

## Risk Factors Comparison 2025-02-10 to 2024-02-12 Form: 10-K

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

**Our customer's businesses, particularly those in the energy, chemical and mining industries, which represented approximately 11 %, 8 %, and 3 %, respectively, of our 2024 revenue, are to varying degrees cyclical and have experienced, and may in the future experience, periodic downturns of varying severity. For example, the volatility of** the energy market has generally been dependent upon the prevailing view of future gas and oil prices, which are influenced by numerous supply and demand factors, including availability and cost of capital, global and domestic economic conditions, environmental regulations, policies of the Organization of the Petroleum Exporting Countries (OPEC) countries and Russia and other factors. Our customers in these industries, particularly those whose demand for our products and services is primarily profit- driven, have tended to delay large capital projects, including expensive maintenance and upgrades, during economic downturns. Additionally, fluctuating energy demand forecasts and commodity pricing and other macroeconomic factors may cause our customers to be more conservative in their capital planning, which could reduce demand for our products and services, result in the delay or cancellation of existing orders, or lead to excess manufacturing capacity, which unfavorably impacts our absorption of fixed manufacturing costs. This reduced demand may also erode average selling prices in our industry. These factors could have a material adverse effect on our business, results of operations and financial condition. A material business interruption, particularly at one of our manufacturing facilities, could negatively impact our ability to generate sales and meet customer demand. If operations at one or more of our manufacturing facilities were to be disrupted or damaged as a result of war (including related to Russia- Ukraine, ~~Israel- Palestine~~ **the Middle East**, and China- Taiwan), an epidemic or pandemic (~~including, without limitation, COVID-19~~), changing weather or climate conditions (including increases in storm intensity, sea- level rise, melting of permafrost and temperature extremes on facilities or operations; and changes in the availability or quality of water, or other natural resources on which our business depends), IT system failure, cyber- attack, equipment failure, labor dispute, natural disaster, power outage, **flood**, fire, explosion, act of terrorism, relocation of production location or any other catastrophic event or reason, our ability to meet customer demand for our products may be impacted. We have business continuity plans in place to mitigate the effects of such interruptions, but these plans may not be sufficient to resolve the issues in a timely manner. A significant interruption in production capability could also require us to make substantial payments due to non- performance. ~~We also~~ **In addition, although we** have insurance for certain covered losses, **there can** ~~which we believe to be~~ **no assurance that such insurance** ~~adequate to offset a significant portion of the costs for reconstruction of facilities and equipment, as well~~ **will be sufficient as certain financial losses resulting from production interruptions or shutdowns. However** **In addition**, any recovery under our insurance policies would be subject to deductibles and, depending on the coverage, may not offset the lost revenues or increased expenses that may be experienced during the disruption of operations. Increased scrutiny from investors, lenders and other market participants regarding our environmental, social and governance or sustainability responsibilities could expose us to additional costs and adversely impact our reputation, business, financial performance and growth. There is an increasing focus from certain investors, customers and other key stakeholders on corporate responsibility, specifically related to ESG matters, including companies' contribution to climate change and loss of biodiversity. Some investors have used, and may continue to use, ESG criteria to guide their investment strategies and, in some cases, have chosen, and may continue to choose, not to invest in ITT, or to divest their holdings of ITT if they believe our policies relating to corporate responsibility are inadequate. The ESG factors by which companies' corporate responsibility practices are assessed have been evolving and may continue to evolve. Additionally, requirements on U. S. public companies and companies with European operations with regards to ESG compliance have been increasing and may continue to increase, including, but not limited to, the SEC' s **rule proposal to require requiring** extensive climate- related disclosures, **California's Climate Accountability Laws**, and the European Union' s Corporate Sustainability Reporting Directive (CSRD), which ~~will could additionally~~ require third- party assurance disclosures. These evolving standards and regulations have caused us, and may continue causing us, to undertake costly initiatives to satisfy such new criteria. If we are unable to satisfy new corporate responsibility criteria, investors may conclude our policies are inadequate and choose not to invest in our securities or to divest all or a portion of their current holdings, which in either case may adversely affect the price of our securities. In addition, as we identify ESG topics for voluntary disclosure and work to align with the recommendations of the Financial Stability Board' s Task Force on Climate- Related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB) standards and our own assessment of priority of ESG issues, we have expanded and, in the future, may continue to expand our disclosures in these areas. Statements about our ESG initiatives and goals, and progress against those goals, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. If our ESG- related data, processing and reporting are incomplete or inaccurate, if we fail to achieve progress on our metrics on a timely basis or at all, or if we fail to satisfy the expectations of investors and other key stakeholders, our reputation, business, and financial performance could be adversely affected. Legal and Regulatory Risks We are subject to risks related to government contracting, including changes in levels of government spending and regulatory and contractual requirements applicable to sales to the U. S. government. Our CCT and MT segments derive a portion of their revenue from sales to U. S. government customers and higher tier contractors who sell to the U. S. government. The government' s expenditures are subject to political and budgetary fluctuations and constraints, which may result in significant unexpected changes in levels of demand for our products. In addition, the award, administration and performance of government contracts are subject to regulatory and contractual requirements that differ significantly from the terms and

conditions that apply to contracts with our non- governmental customers. We have in the past and may in the future be subject to audits and investigations to evaluate our compliance with these requirements. If we are found to have failed to comply with requirements applicable to government contractors, we may be subject to various actions, including but not limited to fines or penalties, reductions in the value of our government contracts, restrictions on the sale of certain products to the government, or suspension or debarment from government contracting. Failure to comply with applicable requirements also could harm our reputation and our ability to compete for future government contracts or sell equivalent commercial products. If we are not able to meet the requirements for government contractors, we may lose orders, which could have a material adverse effect on our business, financial condition and results of operations. Changes in our effective tax rates as a result of changes in the realizability of our deferred tax assets, the geographic mix of earnings, tax examinations or disputes, tax authority rulings or changes in the tax laws may adversely affect our financial results. The Company is subject to taxes in the U. S. and in various foreign jurisdictions. We exercise significant judgment in calculating our provision for income taxes and other tax liabilities. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Changes in domestic or foreign tax laws and regulations, or their interpretation, could result in higher or lower tax rates assessed or changes in the taxability of certain income or the deductibility of certain expenses, thereby affecting our tax expense and profitability. Any significant increase in our future effective tax rates could reduce net income in future periods. Given the global nature of our business, a number of factors may increase our future effective tax rates, including changes in the geographic mix of our profits among jurisdictions with differing statutory income tax rates; sustainability of historical income tax rates in the jurisdictions in which we conduct business; changes in tax laws applicable to us; expiration, renewal or application of tax holidays; the resolution of issues arising from tax audits with various tax authorities; or changes in the valuation of our deferred tax assets, deferred tax liabilities and deferred tax asset valuation allowances. The amount of income taxes and other taxes we have paid are subject to ongoing audits by U. S. federal, state, and local tax authorities and by non- U. S. authorities. If these audits result in assessments different from amounts paid or reserved, future financial results may include unfavorable tax adjustments. We are currently under routine examination by the U. S. Internal Revenue Service and other U. S. and non- U. S. tax authorities, and we may be subject to additional examinations in the future. The tax authorities may disagree with our tax treatment of certain material items and thereby increase our tax liability. Failure to sustain our position in these matters could result in a material adverse effect on our financial statements. We are closely monitoring the potential passage of new U. S. and foreign tax legislation, which could result in substantial changes to the current U. S. or foreign tax systems ; ~~including changes to the statutory corporate tax rate~~. In October 2021, the Organization for Economic Cooperation and Development (OECD) and G20 Finance Ministers reached an agreement, known as Base Erosion and Profit Shifting (BEPS) Pillar Two, which is a multi- jurisdictional plan of action to address base erosion and profit shifting. On December 20, 2021, the OECD released the Model GloBE Rules for Pillar Two defining a 15 % global minimum tax rate for large multinational corporations. ~~The OECD continues to release additional guidance and countries~~ **Countries** are implementing legislation with widespread adoption of the Model GloBE Rules for Pillar Two ~~expected by calendar year 2024~~. We are ~~continuing~~ **continue** to evaluate the Model GloBE Rules for Pillar Two and related legislation, and their potential ~~impact~~ **impacts** on future periods. ~~Continuing Enactment~~ **enactment** of ~~this these~~ **regulation** ~~regulations~~ **in its current form** could increase the amount of global corporate income tax paid by the Company. These increases could have a material adverse effect on our effective tax rate. As the effects of a change in U. S. or foreign tax law must be recognized in the period in which the new legislation is enacted, should new legislation be signed into law, our financial results could be materially impacted. On August 16, 2022, the U. S. government enacted the Inflation Reduction Act of 2022 (the Inflation Reduction Act) into law. The Inflation Reduction Act includes a new corporate alternative minimum tax (the Corporate AMT) of 15 % on the adjusted financial statement income (AFSI) of corporations with an average AFSI exceeding \$ 1. 0 billion over a three- year period. The Corporate AMT was effective for the Company beginning in 2023. Given the AFSI threshold, the Corporate AMT was not applicable to the Company in ~~2023~~ **2024**, but the Corporate AMT may have potential impacts on our future U. S. tax expense, cash taxes and effective tax rate. Additionally, the Inflation Reduction Act imposes a 1 % excise tax on the fair market value of net stock repurchases made after December 31, 2022. ~~The~~ **Although the** impact of this provision was not material in ~~2023~~ **2024** and future impacts will be dependent on the extent of share repurchases made in future periods, **there can be no assurance that our business operations and financial condition will not be materially impacted by this provision in the future**. Changes in environmental laws or regulations, the discovery of previously unknown or more extensive contamination or the failure of a potentially responsible party to perform may adversely affect our financial results. We are subject to a variety of federal, state, local and foreign laws, rules and regulations related to the use, storage, handling, discharge or disposal of certain toxic, volatile or otherwise hazardous chemicals, gases and other substances used in manufacturing our products, as well as laws related to greenhouse gas emissions (including cap- and- trade laws). These laws could require us to incur substantial expenses. Environmental laws and regulations allow for the assessment of substantial fines and criminal sanctions as well as facility shutdowns to address violations and may require the installation of costly pollution control equipment or operational changes to limit emissions or discharges. The discovery of previously unknown or more extensive contamination at a site which the Company previously operated or currently operates could suddenly subject the Company to costly remediation efforts. We could be affected directly or indirectly through impacts on our customers and suppliers by changes in environmental laws or regulations, including, for example, those imposed in response to vapor intrusion or climate change concerns and violations by us of such laws and regulations. We may also be impacted by the adequacy of insurance policies, our inability to recover costs associated with any such developments, or financial insolvency of other potentially responsible parties which could have a material adverse effect on our business, financial condition and results of operations. In addition, new laws and regulations that might ~~favor the increased use of non- fossil fuels, including nuclear, wind, solar and biofuels or that are designed to increase energy efficiency could~~ reduce demand for oil and gas production or power generation ~~may resulting~~ **result** in lower

spending by **some of** our IP customers. Failure to comply with the U. S. Foreign Corrupt Practices Act or other applicable anti-corruption legislation, as well as export controls and trade sanctions, could result in fines or criminal penalties. We operate in a number of countries throughout the world, including countries known to have a reputation for corruption. We are committed to doing business in accordance with applicable anti-corruption laws. However, we cannot provide assurance that our internal controls will always protect us from reckless or criminal acts committed by our employees, agents or business partners that would violate U. S. and / or applicable non- U. S. laws, including anti-bribery, competition, trade sanctions and regulation, and other laws including but not limited to, the U. S. Foreign Corrupt Practices Act of 1977 and the U. K. Bribery Act of 2010, as well as trade sanctions administered by the Office of Foreign Assets Control, the U. S. Department of State and the U. S. Department of Commerce. Any such violation could result in substantial fines, sanctions, civil and / or criminal penalties, suspension or debarment from government contracts or curtailment of operations in certain jurisdictions, and might adversely affect our business, financial condition or results of operations or financial position. Furthermore, detecting, investigating, and resolving actual or alleged violations is expensive and can consume significant time and attention of our senior management. Even the allegation or appearance of our employees, agents or business partners acting improperly or illegally could damage our reputation and result in significant expenditures in investigating and responding to such actions. We are subject to laws, regulations and potential claims relating to product liability. Our business exposes us to potential product liability risks that are inherent in the design, manufacture, and marketing of products for the markets we serve. In addition, many of the devices we manufacture and sell are critical components designed to be used in harsh environments for long periods of time where the cost of failure is high. Component failures, manufacturing defects, design flaws, or inadequate disclosure of product-related risks or product-related information could result in an unsafe condition or injury to, or death of, an end-user of our products. The occurrence of such a problem could result in product liability claims or a recall of, or safety alert relating to, one or more of our products which could ultimately result, in certain cases, in the removal of such products from the marketplace and claims regarding costs associated therewith. Product liability claims or product recalls in the future, regardless of their ultimate outcome, could have an adverse effect on our reputation and on our ability to attract and retain customers for our products. Anti-takeover provisions in our organizational documents and Indiana law could delay or prevent a change in control. Certain provisions of our articles of incorporation and by-laws may delay or prevent a merger or acquisition that a shareholder may consider favorable. For example, the articles of incorporation authorize our Board of Directors to issue one or more series of preferred stock. Such provisions may also discourage acquisition proposals or delay or prevent a change in control, which could harm our stock price. Indiana law also imposes some restrictions on mergers and other business combinations between any holder of 10 % or more of our outstanding common stock and us as well as certain restrictions on the voting rights of "control shares" of an "issuing public corporation."