**Risk Factors Comparison 2024-02-16 to 2023-02-09 Form: 10-K**

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

In evaluating the company, careful consideration should be given to the following risk factors, in addition to the other information included in this Annual Report on Form 10- K, including the Consolidated Financial Statements and the related notes. Each of these risk factors could adversely affect, and in some cases may have already affected, the company' s business, operating results, cash flows and / or financial condition, as well as adversely affect the value of an investment in the company' s common stock. Business Risks The sales of many of our products are dependent on the health of the vehicle repair market and the changing requirements of vehicle repair. We believe sales of many of our products are dependent on the changing vehicle repair requirements, the number of vehicles on the road, the general aging of vehicles and the number of miles driven. These factors affect the frequency, type and amount of service and repair performed on vehicles by technicians, and therefore affect the demand for the number of technicians, the prosperity of technicians and, consequently, the demand technicians have for our tools, other products and services, as well as the value technicians place on those products and services. The use of other methods of transportation, including more frequent use of public transportation in the future, could result in a decrease in the use of privately- operated vehicles. A decrease in the use of privately- operated vehicles may lead to fewer repairs and less demand for our products. In addition, the number of electric and hybrid vehicles developed and sold has risen in recent years, and is expected to continue to increase in the future. While we believe that advances in vehicle technologies provide us with opportunities to develop innovative products and solutions for the vehicle repair market, if we are not able to **effectively** execute on those possibilities, our business and results of operations could suffer. ~~2022 ANNUAL REPORT13~~ The performance of Snap- on' s mobile tool distribution business depends on the success of its franchisees. Approximately ~~43~~ **41** % of our consolidated net revenues in ~~2022~~ **2023** were generated by the Snap- on Tools Group, which consists of Snap- on' s business operations primarily serving vehicle service and repair technicians through the company' s ~~multi- national~~ **multinational** mobile tool distribution channel. Snap- on' s success is dependent on its relationships with franchisees, individually and collectively, as they are the primary sales and service link between the company and vehicle service and repair technicians, who are an important class of end users for Snap- on' s products and services. If our franchisees are not successful, or if we do not maintain an effective relationship with our franchisees, the delivery of products, the collection of receivables and / or our relationship with end users could be adversely affected and thereby negatively impact our business, financial condition, results of operations and cash flows. **2023 ANNUAL REPORT13** In addition, if we are unable to maintain effective relationships with franchisees, Snap- on or the franchisees may choose to terminate the relationship, which may result in: (i) open routes, in which end- user customers are not provided reliable service; (ii) litigation resulting from termination; (iii) reduced collections or increased charge- offs of franchisee receivables owed to Snap- on; and / or (iv) reduced collections or increased charge- offs of finance and contract receivables. The inability to continue to introduce new products that respond to customer needs and achieve market acceptance could result in lower revenues and reduced profitability. Sales from new products represent a significant portion of our net sales and are expected to continue to represent a significant component of our future net sales. We may not be able to compete effectively unless we continue to enhance existing products or introduce new products to the marketplace in a timely manner. Product improvements and new product introductions require significant financial and other resources, including planning, design, development, sourcing and testing at the technological, product and manufacturing process levels. Our competitors' new products may beat our products to market, be more effective, contain more features, be less expensive than our products, and / or render our products obsolete. Any new products that we develop may not receive market acceptance or otherwise generate any meaningful net sales or profits for us relative to our expectations based on, among other factors, existing and anticipated investments in manufacturing capacity and commitments to fund advertising, marketing, promotional programs and research and development. Failure to adequately protect intellectual property, or claims of infringement, could adversely affect our business, reputation, financial condition, results of operations and cash flows. Intellectual property rights are an important and integral component of our business and failure to obtain or maintain adequate protection of our intellectual property rights for any reason could have a material adverse effect on our business. We attempt to protect our intellectual property rights through a combination of patent, trademark, copyright and trade secret laws, as well as licensing agreements and third- party nondisclosure and assignment agreements. In addition, we have been, and in the future may be, subject to claims of intellectual property infringement against us by third parties; whether or not these claims have merit, we could be required to expend significant resources in defense of those claims. Adverse determinations in a judicial or administrative proceeding or via a settlement could prevent us from manufacturing and selling our products, prevent us from stopping others from manufacturing and selling competing products, and / or result in payments for damages. In the event of an infringement claim, we may also be required to spend significant resources to develop alternatives or obtain licenses, which may not be available on reasonable terms or at all, and may reduce our sales and disrupt our production. ~~Failure to obtain or maintain adequate protection of our intellectual property rights for any reason could have a material adverse effect on our business.~~ The global tool, equipment, diagnostics, and repair information industries are competitive. We face strong competition in all of our market segments. Price competition in our various industries is intense and pricing pressures from competitors and customers continue to increase. In general, as a manufacturer and marketer of premium products and services, the expectations of Snap- on' s customers and its franchisees are high. Any inability to maintain customer satisfaction could diminish Snap- on' s premium image and reputation and could result in a lessening of our ability to command premium pricing. **In addition, technological developments and enhancements of products and service offerings in our industry may require our expanded use of artificial intelligence ("**

**AI ") and machine learning; if we are unable to keep pace with the rate of these and other developments, our ability to effectively compete could be adversely affected.** We expect that the level of competition will remain high in the future, which **, if not effectively matched or exceeded,** could limit our ability to maintain or increase market share or profitability. ~~14SNAP- ON INCORPORATED~~ Foreign operations are subject to political, economic, trade and other risks that could adversely affect our business, financial condition, results of operations and cash flows. Approximately 28 % of our revenues in ~~2022~~ **2023** were generated outside of the United States. Future growth rates and success of our business depends in large part on continued growth in our non- U. S. operations, including growth in emerging markets and critical industries. Numerous risks and uncertainties affect our non- U. S. operations. These include political, economic and social instability, such as acts of war, armed conflicts, civil disturbance or acts of terrorism, local labor conditions, **and** trade relations with China ~~,~~ **. These also include** changes in government policies and regulations, including those intended to address climate change, imposition or increases in withholding and other taxes on remittances and other payments by international subsidiaries, **increases in trade sanctions and other related measures,** as well as exposure to liabilities under anti- bribery and anti- corruption laws in various countries, such as the U. S. Foreign Corrupt Practices Act ~~,~~ **. Risks related to our non- U. S. operations could further include** currency volatility, transportation delays or interruptions, sovereign debt uncertainties and difficulties in enforcement of contract and intellectual property rights, **as well as** reputational risks related to, among other factors, different standards and practices among countries ~~, as well as natural disasters, weather events and outbreaks of infectious diseases~~ . Should the economic environment in our non- U. S. markets deteriorate from current levels, our results of operations and financial position could be materially impacted, including as a result of the effects of potential impairment write- downs of goodwill and / or other intangible assets related to these businesses. ~~The~~ **14SNAP- ON INCORPORATED As part of the agreement related to the** United Kingdom **' s** (" U. K. ") **departure from** ~~has formally left~~ the European Union (" Brexit ") ~~. As part of the agreement between the U. K. and the European Union regarding Brexit~~ , there is a new series of customs and regulatory checks, including rules of origin and stringent local content requirements. There are also restrictions on the free movement of people and temporary visas for work- related purposes have been re- introduced. The implications of Brexit, including disruptions to trade and the movement of goods, services and people between the U. K. and the European Union or other countries, may lead to additional cost, delays and volatility in currency exchange rates, as well as create legal and global economic uncertainty. These and other potential implications could adversely affect our business and results of operations. The February 2022 Russian invasion of Ukraine and the ongoing conflict in the region has led to sanctions and actions taken against Russia and Belarus by the United States, the U. K., the European Union and others. The war in Ukraine has not had a material impact on our business and operations; however, expansion of the conflict beyond its current geographic, political and economic scope could adversely impact our business, results of operations and financial condition. Risks related to this situation include supply chain inefficiencies, price increases and shortages of raw materials and components, **increased trade sanctions,** exchange rate volatility, energy shortages in Europe, an increase in cybersecurity incidents, and potential impairment of certain assets. Our foreign operations are also subject to other risks and challenges, such as the need to staff and manage diverse workforces, respond to the needs of multiple national and international marketplaces, and differing business climates and cultures in various countries. Operational Risks Risks associated with the disruption of manufacturing operations could adversely affect our profitability or competitive position. We manufacture a significant portion of the products we sell. Any prolonged disruption in the operations of our existing manufacturing facilities, whether due to technical or labor difficulties, facility consolidation or closure actions, lack of raw material or component availability, destruction of or damage to any facility (as a result of natural disasters, climate or weather events, use and storage of hazardous materials, armed conflicts, sabotage, terrorism, civil unrest or other events), or other reasons, including outbreaks of infectious diseases, ~~such as the ongoing COVID- 19 pandemic,~~ could have a material adverse effect on our business, financial condition, results of operations and cash flows. ~~2022 ANNUAL REPORT15~~ Price inflation and shortages of raw materials, components, certain purchased finished goods and energy sources have impacted, and in the future could adversely affect, the ability to obtain, as well as the cost of, needed materials or products and, in turn, our results of operations. Snap- on' s supply of raw materials and purchased components are generally available from numerous suppliers, and the company continuously works to expand its supplier base to ensure availability. The principal raw material used in the manufacture of our products is steel, which we purchase in competitive, price- sensitive markets. To meet Snap- on' s high quality standards, **a portion of** our steel needs **include** ~~range from~~ specialized alloys, which are available only from a limited group of approved suppliers **. Additionally** , **certain electronic components** ~~to common alloys, which~~ are ~~available~~ **sourced** from ~~multiple~~ **a finite set of** suppliers. Some of these **specialized** materials **and components** have been, and in the future may be, in short supply, particularly in the event of mill shutdowns or production cut backs. In addition, outbreaks of infectious diseases, weather events, armed conflicts **, government actions (including those affecting trade)** or other circumstances beyond our control could also impact the availability of raw materials and components. Physical risks of climate change may also impact the availability and cost of materials, sources and supply of energy and could also increase operating costs. Raw materials, components and certain purchased finished goods can exhibit price and demand cyclicality, including as a result of tariffs, other trade protection measures, inflationary factors, and supply chain inefficiencies. Associated unexpected variability has resulted, and in the future could result, in an increase in product costs and require Snap- on to increase prices to maintain margins. We use various energy sources to transport, produce and distribute products, and some of our products have components that are petroleum based. Petroleum and energy prices have periodically increased significantly over short periods of time; future volatility and changes may be caused by market fluctuations, supply and demand, currency fluctuations, production and transportation disruptions, climate change regulations, world events, including armed conflicts, and ~~changes in~~ governmental ~~programs~~ **actions** . Energy price increases raise both our operating costs and the costs of our materials, and we may not be able to increase our prices enough to offset these costs in certain areas. Higher prices also may reduce the level of future customer orders and our profitability. **2023 ANNUAL REPORT15** Failure to maintain effective distribution of products and services could adversely impact revenue, gross margin and profitability. We use a variety of distribution methods to sell our products and services. Successfully managing the interaction of our distribution efforts to reach various potential customer segments for our products and services is a complex process. Moreover, since each distribution method has distinct risks, costs and gross margins, our failure to implement the most advantageous balance in the delivery model for our products and services could adversely affect our revenue, gross margins and profitability. Data security and information technology infrastructure and security are critical to supporting business objectives; failure of our systems **, as well as those of third parties with which we do business,** to operate effectively could adversely affect our business and reputation. We depend heavily on information technology infrastructure to achieve our business objectives and to protect sensitive data, and we continually invest in improving such systems. In the ordinary course of business, we collect and store sensitive data and information, including personally identifiable information about our employees and the company' s proprietary and regulated business information, as well as that of our customers, suppliers and business partners. Our information systems, like those of other companies **and our third party service providers** , are susceptible to malicious damage, intrusions and outages due to, among other events, viruses, cyber attacks, industrial espionage, phishing attempts, hacking, break- ins and similar events, as well as other breaches of security, natural disasters, power loss or telecommunications failures. Techniques used to breach information technology systems are growing in sophistication **from emerging technologies, such as advanced forms of AI,** and increasingly come from threat actors of all types, including individuals, criminal organizations and state- sponsored operatives. In ~~early March not significantly affect the company' s financial results.16SNAP- ON INCORPORATED In~~ response to the evolving cyber threat environment,we continue to invest in data security and address these risks and uncertainties by implementing security technologies,internal controls,network and data center resiliency,and redundancy and recovery processes,as well as by securing insurance.Future problems that impair or compromise the company' s information technology infrastructure **,or that of our third party service providers** ,including those due to natural disasters,power outages,major network failures,security breaches or malicious attacks,or those occurring during system upgrades and / or new system implementations could impede our operations.Such impacts could interfere with our ability to record or process orders,manufacture and ship in a timely manner,manage our financial services operations including originating,processing,accounting for and collecting receivables,protect sensitive data of the company,our customers,our suppliers and business partners,or otherwise carry on business in the normal course **.In the first quarter of** 2022, as previously disclosed, Snap- on detected unusual activity in some areas of its information technology environment, quickly took down its network connections as part of the company' s defense protocols, launched a comprehensive analysis assisted by a leading external forensics firm, and notified law enforcement. The company continued to pursue its commercial activities and restored connections as system interfaces were cleared. **This** The information technology incident did not significantly...... the normal course. The March 2022 incident did not have a significant impact on the results of our operations ~~; however~~ , **and we are not currently aware of a security breach at any third- party service provider that we believe could significantly affect our operations.** ~~future~~ **Future** cyber events **, however,** could cause us to lose customers and / or revenue and could require us to incur significant expense to remediate, including as a result of legal or regulatory claims, proceedings, fines or penalties, and could also damage our reputation. In association with initiatives to better integrate business units, ~~rationalize~~ **optimize** our operating footprint and improve responsiveness to franchisees and customers, Snap- on is continually enhancing its global Enterprise Resource Planning (ERP) management information systems. As we integrate, implement and deploy new information technology processes and enhance our information infrastructure across our global operations, we could experience disruptions ~~in our business~~ that could have an adverse effect on our business, financial condition, results of operations and cash flows. Failure to attract, retain and effectively manage qualified personnel could lead to a loss of revenue and / or profitability. Snap- on' s success depends, in part, on the efforts and abilities of its senior management team and other key employees whose skills, experience and industry contacts significantly benefit our operations and administration. The failure to attract and retain members of our senior management team and other key employees, to effectively develop personnel and to execute succession plans could have a negative effect on our operating results. In addition, transitions of important responsibilities to new individuals inherently include the possibility of disruptions to our ~~business and~~ operations, which could negatively affect our business, financial condition, results of operations and cash flows. **16SNAP- ON INCORPORATED** We may not successfully integrate businesses we acquire, which could have an adverse impact on our business, financial condition, results of operations and cash flows. The pursuit of growth through acquisitions, including participation in joint ventures, involves significant risks that could have a material adverse effect on our business, financial condition, results of operations and cash flows. These risks include: • Loss of the acquired businesses' customers; • Inability to integrate successfully the acquired businesses' operations; • Inability to coordinate management and integrate and retain employees of the acquired businesses; • Unforeseen or contingent liabilities of the acquired businesses; • Large write- offs or write- downs, or the impairment of goodwill or other intangible assets; • Difficulties in implementing and maintaining consistent standards, controls, procedures, policies and information systems; • Failure to realize anticipated synergies, economies of scale or other anticipated benefits, or to maintain operating margins; • Strain on our personnel, systems and resources, and diversion of attention from other priorities; • Incurrence of additional debt and related interest expense; and • The dilutive effect in the event of the issuance of additional equity securities. The steps taken to restructure operations, rationalize operating footprint, lower operating expenses and achieve greater efficiencies in the supply chain could disrupt business. We have taken steps in the past, and may take additional steps in the future, intended to improve customer service and drive further efficiencies as well as reduce costs, some of which could be disruptive to our business. Future efforts to reduce components of expense could result in the recording of charges for inventory and technology- related write- offs, workforce reduction costs or other charges relating to the consolidation or closure of facilities. If we were to incur a substantial charge or are unable to effectively manage our cost reduction and restructuring efforts, our business, financial condition, results of operations and cash flows could be adversely affected in certain periods. ~~2022 ANNUAL REPORT17~~ Financial Risks Our inability to provide acceptable financing alternatives to franchisees and other end- user customers could adversely impact our operating results. An integral component of our business and profitability is our ability to offer competitive financing alternatives to franchisees and other end- user customers. The lack of our ability to offer such alternatives or obtain capital resources or other financing to support our receivables on terms that we believe are attractive, whether resulting from the state of the financial markets, our own operating performance, or other factors, would negatively affect our operating results and financial condition. Adverse fluctuations in interest rates and / or our ability to provide competitive financing programs could also have an adverse impact on our revenue and profitability. Exposure to credit risks of customers and resellers may make it difficult to collect receivables, and our allowances for credit losses for receivables may prove inadequate, which could adversely affect **our** operating results and financial condition. A decline in industry and / or economic conditions **has** ~~could have~~ the potential to weaken the financial position of some of our customers, including financial services customers. If circumstances surrounding our customers' ability to repay their credit obligations were to deteriorate and result in the write- down or write- off of such receivables, it would negatively affect our operating results for the relevant period and, if large, could have a material adverse effect on our business, financial condition, results of operations and cash flows. The company maintains allowances for credit losses for receivables to provide for defaults and nonperformance. These allowances represent an estimate of expected credit losses over the remaining contractual life of the receivables, using historical loss experience, asset specific risk characteristics, current conditions, reasonable and supportable forecasts, and an appropriate reversion period, when applicable. The determination of the appropriate levels of the allowances for credit losses involves a high degree of subjectivity and judgement, and requires the company to make estimates of credit risks, which may undergo material changes as a result of economic conditions and other factors. The company' s allowances may not be adequate to cover actual losses, and future provisions for credit losses could materially and adversely affect our financial condition, results of operations and cash flows. **2023 ANNUAL REPORT17** Foreign operations are subject to currency exchange, inflation, interest and other risks that could adversely affect our business, financial condition, results of operations and cash flows. The reporting currency for Snap- on' s consolidated financial statements is the U. S. dollar. Certain of the company' s assets, liabilities, expenses and revenues are denominated in currencies other than the U. S. dollar. In preparing Snap- on' s Consolidated Financial Statements, those assets, liabilities, expenses and revenues are translated into U. S. dollars at applicable exchange rates. Increases or decreases in exchange rates between the U. S. dollar and other currencies affect the U. S. dollar value of those items, as reflected in the Consolidated Financial Statements. Substantial fluctuations in the value of the U. S. dollar or other transactional currencies have had and, in the future, could have a significant impact on the company' s financial condition and results of operations. ~~We are also affected by changes in inflation and interest rates in non- U. S. jurisdictions.~~ Cash generated in certain non- U. S. jurisdictions **has been, and in the future** may be **,** difficult to repatriate to the United States in a tax- efficient manner **as a result of, among other factors, restrictions on the movement of funds out of certain countries put in place by foreign governments. Further, economic conditions in the markets in which we operate can vary, including due to changes in currency exchange rates, local inflation, interest rates and other factors, which could adversely affect our business, financial condition, results of operations and cash flows** . Adverse developments in the credit and financial markets could negatively impact the availability of credit that we and our customers need to operate our businesses. We depend upon the availability of credit to operate our business, including the financing of receivables from end- user customers that are originated by our financial services businesses. Our end- user customers, franchisees and suppliers also require access to credit for their businesses. At times, world financial markets have been unstable and subject to uncertainty. Adverse developments in the credit and financial markets, or unfavorable changes in Snap- on' s credit rating, could negatively impact the availability of future financing and the terms on which it might be available to Snap- on, its end- user customers, franchisees and suppliers. Inability to access credit or capital markets, or a deterioration in the terms on which financing might be available, could have an adverse impact on our business, financial condition, results of operations and cash flows. ~~18SNAP- ON INCORPORATED~~ Increasing our financial leverage could affect our operations and profitability. **Our $ 900 million** ~~The maximum available credit under our multi- currency~~ **multicurrency** revolving credit facility ~~is~~ **contains an accordion feature that, subject to certain customary conditions, may allow the maximum commitment to be increased by up to** $ ~~800~~ **450** million **with the approval of the lenders providing additional commitments** . ~~The~~ **While there are no current borrowings under the credit facility, future borrowings and the resulting increase in the** company' s leverage ratio may affect both our availability of additional capital resources as well as our operations in several ways, including: • The terms on which credit may be available to us could be less attractive, both in the economic terms of the credit and the covenants stipulated by the credit terms; • The possible lack of availability of additional credit or access to the commercial paper market; • The potential for higher levels of interest expense to service or maintain our outstanding debt; • The possibility of additional borrowings in the future to repay our indebtedness when it comes due; and • The possible diversion of capital resources from other uses. While we believe we will have the ability to service our debt and obtain additional **financial** resources in the future if and when needed, that will depend upon our results of operations and financial position at the time, the then- current state of the credit and financial markets, and other factors that may be beyond our control. Therefore, we cannot give assurances that credit will be available on terms that we consider attractive, or at all, if and when necessary or beneficial to us. Failure to achieve expected investment returns on pension plan assets, as well as changes in interest rates or plan demographics, could adversely impact our results of operations, financial condition and cash flows. Snap- on sponsors various defined benefit pension plans (the " pension plans "). The assets of the pension plans are diversified in an attempt to mitigate the risk of a large loss. Required funding for the company' s domestic defined benefit pension plans is determined in accordance with guidelines set forth in the federal Employee Retirement Income Security Act (" ERISA "); foreign defined benefit pension plans are funded in accordance with local statutes or practice. Additional contributions to enhance the funded status of the pension plans can be made at the company' s discretion. However, there can be no assurance that the value of the pension plan assets, or the investment returns on those plan assets, will be sufficient to meet the future benefit obligations of such plans. In addition, during periods of adverse investment market conditions and declining interest rates, the company may be required to make additional cash contributions to the pension plans that could reduce our financial flexibility. Changes in plan demographics, including an increase in the number of retirements or changes in life expectancy assumptions, may also increase the costs and funding requirements of the obligations related to the company' s pension plans. **18SNAP- ON INCORPORATED** Our pension plan obligations are affected by changes in market interest rates. Significant fluctuations in market interest rates have added, and may further add, volatility to our pension plan obligations. In periods of declining market interest rates, our pension plan obligations generally increase; in periods of increasing market interest rates, our pension plan obligations generally decrease. While our plan assets are broadly diversified, there are inherent market risks associated with investments; if adverse market conditions occur, our plan assets could incur significant or material losses. Since we may need to make additional contributions to address changes in obligations and / or a loss in plan assets, the combination of declining market interest rates, past or future plan asset investment losses, and / or changes in plan demographics could adversely impact our results of operations, financial condition and cash flows. The company' s pension plan expense is comprised of the following factors: (i) service cost; (ii) interest on projected benefit obligations; (iii) expected return on plan assets; (iv) the amortization of prior service costs and credits; (v) effects of actuarial gains and losses; and (vi) settlement / curtailment costs, when applicable. The accounting for pensions involves the estimation of a number of factors that are highly uncertain. Certain factors, such as the interest on projected benefit obligations and the expected return on plan assets, are impacted by changes in market interest rates and the value of plan assets. A significant decrease in market interest rates and a decrease in the fair value of plan assets would increase net pension expense and may adversely affect the company' s future **financial** results ~~of operations~~. See Note ~~12~~ **11** to the Consolidated Financial Statements for ~~further~~ **additional** information on the company' s pension plans. The recognition of impairment charges on goodwill or other intangible assets ~~would~~ **could** adversely impact our future financial condition and results of operations. We have a substantial amount of goodwill and purchased intangible assets, almost all of which are booked in the Commercial & Industrial Group and in the Repair Systems & Information Group. We are required to perform impairment tests on our goodwill and other ~~intangibles~~ - **intangible assets** annually or at any time when events occur that could impact the value of our business segments. Our determination of whether impairment has occurred is based on a comparison of each of our reporting units' fair market value with its carrying value. ~~2022 ANNUAL REPORT19~~ Significant and unanticipated changes in circumstances, such as declines in profitability and cash flow due to long- term deterioration in macroeconomic, industry and market conditions, the loss of key customers, changes in technology or markets, changes in key personnel or litigation, a sustained decrease in share price and / or other events, could require a provision for impairment in a future period that could substantially impact our reported earnings and reduce our consolidated net worth and shareholders' equity. Should the economic environment in these markets deteriorate, our results of operations and financial position could be materially impacted, including as a result of the effects of potential impairment write- downs of goodwill and / or other intangible assets related to these businesses. Legal and Regulatory Risks Legislation and regulations relating to our business and the countries where we operate, including those related to sustainability matters, as well as any changes to such legislation or regulations, in addition to new compliance obligations or a failure to maintain existing compliance requirements, may, if significant, affect our business, reputation, results of operations and financial condition. Significant changes to legislative and regulatory activity, and compliance burdens, including those associated with: (i) sales to our government, military and defense contractor customers; and (ii) classification of third parties, including our franchisees, as independent from the company, as well as the manner in which they are applied, could significantly impact our business and the economy as a whole. Financial services businesses of all kinds are subject to significant and complex regulations and enforcement. In addition to potentially increasing the costs and other requirements of doing business due to compliance obligations, new laws and regulations, or changes to existing laws and regulations, as well as the enforcement thereof, may affect the relationships between creditors and debtors, inhibit the rights of creditors to collect amounts owed to them, expand liability for certain actions or inaction, or limit the types of financial products or services offered, any or all of which could have a material adverse effect on our financial condition, results of operations and cash flows. Failure to comply with any of these laws or regulations could also result in civil, criminal, monetary and / or non- monetary penalties, damage to our reputation, and / or **require significant** ~~the incurrence of~~ remediation costs. **2023 ANNUAL REPORT19** In recent years there has been increased public awareness, concern and focus on environmental and sustainability issues, including matters related to ~~global~~ climate change **, and we expect these trends to continue** . The current focus on these matters is expected to result in additional and / or more restrictive regulations, ~~requirements~~ **such as the Corporate Sustainability Reporting Directive (CSRD) in the European Union** and ~~/ or~~ **the proposed SEC regulations relating to climate change disclosures, and** industry or third- party **requirements and** standards to reduce or mitigate ~~global warming and~~ **climate change as well as** other environmental or sustainability risks **. The** ~~, though the~~ timing ~~is~~ **of** ~~uncertain~~ -- **certain of these regulations has yet to be determined** . Increased regulatory requirements or standards may result in increased compliance or input costs, including those related to energy or raw materials, for us and our suppliers. If environmental laws or regulations or industry standards are either changed or adopted, and impose significant operational restrictions and compliance requirements upon the company, the company' s business, reputation, results of operations, financial condition and competitive position could be negatively impacted. For example, if significant increases in fuel economy requirements or changes to vehicle emissions requirements for internal combustion engine vehicles were imposed, there could be a decrease in demand for such vehicles and a reduction in miles driven, which could adversely impact the demand for certain of our products and services. Furthermore, an inability to successfully manage climate change or sustainability matters, or to effectively respond to new, or changes in, legal or regulatory requirements concerning sustainability matters, or increased operating or manufacturing costs due to changes in the regulatory environment, could adversely affect our business. These developments, and other potential future legislation and regulations, including the increasing global regulation of privacy rights **and use of AI** , may also adversely affect the customers to which, and the markets into which, we sell our products, and increase our costs and otherwise negatively affect our business, reputation, results of operations and financial condition, including in ways that cannot yet be foreseen. ~~20SNAP- ON INCORPORATED~~ Product liability claims and litigation could affect our business, reputation, financial condition, results of operations and cash flows. The products that we design and / or manufacture, and / or the services we provide, can lead to product liability claims or other legal claims being filed against us. To the extent that plaintiffs are successful in showing that a defect in a product' s design, manufacture or warnings led to personal injury or property damage, or that our provision of services resulted in similar injury or damage, we may be subject to claims for damages. Although we are insured for damages above a certain amount, we bear the costs and expenses associated with defending claims, including frivolous lawsuits, and are responsible for damages up to the insurance retention amount. In addition to claims concerning individual products, as a manufacturer, we can be subject to costs, potential negative publicity and lawsuits related to product recalls, which could adversely impact our results of operations and damage our reputation. Legal disputes could adversely affect our business, reputation, financial condition, results of operations and cash flows. In the ordinary course of our business, we are subject to legal disputes that are litigated and / or settled. Disputes or future lawsuits could result in the diversion of management' s time and attention away from business operations. Additionally, negative developments with respect to legal disputes and the costs incurred in defending ourselves, even if successful, could have an adverse impact on the company and its reputation. Successful outcomes, at trial or on appeal, can never be assured. Adverse outcomes or settlements could also require us to pay damages, potentially in excess of amounts reserved, or incur liability for other remedies that could have a material adverse effect on our business, reputation, financial condition, results of operations and cash flows. Our operations expose us to the risk of environmental liabilities, costs, litigation and violations that could adversely affect our financial condition, results of operations and reputation. Certain of our operations are subject to environmental laws and regulations in the jurisdictions in which they operate, which impose limitations on the discharge of pollutants into the ground, air and water and establish standards for the generation, treatment, use, storage and disposal of hazardous wastes. We must also comply with various health and safety regulations in the United States and abroad in connection with our operations. Failure to comply with any of these laws could result in civil and criminal, monetary and non- monetary penalties and damage to our reputation. In addition, we may incur costs related to remedial efforts or alleged environmental damage associated with past or current waste disposal practices. We cannot provide assurance that our costs of complying with current or future environmental protection and health and safety laws will not exceed our estimates. **20SNAP- ON INCORPORATED** The inability to successfully defend claims from taxing authorities and changes in tax laws and rules could adversely affect our financial condition, results of operations and cash flows. We conduct business in many countries, which requires us to interpret the income tax laws and rulings in each of those taxing jurisdictions **. New tax laws, within the U. S. and the other jurisdictions in which we operate, such as Pillar Two of the Global Anti-Base Erosion Rules released by the Organisation for Economic Cooperation and Development (OECD), which, once adopted in various jurisdictions, will require a global minimum tax for multinational countries, could impact our operations**. Due to the subjectivity of tax laws in and between jurisdictions, as well as the subjectivity of factual interpretations, our estimates of income tax liabilities may differ from actual payments or assessments. Claims from taxing authorities related to these differences could have an adverse impact on our financial condition, results of operations and cash flows. ~~Risk related to COVID- 19 and Other Infectious Diseases The ongoing COVID- 19 pandemic continues to pose risks to our business, results of operations, financial condition and cash flows, and other epidemics or outbreaks of infectious diseases may have a similar impact. We face risks related to outbreaks of infectious diseases, including the ongoing COVID- 19 pandemic. In response to COVID- 19 and its variants, national and local governments around the world have instituted certain protective measures at various times. While such restrictions have generally eased in many countries where we have operations, existing measures may be extended in certain regions and additional measures may be imposed to combat the COVID- 19 pandemic or future outbreaks of infectious diseases. The effects of COVID- 19 or other similar outbreaks on the company could include reduced consumer and investor confidence, instability in the credit and financial markets, volatile corporate profits, supply chain inefficiencies, and reduced business and consumer spending, which could adversely affect our results of operations by reducing our sales, margins and / or net income as a result of rising costs, a slowdown in customer orders or order cancellations. To the extent the ongoing COVID- 19 pandemic, or a future outbreak of an infectious disease, adversely affects our business, financial condition, results of operations and cash flows, it may also heighten many of the other risks described in this section. 2022 ANNUAL REPORT21~~ General Risk Factor Economic conditions and world events could affect our operating results. In addition to the specific risks above, we, our franchisees and our customers, may be adversely affected by changing economic conditions, including conditions that may particularly impact specific regions. These conditions may result in reduced consumer and investor confidence, instability in the credit and financial markets, volatile corporate profits, and reduced business and consumer spending. We, our franchisees and our customers, and the economy as a whole, also may be affected by future world or local events outside our control, such as tariffs and other trade protection measures put in place by the United States or other countries, acts of terrorism, developments in the war on terrorism, armed conflicts (including the current war in Ukraine **, an escalation of the conflict in the Middle East, and other regional conflicts**), civil unrest, conflicts in international situations, weather events and natural disasters, outbreaks of infectious diseases ~~such as the ongoing COVID- 19 pandemic~~, as well as government- related developments or issues, including changes in tax laws and regulations, new or enhanced regulations related to climate change and other sustainability matters, and changes in financial accounting standards. These factors may affect the results of operations by reducing our sales, margins and / or net earnings as a result of a slowdown in customer orders or order cancellations, impact the availability and / or pricing of raw materials and / or the supply chain, and could potentially lead to future impairment of goodwill or other intangible assets. In addition, political, social turmoil, international conflicts and terrorist acts may put pressure on global economic conditions. Unstable political, social and economic conditions may make it difficult for our franchisees, customers, suppliers and us to accurately forecast and plan future business activities. If such conditions persist, our business, financial condition, results of operations and cash flows could be negatively affected.