

Risk Factors Comparison 2025-02-21 to 2024-02-23 Form: 10-K

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The following are important factors which could affect our financial performance and could cause our actual results for future periods to differ materially from our anticipated results or other expectations, including those expressed in any forward- looking statements made in this Form 10- K. See the section entitled “ Forward- Looking Statements ” set forth above. We may also refer to this disclosure to identify factors that may cause results to differ materially from those expressed in other forward- looking statements including those made in oral presentations, including telephone conferences and / or webcasts open to the public. **Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below in addition to the other information set forth in this Annual Report on Form 10- K, including" Item 7- Management' s Discussion and Analysis of Financial Condition and Results of Operation" and our consolidated financial statements and the related notes, before making an investment decision. The risks described below are not the only risks or uncertainties we face. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us, or that we currently believe to be immaterial, could materially and adversely affect our business, financial condition, prospects, or results of operations. In such case, the trading price of our common stock could decline, and you may lose all or part of your original investment. Our actual results could differ materially from those anticipated in the forward- looking statements as a result of specific factors, including the risks and uncertainties described below. Additionally, macroeconomic and geopolitical developments, including public health crises, escalating global conflicts, supply chain disruptions, labor market constraints, rising rates of inflation and high interest rates may amplify many of the risks discussed below to which we are subject. The extent of the impact of macroeconomic and geopolitical developments, including public health crises, on our financial and operating performance depends significantly on the duration and severity of such macroeconomic and geopolitical developments, the actions taken to contain or mitigate its impact and any changes in consumer behaviors as a result thereof.** Economic & Operational Risks Our results are impacted by general worldwide economic factors. Over the past year, global interest rates aimed at curbing inflation, as well as implications of geopolitical situations in Europe, the Middle East and China, have resulted in economic and demand uncertainty. Previously, the COVID pandemic, geopolitical instability and other global events have resulted in supply chain challenges, inflation, high interest rates, foreign currency exchange volatility, and volatility in global capital markets, which have affected our business and could have a material adverse impact on our business in the future. Countries such as Argentina and Turkey have experienced economic upheaval and similar upheaval in other countries with Ecolab operations could have a material adverse impact on our consolidated results of operations, financial position and cash flows by negatively impacting economic activity, including in our key end- markets, and by further weakening the local currency versus the U. S. dollar, resulting in reduced sales and earnings from our foreign operations, which are generated in the local currency, and then translated to U. S. dollars. Our results depend upon the continued vitality of the markets we serve. Economic downturns, and in particular downturns in our larger markets including the foodservice, hospitality, travel, health care, food processing, refining, pulp and paper, mining and steel industries, can adversely impact our customers, and we may find it difficult to restore margins by maintaining pricing due to easing inflation from slowing economic growth. Recently, the war and energy crisis in Europe have resulted in a more challenging macroeconomic environment with significantly impacted costs and demand. Previously, the COVID- 19 pandemic negatively impacted the demand for our products and services provided to customers in the full- service restaurant, hospitality, lodging and entertainment industries. In prior years, a weaker global economic environment has also negatively impacted certain of our other end- markets. During these periods of weaker economic activity, our customers and potential customers may reduce or discontinue their volume of purchases of cleaning and sanitizing products and water treatment and process chemicals, which has had, and may continue to have, a material adverse effect on our business, financial condition, results of operation or cash flows. Our significant non- U. S. operations expose us to global economic, political and legal risks that could impact our profitability. We have significant operations outside the United States, including joint ventures and other alliances. We conduct business in more than 170 countries and, in ~~2023~~**2024**, approximately 47 % of our net sales originated outside the United States. There are inherent risks in our international operations, including: • exchange controls and currency restrictions; • currency fluctuations and devaluations; • tariffs and trade barriers; • export duties and quotas; • changes in the availability and pricing of raw materials, energy and utilities; • changes in local economic conditions; • changes in laws and regulations, including the imposition of economic or trade sanctions affecting international commercial transactions; • difficulties in managing international operations and the burden of complying with international and foreign laws; • requirements to include local ownership or management in our business; • economic and business objectives that differ from those of our joint venture partners; • exposure to possible expropriation, nationalization or other government actions; • restrictions on our ability to repatriate dividends from our subsidiaries; • unsettled political conditions, military action, civil unrest, acts of terrorism, force majeure, war or other armed conflict, including the Russian invasion of Ukraine, the Israel- Hamas conflict and other hostilities in the Middle East; and • countries whose governments have been hostile to U. S.- based businesses. Following Russia' s invasion of Ukraine and the United States' and other countries' sanctions against Russia, we have limited our Russian business to operations that are essential to life, providing minimal support for our healthcare, life sciences, food and beverage and certain water businesses, and we may further narrow our presence in Russia depending on developments in the conflict or otherwise. While our operations in Russia and areas experiencing conflict are not material to our business and financial results, the escalation of these conflicts **, or the imposition of additional sanctions by the United**

States, may also heighten many other risks disclosed in our report on Form 10-K, any of which could materially and adversely affect our business and financial results. Such risks include, but are not limited to, adverse effects on macroeconomic conditions, including increased inflation, constraints on the availability of commodities, supply chain disruption and decreased business spending; disruptions to our or our business partners' global technology infrastructure, including through cyber-attack or cyber-intrusion; adverse changes in international trade policies and relations; claims, litigation and regulatory enforcement; our ability to implement and execute our business strategy; terrorist activities; our exposure to foreign currency fluctuations; reputational risk; and constraints, volatility, or disruption in the capital markets. Additionally, changes in **U. S. or foreign government policy on international trade policies by governments around the world**, including the imposition or continuation of tariffs, could materially and adversely affect our business. In 2018, the U. S. imposed tariffs on certain imports from China and other countries, resulting in retaliatory tariffs by China and other countries. **While In February 2025, the U. S. proposed a 25 % additional tariff on imports from Canada and Mexico and a 10 % additional tariff on imports from China.** **These signed a Phase One trade agreement in January 2020, which included the suspension and rollback of tariffs, any the CHIPS and Science Act of 2022 with objectives including countering China's technical ambitions was signed into law in August 2022.** Any new tariffs or policies imposed by **governments around the U. S., China or other-- the countries world,** or any **additional resulting** retaliatory measures, **to by any of these-- the countries extent implemented**, could increase our costs, reduce our sales and earnings or otherwise have an adverse effect on our operations. Further, our operations outside the United States require us to comply with a number of United States and non- U. S. laws and regulations, including anti- corruption laws such as the United States Foreign Corrupt Practices Act and the United Kingdom Bribery Act, as well as U. S. and non- U. S. economic sanctions regulations. We have internal policies and procedures relating to such laws and regulations; however, there is risk that such policies and procedures will not always protect us from the misconduct or reckless acts of employees or representatives, particularly in the case of recently acquired operations that may not have significant training in applicable compliance policies and procedures. Violations of such laws and regulations could result in disruptive investigations, significant fines and sanctions, which could have a material adverse effect on our consolidated results of operations, financial position or cash flows. Also, because of uncertainties regarding the interpretation and application of laws and regulations and the enforceability of intellectual property and contract rights, we face risks in some countries that our intellectual property rights and contract rights would not be enforced by local governments. We are also periodically faced with the risk of economic uncertainty, which has impacted our business in some countries. Other risks in international business also include difficulties in staffing and managing local operations, including managing credit risk to local customers and distributors. Our overall success as a global business depends, in part, upon our ability to succeed in differing economic, social, legal and political conditions. We may not continue to succeed in developing and implementing policies and strategies that are effective in each location where we do business, which could have a material adverse effect on our consolidated results of operations, financial position or cash flows. We may experience business disruption if we fail to execute organizational change and management transitions. Our continued success will depend on the efforts and abilities of our executive officers and certain other key employees, particularly those with sales and sales management responsibilities, to drive business growth, development and profitability. Our operations could be materially and adversely affected if for any reason we are unable to successfully execute organizational change and management transitions at leadership levels. We are subject to information technology system failures, network disruptions and breaches in data security. We rely to a large extent upon information technology systems and infrastructure to operate our business. The size and complexity of our information technology systems and those of strategic vendors make them vulnerable to failure, malicious intrusion and random attack. Acquisitions have resulted in further de- centralization of systems and additional complexity in our systems infrastructure. Likewise, data security breaches by employees or others with permitted access to our systems or to the systems of strategic vendors pose a risk that sensitive data may be exposed to unauthorized persons or to the public. Geopolitical tensions or conflicts, such as Russia' s invasion of Ukraine, may further heighten the risk of cybersecurity attacks. While we have continually matured our security program and capabilities and have had no material incidents to date, cyber threats continue to evolve and there can be no assurance that our efforts will prevent cybersecurity attacks or breaches in our systems or in the systems of strategic vendors, including cloud providers, that could cause reputational damage, business disruption or legal and regulatory costs; could result in third- party claims; could result in compromise or misappropriation of our intellectual property, trade secrets or sensitive information; or could otherwise materially adversely affect our business, including our business strategy, results of operations, or financial condition. Certain of our customer offerings include digital components, such as remote monitoring of certain customer operations. A breach of those remote monitoring systems could expose customer data giving rise to potential third- party claims and reputational damage. There may be other related challenges and risks as we complete implementation of our ERP system upgrade. ~~Our~~ **17Our** results could be materially and adversely affected by difficulties in securing the supply of certain raw materials or by fluctuations in the cost of raw materials. The prices of raw materials used in our business fluctuate, and in recent years we have experienced periods of significant increased raw material costs. Changes in raw material prices, unavailability of adequate and reasonably priced raw materials or substitutes for those raw materials, or the inability to obtain or renew supply agreements on favorable terms has materially and adversely affected our business and can in the future materially and adversely affect our consolidated results of operations, financial position or cash flows. In addition, volatility and disruption in economic activity and conditions could disrupt or delay the performance of our suppliers and thus impact our ability to obtain raw materials at favorable prices or on favorable terms, which may materially and adversely affect our business. **Our increasing reliance on artificial intelligence (" AI ") technologies in our products, services, and operations presents several risks that could adversely impact our business, financial condition, and results of operations. We are increasingly incorporating AI capabilities into the development of technologies and our business operations, and into our products and services. AI technology is complex and rapidly evolving, and may subject us to significant competitive, legal, regulatory, operational and other risks, including the following:**

- **Operational and**

and vendors in the foodservice, hospitality, travel, healthcare, energy, life sciences, food processing and pulp and paper industries, as well as other industries we serve, have consolidated in recent years and that trend may continue. This consolidation could have a material adverse impact on our ability to retain customers and on our pricing, margins and consolidated results of operations. We enter into multi- year contracts with customers that could impact our results. Our multi- year contracts with some of our customers include terms affecting our pricing flexibility. There can be no assurance that these restraints will not have a material adverse impact on our margins and consolidated results of operations. Legal, Regulatory & Compliance Risks Our business depends on our ability to comply with laws and governmental regulations and meet our contractual commitments and failure to do so could materially and adversely impact our business; and we may be materially and adversely affected by changes in laws and regulations. Our business is subject to numerous laws and regulations relating to the environment, including evolving climate change standards, and to the manufacture, storage, distribution, sale and use of our products as well as to the conduct of our business generally, including ~~18~~ employment and labor laws and anti- corruption laws. Furthermore, increasing public and governmental awareness and concern regarding the effects of climate change has led to significant legislative and regulatory efforts to limit greenhouse gas emissions and will likely result in further environmental and climate change laws and regulations. Compliance with these laws and regulations exposes us to potential financial liability and increases our operating costs. A violation of these laws and regulations could expose us to financial liability that may have a material adverse effect on our results of operations and cash flows. Regulation of our products and operations continues to increase with more stringent standards, causing increased costs of operations and potential for liability if a violation occurs. The potential cost to us relating to environmental and product registration laws and regulations is uncertain due to factors such as the unknown magnitude and type of possible contamination and clean- up costs, the complexity and evolving nature of laws and regulations, and the timing and expense of compliance. Changes to current laws (including tax laws), regulations and policies could impose new restrictions, costs or prohibitions on our current practices which would have a material adverse effect on our consolidated results of operations, financial position or cash flows. Changes to labor and employment laws and regulations, as well as related rulings by courts and administrative bodies, could materially and adversely affect our operations and expose us to potential financial liability. ~~19~~ Defense of litigation, particularly certain types of actions such as antitrust, patent infringement, personal injury, product liability, breach of contract, wage hour and class action lawsuits, can be costly and time consuming even if ultimately successful, and if not successful could have a material adverse effect on our consolidated results of operations, financial position or cash flows. A chemical spill or release could materially and adversely impact our business. As a manufacturer and supplier of chemical products, there is a potential for chemicals to be accidentally spilled, released or discharged, either in liquid or gaseous form, during production, transportation, storage or use. Such a release could result in environmental contamination as well as a human or animal health hazard. Accordingly, such a release could have a material adverse effect on our consolidated results of operations, financial position or cash flows. Potential indemnification liabilities pursuant to the separation and split- off of our Upstream Energy business could materially and adversely affect our business and financial statements. With respect to the separation and subsequent split- off of our Upstream Energy business, we entered into a separation and distribution agreement with ChampionX Holding Inc. and ChampionX Corporation (f / k / a Apergy Corporation and taken together with ChampionX Holding Inc., “ ChampionX ”) as well as certain other agreements to govern the separation and related transactions and our relationship with ChampionX going forward. These agreements provide for specific indemnity and certain other obligations of each party and could lead to disputes between ChampionX and us. If we are required to indemnify ChampionX under the circumstances set forth in these agreements, we may be subject to substantial related liabilities. In addition, with respect to the liabilities for which ChampionX has agreed to indemnify us under these agreements, there can be no assurance that the indemnity rights we have against ChampionX will be sufficient to protect us against the full amount of such liabilities, or that ChampionX will be able to fully satisfy its indemnification obligations. Each of these risks could negatively affect our business and our consolidated results of operations, financial position or cash flows could be materially and adversely affected. Extraordinary events may significantly impact our business. The occurrence of (a) litigation or claims, (b) the loss or insolvency of a major customer or distributor, (c) repeated or prolonged federal government shutdowns or similar events, (d) war (including acts of terrorism or hostilities which impact our markets), (e) natural or manmade disasters, (f) water shortages or (g) severe weather conditions affecting our operations or the energy, foodservice, hospitality and travel industries may have a material adverse effect on our business. While we have a diverse customer base and no customer or distributor constitutes 10 percent or more of our consolidated revenues, we do have customers and independent, third- party distributors, the loss of which could have a material adverse effect on our consolidated results of operations or cash flows for the affected earnings periods. Government shutdowns can have a material adverse effect on our consolidated results of operations or cash flows by disrupting or delaying new product launches, renewals of registrations for existing products and receipt of import or export licenses for raw materials or products. War (including acts of terrorism or hostilities), natural or manmade disasters, water shortages or severe weather conditions, including the effects of climate change, affecting the energy, foodservice, hospitality, travel, health care, food processing, pulp and paper, mining, steel and other industries can cause a downturn in the business of our customers, which in turn can have a material adverse effect on our consolidated results of operations, financial position or cash flows. In particular, the U. S. Gulf Coast is a region with significant refining, petrochemicals and chemicals operations which provide us raw materials, as well as being an important customer base for our Water operating segment. Hurricanes or other severe weather events impacting the Gulf Coast, such as the winter freeze in Texas and the Gulf Coast in February 2021, can materially and adversely affect our ability to obtain raw materials at reasonable cost, or at all, and could adversely affect our business with our customers in the region. Our commitments, goals, targets, objectives and initiatives related to sustainability, and our public statements and disclosures regarding them, expose us to numerous risks. We have developed, and will continue to establish, goals, targets, and other objectives related to sustainability matters, including our sustainability goals in alignment with the United Nations Global Compact’ s Business Ambition for 1.

5⁰C and our commitments to science-based targets addressing Scope 1, 2 and 3 GHG emissions, discussed in Item 1 of Part I of this Form 10-K, entitled “Business.” ~~19~~~~Achieving~~ **Achieving** these goals and commitments will require evolving our business, capital investment and the development of technology that might not currently exist. We might incur additional expense or be required to recognize impairment charges in connection with our efforts. These commitments, goals, targets and other objectives reflect our current plans and there is no guarantee that they will be achieved. Our efforts to research, establish, accomplish, and accurately report on these commitments, goals, targets, and objectives expose us to operational, reputational, financial, legal, and other risks. Our ability to achieve any stated commitment, goal, target, or objective is subject to factors and conditions, many of which are outside of our control, including the pace of changes in technology, the availability of requisite financing, and the availability of suppliers that can meet our sustainability and other standards. Our business may face increased scrutiny from the investment community, other stakeholders, regulators, and the media related to our sustainability activities, including our commitments, goals, targets, and objectives, and our methodologies and timelines for pursuing them. If our sustainability practices do not meet investor or other stakeholder expectations and standards, which continue to evolve, our reputation, our ability to attract or retain employees, and our attractiveness as an investment, business partner, or as an acquirer could be negatively impacted. Similarly, our failure or perceived failure to pursue or fulfill our commitments, goals, targets, and objectives, to ~~comply~~ **comply** with ethical, environmental, or other standards, regulations, or expectations, or to satisfy reporting standards with respect to these matters, within the timelines we announce, or at all, could have operational, reputational, financial and legal impacts.

Financial Risks If the separation and split-off of our Upstream Energy business or certain internal transactions undertaken in anticipation of the divestiture are determined to be taxable in whole or in part, we and our stockholders may incur significant tax liabilities. In connection with the separation and split-off of our Upstream Energy business that was consummated on June 3, 2020, we obtained opinions of outside tax counsel that the related merger and exchange offer will qualify as tax-free transactions to us and our stockholders, except to the extent that cash was paid to Ecolab stockholders in lieu of fractional shares. We have not sought or obtained a ruling from the Internal Revenue Service (“IRS”) on the tax consequences of these transactions. An opinion of counsel is not binding on the IRS or the courts, which may disagree with the opinion. Even if the merger and exchange offer otherwise qualified as tax-free transactions, they may become taxable to us if certain events occur that affect either Ecolab or ChampionX Corporation. While ChampionX Corporation has agreed not to take certain actions that could cause the transactions not to qualify as tax-free transactions and is generally obligated to indemnify us against any tax consequences if it breaches this agreement, the potential tax liabilities could have a material adverse effect on us if we were not entitled to indemnification or if the indemnification obligations were not fulfilled. If the merger or exchange offer were determined to be taxable, we could be subject to a substantial tax liability, and each U.S. holder of our common stock who participated in the exchange offer could be treated as exchanging the Ecolab shares surrendered for ChampionX Corporation shares in a taxable transaction. Changes in tax laws and unanticipated tax liabilities could materially and adversely affect the taxes we pay and our profitability. We are subject to income and other taxes in the United States and foreign jurisdictions, and our operations, plans and results are affected by tax and other initiatives around the world. We are also impacted by actions taken to tax-related matters by associations such as the Organization for Economic Co-operation and Development (“OECD”), which represents a coalition of member countries, and the European Commission which influence tax policies in countries where we operate. In particular, the OECD ~~is has coordinating~~ **coordinated** negotiations among more than 140 jurisdictions with the goal of achieving consensus on various substantial changes to the international tax framework, including a 15% global minimum taxation regime (“Pillar Two”). Pillar Two ~~takes took~~ effect in several jurisdictions in which we operate starting in 2024 and will increase the burden and costs of our tax compliance. ~~We The company continues-~~ **continue** to monitor these legislative developments, ~~but which~~ based on information available ~~does, have~~ not anticipate ~~had~~ material impacts to the 2024 financial statements. In addition, we are impacted by settlements of pending or any future adjustments proposed by the IRS or other taxing authorities in connection with our tax audits, all of which will depend on their timing, nature and scope. Increases in income tax rates, changes in income tax laws or unfavorable resolution of tax matters could have a material adverse impact on our financial results. Future events may impact our deferred tax position, including the utilization of foreign tax credits and undistributed earnings of international affiliates that are considered to be reinvested indefinitely. We evaluate the recoverability of deferred tax assets and the need for deferred tax liabilities based on available evidence. This process involves significant management judgment about assumptions that are subject to change from period to period based on changes in tax laws or variances between future projected operating performance and actual results. We are required to establish a valuation allowance for deferred tax assets if we determine, based on available evidence at the time the determination is made, that it is more likely than not that some portion or all of the deferred tax assets will not be realized. In making this determination, we evaluate all positive and negative evidence as of the end of each reporting period. Future adjustments (either increases or decreases), to the deferred tax asset valuation allowance are determined based upon changes in the expected realization of the net deferred tax assets. The realization of the deferred tax assets ultimately depends on the existence of sufficient taxable income in either the carry-back or carry-forward periods under the tax law. Due to significant estimates used to establish the valuation allowance and the potential for changes in facts and circumstances, it is reasonably possible that we will be required to record adjustments to the valuation allowance in future reporting periods. Changes to the valuation allowance or the amount of deferred tax liabilities could have a material adverse effect on our consolidated results of operations or financial position. Further, should we change our assertion regarding the permanent reinvestment of the undistributed earnings of international affiliates, a deferred tax liability may need to be established. ~~20~~ **Our indebtedness may limit our operations and our use of our cash flow, and any failure to comply with the covenants that apply to our indebtedness could materially and adversely affect our liquidity and financial statements. As of December 31, 2024, we had approximately \$ 7.6 billion in outstanding indebtedness, with approximately \$ 1.5 billion in the form of floating rate debt. Our debt level and related debt service obligations may have negative consequences, including:**

- requiring us

to dedicate significant cash flow from operations to the payment of principal and interest on our debt, which reduces the funds we have available for other purposes such as acquisitions and capital investment; • reducing our flexibility in planning for or reacting to changes in our business and market conditions; • exposing us to interest rate risk since a portion of our debt obligations are at variable rates. For example, a one percentage point increase in the average interest rate on our floating rate debt at December 31, 2024 would increase future interest expense by approximately \$ 15 million per year; and • increasing our cost of funds and materially and adversely affecting our liquidity and access to the capital markets should we fail to maintain the credit ratings assigned to us by independent rating agencies. If we add new debt, the risks described above could increase. 21