

Risk Factors Comparison 2025-02-26 to 2024-02-21 Form: 10-K

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

The risk factors described in this section could materially adversely affect our business, including our results of operations, cash flows and financial condition, and cause the value of our securities to decline. This list of risks is not exhaustive. Our ability to attain our goals and objectives is dependent on numerous factors and risks, including, but not limited to, the most significant ones described in this section. Risk Related to Our International Operations The demand for our products is impacted by the effects of, and changes in, worldwide economic, social, ~~political~~ **geopolitical** and market conditions, which have had in the past and could in the future have a material adverse effect on our business. We have operations in more than 50 countries and our domestic and international operations are strongly influenced by matters beyond our control, including changes in ~~political~~ **geopolitical**, social, economic and labor conditions (~~including governmental shutdowns~~), tax laws (~~including~~, and U. S. taxes on foreign earnings), and international trade regulations (including tariffs), as well as the impact these changes have on demand for our products. In ~~2023~~ **2024**, approximately ~~69-70~~ % of our net sales were ~~from produced in~~ international operations. Macroeconomic developments such as impacts from slower growth in ~~the~~ geographic regions in which we operate; inflation ~~;~~ **resulting from, among other things, increased** raw material, **energy, and** freight ~~and labor availability and cost~~; **energy costs; labor shortages; political-geopolitical**, social, supply chain and other disruptions; epidemics, pandemics or other outbreaks of illness, disease or virus; and uncertainty in the global credit or financial markets ~~leading to a loss of consumer confidence~~ could result in a material adverse effect on our business as a result of, among other things, lower consumer spending, ~~reduced asset valuations, diminished liquidity and credit availability, volatility in securities prices, credit rating downgrades and fluctuations in foreign currency exchange rates~~, **reduced asset valuations, diminished liquidity and credit availability, volatility in securities prices, and credit rating downgrades**. Tensions remain in ~~trade~~ relations between the U. S. and ~~certain other regions and countries, including Canada, Mexico, China~~. ~~In recent years, India and the European Union. The U. S. government recently announced intentions to imposed~~ **impose or increased a significant tariffs- tariff** on various products imported into the U. S. ~~certain goods from Canada and Mexico and a smaller tariff on certain goods from China. This~~ **Each of these countries announced that they would impose reciprocal tariffs, with Canada and Mexico each agreeing upon certain concessions with the U. S. to temporarily delay the mutual imposition of tariffs. The tariff on certain goods from China has resulted in gone into effect, with China imposing reciprocal tariffs, and the amount of these tariffs or the classes of goods on which they are imposed could significantly increase. The U. S. has also indicated that it may impose reciprocal tariffs on goods imported from the other U- countries or regions. While the S. into China. The impacts on our operations to date have not been significant. However, our business could be ~~significantly~~ **materially adversely** impacted ~~if by~~ **changes in U. S. and non- U. S. trade policies, including potential modifications to existing trade agreements and additional tariffs or other restrictions are imposed on free trade, impacting our raw materials or finished** products. These actions or other developments in international trade relations could have a material adverse effect on our business. In addition, business and operational disruptions or delays caused by ~~political-geopolitical~~ **political-geopolitical**, social or economic instability and unrest – such as recent civil, political and economic disturbances in Argentina, Afghanistan, Syria, Iraq, Yemen, Iran, Turkey, North Korea, Hong Kong and **Bangladesh** Sri Lanka and the related impact on global stability, the Russia- Ukraine war, the Israel- Hamas war, terrorist attacks and the potential for other hostilities or natural disasters in various parts of the world – could contribute to a climate of economic and ~~political-geopolitical~~ **political-geopolitical** uncertainty that could have a material adverse effect on our business. ~~The Since the~~ **the** Russia- Ukraine war ~~that began in February 2022~~, ~~continued in 2023 and we have~~ maintained our position of not shipping products for the Russian market ~~throughout the year~~. The impact of the continuing war ~~and our exit from our Russia- related business~~, as well as any further retaliatory actions taken by Russia, the U. S., the European Union and other jurisdictions, is unknown and could have a material adverse effect on our business. In ~~October~~ **addition, since the beginning of the Israel- Hamas war in late** 2023 ~~, the war between;~~ **our sales in** Israel **have declined, with** and Hamas began. Our sales ~~representing in Israel in 2022 were less than 1 % of our total net sales~~ **in 2024 and have declined since the beginning of the war**. We have experienced some disruptions in our operations in Israel and **the Middle East and** implemented plans to address these disruptions, ~~which included sourcing production from alternative locations as well as the impacts thereof in Gaza, Lebanon and other areas of the Middle East,~~ while focusing on the continued safety of our Israeli employees and their families. The **continued** impact of this war and any related hostilities in the Middle East region or elsewhere is unknown and could have a material adverse effect on our business. We are not able to predict the duration and severity of adverse economic, social, ~~political-geopolitical~~ **political-geopolitical** or market conditions in the U. S. or other countries. Foreign currency exchange rates, and fluctuations in those rates, ~~may materially adversely affects~~ **affect** our business. The ~~substantial~~ majority of our net sales in ~~2023~~ **2024** was **denominated** in foreign currencies. **Our financial results are therefore subject to the impact of currency translation, which may be material. Overall, our foreign currency transaction exposure is largely mitigated because the costs of our products are generally denominated in the same currencies in which they are sold**. Fluctuations in currency exchange rates, such as those ~~--~~ **the unfavorable impacts** associated with the Argentine peso and ~~,~~ Chinese renminbi **and euro** ~~which had unfavorable impacts in 2023~~ **2024**, may result in a variety of negative effects, including lower net sales, increased costs, lower gross ~~margin~~ **margins** percentages, increased allowance for credit losses and / or write- offs of accounts receivable, and required recognition of impairments of capitalized assets, including goodwill and other intangible assets. Foreign currency translation decreased our **2024** net sales ~~in 2023~~ by approximately \$ ~~58~~ **33** million compared to the prior year. We monitor our foreign currency exposures and ~~may~~ **sometimes** use hedging instruments to mitigate **some of our** transactional exposure to**

changes in foreign currencies. The effectiveness of our hedges in part depends on our ability to accurately forecast our future cash flows, which is particularly difficult during periods of uncertain demand for our products and services and highly-volatile foreign currency exchange rates. Our hedging activities may offset only a portion, or none at all, of the material adverse financial effects of unfavorable movements in foreign currency exchange rates over the limited time the hedges are in place and we may incur significant losses from these activities. Our strategy includes ~~increased-continuing to growth--~~ **grow** in emerging markets ~~including China~~, which creates greater exposure to unstable ~~political-geopolitical~~ **political-geopolitical** conditions, civil unrest, economic volatility, ~~contagious disease~~ and other risks applicable to ~~international operations--~~ **operating in these regions**. A significant amount **Approximately 40 %** of our net sales ~~approximately 40 % in 2023-2024~~ originated in emerging markets, which includes countries in Asia Pacific, Latin America, Eastern Europe and Middle East / Northern Africa. The profitable growth of our business in emerging markets is ~~a significant focus~~ **an important part** of our long- term growth strategy and our regional results have and can fluctuate significantly based on their economic conditions. Our business operations have been and may continue to be adversely affected by the current and future political environment in China, ~~including both relating to in-~~ **country changes in laws and regulations or the interpretation thereof, as well** as a result of its response to tariffs imposed by the U. S. government on goods imported from China, tariffs imposed by China on U. S. goods, the increasing use of economic sanctions and export control restrictions, ~~any trade agreements entered into between the U. S. and China~~, and tensions related to Hong Kong and Taiwan ~~. Our ability to operate in China or other emerging markets has been and may continue to be adversely affected by changes in the laws and regulations of these jurisdictions or their interpretation thereof, including those relating to taxation, import and export tariffs, raw materials, environmental regulations, land use rights, property, foreign currency conversion, the regulation of private enterprises and other matters. Epidemics, pandemics or other outbreaks of illness, disease or virus and other adverse developments in emerging markets materially adversely affected our business at various times during the 2020-2023 period. There have been and could be further disruptions in our supply chain or ability to manufacture our products, as well as temporary closures of our facilities or those of our suppliers or customers, which have impacted and could in the future impact our sales and operating results.~~ If we are unable to successfully expand our business in emerging markets or achieve the return on capital we expect from our investments in these countries, our financial performance ~~could~~ **would** be materially adversely affected. In addition to the risks applicable to our international operations, factors that have negatively impacted our operations in these emerging markets from time to time include the less established or reliable legal systems and possible disruptions due to unstable ~~political-geopolitical~~ **political-geopolitical** conditions, civil unrest or economic volatility. These factors can have a material adverse effect on our business in the affected markets by decreasing consumer purchasing power, reducing demand for our products or increasing our costs. Our operations and activities outside of the U. S. ~~subjects--~~ **subject** us to risks different from and potentially greater than those associated with our domestic operations. A substantial portion of our employees and assets are located outside of the U. S. and, in ~~2023-2024~~, approximately ~~69-70 %~~ of our sales was generated outside of the U. S. International operations and activities involve risks that are different from and potentially greater than the risks we face in our domestic operations, including changes in foreign ~~political-geopolitical~~ **political-geopolitical**, regulatory and economic conditions, whether nationally, regionally or locally; changes in foreign currency exchange rates; **differing levels of** inflation; reduced protection of intellectual property rights; laws and regulations impacting ~~the our~~ ability to repatriate foreign earnings; challenges complying with foreign laws and regulations, including those relating to sales, operations, taxes, employment and legal proceedings; establishing effective controls and procedures to monitor compliance with U. S. laws and regulations such as the Foreign Corrupt Practices Act and similar foreign laws and regulations, such as the UK's Bribery Act of 2010; differences in lending practices; **and** challenges with complying with applicable export and import control laws and regulations ~~; and differences in language, culture and time zone~~. Risks Related to Our Business As a manufacturer, our sales and profitability depend upon the availability and cost of raw materials and energy, which ~~are may be~~ subject to **significant** price fluctuations, and our ability to control or offset increases in raw material and labor costs. Raw material and freight cost increases have impacted our business. **Raw materials represent a significant portion of our costs and a critical element of our profitability.** The markets for the raw materials used in our businesses are challenging and can be volatile, impacting ~~raw material~~ availability and pricing. Additionally, energy costs can be volatile and unpredictable. Shortages and inflationary or other increases in the costs of raw materials, labor, freight and energy have occurred in the past, and could recur. In 2021 and 2022, we implemented targeted price increases in our Materials Group reportable segment to address raw material inflation, which began moderating in 2023 **and largely stabilized in 2024**. If we experience inflationary headwinds in the future, we may implement similar pricing measures. Our performance depends in part on our ability to offset increased raw material costs by raising our selling prices or re-engineering our products. It is also important for us to obtain timely delivery of materials, equipment, and other resources from suppliers, and to make timely delivery to customers. We may experience supply chain disruptions due to natural and other disasters or other events, or our existing relationships with suppliers could deteriorate or end in the future. ~~Any~~ **While we undertake business continuity planning and take actions to mitigate these disruptions when they occur, such as sourcing from other regions or suppliers, any** disruption in our supply chain could have a material adverse effect on our sales and profitability, and any sustained inability to obtain adequate supplies could have a material adverse effect on our business. We are affected by changes in our markets due to competitive conditions, technological developments, laws and regulations, and customer preferences. If we do not compete effectively or respond appropriately to these changes, it could reduce ~~market~~ demand **for our products and solutions**, or we could lose market share or reduce our selling prices to maintain market share, any of which could materially adversely affect our business. **Growing the proportion of our portfolio in high- value categories that serve markets that are growing faster than gross domestic product, represent large pools of potential profit and leverage our core capabilities is an important part of our long- term growth strategy. High- value products and solutions include our specialty and durable label materials, graphics and reflective solutions, and industrial tapes; intelligent labels that use RFID tags and inlays; shelf- edge pricing, productivity and consumer engagement solutions;**

and external embellishments. We face the risk that existing or new competitors, which include some of our customers, distributors, and suppliers, will expand in our key market segments or develop new technologies, **including in high- value categories**, enhancing their competitive position relative to ours. Competitors also may be able to offer **additional** products, services, lower prices or other incentives that we cannot or that, to maintain profitability, we may not be able to offer. There can be no assurance that we will be able to compete successfully against current or future competitors or new technologies. We **are** also **are** exposed to changes in customer order patterns, such as changes in the levels of inventory maintained by customers and the timing of customer purchases, which **are** may be affected by announced price increases, changes in our customer incentive programs, or changes in the customer's ability to achieve incentive targets. Changes in customers' preferences for our products can also **affect decrease** demand for our products and **a decline in demand for our products could** have a material adverse effect on our business. In our Materials Group reportable segment, as supply chain constraints eased in 2022, customers increased inventory levels following a period of reduced availability. In the fourth quarter of 2022, inventories downstream from our company began to unwind swiftly, resulting in lower demand. This continued in 2023, with volume improving sequentially throughout **the that year and normalizing in 2024**. We are affected by changes in our markets due to increasing environmental standards **regulations and sustainability trends**. If we do not respond appropriately to these changes, it could negatively impact market demand, our market share and pricing, any of which could materially adversely affect our business. Adverse weather conditions and natural disasters, including those related to the impacts of climate change, adversely affect our business. A substantial amount of our label ~~materials-~~ **material** is sold for use in plastic packaging in the food, beverage, and home and personal care market segments. In recent years, there has been an accelerated focus on sustainability and transparency in sustainability reporting, with greater concern regarding climate change and single- use plastics, corporate commitments and increasing stakeholder expectations regarding the reuse and recyclability of plastic packaging and recycled content, and increased regulation in multiple geographies regarding the collection, recycling and use of recycled content. Changes in consumer preferences and laws and regulations related to the use of plastics, **particularly in Europe and certain states in the United States, presents the risk of reduces reduced** demand for certain of our products **if customers seek decoration technology alternatives to pressure- sensitive labeling**, but also **has the potential to opportunity for increase increased** demand for our more sustainable products, **a significant focus of our research and development and related innovation efforts**. We have established a strategic innovation ~~platform-~~ **platforms and priorities focused**, among other things, **focused on delivering material circularity and waste elimination / reduction to develop** products and solutions that advance the circular economy, **reduce supply chain waste** and address the need for increased recyclability of plastic packaging, **in collaboration with our customers and the businesses in our supply chain**. We have made ~~considerable-~~ **substantial** investments in our sustainability- driven products, but there can be no assurance that they will be successful, and a significant reduction in the use of plastic packaging could materially adversely affect demand for our products. **Continued growth in sustainability- focused regulation presents an increasing risk to our business. Reporting requirements such as the Corporate Sustainability Reporting Directive and the Corporate Sustainability Due Diligence Directive in Europe and the state of California's climate reporting requirements are increasing the amount of sustainability disclosures we are required to make, as well as requiring the audit of a greater amount of our sustainability data. Costs to comply with these regulations will continue to grow and any failure to meet the requirements of these regulations could result in fines or other penalties. As part of our efforts to mitigate the impacts of climate change on our business, we engaged a third party to help us assess our physical and transitional risk relative to the recommendations of the Financial Stability Board's Task Force on Climate- Related Financial Disclosures.** The scientific consensus is that ~~the emission-~~ **emissions** of greenhouse gases (" GHG ") **is are** altering our atmosphere in ways that are adversely affecting global climate. There is continuing concern from members of the scientific community and the general public that GHG emissions and other human activities ~~have or will cause-~~ **continue causing** significant changes in weather patterns and increase the frequency or severity of extreme weather events, including droughts, wildfires and flooding. These types of extreme weather events have and may continue to adversely impact us, our suppliers, **and** our customers **and, including** their ability to purchase our products and our ability to timely receive appropriate raw materials to manufacture and transport our products on a timely basis. Concern regarding climate change has led and is likely to continue leading to increasing demands by legislators and regulators, customers, consumers, investors, employees and non- governmental organizations for companies to reduce their GHG emissions. One of our 2025 sustainability goals is to achieve at least a 3 % absolute reduction in our GHG emissions year- over- year and at least a 26 % absolute reduction compared to our 2015 baseline by 2025; we have already exceeded the cumulative 2025 GHG emissions reduction goal. As part of our more ambitious 2030 sustainability goals, we are aiming by 2030 to reduce our Scope 1 and 2 GHG emissions by 70 % compared to our 2015 baseline and work with our supply chain to reduce Scope 3 GHG emissions **by 30 % against our 2018 baseline; we also have an ambition to be net zero by 2050**. We could face risks to our reputation, investor confidence and market share if we are unable to continue reducing our GHG emissions **at levels satisfactory to our stakeholders**. Increased raw material costs, such as for fuel and electricity, and compliance- related costs could also impact customer demand for our products. The extent of the impact of climate change on our business is uncertain, as it will depend on the limits imposed by, and timing of, new or stricter laws and regulations, more stringent environmental standards and expectations, and evolving customer and consumer preferences, but it is likely to increase our costs and could have a material adverse effect on our business. We have recently acquired companies and are likely to acquire other companies. Acquisitions come with significant risks and uncertainties, including those related to integration, technology and employees. To ~~grow-~~ **drive our strategies to increase the proportion of our business from high- value categories, enhance our portfolio by growing our** existing businesses and ~~expand-~~ **expanding** into new areas, **and accelerate market- driven innovation**, we have made acquisitions and are likely to continue acquiring companies **that increase our presence in high value product categories, increase our pace of innovation and advance our sustainability priorities**. In **Although we made no acquisitions in 2024, in** 2023, we acquired Silver Crystal, Lion

Brothers and Thermopatch for aggregate purchase consideration of approximately \$ 231 million. ~~In 2022, we acquired TexTrace and Rietveld for aggregate purchase consideration approximately \$ 35 million.~~ The success of any acquisition depends on the ability of the combined company to realize the anticipated benefits from combining our businesses. Realizing these benefits depends, in part, on maintaining adequate focus on executing the business strategies of the combined company as well as the successful integration of assets, operations, functions and personnel. We continue to evaluate ~~potential~~ acquisition targets and ensure we have a ~~robust~~ pipeline of potential opportunities. Various risks, uncertainties and costs are associated with acquisitions. Effective integration of systems, controls, employees, product lines, market segments, customers, suppliers and production facilities and cost savings can be difficult to achieve and the success of integration activities can be uncertain. While we have not experienced significant issues with our ~~recent~~ acquisitions ~~to date~~, if management of our combined company is unable to ~~continue minimizing~~ **minimize** the potential disruption of the combined company's ongoing business during the integration process, the anticipated benefits of any acquisition may not be fully realized. In addition, the inability to successfully manage the implementation of appropriate systems, policies, benefits and compliance programs for the combined company could have a material adverse effect on our business. We may not be able to retain key employees of an acquired company or achieve the projected performance targets for the business into which an acquired company is integrated. Both before and after the closing of an acquisition, our business and that of the acquired company may suffer due to uncertainty or diversion of management attention. Future acquisitions could result in increased debt, dilution, liabilities, interest expense, restructuring charges and amortization expenses related to intangible assets. There can be no assurance that acquisitions will be successful ~~and~~ **contribute to our profitability or drive accretive returns**. Further, we may not be able to identify **additional** value-accretive acquisition targets that ~~support~~ **can advance** our ~~strategy~~ **strategies** of expanding our position in high value product categories or be able to successfully execute additional acquisitions in the future. A significant consolidation of our customer base could negatively impact our business. A significant consolidation of our customer base could negatively impact our business. ~~In~~ **While our customer base tends to be highly fragmented, in** recent years, some ~~of the~~ converter customers served by our Materials Group reportable segment have consolidated and integrated vertically and some of our largest customers have acquired companies with similar or complementary product lines. Industry consolidation could continue to increase the concentration of our business with our largest customers. Further consolidation may be accompanied by pressure from customers for us to lower our selling prices. While we have been generally successful at managing customer consolidations in the past, increased pricing pressures from our customers could have a material adverse effect on our business. Because some of our products are sold by third parties, our business depends in part on the financial condition of these parties and their customers. Some of our products are sold not only by us, but also by third-party distributors. Some of our distributors also market products that compete with our products. Changes in the financial or business conditions, including economic weakness, market trends or industry consolidation, or the purchasing decisions of these distributors or their customers could materially adversely affect our business. Our reputation, sales, and earnings could be materially adversely affected if the quality of our products and services does not meet customer expectations. In addition, product liability claims or regulatory actions could materially adversely affect our business and reputation. There are times when we experience product quality issues resulting from defective materials, manufacturing, packaging or design. These issues are often discovered before shipping, causing delays in shipping, delays in the manufacturing process, or, occasionally, cancelled orders. When issues are discovered after shipment, they may result in additional shipping costs, discounts, refunds or loss of future sales. Both pre- shipping and post- shipping quality issues could have a material adverse effect on our business and negatively impact our reputation. Claims for losses or injuries purportedly caused by some of our products arise in the ordinary course of our business. **Although we maintain product liability insurance coverage, claims are subject to a deductible or may not be covered under the terms of the policy.** In addition to the risk of substantial monetary judgments and penalties that could have a material adverse effect on our business, product liability claims or regulatory actions could result in negative publicity, reputational harm and loss of brand value. We also could be required to recall and possibly discontinue the sale of products deemed to be defective or unsafe, which could result in adverse publicity and significant ~~expenses~~ **expense**. ~~Although we maintain product liability insurance coverage, claims are subject to a deductible or may not be covered under the terms of the policy.~~ Changes in our business strategies and the restructuring of our operations affect our costs and the profitability of our businesses. In addition, our profitability may be materially adversely affected if we generate less productivity improvement from our restructuring **and other cost reduction** actions than ~~projected~~ **anticipated**. As our business environment changes, we have adjusted and may need to further adjust our business strategies or restructure our operations or particular businesses. As we continue to develop and adjust our growth strategies, we may invest in new businesses that have short-term returns that are negative or low and whose ultimate business prospects are uncertain or could ~~prove be~~ unprofitable. We engage in restructuring actions from time to time to reduce our costs and increase efficiencies ~~across our business segments~~. We expended approximately \$ **42 million in 2024 compared to \$ 79 million in 2023 compared to \$ 8 million for restructuring actions in 2022-2023**. **Our restructuring actions in 2024 related to various locations across our company, primarily in our Solutions Group reportable segment**. Our restructuring actions in 2023 included a restructuring plan to further optimize the European footprint of our Materials Group reportable segment. We had incremental savings from restructuring actions, net of transition costs, of approximately \$ **69-63 million in fiscal year 2023-2024**. ~~We~~ **As part of our continuous efficiency improvement culture, we** intend to continue ~~our~~ efforts to reduce costs ~~in all our businesses~~, which have in the past included, and may continue to include, facility closures and square footage reductions, headcount reductions, organizational restructuring, process standardization, and manufacturing relocation. The success of these efforts is not assured and targeted savings may not be realized. In addition, cost reduction actions can result in restructuring charges and could expose us to production risk, loss of sales and employee turnover. We cannot provide assurance that we will achieve the intended results of any of our restructuring **and other cost reduction** actions, which involve operational complexities, consume management attention and require substantial resources and effort. If we fail to achieve the intended

results of such actions, our costs could increase, our assets could be impaired, and our returns on investments could be lower. Our ability to develop and successfully market new products and applications impacts our competitive position. The timely introduction of new products and improvements to current products helps determine our success. Many of our current products are the result of our research and development efforts, for which we expensed \$ ~~138.1~~ **135.8** million in ~~2023~~ **2024**. These efforts are directed primarily toward developing new products and **solutions and** operating techniques and improving product performance, often in close association with our customers or end users. These efforts include patent and product development work relating to printing and coating technologies, as well as adhesive, release and ink chemistries in **our** Materials Group **reportable segment**. We focus on research projects related to RFID and **external embellishments and digital solutions** in **our** Solutions Group **reportable segment**, for which we have and license a number of patents. Additionally, our research and development efforts include sustainable innovation and design of products that increase the use of recycled content, reduce waste, extend life or enable recycling. Research and development **requires** ~~is complex and uncertain, requiring~~ innovation and anticipation of market trends, which means that the costs of these expenditures may not be recovered through additional sales. We could focus on products that ultimately are not accepted by customers or end users or we could experience delays in the production or launch of new products **that** could compromise our competitive position. Our infrastructure needs impact our business and expenditures. We continue to invest in our long- term growth and margin expansion plans, with **approximately** \$ ~~240.1~~ **285.1** million in capital expenditures, including fixed assets and information technology, in ~~2023~~ **2024**. We may not be able to recoup the costs of our infrastructure investments if actual demand is not as we anticipate. In recent years, we expanded **our** Materials Group's manufacturing capabilities in **France**, India and **Ohio** ~~a location in Indiana~~; moved our Solutions Group's Vietnam business into a new, expanded facility; and made additional investments in both capacity and business development globally for our Intelligent Labels ~~RFID~~ platform, including new facilities in Brazil and **consolidated operations** in Mexico. ~~We also transferred Materials Group's European medical capacity from Belgium to Ireland.~~ In addition, we added capacity through our acquisitions of Silver Crystal, Lion Brothers and Thermopatch in 2023. Infrastructure investments, which are long- term in nature, may not generate the expected return due to changes in the marketplace, failures in execution, and other factors. Significant changes from our expected need for and / or returns on our infrastructure investments could materially adversely affect our business. Difficulty in the collection of receivables as a result of economic conditions or other market factors could have a material adverse effect on our business. Although we have processes to administer credit granted to customers and believe our allowance for credit losses is adequate, we have **in the past had to increase** ~~increase~~ the allowance due to, for example **among other things**, epidemics, pandemics or other outbreaks of illness, supply chain challenges, **regulatory restrictions** ~~issues with raw material availability and cost, freight and labor availability,~~ and inflationary pressures, and in the future may experience losses as a result of our inability to collect some of our accounts receivable. A customer's financial difficulties are likely to result in reduced business with that customer. We may also assume higher credit risk relating to receivables of a customer experiencing financial difficulty. If these developments were to occur widely in our customer base, our inability to collect on our accounts receivable from customers could substantially reduce our cash flows and income and have a material adverse effect on our business. There is a rapidly evolving awareness and focus from **certain** stakeholders, including our investors, customers and employees, with respect to ~~global climate change and~~ our company's sustainability and governance practices, which could affect our business. Investor and societal expectations with respect to sustainability or governance matters ~~have been evolving and increasing. We risk damage to our reputation if we do not continue to act responsibly~~ **evolve, with some stakeholders seeking companies to demonstrate progress** with respect to ~~these matters~~ in the following key areas: environmental stewardship ; **DEI**; **human capital**, corporate governance ; **support for our communities** ; and transparency , **and other stakeholders suggesting that companies focus on delivering for their stockholders to the exclusion of focus in these other areas**. A failure to adequately meet ~~evolving stakeholders' stakeholder~~ **expectations and timely comply with competing regulatory requirements at the federal, state and local levels** could result in loss of business, diluted market valuation, an inability to attract and retain customers and personnel, increased negative investor sentiment toward us and / or our customers and the diversion of investment to other industries, which could have a negative impact on our stock price and access to and cost of capital. ~~Epidemics, pandemics or other outbreaks of illness, and restrictions intended to prevent their spread, could materially adversely impact our business. Epidemics, pandemics or other outbreaks of illness, disease or virus in the markets in which we do business, and actions taken to contain or prevent their further spread, could materially impact our business, as they did at various times during the 2020-2023 period. They could result in restrictive governmental measures being implemented to control their spread, including quarantines, restrictions on travel, "shelter in place" rules, stay-at-home orders, density limitations, social distancing measures, and / or restrictions on types of business that may continue to operate, which could materially adversely affect our business.~~ Risks Related to Information Technology Significant disruption to the information technology infrastructure that stores our information **and runs our operations** could materially adversely affect our business. We rely on the efficient and uninterrupted operation of a large and complex information technology infrastructure to link our global business. Like all information technology systems, ours are susceptible to a number of risks including, but not limited to, damage or interruptions resulting from obsolescence, natural disasters, power failures, human error, viruses, social engineering, phishing, ransomware or other malicious attacks and **data security cybersecurity breaches events**. We upgrade and install new systems, which, if installed or programmed incorrectly or on a delayed timeframe, could cause delays or cancellations of customer orders, impede the manufacture or shipment of products, or disrupt the processing of transactions. We have continued to implement measures to mitigate our risk related to system and network disruptions, but if a significant disruption were to occur, we could incur ~~significant~~ losses and remediation costs that could have a material adverse effect on our business. Additionally, we rely on services provided by third- party vendors for certain information technology processes, including system infrastructure management, application management, and software as a service. While we have matured our cybersecurity due diligence process, this reliance on third parties makes

our operations vulnerable to a failure by any one of these vendors to perform adequately or maintain effective internal controls. Cybersecurity or other security breaches could compromise our information and expose us to liability, which could have a material adverse effect on our business and reputation. We maintain information necessary to conduct our business in digital form, which is stored in data centers and on our networks and third- party cloud services, including confidential and proprietary information as well as personal information regarding our customers and employees. The secure maintenance of this information is critical to our operations. Data maintained in digital form **and on cloud services** is subject to the risk of intrusion, tampering and theft. We develop and maintain systems and processes at significant cost to prevent this from occurring, **and conduct** ~~but these systems require~~ ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. We experience non- material cybersecurity events each year that are escalated through our documented and tested ~~Security~~ **security Incident incident Response response Plan plan**, and although we have not experienced a significant breach in recent years, the possibility of intrusion, tampering and theft cannot be eliminated entirely. Our information technology and infrastructure are vulnerable to attacks by ~~hackers~~ **threat actors** or ~~breaches~~ **system compromises** due to employee error, malfeasance or other disruptions, and the threat landscape remains challenging with our digital business transformation, ~~remote or~~ **hybrid workforces employees**, the increasing use of artificial intelligence (“ AI ”), and interconnected supply chains expanding the risk of attack . **Threat actors are increasingly leveraging AI for cyberattacks, and our increasing use of AI carries risks related to data security, privacy events, and potential algorithmic bias. These AI risks could lead to operational disruptions, regulatory investigations or actions, data security events and potential financial loss** . We also perform cybersecurity due diligence and mitigate identified risks during our M & A due diligence process; however, there is still a risk that a recent or future acquisition experiences an event that could lead to a breach before risks are able to be mitigated. Additionally, we provide confidential, proprietary and personal information to third parties when it is necessary to pursue business objectives. While we obtain written agreements and assurances that these third parties will protect this information and, where appropriate, assess the protections utilized by these third parties, we are aware of suppliers in our ecosystem who have experienced security events, and there is a risk the confidentiality of data held by third parties may be compromised. Breaches or attacks can compromise our network, the network of a third party to whom we have disclosed confidential, proprietary or personal information, a data center where we have stored such information or a third- party cloud service provider, and the information stored there ~~can~~ **could** be accessed, publicly disclosed, lost or stolen. Any access, disclosure or loss of information could disrupt our operations, **impair our ability to conduct business**, result in legal claims or proceedings, damage our reputation , ~~impair our ability to conduct business~~, or result in the loss or diminished value of profitable opportunities and the loss of revenue as a result of unlicensed use of our intellectual property. Contractual provisions with third parties, including cloud service providers, ~~often~~ substantially limit our ability to fully recover our losses. If the personal information of our customers or employees were to be misappropriated, we could incur costs to compensate our customers or employees or pay damages or fines as a result of litigation or regulatory actions and our reputation with our customers and employees could be injured, resulting in loss of business or decline in morale. Data privacy legislation and regulation have been increasing in recent years – including, for example, the General Data Protection Regulation in the EU, the Personal Information Protection Law in China, the General Data Protection Law in Brazil and the state of California’ s Privacy Rights Act – and although we have made reasonable efforts to comply with all applicable laws and regulations, there can be no assurance that we will not be subject to regulatory action in the event of a data privacy violation. Cybersecurity risk and ransomware attacks on companies continue to significantly increase and there can be no assurance that we have fully protected our information, that third parties to whom we have disclosed such information or with whom we have stored such information (in data centers and in the cloud) ~~are taking similar~~ **have taken effective** precautions, or that we will not experience hacking or intrusion attempts that could have a material adverse effect on our business. In addition to maintaining a ~~robust~~ **comprehensive** set of endpoint, network, email and cloud security solutions, we continue to take steps to further improve the security of our networks and ~~computer~~ systems, including **further** strengthening authentication; continuing to mature our zero trust architecture and strategy; **maturing our operational technology security program**; furthering our advanced ~~malware~~ **prevention and** detection measures; further enhancing and testing our security incident response plan; upgrading legacy ~~information technology~~ systems to simplify and standardize business processes and applications; ~~adopting a~~ **implementing more** robust cloud security strategy across multiple platforms ; **adopting AI policies, governance and risk management** ; continuously improving information technology project and portfolio management discipline; ~~setting~~ **enhancing accountability with** more aggressive key performance indicator targets ~~and implementing appropriate mitigation measures~~; continuing to mature our data loss prevention framework to protect our critical data, network and site access controls; advancing our user access management program; limiting USB drive access across our company; increasing network segmentation; enhancing our focus on third party risk management; and improving our capabilities based on threat intelligence and the publicized incidents experienced by other companies, as well as ones that we have experienced despite their minimal operational or financial impact to date. Risks Related to Income Taxes Changes in our tax rates affect our business. Our effective tax rate is affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws and regulations or their interpretation. The impact of these changes could materially impact our business. Legislation implementing changes in taxation of business activities, adoption of other corporate tax ~~reform~~ policies, or other changes in tax legislation ~~or policies~~ impact our ~~expenses~~ **business** . ~~The~~ **Corporate tax reform**, prevention of base- erosion and tax transparency continue to be high priorities for many tax jurisdictions worldwide , ~~including the U. S.~~ As a result, policies regarding corporate income and other taxes ~~are~~ **remain** under heightened scrutiny globally , ~~with tax reform legislation having been proposed or enacted in a number of jurisdictions. In addition, many countries have enacted, or plan to enact, legislation and other guidance to align their international tax rules with the Organisation for Economic Co- operation and Development’ s (“ OECD ”) Base Erosion and Profit Shifting recommendations and directives, which aim to standardize and modernize global~~

corporate tax policy, cross-border tax, transfer-pricing documentation rules, and nexus-based tax incentive practices. Moreover, the OECD continues to focus on fundamental changes to the profit allocation among tax jurisdictions in which companies do business and the implementation of a global minimum tax. The timing and ultimate impact of such changes on our effective tax rate remain uncertain as the countries in which we operate continue to adopt these directives. Due to the size of our international business activities, any substantial change in corporate tax policies, enforcement activities or legislative or regulatory actions could have a material adverse effect on our business. ~~Our inability.~~ **Additionally, the U. S. Congress and Presidential administration are currently controlled by the same political party, and have indicated a desire to retain extend or renew make permanent certain tax incentives provisions of the 2017 Tax Cuts and Jobs Act, as well as potentially introduce other changes in foreign jurisdictions could tax laws and regulations. The timing and impact of such potential changes are uncertain and may** materially impact adversely affect our effective tax rate. ~~Our effective tax rate reflects benefits from concessionary tax rates in certain foreign jurisdictions based on the geographic location of our manufacturing activities, the industries that we serve, or the business model under which we operate. If we do not meet the criteria required to retain or renew these tax incentives, our effective tax rate could be materially adversely affected.~~ The amount of various taxes we pay is subject to ongoing compliance requirements and audits by federal, state and foreign tax authorities. We are subject to regular examinations of our income tax returns by various tax authorities. We regularly assess the likelihood of material adverse outcomes resulting from these examinations to determine the adequacy of our provision for taxes. In addition, tax enforcement has become increasingly aggressive in recent years focused primarily on transfer pricing and intercompany documentation. Our estimate of the potential outcome of uncertain tax issues requires significant judgment and is subject to our assessment of relevant risks, facts, and circumstances existing at the time. We use these assessments to determine the adequacy of our provision for income taxes and other tax-related accounts. Our results may include favorable or unfavorable adjustments to our estimated tax liabilities in the period the assessments are made or resolved, which may materially adversely affect our effective tax rate. We have deferred tax assets that we may not be able to realize under certain circumstances. If we are unable to generate sufficient taxable income in certain jurisdictions, or if there is a significant change in the time period within which the underlying temporary differences become taxable or deductible, we could be required to increase our valuation allowances against our deferred tax assets. This would increase our effective tax rate and could have a material adverse effect on our business. In addition, changes in statutory tax rates may change our deferred tax asset or liability balances, with either a favorable or unfavorable impact on our effective tax rate. A significant portion of our indefinite-lived net operating loss carryforwards is concentrated in Luxembourg and may require decades to be fully utilized under our current business model. Decreases in the statutory tax rate or changes in our ability to generate sufficient future taxable income in Luxembourg could materially adversely affect our effective tax rate. In addition, the computation and assessment of the realizability of our deferred tax assets may also be materially impacted by new legislation or regulations. Risks Related to Human Capital For us to remain competitive, deliver on our business strategy and avoid business disruption, it is important to recruit high caliber talent, retain key management and highly-skilled employees and receive high quality service from all outsourced service providers. This includes providing market-competitive compensation and benefits and ensuring ~~a diverse, equitable and an inclusive workplace~~ **engaged global team**. Competition to recruit and retain critical talent has increased in recent years. Our ongoing productivity efforts and restructuring actions can increase this challenge. When it comes to our outsourced service providers, we have experienced delays or errors and reduced resource availability and manage ongoing risk when it comes to people, processes and software. ~~We also have increased our focus on risks related to artificial intelligence.~~ Executive succession planning is ~~also~~ critical to our long-term success. We experienced several recent key management changes, including ~~promotions the~~ **appointments of our President, Materials Group, and Interim Chief Financial Officer in 2024 and our President / Chief Executive Officer and President, Solutions Group in 2023 of; in each case, the individuals appointed to these positions were** long-serving and experienced leaders ~~at to the positions of President and Chief Executive Officer and our company President, Solutions Group~~. While we believe we have appropriate leadership development programs and succession plans in place that are regularly discussed with our Board's Talent and Compensation Committee, any failure to ensure effective leadership transitions and knowledge transfer involving key management (or ~~any other~~ highly-skilled employees) could hinder our strategic planning and execution. We have various non-U. S. collective labor arrangements, which make us subject to potential work stoppages, as well as union and works council campaigns and other labor disputes, any of which could adversely impact our business. Work interruptions or stoppages **at our company or our suppliers** could significantly impact our ability to deliver for our customers. In addition, collective bargaining agreements, union contracts and labor laws may impair our ability to reduce labor costs by closing or downsizing manufacturing facilities because of limitations on personnel and salary and other restrictions. A work stoppage at one or more of our facilities, or the facilities of our customers or ~~at any of our~~ suppliers, could have a material adverse effect on our business. In addition, the recent and ongoing geopolitical unrest and weather-related effects of climate change in numerous regions could impact the safety and productivity of our ~~current~~ employees. Those impacts could also hinder our ability to recruit and grow our talent pools in the impacted regions / countries. Risks Related to Our Indebtedness If our indebtedness increases significantly or our credit ratings are downgraded, we may have difficulty obtaining acceptable short- and long-term financing. At December ~~30-28, 2023-2024~~, we had approximately \$ ~~3. 24-15~~ billion of debt. Our level of indebtedness and credit ratings are significant factors in our ability to obtain short- and long-term financing. ~~Higher~~ **Significantly unfavorable changes in our debt levels leverage position and / or lower credit ratings** could negatively impact our ability to **issue debt at favorable terms to** support our business needs and result in higher financing costs. ~~The credit ratings assigned to us also impact the interest rates we pay.~~ A downgrade of our short-term credit ratings could impact our ability to access the commercial paper markets and increase our borrowing costs **if on commercial paper or alternative funding sources, including our revolving credit facility (the "Revolver ") or other credit facilities. If our access to commercial paper markets were to become limited, we would needed-- need** to obtain short-term funding under our

Revolver revolving credit facility. If our access to commercial paper markets were to become limited and we were required to obtain short-term funding under our revolving credit facility or our other credit facilities, we **which** would have increased **result in the same** exposure to variable interest rates. An increase in interest rates adversely affects our business. In **2023-2024**, our average variable-rate borrowings were approximately \$ **608-400** million. Increases in short-term interest rates directly impact the amount of interest we pay. Fluctuations in interest rates can increase our borrowing costs and have a material adverse effect on our business. **Since 2022-In recent years**, the U. S. Federal Reserve and similar monetary policymaking entities around the world **have significantly** raised interest rates in an effort to curb rising inflation across the globe, **beginning to modestly reduce rates in 2024**. As of December **30-28, 2023-2024**, the U. S. Federal Reserve's benchmark interest rate was between **5-4 . 25 % and 5-4 . 50 %**, **up-down** from between **4-5 . 25 % and 4-5 . 50 %** the same time in **2022-2023**. **As-When long - and short** term interest rates rise, our borrowing costs increase. Continued increases in interest rates could, among other things, reduce the availability and / or increase the costs of obtaining new debt and refinancing existing indebtedness and negatively impact our business. Our current and future debt covenants may limit our flexibility. Our credit facilities and the indentures governing our medium- and long- term notes contain, and any of our future indebtedness likely would contain, restrictive covenants that impose operating and financial restrictions on us. Among other things, these covenants restrict our ability to incur additional indebtedness, incur certain liens on our assets, make certain investments, sell our assets or merge with third parties, or enter into certain transactions. **We are also-The Revolver contains a financial covenant that required-requires us** to maintain **specified-a maximum leverage ratio. Refer to Item 7. " Management's Discussion and Analysis of Financial Condition and Result of Operations ", " Capital Resources "** of this Annual Report on Form 10- K for more **information about this** financial **covenant ratios under certain conditions**. These restrictive covenants and ratios may limit or prohibit us from engaging in certain activities and transactions that may be in **the-our** best interest of our business, **putting us at a competitive disadvantage relative to our competitors**, which could materially adversely affect our business. **The failure to comply with these or other covenants governing other indebtedness, including indebtedness incurred in the future, could result in an event of default, which, if not cured or waived, could have a material adverse effect on our business, financial condition and result of operations, including cross- defaults to other debt facilities**. Risk Related to Ownership of Our Stock Our stock price is subject to significant variability. Changes in our stock price **may**, among other things, affect our access to, or cost of financing from, capital markets, our stock- based compensation arrangements and our effective tax rate. Our stock price, **which increased significantly during the second half of 2023 and the first half of 2024 but declined during the second half year of 2024**, is influenced by changes in the overall stock market and demand for equity securities in general. Other factors, including our financial performance on an absolute basis and relative to peer companies and competitors, as well as market expectations of our performance, the level of perceived growth **or profit** of our industries, and other company-specific factors, may also materially adversely affect our stock price. There can be no assurance that our stock price will not continue to experience significant variability in the future. We cannot guarantee that we will continue to repurchase shares of our common stock or pay dividends on our common stock or that repurchases will enhance long- term stockholder value. Changes in our levels of stock repurchases or dividends could affect our stock price and increase its variability. In April 2022, our Board authorized the repurchase of shares of our common stock with a fair market value of up to \$ 750 million, in addition to the amount of shares that were then available for repurchase under our previous Board authorization. In **2023-2024**, we repurchased **0-1 . 8-2** million shares of our common stock at an aggregate cost of \$ **137-247 . 5** million. As of December **30-28, 2023-2024**, shares of our common stock in the aggregate amount of \$ **592-346 . 8-9** million remained authorized for repurchase under this Board authorization. We **make share repurchases- repurchase shares** through a variety of methods, which may include open market purchases, privately negotiated transactions, block trades or accelerated share repurchase transactions. Our share repurchase authorizations do not obligate us to acquire any specific number of shares or to repurchase any specific number of shares for any fixed period. The timing and amount of our repurchases, if any, are subject to **our capital allocation strategy as it may evolve from time to time, our view of intrinsic value coupled with a disciplined repurchase grid**, market and economic conditions, applicable legal requirements and other relevant factors. We may limit, suspend or discontinue repurchasing shares at any time at our discretion **and** without prior notice. **Paying a sustainable dividend is a key part of our capital allocation strategy**. Although we increased our quarterly dividend rate by approximately **8-9 %** in April **2023-2024**, there can be no assurance that we will maintain this rate or approve further increases in the future. Future dividends are subject to market and economic conditions, applicable legal requirements and other relevant factors. We are not obligated to continue declaring dividends **for any fixed period**, and our payment of dividends could be suspended or discontinued at any time at our discretion **and without prior notice**. We will continue to retain future earnings to develop our business, as opportunities arise, and evaluate the amount and timing of future dividends based on our operating results, financial condition, capital allocation strategies and general business conditions. The amount and timing of any future dividends may vary, and the payment of any dividend does not assure that we will pay dividends in the future. In addition, any future repurchases of our common stock or payment of dividends, or any determination to cease repurchasing stock or paying dividends, could affect our stock price and significantly increase its variability. **Our share repurchases and any future dividends could cause our stock price to be higher than it would otherwise be and could potentially reduce the market liquidity for our stock**. Additionally, any future repurchases of our common stock or payment of dividends could impact our ability to invest in our businesses or pursue acquisitions and venture investments. Although our share repurchase program is intended to enhance long- term stockholder value, there is no assurance that it will do so because the market price of our common stock may decline below the levels at which we repurchased shares of stock and short- term stock price fluctuations could reduce the program's effectiveness. Risks Related to Legal and Regulatory Matters Infringing intellectual property rights of third parties or inadequately acquiring or protecting our intellectual property could harm our ability to compete or grow. Because our products involve complex technology and chemistry, we are involved from time to time in litigation involving patents and other intellectual property. Parties have filed,

and in the future may file, claims against us alleging that we have infringed their intellectual property rights. We **we are currently** party to a litigation, **which we settled in 2024**, in which ADASA Inc. (“ Adasa ”), an unrelated third party, alleged that certain of our RFID products within our Solutions Group reportable segment infringed its patent. ~~As of December 30, 2023 our contingent liability for this matter was \$ 82.9 million which reflects our best estimate of the anticipated judgment.~~ For more information on this litigation, see Note 8, “ Contingencies, ” in the Notes to Consolidated Financial Statements. If we ~~are unsuccessful in our appeals related to the Adasa matter or~~ are held liable for infringement in other matters, we could be required to pay damages, obtain licenses or cease making or selling certain products. There can be no assurance that licenses would be available on commercially reasonable terms or at all. The defense of these claims, whether or not meritorious, or the development of new technologies is costly and diverts the attention of management. We also have valuable intellectual property upon which third parties may infringe. We **attempt seek** to protect and restrict access to our intellectual property and proprietary information by relying on the patent, trademark, copyright and trade secret laws of the U. S. and other countries, as well as non-disclosure agreements. However, it may be possible for a third party to obtain our information without our authorization, independently develop similar technologies, or breach a non- disclosure agreement entered into with us. In addition, many of the countries in which we operate do not have intellectual property laws as protective as those in the U. S. The use of our intellectual property by someone else without our authorization could reduce or eliminate certain competitive advantages we have, cause us to lose sales or otherwise harm our business. Further, the costs associated with protecting our intellectual property rights could materially adversely impact our business. We have obtained and applied for U. S. and foreign trademark registrations and patents, and will continue to evaluate whether to register additional trademarks and apply for additional patents. We cannot guarantee that any of our pending applications will be approved by the applicable governmental authorities. Further, we cannot assure that the validity of our patents or our trademarks will not be challenged. In addition, third parties may be able to develop competing products using technology that avoids our patents. Unfavorable developments in legal proceedings, investigations and other legal and regulatory matters, could impact us in a materially adverse manner. There can be no assurance that any outcome of any litigation, investigation or other legal, environmental, compliance and regulatory matter will be favorable. Our financial results could be materially adversely affected by an unfavorable outcome to pending or future litigation and investigations, and other legal, regulatory, environmental and compliance matters. See Note 8, “ Contingencies, ” in the Notes to Consolidated Financial Statements for more information. We are required to comply with anti- corruption and other compliance laws and regulations of the U. S. government and various international jurisdictions, and our failure to comply with these laws and regulations could have a material adverse effect on our business. We are required to comply with the anti- corruption and other compliance laws and regulations of the U. S. government and various international jurisdictions, such as the U. S. Foreign Corrupt Practices Act and the UK’ s Bribery Act of 2010. If we fail to comply with anti- corruption laws, we could be subject to substantial civil and criminal penalties, including fines, monetary damages and incarceration for responsible employees and managers. In addition, if our distributors or agents fail to comply with these laws, our business may also be materially adversely affected through reputational harm and penalties. We are required to comply with environmental, health, and safety laws at our operations around the world. The costs of complying with these laws is significant and increasing. We are subject to national, state, provincial and / or local environmental, health, and safety laws and regulations in the U. S. and other countries in which we operate, including those related to the disposal of hazardous waste and GHG emissions from our manufacturing processes. These laws, which are continually evolving and imposing additional requirements on our current and former manufacturing facilities, impose liability for the costs of, and damages resulting from, cleaning up current sites, past spills, disposals and other releases of hazardous substances. Enforcement of these laws can be unclear and is subject to the discretion of governmental agencies. Any failure to comply with existing and future environmental, health and safety laws could subject us to fees, penalties, costs or liabilities, impact our production capabilities, limit our ability to sell, expand or acquire facilities, and have a material adverse effect on our business. Laws and regulations related to the environment, product content and product safety are complex, change often, and can be open to different interpretations. In addition, we could be materially and adversely impacted by any environmental or product safety enforcement action affecting our suppliers, particularly in emerging markets. We have accrued liabilities for the environmental clean- up of certain sites **where it is probable that a loss will be incurred and the cost or amount of loss can be reasonably estimated**, including the ~~eleven ten~~ sites for which U. S. governmental agencies have designated us as a potentially responsible party as of our ~~2023-2024~~ fiscal year- end, ~~where it is probable that a loss will be incurred and the cost or amount of loss can be reasonably estimated.~~ See Note 8, “ Contingencies, ” in the Notes to Consolidated Financial Statements for more information. ~~However, because~~ **Because** of the uncertainties associated with environmental assessment and remediation activities, the actual expense to remediate currently identified sites could be higher than the liabilities accrued and additional sites could be identified in the future. **See Note 8, “ Contingencies, ” in the Notes to Consolidated Financial Statements for more information.** We are subject to export and import control laws and regulations in the jurisdictions in which we do business that could subject us to liability or impair our ability to compete in these markets. Export control laws and economic sanctions prohibit the shipment of some of our products to embargoed or sanctioned countries, governments and persons. While we train our employees to comply with these regulations, use third party screening software, and take other measures, we cannot guarantee that a violation will not occur. A prohibited shipment has negative consequences, including government investigations, penalties, fines, civil and criminal sanctions and / or reputational harm. Any change in export or import regulations, economic sanctions or related legislation, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations, could decrease our ability to export or sell our products internationally. Any limitation on our ability to export or sell our products could materially adversely affect our business. Some of our products are subject to export control laws and regulations and may be exported only with an export license or through an applicable export license exception. If we fail to comply with export licensing, customs regulations, economic sanctions or other laws, we could be subject to substantial civil or criminal penalties, including fines,

criminal charges against responsible employees and loss of export or import privileges. In addition, if our distributors fail to obtain appropriate import, export or re-export licenses or permits, we may also be materially adversely affected through reputational harm and penalties. Obtaining the necessary export license for a particular sale may be time consuming and expensive and could result in the delay or loss of sales opportunities.

Risks Related to Other Financial Matters

Our pension assets **and liabilities** are significant and subject to market, interest and credit risk that may reduce their **asset value-values or increase their liability values, either of which could increase our net pension liability**. Changes in the value of our pension assets, which was approximately \$ **663-660** million as of December **30-28, 2023-2024**, could materially adversely affect our earnings and cash flows. ~~In particular, as a result of a decline in~~ the value of our investments ~~may decline~~ due to increases in interest rates or volatility in financial markets. **In addition, our pension liabilities, which were approximately \$ 709 million as of December 28, 2024, are subject to interest and inflation risk that may increase their value.** We ~~continuously~~ **regularly** evaluate options to better manage the volatility associated with our pension **assets and** liabilities and may ~~take~~ **continue taking** actions to reduce the financial volatility associated with our pension liabilities, which could result in significant charges. Although we mitigate these risks by investing in high quality securities, ensuring adequate diversification of our investment portfolio ~~and~~, monitoring our portfolio's overall risk profile **and managing its liability profile**, the value of our ~~investments~~ **net pension liability** may nevertheless ~~decline~~ **increase**. The actuarial assumptions used for valuation purposes affect our earnings and cash flows. Changes in accounting standards and government regulations could also affect our pension and postretirement plan expense and funding requirements. We evaluate the assumptions used in determining projected benefit obligations and the fair value of plan assets for our non- U. S. pension plans and other postretirement benefit plans in consultation with outside actuaries. Our pension and projected postretirement benefit expenses and funding requirements increase or decrease as a result of the assumptions we use, including the discount rate, expected long- term rate of return or mortality rates. Because of changing market conditions or changes in participant populations, the actuarial assumptions that we use may differ from actual results, which could have a significant impact on our pension and postretirement benefit obligations and related costs. Funding obligations for each plan are determined based on the value of assets and liabilities on a specific date in accordance with applicable government regulations. Our pension funding requirements, and the timing of funding payments, could also be affected by future legislation or regulation. ~~In 2023, the Dutch Senate passed~~ **We are implementing plans to comply with** the Dutch Pension Act **passed in 2023**, which requires traditional defined benefit plans to be phased out and transition to defined contribution plans ~~by before~~ January 1, 2028. **Our Dutch defined benefit plan includes a minimum guaranteed funding ratio that will have to be terminated as part of the transition, for which we will have to compensate the Dutch Pension Fund**. An impairment in the carrying value of goodwill could negatively impact our results of operations and net worth. Goodwill is initially recorded at fair value and not amortized and is reviewed for impairment annually (or more frequently if impairment indicators are present). As of December **30-28, 2023-2024**, the carrying value of our goodwill was \$ **2.01-98** billion. In **2023-2024**, we determined that the goodwill of our reporting units was not impaired. We review goodwill for impairment by comparing the fair value of a reporting unit to its carrying value. ~~In assessing fair value,~~ **calculating** we make estimates and assumptions about sales, operating margins, growth rates, and discount rates based on our business plans, economic projections, anticipated future cash flows and marketplace data. There are inherent uncertainties related to these factors and management's judgment in applying these factors. Goodwill ~~goodwill~~ valuations ~~have been calculated~~ primarily using an income approach based on the present value of projected future cash flows of each reporting unit. **In assessing fair value, we make estimates and assumptions about sales, operating margins, growth rates, and discount rates based on our business plans, economic projections, anticipated future cash flows and marketplace data. There are inherent uncertainties related to these factors and management's judgment in applying these factors.** We could be required to evaluate the carrying value of goodwill prior to the annual assessment if we experience disruptions to our business, unexpected significant declines in operating results, divestiture of a significant component of our business or sustained market capitalization declines. These types of events could result in goodwill impairment charges in the future, **which** ~~Impairment charges~~ could materially adversely affect our business in the periods in which they are made.