructure systems, including our property and equipment. We have taken steps to address these risks by implementing network security and internal control measures, including employee training, comprehensive monitoring of our networks and systems, maintenance of backup and protective systems and disaster recovery and incident response plans. **However, we also rely on our business associates with whom we may share data and digital services to defend their digital technologies, systems, and services against attack. As a result, there is a risk that an incident could originate from our business associates, as well.** Our employees, systems, networks, products, facilities and services remain potentially vulnerable to sophisticated cyber- assault, ~~especially while certain employees are working~~ **including the additional cybersecurity risks posed by the increased use of** ~~remotely~~ -- **remote networking technologies and services** ~~during the COVID- 19 pandemic~~ , and, as such, there can be no assurance that a system failure, network disruption or data security breach will not have a material adverse effect on our business, financial condition, operating results or cash flows **. In addition, laws and regulations governing cybersecurity, data privacy, and the unauthorized disclosure of confidential or protected information pose increasingly complex compliance challenges, and failure to comply with these laws could result in penalties and legal liability** . We earn revenues, pay expenses, own assets and incur liabilities in countries using currencies other than the U. S. dollar. Because our consolidated financial statements are presented in U. S. dollars, we must translate revenues and expenses into U. S. dollars at the average exchange rate during each reporting period, as well as assets and liabilities into U. S. dollars at exchange rates in effect at the end of each reporting period. Therefore, increases or decreases in the value of the U. S. dollar against other major currencies will affect our net sales, operating income and the value of balance sheet items denominated in foreign currencies. Because of the geographic diversity of our operations, weaknesses in various currencies might occur in one or many of such currencies over time. From time to time, we may use derivative financial instruments to further reduce our net exposure to currency exchange rate fluctuations. However, fluctuations in foreign currency exchange rates, such as the strengthening of the U. S. dollar against major currencies, including, in particular, the Euro and the Canadian dollar, could nevertheless materially adversely affect our financial results. In addition, we are exposed to volatility in interest rates. When appropriate, we may use derivative financial instruments to reduce our exposure to interest rate risks. However, our financial risk management program may not be successful in reducing the risks inherent in exposures to interest rate fluctuations. Our insurance carriers maintain certain exclusions for losses from terrorism from our property insurance policies. While separate terrorism insurance coverage is available, premiums for full coverage are very expensive, especially for chemical facilities, and the policies are subject to high deductibles. Available terrorism coverage typically excludes coverage for losses from acts of war and from acts of foreign governments as well as nuclear, biological and chemical attacks. We have determined that it is not economically prudent to obtain full terrorism insurance, especially given the significant risks that are not covered by such insurance. Where feasible we have secured some limited terrorism insurance coverage on our property where insurers have included it in their overall programs. In the event of a terrorist attack impacting one or more of our facilities, we could lose the net sales from the facilities and the facilities themselves, and could become liable for any contamination or for personal or property damage due to exposure to hazardous materials caused by any catastrophic release that may result from a terrorist attack. Public health crises,pandemics and epidemics,such as the COVID- 19 pandemic,could materially adversely affect our business,financial condition and results of operations. **Such events have** ~~The COVID- 19 pandemic,at its peak,~~ resulted **in and could again result** in authorities implementing numerous measures to try to contain the disease,such as travel bans and restrictions,quarantines,shelter- in- place orders and shutdowns,among others. ~~There were~~ **Such events have had and could again have** widespread adverse impacts on the global economy,many of our facilities and on our employees,customers and suppliers. ~~We encountered~~ **These and similar events have caused and may again cause** supply chain constraints and disruptions and workforce availability issues as **well** ~~a result of COVID- 19 related actions~~ . ~~COVID- 19- pandemic~~ We use large quantities of hazardous substances and generate hazardous wastes and emissions in our manufacturing operations. Due to the associated quantities of hazardous substances and wastes, our industry is highly regulated and monitored by various environmental regulatory authorities such as the EPA, federal or state analogs in other countries and the European Union, which promulgated the Industrial Emission Directive (" IED"). As such, we are subject to extensive international, national, state and local laws, regulations and directives pertaining to pollution and protection of the environment, health and safety, which govern, among other things, emissions to the air, discharges onto land or waters, the maintenance of safe conditions in the workplace, the remediation of contaminated sites, and the generation, handling, storage, transportation, treatment and disposal of waste materials. Some of these laws, regulations and directives are subject to varying and conflicting interpretations. Many of these laws, regulations and directives provide for substantial fines and potential criminal sanctions for violations and require the installation of costly pollution control equipment or operational changes to limit pollution emissions or reduce the likelihood or impact of hazardous substance releases, whether permitted or not. For example, all of our petrochemical facilities in the United States and Europe may require improvements to comply with certain changes in process safety management requirements. New laws, rules and regulations as well as changes to laws, rules and regulations may also affect us. For example, on April 17, 2012, the EPA promulgated maximum achievable control technology standards for major sources and generally available control technology standards for area sources of PVC production. The rule sets emission limits and work practice standards for total organic air toxics and for three specific air toxics: vinyl chloride, chlorinated di- benzo dioxins and furans and hydrogen chloride and includes requirements to demonstrate initial and continuous compliance with the emission standards. In June 2012, the EPA received petitions for reconsideration of the rule. On November 9, 2020, the EPA proposed rule amendments to address issues raised in the petitions for reconsideration. While this rule is the subject of legal challenge and EPA reconsideration, the rule has not been stayed. Although we cannot predict the outcome or timing of the legal challenges or EPA reconsideration, the EPA' s proposed rule amendments could require us to incur further capital expenditures, or increase our operating costs, to levels higher than what we have previously estimated. In ~~March 2011~~ **April 2023** , the EPA proposed amendments to **new source performance standards for the synthetic organic chemical manufacturing industry and amendments to the national emissions standards for hazardous air pollutants for the synthetic organic chemical manufacturing industry and group I & II polymers and resins industry. These proposed amendments, among other things, would impose tougher emissions limits, additional leak detection and repair obligations, certain performance standard for the operation of flares at applicable facilities, and new fenceline air monitoring for several chemicals. Although we cannot predict the outcome or timing of EPA' s final rule amendments, the amendments as proposed would require us to incur further capital expenditures and increase operating costs. On May 6, 2022, the EPA finalized rules amending (i)** the national emission standards for hazardous air pollutants (" NESHAPs") for mercury emissions from mercury cell chlor- alkali plants **and (ii)** ~~. These proposed amendments would require improvements in work practices to reduce fugitive mercury emissions. In addition, on January 8, 2021, the EPA proposed amendments to~~ the 2003 NESHAPs for mercury cell chlor- alkali plants residual risk and technology review. Among other things, the **amendments** ~~proposed rule would~~ require **improvements in work practices to reduce fugitive mercury emissions and** work practice standards for the cell rooms and instrumental monitoring of cell room fugitive emissions, modify regulatory provisions regarding startup, shutdown, and malfunctions, and add standards for fugitive chlorine emissions from mercury cell chlor- alkali plants, which are not currently regulated under the NESHAP. The **final** ~~EPA extended the public comment period on the proposed rule~~ **rules also include a requirement** to **cease all mercury emissions from the operation** ~~March 24, 2021. These amendments were finalized effective as~~ of **mercury cell chlor- alkali facilities by** May 6, ~~2022~~ **2025** . We operate a mercury cell production unit at our Natrium facility. Compliance with the final **rules** ~~amendments may result~~ **resulted** in additional restrictions on our operations ~~or~~ **,** increased compliance costs **and will result in the cessation of operation of the mercury cell production unit** . Our operations produce greenhouse gas (" GHG") emissions, which have been the subject of increased scrutiny and regulation. In December 2015, the United States joined the international community at the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change in Paris, France. The resulting Paris Agreement calls for the parties to undertake" ambitious efforts" to limit the average global temperature and to conserve and enhance sinks and reservoirs of greenhouse gases. The United States signed the Paris Agreement in April 2016, and the Paris Agreement went into effect in November 2016. In November 2019, the United States submitted formal notification to the United Nations that it intended to withdraw from the Paris Agreement. The withdrawal took effect in November 2020. However, President Biden signed an executive order on January 20, 2021 for reentry of the United States into the Paris Agreement and on February 19, 2021, President Biden formally rejoined the Paris Agreement. As part of rejoining the Paris Agreement, President Biden announced that the United States would commit to a 50 to 52 percent reduction from 2005 levels of GHG emissions by 2030 and set the goal of reaching net- zero GHG emissions by 2050. **To measure progress towards this target, the Paris Agreement requires the parties to complete a global stocktake, assessing members' collective efforts and achievements in reducing GHG emissions and adapting to the impacts of climate change, every five years. On December 13, 2023, the 28th annual United Nations Climate Change Conference (" COP 28"), which was held in Dubai, issued its first global stocktake, which calls on parties, including the United States, to contribute to the transitioning away from fossil fuels, reduce methane emissions, and increase renewable energy capacity, among other things, to achieve net zero emissions by 2050.** Legislation to regulate GHG emissions has periodically been introduced in the United States Congress, and such legislation may be proposed or adopted in the future. There has been a wide- ranging policy debate regarding the impact of these gases and possible means for their regulation. Some of the proposals would require industries to meet stringent new standards that would require substantial reductions in carbon emissions. The adoption and implementation of any international, federal or state legislation or regulations that restrict emissions of GHGs could result in increased compliance costs or additional operating restrictions. Various jurisdictions have considered or adopted laws and regulations on GHG emissions, with the general aim of reducing such emissions. The EPA currently requires certain industrial facilities to report their GHG emissions, and to obtain permits with stringent control requirements before constructing or modifying new facilities with significant GHG emissions. In the European Union, the Emissions Trading Scheme obligates certain emitters to obtain GHG emission allowances to comply with a cap and trade system for GHG emissions. In addition, the European Union has committed to reduce domestic GHG emissions by at least 57 % below the 1990 level by 2030 **. Effective January 2023, the European Union expanded its sustainability- related reporting with its Corporate Sustainability Reporting Directive, which requires the reporting of Scope 1, 2, and 3 emissions and climate- related financial risks, in addition to a broad array of sustainability- related information. The SEC proposed similar climate- related disclosures in March 2022 and, in September of 2023, California passed climate-related disclosure mandates that are broader than the SEC' s proposed rules** . As our chemical manufacturing processes result in GHG emissions, these and other GHG laws and regulations could affect our costs of doing business. Similarly, the Toxic Substances Control Act (" TSCA") imposes reporting, record- keeping and testing requirements, and restrictions relating to the production, handling, and use of chemical substances. The TSCA reform legislation enacted in June 2016 expanded the EPA' s authority to review and regulate new and existing chemicals. Under the reform legislation, the EPA is required to, among other things, undertake rule making within statutory time frames related to: (1) chemical risk evaluation, designation and management; (2) reporting of mercury supply, use and trade; and (3) management of persistent, bioaccumulative, and toxic chemical substances (" PBTs"). In response to this mandate, the EPA issued rules establishing the EPA' s process and criteria for identifying high priority chemicals for risk evaluation and setting the EPA' s approach for determining whether these high priority chemicals present an unreasonable risk to health or the environment. Pursuant to its rules, the EPA designated certain chemical substances as high priority for risk evaluation. We manufacture several of these chemical substances. **On December 14, 2023, the EPA announced that it will prioritize vinyl chloride (used to make PVC) for evaluation and potential regulation under TSCA as a High Priority Substance. In November 2023, the European Chemicals Agency (" ECHA") sent its investigation results of the risks from PVC and PVC additives to the European Commission for further consideration. The EPA has proposed risk management rules which would phase out the manufacturing, processing and distribution of TCE completely, PCE for consumer and most industrial and commercial uses, and asbestos for commercial use. Under the risk management rule process established by the TSCA, the EPA has also issued several Test Orders for chemical substances that we manufacture or import, including EDC.** Although we cannot predict with certainty the extent of our future liabilities and costs at this time, we do not anticipate that the **Test Order requirements or risk** evaluation **and management rules** of these chemical substances will have a material adverse effect on our business, financial condition, operating results or cash flows. In addition, the TSCA inventory reset rule required industry reporting of chemicals manufactured or processed in the United States over a 10- year period ending in 2016. This reporting is used by the EPA to identify which chemicals are active or inactive on the TSCA Inventory. Beginning in 2019, chemical manufacturers and processors are required to notify and obtain approval by the EPA before reintroducing inactive chemicals into commerce. A final mercury reporting rule published in June 2018 requires manufacturers, including manufacturers who use mercury in a manufacturing process, to report information about their mercury supply, use and trade. The first periodic reporting deadline under the mercury reporting rule was July 1, 2019. The EPA used the information collected to develop an inventory of mercury and mercury- added products as well as mercury- use manufacturing processes. The EPA also recommended actions and rule amendments based on the collected information. We cannot predict the timing or content of these actions or amendments, or their ultimate cost to, or impact on us. On June 28, 2021, the EPA proposed reporting and recordkeeping requirements for Per- and Polyfluoroalkyl Substances (" PFAS") under TSCA. The ~~proposed~~ **EPA issued its final** rule ~~would~~ **on September 28, 2023, which** ~~require~~ **requires** manufacturers, and importers, that have manufactured or imported PFAS chemicals since January 1, 2011, to electronically report information regarding PFAS uses, production volumes, disposal, exposures, and hazards. ~~The~~ **On September 6, 2022, the** EPA **proposed listing perfluorooctanoic acid (" PFOA") and perfluorooctane sulfonic acid (PFOS)** ~~has~~ - **as CERCLA hazardous substances.** ~~not yet issued a final rule; however,~~ PFAS chemicals have come under increased scrutiny by federal, state, and local governments. For example, many states have banned the use of PFAS in certain consumer products and set Maximum Contaminant Levels for PFAS in drinking water. ~~The~~ **On March 14, 2023, the** EPA ~~is also considering regulating certain PFAS chemicals under the Safe Drinking Water Act, and has~~ announced ~~that it intends to develop~~ a proposed National Primary Drinking Water Regulation for **six PFAS, including PFOA, PFOS,** ~~perfluorooctanesulfonic~~ ------ **perfluorononanoic** acid (**PFNA** ~~" PFOS"~~) ~~and perfluorooctanoic~~ **, hexafluoropropylene oxide dimer** acid (~~" PFOA"~~ **HFPO- DA, commonly known as GenX Chemicals**), ~~two of~~ **perfluorohexane sulfonic acid (PFHxS), and perfluorobutane sulfonic acid (PFBS). On February 7, 2023,** the ~~most common~~ **ECHA published proposed restrictions on** PFAS ~~chemicals~~ . We are unable to predict the impact these requirements and concepts may have on our future costs of compliance. Under the IED, European Union member state governments are expected to adopt rules and implement environmental permitting programs relating to air, water and waste for industrial facilities. In this context, concepts such as the" best available technique" are being explored. Future implementation of these concepts may result in technical modifications in our European facilities. In addition, under the Environmental Liability Directive, European Union member states can require the remediation of soil and groundwater contamination in certain circumstances, under the" polluter pays principle." The European Chemical Agency is collecting information on PVC and its additives to determine whether further regulation is warranted. We are unable to predict the impact these requirements and concepts may have on our future costs of compliance. Local, state, federal and foreign governments have increasingly proposed or implemented restrictions on certain plastic- based products, including single- use plastics and plastic food packaging. Plastics have also faced increased public scrutiny due to negative coverage of plastic waste in the environment. On January 12, 2023, the EPA published a tentative denial of the 2014 Center for Biological Diversity Petition to regulate discarded PVC as hazardous waste under the Resource Conservation and Recovery Act. **Pursuant to a consent decree entered into by the EPA and the Center for Biological Diversity, the EPA has until April 12, 2024 to issue its final determination.** We are unable to predict **the** EPA ~~'~~ **'** s final decision in this matter or its impact on us. However, increased regulation on the use of plastics could cause reduced demand for our polyethylene products, which could adversely affect our business, operating results and financial condition. These rules or future new, amended or proposed laws or rules could increase our costs or reduce our production, which could have a material adverse effect on our business, financial condition, operating results or cash flows. In addition, we cannot accurately predict future developments, such as increasingly strict environmental and safety laws or regulations, and inspection and enforcement policies, as well as resulting higher compliance costs, which might affect the handling, manufacture, use, emission, disposal or remediation of products, other materials or hazardous and non- hazardous waste, and we cannot predict with certainty the extent of our future liabilities and costs under environmental, health and safety laws and regulations. These liabilities and costs may be material. We also may face liability for alleged personal injury or property damage due to exposure to chemicals or other hazardous substances at our facilities or to chemicals that we otherwise manufacture, handle or own. Although these types of claims have not historically had a material impact on our operations, a significant increase in the success of these types of claims could have a material adverse effect on our business, financial condition, operating results or cash flows. Environmental laws may have a significant effect on the nature and scope of, and responsibility for, cleanup of contamination at our current and former operating facilities, the costs of transportation and storage of raw materials and finished products, the costs of reducing emissions and the costs of the storage and disposal of wastewater. The U. S. Comprehensive Environmental Response, Compensation, and Liability Act (" CERCLA"), similar state laws and certain European directives impose joint and several liability for the costs of remedial investigations and actions on the entities that generated waste, arranged for disposal of the ~~wastes~~ **waste** , transported to or selected the disposal sites **,** and the past and present owners and operators of such sites. All such potentially responsible parties (or any one of them, including us) may be required to bear all of such costs regardless of fault, legality of the original disposal or ownership of the disposal site. In addition, CERCLA, similar state laws and certain European directives could impose liability for damages to natural resources caused by contamination. Although we seek to take preventive action, our operations are inherently subject to accidental spills, discharges or other releases of hazardous substances that may make us liable to governmental entities or private parties. This may involve contamination associated with our current and former facilities, facilities to which we sent wastes or by- products for treatment or disposal and other contamination. Accidental discharges may occur in the future, future action may be taken in connection with past discharges, governmental agencies may assess damages or penalties against us in connection with any past or future contamination, or third parties may assert claims against us for damages allegedly arising out of any past or future contamination. In addition, we may be liable for existing contamination related to certain of our facilities for which, in some cases, we believe third parties are liable in the event such third parties fail to perform their obligations. We are subject to increasing climate- related risks and uncertainties, many of which are outside of our control. Climate change may result in more frequent severe weather events, potential changes in precipitation patterns **, flooding, sea level rise,** and variability in weather patterns, which can disrupt our operations as well as those of our customers, partners and suppliers. Climate change may result in heightened hurricane activity in the Gulf of Mexico and other weather and natural disaster hazards that pose a risk to our facilities, particularly those in Louisiana. The transition to lower greenhouse gas emissions technology, the effects of carbon pricing, changes in public sentiment, regulations, taxes, public mandates or requirements, increases in climate- related lawsuits, insurance premiums and implementation of more robust disaster recovery and business continuity plans may increase costs to maintain or resume our operations, which could in turn negatively impact our business and results of operations. We have publicly announced a GHG emissions reduction target for 2030. We believe that our expected allocation of growth capital into lower- carbon projects is consistent with such targets; however, our analysis and plan for execution requires us to make a number of assumptions. These goals and underlying assumptions involve risks and uncertainties and are not guarantees. Should one or more of our underlying assumptions prove incorrect, our actual results and ability to achieve our GHG emissions reduction goal could differ materially from our expectations. For example, certain lower-carbon projects that we plan to make investments in are currently at various stages of progress, evaluation or approval. Developing and implementing plans for compliance with voluntary climate commitments can lead to additional capital, personnel, operations and maintenance expenditures and could significantly affect the economic position of existing facilities and proposed projects. Our failure or perceived failure to pursue or fulfill our sustainability- focused goals, targets and objectives within the timelines we announce, or at all, could adversely affect our business or reputation, as well as expose us to potential government enforcement actions and private litigation. We cannot predict the ultimate impact of achieving our emissions reduction goal, or the various implementation aspects, on our financial condition and results of operations. As of December 31, ~~2022~~ **2023** , our indebtedness, including the current portion, totaled $ 4. 9 billion, and our debt represented approximately 31. ~~8~~ **3** % of our total capitalization. Our annual interest expense for ~~2022~~ **2023** was $ ~~177~~ **165. 0** million, net of interest capitalized of $ ~~4~~ **8. 0** million. Our level of debt and the limitations imposed on us by our existing or future debt agreements could have significant consequences on our business and future prospects, including the following: • a portion of our cash flows from operations will be dedicated to the payment of interest and principal on our debt and will not be available for other purposes; • we may not be able to obtain necessary financing in the future for working capital, capital expenditures, acquisitions, debt service requirements or other purposes; • our less leveraged competitors could have a competitive advantage because they have greater flexibility to utilize their cash flows to improve their operations; • we may be exposed to risks inherent in interest rate fluctuations because some of our borrowings are at variable rates of interest, which would result in higher interest expense in the event of increases in interest rates; • we could be vulnerable in the event of a downturn in our business that would leave us less able to take advantage of significant business opportunities and to react to changes in our business and in market or industry conditions; and • should we pursue additional expansions of existing assets or acquisition of third- party assets, we may not be able to obtain additional liquidity at cost effective interest rates. These factors could be magnified or accelerated to the extent we were to finance future acquisitions with significant amounts of debt. Our ability to make payments on and to refinance our indebtedness and to fund planned capital expenditures and pay cash dividends will depend on our ability to generate cash in the future, including any distributions that we may receive from Westlake Partners. This is subject to general economic, financial, currency, competitive, legislative, regulatory and other factors that are beyond our control. Our business may not generate sufficient cash flows from operations, we may not receive sufficient distributions from Westlake Partners, and currently anticipated cost savings and operating improvements may not be realized on schedule. We also generate revenues denominated in currencies other than that of our indebtedness and may have difficulty converting those revenues into the currency of our indebtedness. We may need to refinance all or a portion of our indebtedness on or before maturity. In addition, we may not be able to refinance any of our indebtedness, including our credit facility and our senior notes, on commercially reasonable terms or at all. All of these factors could be magnified if we were to finance any future acquisitions with significant amounts of debt. The Credit Agreement and the indenture governing certain of our senior notes impose significant operating and financial restrictions on us. These restrictions limit our ability to: • incur additional indebtedness; • create liens; • sell all or substantially all of our assets or consolidate or merge with or into other companies; and • engage in sale- leaseback transactions. These limitations are subject to a number of important qualifications and exceptions. The Credit Agreement also requires us to maintain a quarterly total leverage ratio. These covenants may adversely affect our ability to finance future business opportunities or acquisitions. A breach of any of these covenants could result in a default in respect of the related debt. If a default occurred, the relevant lenders could elect to declare the debt, together with accrued interest and other fees, to be immediately due and payable. In addition, any acceleration of debt under the Credit Agreement will constitute a default under some of our other debt, including the indentures governing our senior notes. We operate in many different countries and in many states within the United States, and we are subject to changes in applicable tax laws, treaties or regulations in the jurisdictions in which we operate. A material change in these tax laws, treaties or regulations, or their interpretation or application, could have a negative impact on our business and results of operations. On August 16, 2022, the Inflation Reduction Act of 2022 (the" IRA") was signed into law. The IRA contains several revisions to the Internal Revenue Code **of 1986, as amended (the" Code")** , including a 15 % corporate minimum income tax for corporations with average annual adjusted financial statement income over a three- tax- year period in excess of $ 1 billion and is effective for the tax years beginning after December 31, 2022, a 1 % excise tax on stock repurchases made by publicly traded U. S. corporations after December 31, 2022, and business tax credits and incentives for the development of clean energy projects and the production of clean energy. At this time, we do not expect the IRA will have a material impact on our consolidated financial statements. We continue to evaluate its impacts as new information and guidance becomes available. The anticipated after- tax economic benefit of an investment in the common units of Westlake Partners depends largely on Westlake Partners being treated as a partnership for U. S. federal income tax purposes. Despite the fact that Westlake Partners is organized as a limited partnership under Delaware law, it would be treated as a corporation for U. S. federal income tax purposes unless it satisfies a" qualifying income" requirement. Based on Westlake Partners' current operations and current Treasury Regulations, Westlake Partners believes it satisfies the qualifying income requirement. Prior to its initial public offering, Westlake Partners requested and obtained a favorable private letter ruling from the IRS to the effect that, based on facts presented in the private letter ruling request, income from the production, transportation, storage and marketing of ethylene and its co- products constitutes" qualifying income" within the meaning of Section 7704 of the ~~Internal Revenue~~ Code ~~of 1986, as amended~~ . However, no ruling has been or will be requested regarding Westlake Partners' treatment as a partnership for U. S. federal income tax purposes. Failing to meet the qualifying income requirement or a change in current law could cause Westlake Partners to be treated as a corporation for U. S. federal income tax purposes or otherwise subject Westlake Partners to taxation as an entity. If Westlake Partners were treated as a corporation for federal income tax purposes, it would pay U. S. federal income tax on its taxable income at the corporate tax rate. Because a tax would be imposed upon Westlake Partners as a corporation, its cash available for distribution to its unitholders would be substantially reduced. Therefore, treatment of Westlake Partners as a corporation would result in a material reduction in the anticipated cash flow and after- tax return to its unitholders, likely causing a substantial reduction in the value of its common units. Westlake Partners' partnership agreement provides that if a law is enacted or an existing law is modified or interpreted in a manner that subjects Westlake Partners to taxation as a corporation or otherwise subjects Westlake Partners to entity- level taxation for U. S. federal, state, local or foreign income tax purposes, the minimum quarterly distribution amount and the target distribution amounts may be adjusted to reflect the impact of that law or interpretation on Westlake Partners. At the state level, several states have been evaluating ways to subject partnerships to entity- level taxation through the imposition of state income, franchise or other forms of taxation. Westlake Partners currently owns assets and conducts business in several states, most of which impose entity- level franchise or gross receipt taxes on partnerships. Imposition of similar entity- level taxes on Westlake Partners in other jurisdictions in which Westlake Partners conducts operations in the future could substantially reduce its cash available for distribution. As long as TTWF LP (the" principal stockholder") and certain of its affiliates (such affiliates, together with the principal stockholder, the" principal stockholder affiliates"), which as of December 31, ~~2022~~ **2023** , beneficially owned approximately ~~74~~ **72** % of our common stock, own a majority of our outstanding common stock, they will be able to exert significant control over us, and our other stockholders, by themselves, will not be able to affect the outcome of any stockholder vote. As a result, the principal stockholder, subject to any fiduciary duty owed to our minority stockholders under Delaware law, will be able to control all matters affecting us (some of which may present conflicts of interest), including: • the composition of our Board of Directors and, through the Board, any determination with respect to our business direction and policies, including the appointment and removal of officers and the determination of compensation; • any determinations with respect to mergers or other business combinations or the acquisition or disposition of assets; • our financing decisions, capital raising activities and the payment of dividends; and • amendments to our ~~amended and~~ restated certificate of incorporation or amended and restated bylaws. The principal stockholder will be permitted to transfer a controlling interest in us without being required to offer our other stockholders the ability to participate or realize a premium for their shares of common stock. A sale of a controlling interest to a third party may adversely affect the market price of our common stock and our business and results of operations because the change in control may result in a change of management decisions and business policy. Because we have elected not to be subject to Section 203 of the General Corporation Law of the State of Delaware, the principal stockholder may find it easier to sell its controlling interest to a third party than if we had not so elected. In addition to any conflicts of interest that arise in the foregoing areas, our interests may conflict with those of the principal stockholder affiliates in a number of other areas, including: • business opportunities that may be presented to the principal stockholder affiliates and to our officers and directors associated with the principal stockholder affiliates, and competition between the principal stockholder affiliates and us within the same lines of business; • the solicitation and hiring of employees from each other; and • agreements with the principal stockholder affiliates relating to corporate services that may be material to our business. We may not be able to resolve any potential conflicts with the principal stockholder affiliates, and even if we do, the resolution may be less favorable than if we were dealing with an unaffiliated party, particularly if the conflicts are resolved while we are controlled by the principal stockholder affiliates. Our ~~amended and~~ restated certificate of incorporation provides that the principal stockholder affiliates have no duty to refrain from engaging in activities or lines of business similar to ours and that the principal stockholder affiliates will not be liable to us or our stockholders for failing to present specified corporate opportunities to us.