

# our role in a shared world

At ITW, we recognize that we exist in a shared world – with employees, communities and other stakeholders.



ITW has a strong track record of “do what we say” execution. This is particularly relevant in how we manage corporate social responsibility (CSR). Working collaboratively with our divisions, we set clear priorities and expectations, and our colleagues work hard to ensure that we deliver on our commitments.

- Christopher A. O’Herlihy, Vice Chairman

## Our Commitments

ITW is committed to our colleagues around the globe, to the communities where our colleagues live and our businesses operate, and to the shared world around us.



### Our People

Our people are at the heart of our business. We strive to provide a safe work environment for our colleagues and create a culture of safety that is carried out every day. ITW firmly believes in developing our people to achieve their fullest potential and in ensuring meaningful work. We also recognize we are at our best when we bring together unique perspectives, experiences and ideas.



### Our Communities

Community involvement is deeply rooted in our history and corporate values. Our colleagues are empowered to support the organizations and causes that matter most to them, in addition to our focus on education, arts and culture and civic organizations.



### Our World

We recognize our responsibility as a company to reduce the environmental footprint of our operations and products, while seeking opportunity to have a more positive impact. ITW’s product portfolio includes many applications that are helping our customers improve the overall environmental impact of their products. Working with our customers, suppliers and partners, we are on a path toward making our shared world a better place.



# our people

## SAFETY

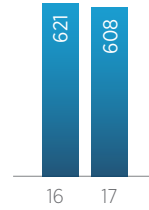
### A Strategic Approach to Safety

We introduced a comprehensive Enterprise Safety Strategy in late 2016 to build around our Safety Vision: "Every Accident Is Preventable." Our vision for safety excellence is based on the following core principles:

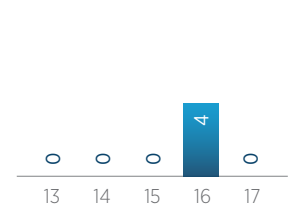
- Goal is **Zero Accidents**
- Shared Ownership for Safety (Business & Individual)
- Take a Proactive Approach Focused on Accident Prevention
- Apply the Continuous Improvement Philosophy

## 2017 SAFETY DATA

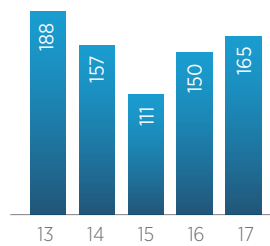
**Lost Time Accidents**  
(Number of accidents)



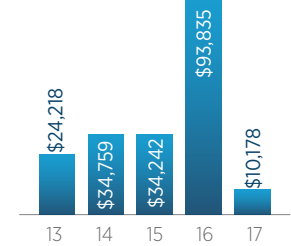
**Fatalities**  
(Number of fatalities)



**Government Safety Inspections**  
(Number of inspections)



**Government Safety Inspections' Resulting Fines**  
(Fines in U.S. dollars)



## DIVERSITY & INCLUSION

### ITW's Diversity & Inclusion Strategy

Progress in this area is rooted in our comprehensive enterprise D&I framework, which outlines our focus in four key areas:



### Reporting Our Progress

We continue to make solid progress against the achievement of our 2020 goals to enhance the diversity of our global leadership team. In 2017, we again increased the percentage of our global leaders who are women, as well as the percentage of ethnically diverse leaders in the U.S.

## DIVERSITY & INCLUSION 2020 GOALS

**Global Women Leaders**

30%

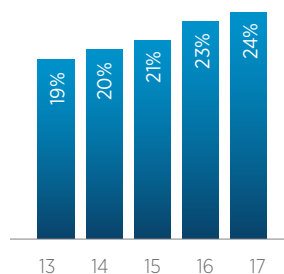
**U.S. Ethnically Diverse Leaders**

20%

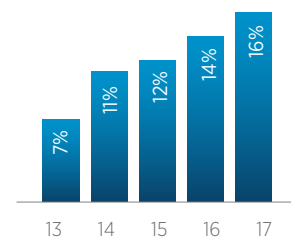
\*Top 1,000 senior leaders across ITW

## DIVERSITY & INCLUSION 2017 DATA

**Global Women Leaders**  
(Percent)



**U.S. Ethnically Diverse Leaders**  
(Percent)





# our communities

## COMMUNITY INVOLVEMENT

### Our Approach to Community Impact

True to our decentralized culture, more than 80 percent of our giving is intentionally driven by the passion of our colleagues in North America who invest in their local communities with gifts of talent, time and money. Last year, the ITW Foundation provided \$20.1 million through the ITW Hearts Giving Hope programs, which gives ITW the opportunity to directly amplify our colleagues' giving and volunteer efforts.

Beyond the support driven by employee giving, the ITW Foundation has a portfolio focused on education and community investments that include arts and culture, and civic partnerships in the Chicago region, where we are

headquartered, in an effort to build and sustain a vibrant community. In 2017, the ITW Foundation directed \$7.1 million toward these organizations.

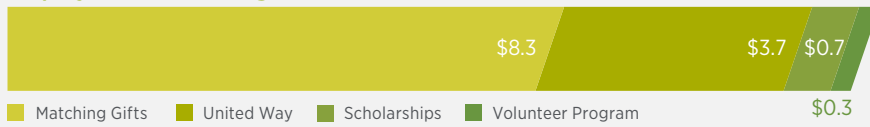
### Giving at ITW

Each year, ITW targets one percent of earnings into community outreach efforts. We do it through a variety of ways, including sponsorships, grants and product donations. ITW has invested \$25.8 million on average per year into the community over the last five years. In 2017, total community investment spending reflected approximately one percent of our company's pre-tax profits.

#### Multi-year Pledges/Annual Grants (in millions)

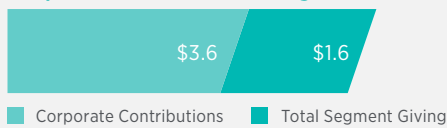


#### Employee-Driven Giving (in millions)



Foundation Giving  
**\$20.1 million**

#### Corporate & Business Giving (in millions)



Corporate & Business Giving  
**\$5.2 million**

Total Giving  
**\$25.3 million**



**\$256,000**

The ITW Foundation gave \$10 for every service hour in 2017, for a total of \$256,000.



**\$11 Million**

In 2017, ITW colleagues and the ITW Foundation together raised over \$11 million for nearly 3,000 charities.



**12,600**

In 2017, more than 12,600 North American-based ITW colleagues donated to United Way.

### Reaching New Milestones at the ITW David Speer Academy

Located in Chicago's Belmont-Cragin neighborhood, the ITW David Speer Academy offers a world-class STEM education to more than 1,100 students in grades 9 through 12. In addition to excellent in-classroom academics, students also have the opportunity to gain hands-on experience through internships, many of which take place at ITW businesses, and with non-profit partners supported by ITW. Throughout the year, ITW colleagues also spend time with ITW David Speer Academy students serving as mentors, running the robotics club, participating in Career Day, and hosting a major annual volunteer Day of Service on the school's campus.

Now in its fourth full year of operation, the ITW David Speer Academy will graduate its first class in the spring of 2018. ITW is pleased to congratulate the ITW David Speer Academy Founding Class of 2018!

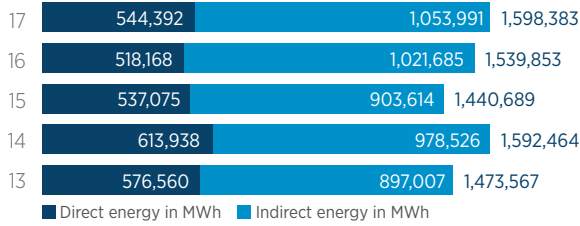


## ENVIRONMENTAL RESPONSIBILITY

### Reporting Our 2017 Environmental Impact

We track our impact on the environment in a number of areas, and we use this data to work toward continuous improvement. In addition, this data will be reviewed and certified by a reputable third party as part of ITW's ongoing commitment to transparency in its disclosures.

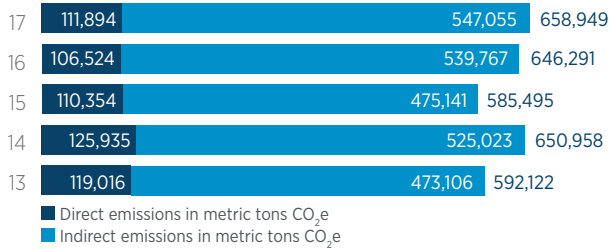
#### Total Energy<sup>1,4</sup>



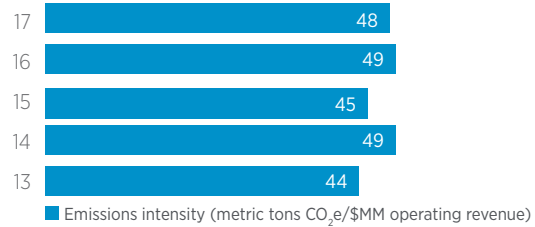
#### Energy Intensity<sup>2,4</sup>



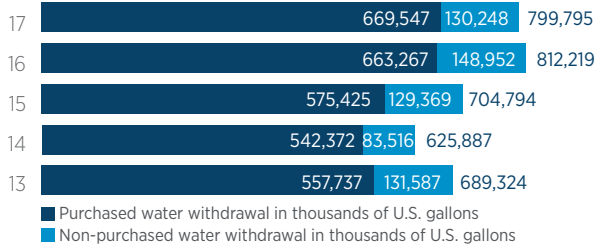
#### Total Emissions<sup>3,4</sup>



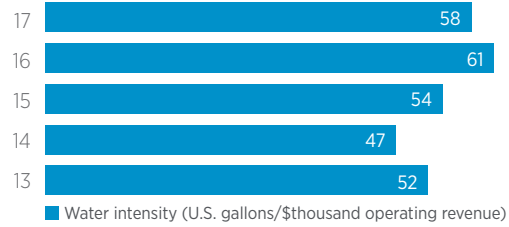
#### Emissions Intensity<sup>2,4</sup>



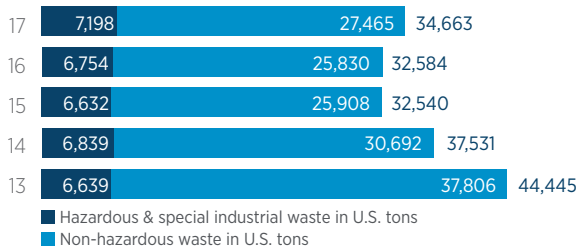
#### Total Water Withdrawn



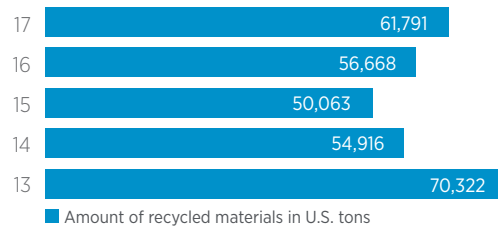
#### Water Intensity<sup>2</sup>



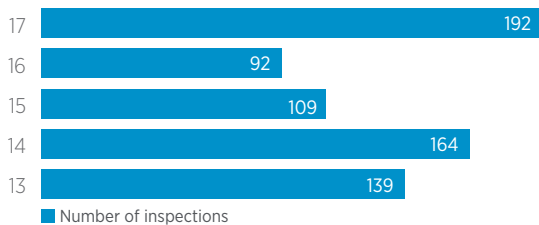
#### Total Solid Waste



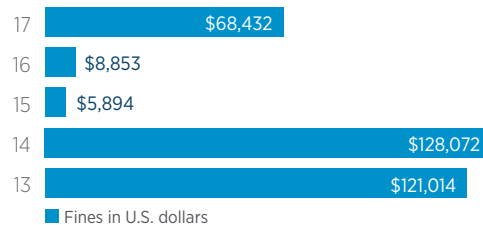
#### Total Recycled Material



#### Government Environmental Inspections



#### Government Environmental Inspections' Resulting Fines



<sup>1</sup> Included energy sources are electricity, natural gas, heating/fuel oil, diesel, gasoline and propane (fork truck).

<sup>2</sup> Only operating revenue from participating divisions was included in the calculation of intensity indicators.

<sup>3</sup> Includes CO<sub>2</sub>, N<sub>2</sub>O, CH<sub>4</sub>

<sup>4</sup> Energy and emissions data from prior years have been adjusted based on additional data and adjusted emissions factors for certain energy sources.

The reporting period for ITW's environmental, health and safety data is January 1 - December 31, 2017. The reporting boundary includes companies over which ITW has operational control, with the exception of leased non-manufacturing facilities. The reporting boundary does not include joint ventures.