



# Our Shared Journey



---

2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

At ITW, we are on a shared journey for the betterment of our people, our communities and the environment.

---

## Table of Contents

<b>ITW &amp; CSR</b>	
Executive Message	2
Our Corporate Social Responsibility Strategy	3
Our Business Model & Values	5
<b>Our Governance &amp; Ethics</b>	
Board and Management Oversight of CSR	7
Our Policies	8
<b>Our People</b>	10
Employee Safety	11
Workplace Culture, Compensation & Benefits	13
Talent Development	14
Diversity & Inclusion	16
<b>Our Communities</b>	19
Philanthropy and Community Involvement	20
Support for Education	21
<b>Our Environment</b>	22
Environmental Responsibility	23
Supply Chain Responsibility	27
Innovating Product Solutions Responsibly	29
Innovation Feature Story	30
<b>2019 CSR Report Index</b>	31
SASB Disclosures	
TCFD Disclosures	

# Executive Message

ITW's commitment to corporate social responsibility (CSR) is rooted in our core values and is a fundamental part of who we are as a company, going all the way back to our founding in 1912. For 10 years, we have published reports on the steady progress we are making on our CSR journey, and our 2019 report represents our first full year of performance following the implementation of our updated and more holistic CSR strategy.

Our CSR strategy includes four key elements:

- Our Governance & Ethics
- Our People
- Our Communities
- Our Environment

Guided by our decentralized, entrepreneurial culture, our divisions are focused on these four key elements in support of our goal to be one of the world's best-performing, highest-quality and most-respected industrial companies. ITW's management team and Board provide oversight in monitoring and guiding our CSR efforts in a manner that is consistent with our core values.

ITW is committed to continuous improvement in reducing our impact on the environment. In 2019, we announced a greenhouse gas (GHG) emissions intensity target to reduce by 2027 the company's combined Scope 1 and 2 GHG emissions per U.S. dollar of operating revenue by 20 percent below 2017 levels. The framework to achieve our target is operationalized at the division level. Compared with the 2017 baseline, in 2019 we have already reduced our GHG emissions intensity by 18 percent.

In the area of Our People, we made further progress toward our company goals for female representation and U.S. ethnic diversity in our leadership. We also cascaded our Inclusive Leadership initiative to foster a more inclusive work environment for all of our colleagues. In addition, we remain diligently focused on our Enterprise Safety Strategy, and in 2019, we made continued progress towards our goal of zero accidents with a 15 percent reduction in lost time accidents.



Finally, we continue to invest in the communities where our colleagues live and work, and where we do business. The 2018-19 school year marked our fifth year proudly supporting the ITW David Speer Academy, a high school providing STEM education to more than 1,000 students in an under-served community in Chicago. The 2019 senior class had a 99.7 percent graduation rate, with all graduates planning to pursue education beyond high school.

Thank you for your continued interest in ITW, and thank you to ITW's dedicated colleagues around the world who support our shared CSR journey.

A handwritten signature in black ink that reads "Chris O'Herlihy". The signature is written in a cursive, slightly slanted style.

**Christopher A. O'Herlihy**  
Vice Chairman

# Our Corporate Social Responsibility Strategy

Last year, ITW updated and announced a holistic CSR vision and strategic framework. Consistent with our core values and decentralized, entrepreneurial culture, our CSR strategy represents our enterprise's shared commitment but it is operationalized at the divisional level. Our CSR strategy is built around four key elements: Our Governance & Ethics, Our People, Our Communities and Our Environment.



## Our Governance & Ethics

- Supported by unwavering management commitment and engaged Board oversight, we operate our business with a demonstrated commitment to the highest level of ethical conduct, everywhere in the company every day.
- This commitment is reinforced by strong policies and practices related to fair, ethical and honest business dealings, robust governance, and compliance with applicable laws, while demonstrating respect for human rights at ITW and throughout our supply chain.

**READ MORE:**

[Governance & Ethics](#)



## Our People

- We strive every day to foster a proactive safety culture through the execution of our Enterprise Safety Strategy, which is based on a philosophy that every accident is preventable and with a shared goal of zero accidents.
- As a global employer, we are committed to providing market competitive compensation and benefits, maintaining fair labor practices, and ensuring a work environment that reflects our core values and culture everywhere we operate.
- We support our colleagues' professional development and long-term career growth and invest in these activities. We recognize and reward colleagues who perform well, have a strong preference for promoting our internal talent, and celebrate the entrepreneurial spirit of our ITW colleagues.
- We believe that we are at our best when we bring together unique perspectives, experiences and ideas. We strive to create diverse and inclusive workplaces where all our ITW colleagues can perform to their full potential.

**READ MORE:**

[Employee Safety](#)

[Workplace Culture, Compensation & Benefits](#)

[Talent Development](#)

[Diversity & Inclusion](#)

# Our Corporate Social Responsibility Strategy

---



## Our Communities

- Recognizing the importance of our responsibility beyond our business operations, we encourage and support our colleagues globally in their efforts to make positive contributions, through financial gifts and volunteerism, to the communities where they work and live.
- In addition, as a company we are committed to supporting programs and initiatives to improve access to a high-quality education and workforce/career preparation for youth in under-served communities, both in our headquarters region of greater Chicago and around the world.

**READ MORE:**

[Philanthropy and Community Involvement](#)  
[Support for Education](#)



## Our Environment

We are committed to operating our business in a way that demonstrates our dedication to global environmental sustainability. This commitment is reflected in the following priorities:

- Improving our environmental performance on an ongoing basis;
- Working with suppliers who operate with similar dedication to global environmental sustainability; and
- Partnering with our customers in innovating solutions that address their needs for environmentally responsible products.

**READ MORE:**

[Environmental Responsibility](#)  
[Supply Chain Responsibility](#)  
[Innovating Product Solutions Responsibly](#)

# Our Business Model & Values

Founded in 1912, ITW (NYSE: ITW) is a global industrial company centered on a differentiated and proprietary business model. The company's seven industry-leading segments leverage the ITW Business Model to generate solid growth with best-in-class margins and returns in markets where highly innovative, customer-focused solutions are required. ITW's approximately 45,000 dedicated colleagues around the world thrive in our decentralized, entrepreneurial culture and work to position ITW as one of the world's best-performing, highest-quality and most-respected industrial companies. In 2019, the company had revenues of \$14.1 billion, with roughly half coming from outside North America.

## ITW by the Numbers

### Revenue by Geography

\$14.1 billion

Total Revenue

53%  
North America

28%  
Europe, Middle East & Africa

19%  
Asia Pacific & Other

53 Countries  
~45,000 Employees

## Our Business Model & Values

### A Differentiated Business Model

The ITW Business Model is a powerful and proprietary set of strategic, operational and cultural practices that have been in a state of continual development and evolution inside the company for over 30 years. It is ITW's defining competitive advantage, and it is the value we add to all our divisions.

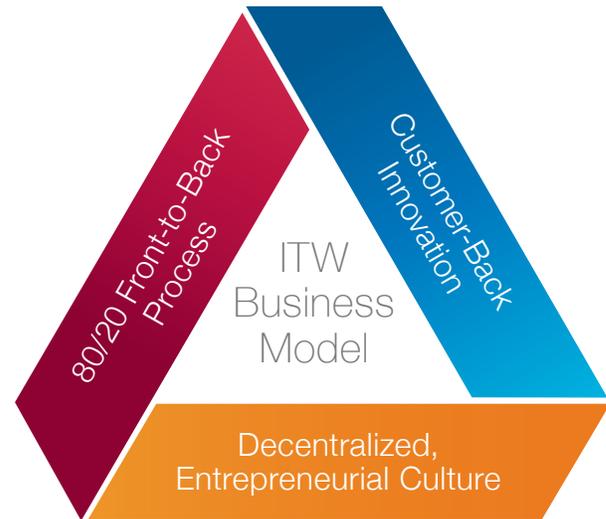
When properly applied, the ITW Business Model delivers superior performance and value for our customers and high-quality growth with best-in-class margins and returns for the company. ITW's Enterprise Strategy is centered on our commitment to leveraging the power of the ITW Business to full potential across the company. By doing so, we strive to deliver differentiated long-term performance for our shareholders.

The ITW Business Model is comprised of three elements:

**80/20 Front-to-Back** defines how we operate. It is a unique set of proprietary tools and methodologies that our divisions use to structure and operate their businesses to maximize the performance, execution and value-add they provide to their largest and most profitable customers, and minimize the costs, complexity and distractions associated with serving small customers. Through the application of ITW's 80/20 Front-to-Back process, our divisions deliver best-in-class customer-facing execution, high-quality organic growth, and superior profitability and return on capital performance.

**Customer-Back Innovation** describes how we innovate. At ITW, we innovate from the customer back, not from the research and development center out. Our divisions partner with their key customers to create unique solutions that solve difficult technical challenges and improve business performance. Often, these innovations help our customers achieve their own eco-efficient product, climate change-related or performance goals. The deep capabilities and creativity of our people in this regard are evidenced by our portfolio of approximately 18,000 granted and pending patents, including more than 1,900 new patent applications filed in 2019.

Our **Decentralized, Entrepreneurial Culture** is the key to how we execute. Our people are clear about what is expected of them with regard to our business model, our strategy and our values. Within this framework, we empower our business teams to make decisions and customize their approach in order to maximize the relevance and impact of the ITW Business Model for their specific customers and end-markets. Our people thrive in ITW's "flexibility within the framework" culture; they think and act like entrepreneurs, they are accountable, and they deliver.



### Our Values

#### Integrity

We operate with complete integrity and the highest ethical standards in all of our interactions and dealings with our ITW colleagues, customers, suppliers and stakeholders. No compromises, no short cuts and no exceptions.

#### Respect

We treat everyone as we expect to be treated and value the diversity of perspectives, backgrounds and experiences of all of our ITW colleagues.

#### Trust

We trust that all ITW colleagues will operate with their best efforts and in the best interests of the company at all times.

#### Shared Risk

We recognize that continuously evolving and innovating is essential to ITW's ability to remain a strong, successful and growing company. As such, we embrace thoughtful experimentation and manage risk by involving all stakeholders in key decisions.

#### Simplicity

We keep things simple by focusing on the essential core of any business opportunity, challenge, issue or problem. 80/20 is not just something we do, it's how we think – it is our core philosophy and drives simplification at ITW.

# Our Governance & Ethics



Supported by unwavering management commitment and engaged Board oversight, we operate our business with a demonstrated commitment to the highest level of ethical conduct, everywhere in the company every day. This commitment is reinforced by strong policies and practices related to fair, ethical and honest business dealings, robust governance, and compliance with applicable laws, while demonstrating respect for human rights at ITW and throughout our supply chain.

## Board and Management Oversight of CSR

Our single-tier Board is led by our Chairman and CEO and a strong independent Lead Director. All our directors other than our CEO are independent directors as defined by the NYSE. Our directors are highly qualified, with a diversity of skills, backgrounds and perspectives. Upon the election of our current director nominees in May 2020, our Board will be composed of 10 directors, including two females and two African-American men, resulting in 40 percent gender or ethnic diversity. The Board believes that its structure and composition of highly experienced and engaged independent directors provide effective oversight of the company's management.

The Board has an active role in the company's overall strategies. The Board also conducts an annual review of the company's corporate governance practices and periodically reviews the company's CSR strategy. Furthermore, the Board is responsible for overall risk oversight of the company, which includes certain environmental, social, supply chain and governance matters. To this end, ITW's Board receives periodic updates regarding the company's CSR-related initiatives and progress, including those related to climate change risk management. The Audit committee of the Board oversees the risk factors disclosed in our Annual Report on Form 10-K, which include uncertainties relating to climate change risk.

During its update in 2019, the Board and management reviewed, among other sustainability matters, the greenhouse gas (GHG) emissions reduction target to reduce the company's combined Scope 1 and 2 GHG emissions per U.S. dollar of operating revenue by 20 percent below 2017 levels by 2027. In setting this target, ITW is committed to continuous improvement in reducing its impact on the environment.

ITW's management team, subject to oversight by our Board, structures, monitors and adjusts ITW's CSR efforts in a manner that is consistent with our core values, and in a manner that best serves the interests of the company and all of ITW's stakeholders. Each year, senior management reviews the long-range plans of our segments and divisions. These plans consider, as appropriate, long-term CSR implications and the ability to meet customer needs related to sustainability and climate change risk management.

In addition, ITW's director of environmental health, safety & sustainability has day-to-day environmental-related responsibilities, including overseeing the execution of ongoing environmental, safety and regulatory compliance initiatives. Within our decentralized culture, each ITW division utilizes ITW's CSR framework to develop and execute a fit-for-purpose environmental management methodology and safety program appropriate for its business.

Read more about our Board composition and oversight role as well as our strong governance profile in our [2020 Proxy Statement](#).

# Our Governance & Ethics

---

## Our Policies

Rooted in our values of Integrity, Respect and Trust, we set high ethical standards for our company and partners that help us deliver best-in-class performance. With a focus on continuous improvement, we regularly review and update, as appropriate, our policies governing ethical conduct and responsible behavior.

- **Corporate Governance Guidelines** ensure the company is governed in a manner that serves the interests of our shareholders, colleagues and other stakeholders.
- **Code of Ethics** outlines ITW's principles regarding fair, ethical and honest business dealings, full and fair disclosure, and compliance with applicable laws.
- **Statement of Principles of Conduct** describes the expected standard of behavior governing all ITW colleagues, businesses and subsidiaries around the world. It also outlines our commitment to compliance with human rights laws, including those against slavery, human trafficking and child labor. These standards are also applied to our suppliers through our Supplier Code of Conduct and in our standard purchase order terms and conditions found on [www.itw.com](http://www.itw.com).
- **Safety Policy** stipulates that we strive every day to foster a proactive safety culture through the execution of our Enterprise Safety Strategy, which is based on a philosophy that every accident is preventable and with a shared goal of zero accidents.
- **Environmental & Sustainability Policy** reinforces ITW's commitment to global environmental sustainability reflected in the following priorities: improving our environmental performance on an ongoing basis; working with suppliers who operate with similar dedication to global environmental sustainability; and partnering with our customers in innovating solutions that address their needs for environmentally responsible products.
- **Global Anti-Corruption Policy** emphasizes the importance of complying with anti-corruption laws of all countries in which ITW and our divisions, subsidiaries, agents, consultants and affiliates operate.
- **Human Rights Policy** reinforces our commitment to demonstrating respect for human rights at ITW and throughout our supply chain, and it applies to all ITW colleagues and locations worldwide and to others who may act on ITW's behalf.
- **Conflict Minerals Policy** seeks to assure that our products are conflict free.
- **Modern Slavery and Human Trafficking Statement** describes the steps we take to mitigate slavery and human trafficking in our supply chain.
- **Supplier Code of Conduct** requires our suppliers, vendors and contractors to operate to our high ethical standards. This Code applies all relevant aspects of ITW's Statement of Principles of Conduct to our suppliers. Among their requirements, our suppliers are required to adhere to applicable laws, including those concerning human rights, child or forced labor, wage and working hours, discrimination, environmental, health and safety, and fair dealing. Furthermore, our suppliers are required not to engage in corruption, and they commit to fully comply with all applicable anti-corruption laws and regulations of the countries in which they operate.
- **Supplier Expectations** inform our suppliers that they are expected to operate in compliance with rigorous performance standards and improve their own environmental and social performance.
- **Government Affairs** statement describes our prohibition against use of company assets or funds for political purposes.
- **Hedging/Anti-Pledging Policy** for executive officers and directors prohibits hedging the risk of ownership in ITW stock and prohibits pledging of ITW stock to secure payment obligations.
- **Clawback Policy** provides for the recovery of incentive compensation payments from our senior officers in the event of an accounting restatement (whether or not based on misconduct) due to material noncompliance with financial reporting requirements.

View our policies [here](#).

## Our Governance & Ethics

---

### Reporting Ethics Concerns

ITW colleagues around the world are encouraged to share any ethics or compliance concerns with their local management teams. They may also submit reports directly to ITW's ethics & compliance legal group or our Vice President, Chief Audit Executive, or through our confidential Helpline. ITW partners with EthicsPoint, an external third-party supplier, to provide a web- and telephone-based confidential reporting system in 40 countries. Web-based reporting is offered in 16 languages, and telephone-based reporting is offered in more than 200 languages. The EthicsPoint reporting system is also available to external stakeholders through a public domain website.

All reports are investigated promptly and appropriately. Our Vice President, Chief Audit Executive provides regular updates to the Audit Committee of the Board of Directors.

### Alignment with Sustainability Accounting Standards

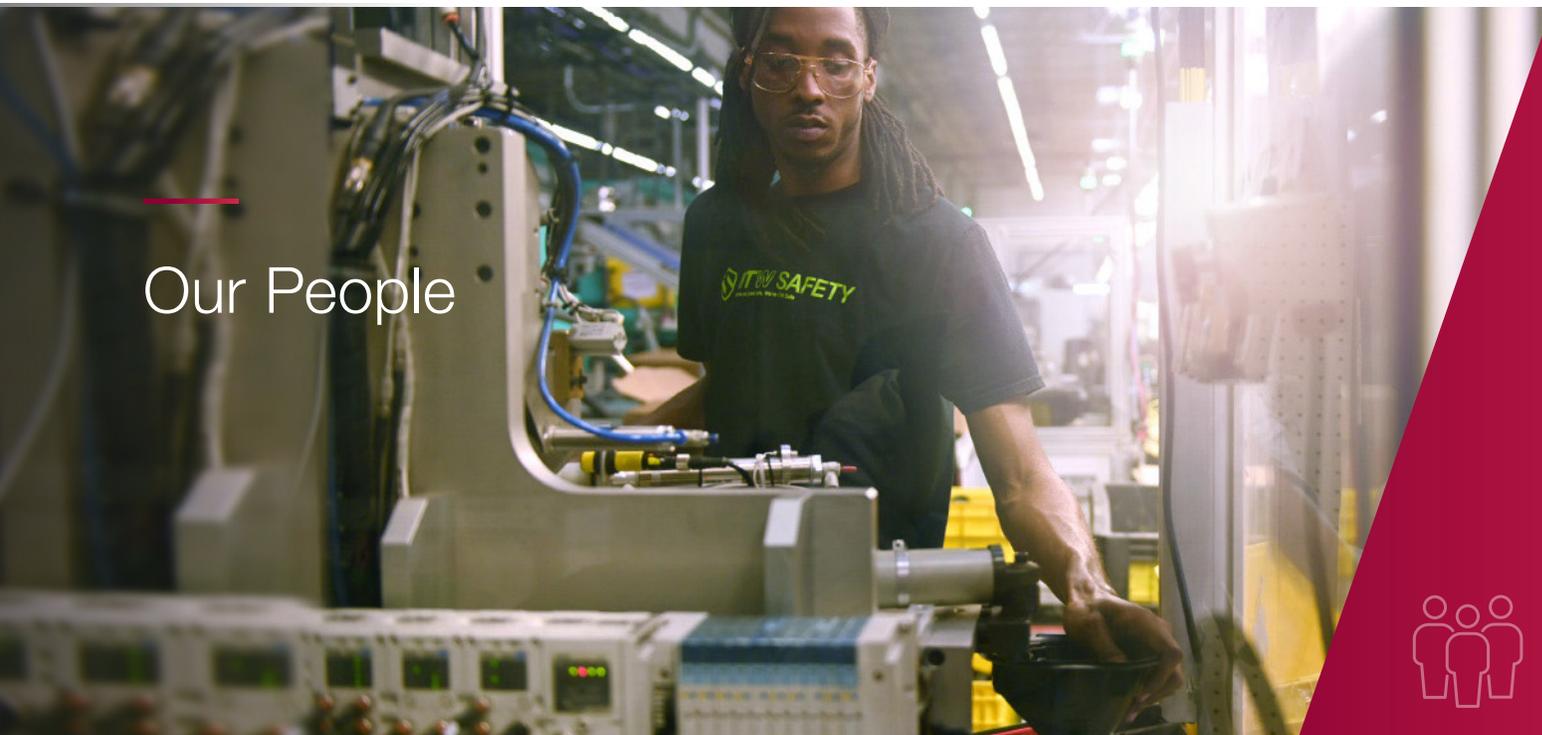
Consistent with our overarching CSR strategic framework and our ongoing engagement with our shareholders, we have been monitoring the financial materiality framework of the [Sustainability Accounting Standards Board \(SASB\)](#) as a way to assess the financial materiality of environmental, social and governance risks to our company. In 2019, we utilized the [SASB Materiality Map](#)<sup>®</sup> to review the environmental, social and governance risks identified by SASB for companies in the Industrial Machinery and Goods industry under SASB's Sustainable Industry Classification System<sup>®</sup>.

The SASB framework describes several disclosure topics including:

- Energy Management (discussed in the "Environmental Responsibility" section of this report)
- Employee Health & Safety (discussed in the "Employee Safety" section of this report)
- Fuel Economy & Emissions in Use-Phase (referenced in the "2019 CSR Report Index")
- Remanufacturing Design & Service (discussed in the "Environmental Responsibility" section of this report)
- Materials Sourcing (discussed in the "Supply Chain Responsibility" section of this report)

Metrics related to the above topics are discussed in more detail in the respective sections of this report. We continue to monitor the SASB framework as it applies to the company in order to identify any environmental, social and governance risks that may be material to the company.

# Our People



## IN THIS SECTION:

Employee Safety

Workplace Culture,  
Compensation & Benefits

Talent Development

Diversity & Inclusion

ITW's goal to be one of the best-performing, highest-quality and most-respected industrial companies in the world is enabled by the hard work and dedication of all our colleagues around the globe. We strive to be a great employer through our demonstrated commitment to employee safety, workplace culture, compensation and benefits, talent development and diversity and inclusion.

The safety and well-being of our colleagues has been, and always will be, our top priority. True to our decentralized culture, our approach to safety is driven at the division level and is built around our shared goal of zero accidents. Through our proactive approach and safety framework, we continue to make improvements in our safety performance and progress toward this goal. In 2019, over 77 percent of our divisions achieved zero accidents in any single quarter, and approximately 40 percent of our businesses achieved zero accidents for a full year or more.

In our decentralized, entrepreneurial culture, our colleagues are encouraged to contribute in an environment that empowers them to think and act like owners. Our talented colleagues are compensated competitively and receive substantive personal learning and career development opportunities.

We are at our best when we bring together unique perspectives, experience and ideas, and actively build diverse teams and inclusive work environments across our global divisions. This environment reinforces ITW's core values, and provides our colleagues with significant autonomy and responsibility to develop innovative solutions for our customers and achieve best-in-class results for our company.

# Employee Safety



The safety of our approximately 45,000 colleagues around the world is an essential component of our commitment to be a great employer. Guided by our Enterprise Safety Strategy and the philosophy that every accident is preventable, we strive every day to foster a proactive safety culture. With our shared goal of zero accidents, we have a shared responsibility to protect the well-being of every ITW colleague.

## A Strategic Approach to Safety

Our Enterprise Safety Strategy is based on the following core principles:

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

## Our Framework for an Effective Divisional Safety Program

<p><b>1. Safety Vision</b> Every accident is preventable, and our shared goal is zero accidents.</p>	<p><b>6. Audits/Hazard Identification</b> Prevent accidents by identifying and reporting hazards.</p>
<p><b>2. Leadership &amp; Employee Engagement</b> Leadership engagement coupled with individual employee responsibility drive our safety journey. A strong focus on continuous improvement, communicating progress and celebrating success.</p>	<p><b>7. Risk Prevention</b> Each division has implemented a process to identify and eliminate hazards, including risk analysis, near-miss reporting, sharing best practices and implementing corrective action.</p>
<p><b>3. Safety Committees</b> Each division has at least one safety committee consisting of both employees and management.</p>	<p><b>8. Accident Investigation</b> Ensure root cause identification and corrective action with a sense of urgency.</p>
<p><b>4. Communication</b> Clear safety messaging in the workplace and the sharing of best practices within and among divisions.</p>	<p><b>9. Performance Measurement</b> Use data to track and drive safety performance improvements.</p>
<p><b>5. Training</b> Continuously acquire and reinforce the skills necessary to improve safe work practices.</p>	<p><b>10. Compliance</b> Every ITW division strives to meet or exceed all applicable regulatory obligations.</p>

## Employee Safety

In 2019, we continued to emphasize Audits/Hazard Identification and Risk Prevention. Our proactive approach resulted in identifying and implementing health and safety improvement projects, ranging from simple hazard recognition initiatives to the increased use of web-based safety training programs utilized by colleagues around the globe.

Many of our businesses also pursue third-party certifications as part of ITW's ongoing drive for safety excellence. At the end of 2019, 60 sites, or approximately 14 percent, had ISO45001 and/or OHSAS 18001 safety management system certification.

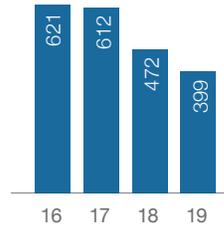
### Enterprise Training Resources

As part of ITW's decentralized culture, we empower our divisions to utilize continuing education measures that are most applicable to their business. To augment these efforts, we offer several safety education tools across the enterprise, including PureSafety, a comprehensive, web-based training used to further educate the workforce on the ever-changing methods, standards and regulations that govern our industries. PureSafety is available globally and offered in several languages so global ITW colleagues can take advantage of this enterprise safety education tool.

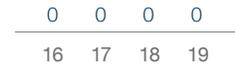
### Our 2019 Global Safety Performance and Data

2019 marked our fourth year executing the Enterprise Safety Strategy across all ITW divisions, and we are pleased to report that we achieved a **15 percent reduction in lost time accidents** in our facilities year over year. This improvement demonstrates clear progress as we enhance our culture of safety and continue on a journey to zero accidents. Our total recordable incident rate (TRIR) and lost time incident rate (LTIR) decreased 16 percent and 10 percent year over year, respectively. For 2019, our TRIR was 1.7 incidents per 100 employees, and our LTIR was 0.9 incidents per 100 employees.

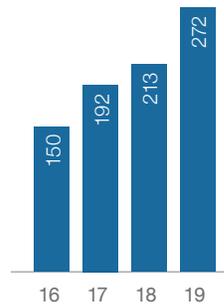
**Lost Time Accidents**  
(Number of accidents)



**Fatalities\***  
(Number of fatalities)



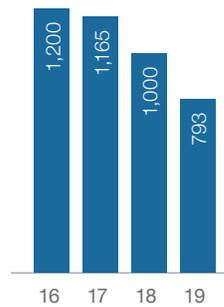
**Government Safety Inspections**  
(Number of inspections)



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



**Medical Treatment Incidents**  
(Number of incidents)



\* Aligned with the Industrial Machinery and Goods Sustainability Accounting Standard under SASB's Sustainable Industry Classification System®

## OUR PEOPLE

# Workplace Culture, Compensation & Benefits



As a global employer, we are committed to providing market competitive compensation and benefits, maintaining fair labor practices, and ensuring a work environment that reflects our core values and culture everywhere we operate.

### Our ITW Culture

ITW's nearly 45,000 colleagues around the world thrive in the company's decentralized, entrepreneurial culture. Our people are well-positioned to contribute in an environment that empowers them to think and act like entrepreneurs. They experience significant autonomy, a sense of shared ownership with their colleagues, and a work atmosphere deeply rooted in our core values of Integrity, Respect, Trust, Shared Risk and Simplicity.

### Supporting Our Colleagues through Comprehensive Compensation and Benefits

While specific compensation and benefits vary worldwide and are based on regional practices, we know we must offer market competitive compensation and benefits in order to attract and retain great talent across our global divisions. In the U.S., where we employ approximately 16,000 colleagues, we continue to focus on providing a comprehensive, competitive benefits package that supports our colleagues' health and wellness, educational endeavors and financial stability. Below are some common features offered to our U.S.-based colleagues:

- Medical, dental and vision benefits for employees, spouses and dependents
- Flexible Spending Accounts for both healthcare and dependent care
- Health Savings Accounts
- Wellness programs for employees and spouses

- Employee assistance program
- 401(k) retirement savings program with options to contribute on a pre-tax, Roth or after-tax basis, with company matching contributions
- Paid vacation and holidays
- Paid parental leave, for both men and women
- Adoption benefits
- Short-term and long-term disability benefits
- Employee life and AD&D insurance benefits
- Education and tuition assistance
- Scholarships to support the academic achievement of employees' children and dependents pursuing college or skilled trades education

Additionally, we fully support community involvement and volunteerism, and we continue to offer programs that help our colleagues support the charities they care about most, including offering a \$3 for \$1 corporate match for qualified charitable giving by our U.S. and Canadian colleagues. Read more about these initiatives in [Philanthropy and Community Involvement](#).

OUR PEOPLE

# Talent Development



We strive for all colleagues to reach their full potential and provide them with significant professional development and long-term career growth opportunities. We recognize and reward colleagues who perform well, we have a strong preference for promoting our internal talent, and we celebrate the entrepreneurial spirit of our ITW colleagues.

## Developing Great ITW Leaders of Tomorrow

ITW's long-term success is driven by our ability to develop talent at all levels of our organization and build a long-term sustainable pipeline of *Great ITW Leaders*.

*Great ITW Leaders* are expected to:

- Be experts in the practice of the ITW Business Model
- Make great strategic choices
- Deliver great results
- Be great talent managers
- Provide strong leadership

*Great ITW Leaders* focus on improving their capabilities to build a diverse talent pipeline and promote a culture that encourages inclusiveness, collaboration and reflects our values.

## ITW Talent Pipeline



## Growing Our Early Career Talent

We leverage internships and educational cooperatives around the world as a key element in our talent pipeline, centered on giving students a breadth of real-world experience and opportunities. We strive to attract a diverse pool of talent that will grow with us from intern to entry-level hire. Interns are challenged with key projects and assignments in their field of study and develop skills and knowledge to prepare them for future entry-level positions.

Our U.S.-based internship program is now in its third year, and it continues to grow, with the placement of approximately 100 interns across core U.S. ITW locations. In 2019, we continued to focus our recruiting efforts on national diversity partnerships, including the Society of Women Engineers and National Society of Black Engineers.

## Talent Development

### Leadership and Development Opportunities

We encourage ITW colleagues to develop and build critical skills using the 70-20-10 model, which highlights and supports how our colleagues learn and develop best — 70 percent from challenging, on-the-job experiences, 20 percent from hands on coaching and feedback, and 10 percent from formalized training and coursework.

In the spirit of our decentralized culture, we find value in supporting our colleagues based on the needs and challenges of our 84 divisions. We expect colleagues at every level to “own” their careers by leveraging the performance management and development planning resources ITW offers to build the critical skills necessary to meet the needs of their role and beyond.

### Developing Talent for the Future

Last year, the Air Flow Management platform within the Automotive segment launched a leadership development program for first time managers. “Talent for the Future” helps ITW colleagues acquire and apply effective management methods and techniques, which are essential to becoming a *Great ITW Leader*. In addition to multiple learning streams and experiences, participants work on real 80/20 projects over the 15-month training period, which enable them to apply what they learn throughout the program. Three cohorts completed “Talent for the Future” in 2019, with 70 percent of participants earning a promotion to a new management position within ITW.



OUR PEOPLE

# Diversity & Inclusion



Rooted in our core values of Respect and Integrity, we believe that we are at our best when we bring together unique perspectives, experiences and ideas. We strive to create diverse and inclusive workplaces where all ITW colleagues can perform to their full potential. We place particular emphasis on developing our people and building a deep and diverse talent pool to ensure ITW's sustained success over the long term.

## Our Diversity & Inclusion Strategy

The ITW Diversity & Inclusion (D&I) Council, led by ITW's Vice Chairman Chris O'Herlihy and other senior leaders, helps drive progress. Our progress is ingrained in our comprehensive enterprise D&I framework, which ensures we embody a global and inclusive view when it comes to talent.

The D&I framework includes four key areas:

**Leadership Commitment & Accountability:** We expect our leaders to embody ITW's values with global cultural awareness. A core responsibility of our leaders is to build and develop a diverse pipeline of talent, contribute to achieving our enterprise diversity goals and be stewards of our D&I initiatives.

**Global, Diverse Talent:** Diverse backgrounds bring unique perspectives, helping to drive innovation and organic growth – key objectives of ITW's business strategy. In order to compete successfully in a global market, we must continue to focus on attracting and retaining the best talent that is reflective of our global communities.

**Inclusive Workplace:** Creating an environment where all team members feel valued is critical. This includes promoting employee development, actively seeking different perspectives and supporting ITW's Employee Resource Groups.

**Great Employer:** We strive to be a great employer and commit to working diligently to strengthen and sustain ITW's unique and differentiated enterprise brand. Our efforts include sharing our progress and success and being an active member of our communities through key professional associations, universities and community partnerships that align with our D&I goals.



## Diversity & Inclusion

### Our Progress on Leadership Diversity

We remain committed to achieving our D&I goals and enhancing the diversity of our global leadership teams. We have seen significant improvement since beginning our current D&I strategy in 2013. As noted earlier, our continued progress

requires us to build a sustainable, deep and diverse talent pipeline of Great ITW Leaders for our global leadership roles. We look forward to sharing our continued progress.

#### DIVERSITY & INCLUSION GOALS\*

Global Women Leaders

30%

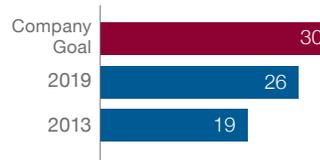
U.S. Ethnically Diverse Leaders

20%

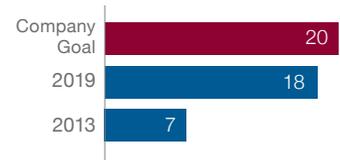
\* Top 1,000 senior leaders across ITW

#### DIVERSITY & INCLUSION DATA\*

Global Women Leaders  
(Percent)



U.S. Ethnically Diverse Leaders  
(Percent)



### How Inclusion Takes Shape in Our Divisions

Our goal is to create inclusive work environments that enable our colleagues to contribute their best work. We are focused on ensuring colleagues feel valued for their unique backgrounds, perspectives and experiences while also having a strong sense of belonging as a key member of the team.

At **ITW Construction Products UK-Nordics Division**, the division's D&I committee is focused on reinforcing inclusion across its work locations. A key initiative in 2019 included addressing mental health and wellness among their 700 colleagues. The team's bottom-up approach started with training 15 of their

colleagues to serve as Mental Wellness Champions to proactively promote and support mental wellness. Throughout 2019, the champions leveraged key awareness days, such as World Mental Health Day, to hold activities at their sites, including stress management workshops and forums to discuss mental health wellness. By year end, 30 division colleagues were trained and serving as Mental Wellness Champions, with plans to build on the enthusiasm for inclusion.

#### Driving Progress through Colleague Feedback

For the last three years, ITW has joined more than 600 companies in participating in McKinsey & Company's *Women in the Workplace Study* – the largest comprehensive study of the state of women in corporate America. As part of this study, ITW also surveys its employees. In 2019, ITW distributed the survey to over 5,200 U.S. women and men professional colleagues to better understand their ITW workplace experiences. Of the ITW colleagues surveyed, 82 percent recommended ITW as a great place to work, and 78 percent were happy with their jobs. The results and feedback from the survey are being used to develop action plans and further progress our D&I efforts.

## Diversity & Inclusion

### Engaging Diverse Talent

Our Employee Resource Groups (ERGs) are employee-led organizations that bring together diverse groups of people to share experiences and innovative ideas to help accelerate our path to full potential. These groups directly support the enterprise talent strategy with specific focus on attracting, retaining and developing talent and promoting cultural diversity and community. In 2019, our ERGs grew to over 45 global chapters, increasing in employee outreach and engagement.

- The **ITW Women's Network (IWN)** supports the attraction, development and retention of female talent and reinforces ITW's inclusive workplace across our divisions globally. Through its 26 chapters around the world, IWN actively engages our female colleagues in networking and professional development, including training programs in leadership development and ITW's 80/20 business process. In 2019, IWN had over 2,000 members actively engaged in IWN chapter activities. Our male leaders are also an integral part of IWN's success as they sponsor and participate in the group in support of ITW's female talent.
- **ITW's Young Professional Network (YPN)** focuses on empowering early-in-career professionals across ITW by building a community for our next generation leadership through social platforms, networking activities and development opportunities. In 2019, the North American and European leadership teams increased their collaboration and communication, which enabled stronger alignment with the D&I framework. The group also saw a 46 percent increase in engagement, reaching 1,200 members in 2019.
- The **ITW African-American Network (AAN)** is committed to the specific interests of people who identify as Black, African, African-American, West Indian, or of African descent, by building a community of leaders through development and leadership opportunities, informative workshops and networking activities. In its second full year, the group focused on growth and engagement. The Executive Steering Committee grew to 11 leaders, and regional chapters continued to hold quarterly events on topics such as personal branding, mentoring and the ITW Business Model. In the coming year, the group will look to increase collaboration with other regional ERGs and broaden engagement across all colleagues.



A photograph of three people from behind, wearing red t-shirts that say "I'm a heart at work volunteer" and "ITW FOUNDATION". They are standing on a grassy field with a building in the background. The text "Our Communities" is overlaid on the left side of the image.

## Our Communities

Guided by our decentralized culture and core values, ITW is committed to investing in the communities where our colleagues live and work, and where we do business. Over the past five years, ITW enterprise financial support has totaled \$114.9 million. Supported by a flexible framework, our colleagues are also empowered to support the organizations and causes that matter most to them.



### IN THIS SECTION:

- Philanthropy and Community Involvement
- Support for Education

OUR COMMUNITIES

# Philanthropy and Community Involvement



Recognizing the importance of our responsibility beyond our business operations, we encourage and support our colleagues globally in their efforts to make positive contributions, through financial gifts and volunteerism, to the communities where they work and live.

## Our Culture of Giving

### Our Colleagues

True to our decentralized culture, our colleagues are empowered and encouraged to support the organizations that mean the most to them. Key examples include:

- \$3 for \$1 corporate match for qualified charity giving by our colleagues in the U.S. and Canada
- A volunteer match program that provides a \$10 corporate donation for every volunteer hour submitted by our colleagues in the U.S. and Canada
- Every dollar given to the United Way as part of our annual campaign is matched by ITW for the amplifying of our colleagues' gifts. In 2019, over 73 percent of our colleagues contributed to the annual United Way campaign, resulting in a total of \$6.5 million invested back into the communities where our ITW colleagues work and live.

### Annual Day of Service

In 2019, more than 450 ITW colleagues, interns, retirees and community partners participated in ITW's Annual Day of Service. Over 3,920 hours of meaningful volunteer service were performed for dozens of partner charities.

### ITW Global Fasteners Support Local Community

In Creglingen, Germany, ITW Global Fasteners recognized an opportunity to support its local village and bolster its longstanding traditional music ensemble. When the ensemble more than doubled in size, it did not have the instruments and training resources to manage such a group. Driven by a strong bond to the village, ITW Global Fasteners was able to support the ensemble in obtaining the resources necessary to sustain its growth. The business was pleased to give back to the community and help carry on this tradition.

### ITW Community Video



### ITW Enterprise

In addition, the ITW enterprise gives to important causes in our communities through multi-year pledges, annual and employee matching grants, scholarships and in-kind donations. In 2019 alone, ITW gave \$21.1 million to these causes.

OUR COMMUNITIES

# Support for Education



As a company we are committed to supporting programs and initiatives to improve access to a high-quality education and workforce/career preparation for youth in under-served communities, both in our headquarters region of greater Chicago and around the world.

## ITW's Support for Education

Our longstanding commitment to education is demonstrated through the support we provide for STEM-related (science, technology, engineering and mathematics) programming in schools and organizations.

### ITW David Speer Academy

Over the last six years, ITW has proudly sponsored the ITW David Speer Academy in memory of former Chairman and CEO David Speer, who passed away in 2012. The Chicago high school focuses on offering a world-class STEM education to over 1,000 students in grades 9 through 12.

ITW's impact extends far beyond our ongoing financial support. Our colleagues are actively involved in the school's programs and regularly engage with its many talented students. We also collaborate and partner with other organizations to offer the students unique opportunities that enrich their overall learning experience.

- **Engaging with Global Leaders.** At ITW's annual leadership conference, ITW David Speer Academy students are invited to network with our global leaders to talk about their experience and career goals.
- **Piloting New Electives.** In 2018, ITW partnered with Chicago's Shedd Aquarium to develop a program aimed

### ITW David Speer Academy Video



at educating students about aquatic science. The pilot program is now being scaled to other Chicago-area schools.

- **Gaining Hands-On Experience.** A partnership between Miller Electric Mfg. LLC (an ITW Welding company) and the ITW David Speer Academy enables students to enroll in a welding elective that offers hands-on experience to deepen their understanding of the welding industry.
- **Preparing for the Future Workforce.** In partnership with businesses and institutions across Chicago and beyond, all ITW David Speer Academy students gain real world experience by completing an accredited internship their senior year, at the culmination of which they have 100 hours of exposure in the workforce.



### ITW David Speer Academy by the Numbers

99.7%  
graduation rate

among the class of 2019, the largest graduating class in the history of the Noble Network of Charter Schools

100%  
of 2019 graduates

are pursuing education beyond high school

\$49  
million

in scholarships awarded to the class of 2019 from various institutions/organizations

# Our Environment



**IN THIS SECTION:**

Environmental Responsibility

Supply Chain Responsibility

Innovating Product  
Solutions Responsibly

ITW is committed to operating sustainably in every aspect of our business, from the sourcing of raw materials to how we operate our business.

Across all our businesses, we continually measure, manage and work to reduce the environmental footprint of our operations and products. We also partner with key suppliers to ensure that, together, we have a positive impact on our environment and use our resources responsibly.

# Environmental Responsibility



We are committed to operating our business in a way that demonstrates our dedication to global environmental sustainability. Our commitment is reflected in the following priorities:

- Improving our environmental performance on an ongoing basis;
- Working with suppliers who operate with similar dedication to global environmental sustainability; and
- Partnering with our customers in innovating solutions that address their needs for environmentally responsible products.

## Improving our Environmental Performance on an Ongoing Basis

With support from ITW's senior management, each division is directly responsible for implementing the most impactful environmental performance improvement opportunities for their unique operations. As we work continuously to improve our environmental performance, we take a three-pronged approach:

- 1. Auditing our facilities.** ITW's annual environmental, health and safety compliance audits help ensure that the company's facilities meet regulatory requirements and reinforce ITW's commitment to safeguarding the environment. The audits also highlight the ways ITW businesses go above and beyond baseline compliance to reduce the company's impact on the environment and preserve natural resources.
  - Our goal is to audit our largest facilities annually. We partner with [ERM-Environmental Resources Management Limited](#) to audit environmental and safety risk at our facilities, and our businesses systematically address any identified issues.
- 2. Transparent Reporting.** We monitor third-party frameworks and surveys and evaluate their relevance to our business and our stakeholders. For example, we have been monitoring the financial materiality framework of the [Sustainability Accounting Standards Board \(SASB\)](#) as a way to assess the financial materiality of environmental, social and governance risks to our company. In 2019, we utilized the [SASB Materiality Map](#)<sup>®</sup> to review the risks identified by SASB for companies in the Industrial Machinery and Goods industry under SASB's

Sustainable Industry Classification System<sup>®</sup>. We also continued our voluntary participation in CDP's climate change and water questionnaires in 2019, which we have made public to increase our transparency in reporting.

- 3. Implementing policies that guide our progress.** Each ITW division is responsible for complying with the [ITW Environmental & Sustainability Policy](#). Everyone in the organization has a responsibility to preserve and protect the environment, conduct operations in a safe manner and recognize the potential impacts of our operations.

As part of ITW's ongoing drive for overall operational excellence, many of our businesses pursue third-party certifications. The well-respected International Organization for Standardization (ISO) develops standards and criteria for effective environmental management systems, and many of our facilities have taken the step to become certified. At the end of 2019, 111 sites, accounting for approximately 26 percent of ITW's manufacturing sites globally, had ISO 14001 certification for environmental management.

Read more about our environmental management in [Governance & Ethics](#).

## Environmental Responsibility

### Reducing Our Environmental Impact

ITW is committed to continuous improvement in reducing greenhouse gas (GHG) emissions. In 2019, ITW established a company-wide GHG emissions intensity reduction target: **By 2027, reduce combined Scope 1 and 2 GHG emissions per U.S. dollar of operating revenue by 20 percent below 2017 levels.**

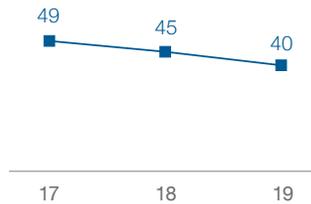
To achieve our target, we are taking the following approach:

1. Reducing energy consumption and improving operational efficiency in our manufacturing and ITW-owned facilities, implemented in accordance with our division-led environmental management systems.
2. Expanding our purchase of energy from renewable sources, including wind and solar, across our global footprint where possible.

#### Investing in Renewable Energy

Across ITW businesses, we continuously evaluate opportunities to invest in renewable energy. Examples of these efforts include the installation of solar roof panels at our Welding business in Australia and Hobart business in Germany, and the expected solar installations at our property in Frankfort, Illinois.

**Emissions Intensity Including Renewables and Renewable Energy Certificates**  
(metric tons Co<sub>2</sub>e/\$million operating revenue)



# Environmental Responsibility

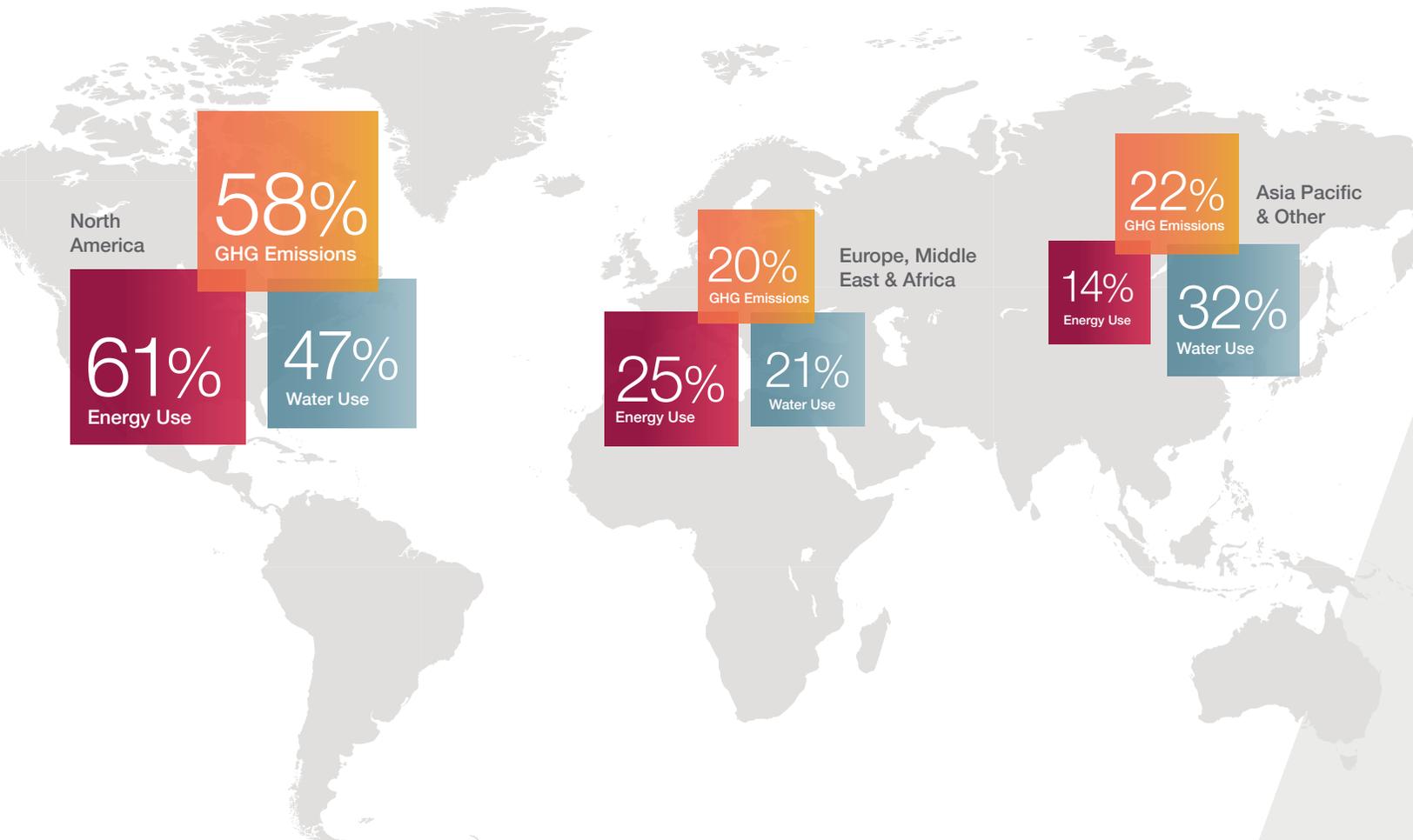
## 2019 Environmental Impact

We track our impact on the environment in several areas, and we use this data to drive continuous improvement. Our data is reviewed and verified by a recognized third party to validate our disclosures. With respect to our GHG emissions target, we are pleased to have achieved an 18 percent GHG emissions intensity reduction in 2019 versus our 2017 baseline year, based on our third-party verified data. View our [GHG emissions verification statement](#).

## Our SARA Title III Disclosures

ITW is a responsible emitter and operates below any permitted levels of toxic chemical emissions. In compliance with SARA Title III Section 313 regulations in the U.S., a total of 57 affected ITW facilities annually file either Form A or R reports as required. ITW also evaluates its reported emissions to identify reduction opportunities.

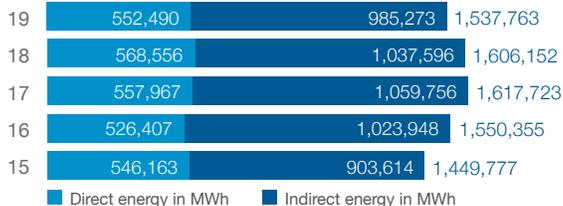
## ITW's Global Environmental Footprint



# Environmental Responsibility

## 2019 ENVIRONMENTAL DATA

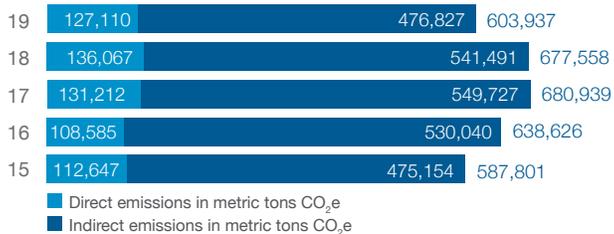
### Total Energy<sup>1,4</sup>



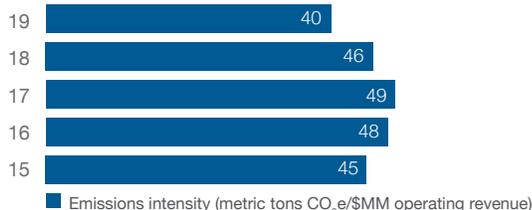
### Energy Intensity<sup>3,4</sup>



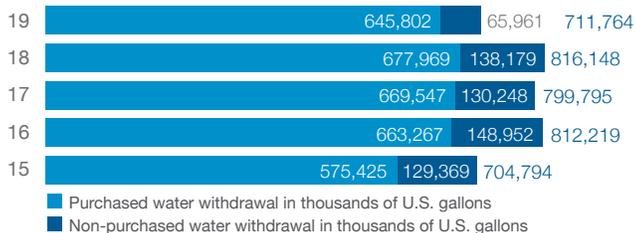
### Total Emissions<sup>2,4</sup>



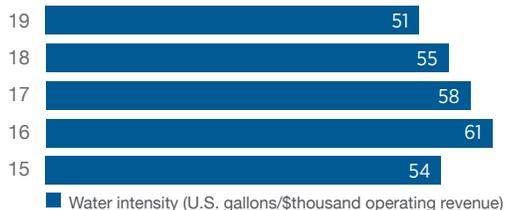
### Emissions Intensity<sup>3,4</sup>



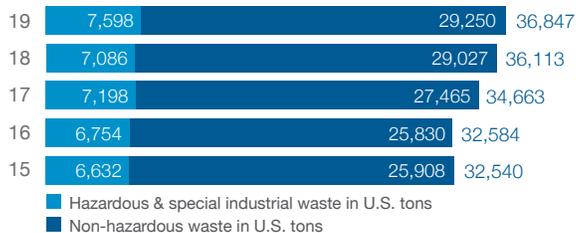
### Total Water Withdrawn



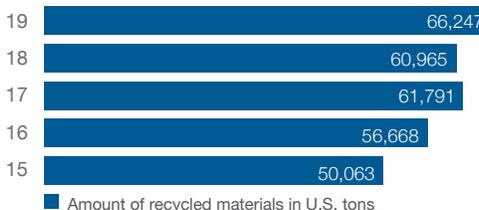
### Water Intensity<sup>3</sup>



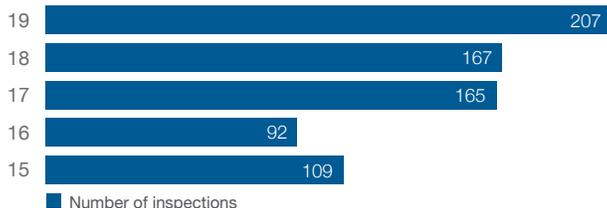
### Total Solid Waste



### Total Recycled Material



### Government Environmental Inspections



### Government Environmental Inspections' Resulting Fines



<sup>1</sup> Includes electricity, natural gas, heating/fuel oil, diesel, gasoline, propane and liquefied natural gas.

<sup>2</sup> Emissions from electricity use (location based), the combustion of natural gas, heating/fuel oil, diesel, gasoline, propane and liquefied natural gas and foam blowing agents.

<sup>3</sup> Only operating revenue from participating divisions was included in the calculation of intensity indicators.

<sup>4</sup> 2015-2018, including the baseline year, Energy and Total Emissions recalculated for the following reasons: updated GWP to IPCC AR 5; updated eGrid electricity emissions factors to eGrid2018, released January 28, 2020; expanded the fuels included in the report; corrections to reported figures.

The reporting period for ITW's environmental, health and safety data is January 1 – December 31, 2019. The reporting boundary includes companies over which ITW has operational control.

# Supply Chain Responsibility



ITW is committed to working with suppliers who operate with similar dedication to global environmental sustainability. We strive to foster responsibility across our value chain to ensure we are all committed to the highest level of integrity and ethical standards.

## Partnering with Our Suppliers on Accountability

Our [Supplier Code of Conduct](#) and [Supplier Expectations](#) serve as the foundation for ensuring our supplier partners operate according to our high ethical standards. Our purchase order standard terms and conditions further reinforce our expectations. Importantly, our Supplier Code of Conduct applies all relevant aspects of ITW's [Statement of Principles of Conduct](#) to our suppliers.

Read more about our supplier policies in [Governance & Ethics](#).

## Managing Our Supply Chain Efficiently and Responsibly

As part of our strategic sourcing effort, ITW takes several steps to ensure our supply chain is managed efficiently and responsibly.

- **Local and Diverse Suppliers.** Given our decentralized culture and global footprint, local suppliers are often the most efficient way to meet our supply chain needs. The longstanding relationships ITW businesses have with local suppliers help us source more responsibly while supporting the communities in which our businesses operate around the world. In our overall supply chain, approximately 50 percent of global third-party spend is with suppliers who are near the plants they serve. Additionally, approximately 4 percent of ITW's U.S. third-party spend is on products and services from diverse suppliers, including racially/ethnically diverse, women-owned and veteran-owned companies.
- **Efficient Distribution and Storage.** We review our supply network to identify the most efficient logistics routes, methods and warehousing strategies that also allow ITW to meet or exceed customers' expectations. The data-supported approach enables ITW and its businesses to recommend changes to distribution and storage patterns to drive efficiency and reduce the impact on the environment by eliminating unnecessary miles in freight routes.
- **Supplier Index and Audits.** We systematically review and rate our suppliers to evaluate their long-term viability, and therefore their ability to support our businesses sustainably going forward. This supplier index measures ITW's suppliers on a variety of factors, including safety and environmental measures, financial data, leadership stability and operational metrics. We audit our suppliers to ensure they abide by our Supplier Code of Conduct. In 2019, we visited more than 1,300 suppliers representing 38% of global third-party spend, conducting either audits or other business reviews. These supplier visits allow us to have eyes on the operations of a significant portion of suppliers which supports our responsible sourcing due diligence efforts.
- **Sustainable Materials.** We focus our efforts on sourcing more environmentally-friendly and sustainable packaging materials for our products. As an example, we have significantly increased the use of recycled resins in certain businesses. We are also reducing cardboard use and requesting recycled cardboard where possible.

## Supply Chain Responsibility

---

### Sourcing our Minerals Responsibly\*

As a leader in both practice and policy, ITW is committed to taking necessary actions to ensure our supply chain utilizes tin, tantalum, tungsten and gold (commonly referred to as 3TG) only from certified conflict-free sources. These actions are consistent with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and follow the international framework provided by the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. ITW is also engaged in several industry consortiums (Responsible Minerals Initiative, Automotive Industry Action Group's Responsible Materials Working Group) and provides thought leadership to help improve approaches in this area. More information is available in our [Conflict Minerals Policy](#) and our [SEC filing](#).

### Modern Slavery

As reflected in our supplier policies, we are committed to taking proactive measures to ensure that our supply chain is free of any kind of modern slavery. We manage this commitment in a few ways:

- **Training.** We require our global sourcing employees, global employees who work with suppliers and customers on conflict minerals requests, and our Responsible Sourcing Committee members to undergo specific training on modern slavery and human trafficking in the supply chain. Training and additional materials are also available through an internal ITW website.

To date, no issues of concern have been raised by our personnel regarding any potential modern slavery anywhere in our supply chain.

- **Evaluation.** We evaluate our purchased products against the U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor for likely countries and industries prone to modern slavery to help identify any high-risk suppliers ITW may utilize.
- **Education.** Based on this evaluation, we provide education on our Supplier Code of Conduct explicitly with identified possible high-risk suppliers (based on the U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor in likely countries) and ask them to certify their compliance. We have obtained certification of compliance to our Supplier Code of Conduct from 100 percent of these identified possible high-risk suppliers.

Further information can be found on the [itw.com](#) website, including our [ITW Modern Slavery and Human Trafficking Statement](#).

\* Aligned with the Industrial Machinery and Goods Sustainability Accounting Standard under SASB's Sustainable Industry Classification System®

# Innovating Product Solutions Responsibly



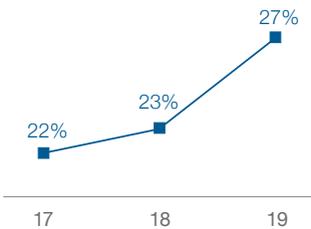
Our commitment to global environmental sustainability includes partnering with our customers in innovating environmentally-responsible solutions.

## Developing Responsible Solutions through Customer-Back Innovation

Customer-back innovation, a component of the ITW Business Model, guides our approach to innovation and starts with our customers' pain points. Our customers are often challenged with environmental issues, including those related to climate change risk management, such as how to reduce energy use or emissions.

ITW is proud to provide more than \$3.8 billion of products that support overall eco-efficiency and in turn help our customers reduce the environmental impact of their own products. Clean-tech products represent approximately 27 percent of ITW's overall revenue, an increase of 4 percentage points from last year's CSR report.

**Clean-Tech Products**  
(% of overall revenue)



## A Focus on Product Safety as We Innovate Solutions Responsibly

ITW's customer-back innovation process also incorporates product safety:

- **Identify the key customer problem and determine the business value of solving it.** This step includes considering safety impacts related to the customer issue and possible solutions.
- **Explore differentiated alternatives and select the best product/service approach.** This step includes the start of our Design Failure Mode Effects Analysis (DFMEA) process, which considers safety implications, and mitigation strategies for identified risks, of our proposed offerings.
- **Engineer the product/service.** The DFMEA identification of possible product safety issues and their mitigation is typically concluded by the end of this step.
- **Build the capability to manufacture, support and sell the product/service to customers.** This step includes the consideration of effective control plans to ensure manufactured products are high-quality and safe.

## Life Cycle and Durability of Products

ITW has a long history of innovation, with a broad portfolio of approximately 18,000 granted and pending patents. In delivering customer-driven solutions, the life cycle and durability of a product is a key consideration. Many of our products are designed to have a long life cycle, and we are proud of the proven durability and reliability our products offer our customers. As described above, ITW's various divisions consider the long term needs of products and conduct appropriate DFMEA and Process Failure Mode Effects Analysis to enhance product safety, reliability and durability.

OUR ENVIRONMENT

# Supporting Emissions Reductions in Aviation

As shared in our 2017 CSR report, [ITW GSE developed the ITW GSE 7400](#) ground power unit (GPU), a low-emission innovation that utilizes battery power as opposed to conventional diesel fuel. At the time, this cleaner technology was trialed at Amsterdam Airport Schiphol in the Netherlands with great success and was preparing to go into full production. Today, the battery-powered 7400 GPU is fully operational in some of the world's busiest airports.

While the design has been updated to a more modern look, the performance of the 7400 GPU has been consistent since day one. Customers are most impressed with how powerful and quiet the product is, all while emitting zero emissions or noise. The 7400 GPU also supports Airport Carbon Accredited airports in achieving their goal of carbon neutrality. When compared to diesel-driven GPUs, the battery-powered alternative reduces CO2 emissions up to 80 percent and NOx emissions by 90 percent.

In addition to the 7400 GPU used for narrow-body aircraft, ITW GSE has begun developing a GPU with the power to support a wide-body aircraft. This iteration is expected to roll out by the end of 2020. ITW GSE looks forward to expanding its technology to serve this customer base and further support the reduction of emissions in aviation.



## 2019 CSR Report Index

### Sustainability Accounting Standards Board Disclosures

This index references the ITW information in this report pertaining to standards applicable to companies classified by the Sustainability Accounting Standards Board (SASB) in the Industrial Machinery and Goods Industry under SASB's Sustainable Industry Classification System®.

SASB Topic	SASB Accounting Metric	SASB Code	ITW Disclosure
Energy Management	Total energy consumed	RT-IG-130a.1	FY 2019 Total Energy: 1,537,763 MWh
Employee Health & Safety	Fatalities	RT-IG-320a.1	FY 2019 Fatalities: 0
Fuel Economy & Emissions in Use-Phase	Analysis ongoing of applicability to ITW products. We believe the majority of the products we design and manufacture do not consume large amounts of energy in their use-phase.		
Materials Sourcing	Description of the management of risks associated with the use of critical materials	RT-IG-440a.1	Sourcing our Minerals Responsibly: Page 28
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services	RT-IG-440b.1	Life Cycle and Durability of Products: Page 29
Accounting Metrics	Number of employees	RT-IG-000.B	The company employed approximately 45,000 people as of December 31, 2019

### Task Force on Climate-related Financial Disclosures

This index references the ITW information in this report pertaining to the Task Force on Climate-related Financial Disclosures (TCFD) recommended disclosure pillars.

TCFD Pillar	TCFD Disclosure	ITW Disclosure
Governance	Board oversight of climate change	Board and Management Oversight of CSR: Page 7
	Management's role in assessing climate change risks and opportunities	Board and Management Oversight of CSR: Page 7
Strategy	Impact of climate risks and opportunities on strategy and financial planning	Innovating Product Solutions Responsibly: Page 29
Risk Management	Process for identifying and managing climate risks	Reducing Our Environmental Impact: Page 24 Improving Our Environmental Performance on an Ongoing Basis: Page 23
Metrics and Targets	Metrics used to address climate risks and opportunities	We track our impact on the environment in a number of areas, and we use this data to work toward continuous improvement. Metrics used and disclosed in this report are: Total Energy Energy Intensity Total Emissions Emissions Intensity Total Water Withdrawn Water Intensity
	Scope 1 and 2 GHG emissions	FY 2019 Total Scope 1 + 2 Emissions: 603,937 metric tons CO <sub>2</sub> e
	GHG emissions targets	Reducing Our Environmental Impact: Page 24



---

Illinois Tool Works Inc.  
155 Harlem Avenue  
Glenview, Illinois 60025

[www.itw.com](http://www.itw.com) / [www.itw-csr.com](http://www.itw-csr.com)

**Questions about the Report**

In the spirit of continuous improvement, we welcome feedback from our stakeholders regarding our CSR initiatives and reporting process. Any questions or comments about this report or future reports may be directed to: [csr@itw.com](mailto:csr@itw.com).