Inspired to make a difference.
Committed to progress.

2022 Sustainability Report
At ITW, we are inspired to make a difference for the environment, our people and our communities. Our commitment is consistent with our core values and guided by our robust governance practices.

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ITW (NYSE: ITW) is a Fortune 200 global multi-industry manufacturing leader with revenue totaling $15.9 billion in 2022. The company’s seven industry-leading segments leverage the unique ITW Business Model to drive solid growth with best-in-class margins and returns in markets where highly innovative, customer-focused solutions are required. ITW’s approximately 46,000 dedicated colleagues around the world thrive in the company’s decentralized and entrepreneurial culture.
At ITW, our long-standing commitment to sustainability is rooted in our core values and is fundamental to who we are as a company. ITW’s robust governance practices guide our approach and serve as the foundation for how we make a difference for the environment, our people and our communities.

Consistent with ITW’s decentralized, entrepreneurial culture, our sustainability strategy provides a framework for each of our 84 divisions to execute the programs and initiatives that provide meaningful impact for their business, prioritized using our 80/20 philosophy. Aligned with ITW’s enterprise strategy, our sustainability strategy supports our goal to be one of the world’s best performing, highest-quality and most respected industrial companies.

In 2022, we made significant progress in reducing our environmental impact. We reduced our combined Scope 1 and Scope 2 greenhouse gas (GHG) emissions per U.S. dollar of operating revenue by 45% from the 2017 baseline, exceeding our goal of a 40% reduction ahead of our 2030 target date. In collaboration with our Board of Directors, in 2022, we also refreshed our sustainability strategy. Our goal was to ensure that our strategy fits our business, reflects a commitment to continuous improvement and is fact-based, realistic and aligned with our “Do What We Say” philosophy. A key aspect of this refresh was to establish a new GHG emissions reduction target: to achieve a 50% absolute reduction of Scope 1 and Scope 2 GHG emissions by 2030, compared with a 2021 baseline. We recognize that setting an absolute reduction target is necessary to drive meaningful progress toward addressing climate change, and our strategy to achieve this goal aligns with known technologies for GHG emissions reduction. While our focus is on operationalizing our new Scope 1 and Scope 2 emissions reduction target, we continue to take a data-driven approach to study our Scope 3 emissions as well as the feasibility, actions and associated costs for a potential path toward carbon neutrality.

Across the enterprise, as an essential element of the ITW Business Model, we leverage Customer-Back Innovation to address some of the world’s most important challenges and opportunities, including those related to the impacts of climate change. We are proud to partner with our customers to help them reduce their environmental impact and provide cleaner, more efficient end-use applications. Our growing portfolio of clean-tech products represents approximately 30% of ITW’s 2022 revenue, an 8-percentage-point increase since 2017.

Our colleagues are critical to achieving ITW’s full potential, and we are dedicated to building the depth and diversity of our talent pipeline. In this regard, we are pleased to report that in 2022, we continued to improve the diversity of our leadership pipeline with female representation at 28% and U.S. racial/ethnic diversity increasing to 19% among our top 1,000 leaders. We also remain focused on cultivating a more inclusive workplace to inspire our colleagues to do their best work. Through 2022, more than 4,900 global managers and supervisors have participated in our inclusive leader training. We are also very encouraged by, and extremely proud of, the inclusion impact made by our six highly effective Employee Resource Groups.

Our aspiration to be a catalyst for economic development and inclusiveness is demonstrated through our strategic partnerships and investments. Aligned with our “Do More” Agenda and in partnership with United Way, our Commit to a Neighborhood initiative includes a commitment by ITW to spend more than $38 million in buildings and property acquisition, capital improvements and workforce development to add manufacturing jobs for some of Chicago’s most economically under-resourced communities. Additionally, in 2022, ITW’s total philanthropic giving was $22 million, which supported various initiatives in local communities. Furthermore, we are strategically focused on meaningfully expanding our commercial relationships with diverse businesses.

In closing, thank you for your continued interest in and support of ITW’s sustainability efforts, and thank you to our dedicated colleagues around the world who support our sustainability journey.

Christopher A. O’Herlihy
Vice Chairman
2022 Sustainability Highlights

Our Governance & Ethics

**45%**
gender and/or racial/ethnic board diversity

Updated Code of Conduct, Supplier Code of Conduct and Corporate Governance Guidelines in 2022

Our Environment

**~30%**
of ITW’s overall revenue came from clean-tech products in 2022

New goal: 50% absolute reduction of Scope 1 and Scope 2 greenhouse gas (GHG) emissions by 2030, compared with a 2021 baseline

45% Scope 1 and Scope 2 GHG emissions intensity reduction through 2022, exceeding our goal of 40% GHG emissions intensity reduction by 2030 compared with a 2017 baseline

**133,000 tons** of recycled material consumed by ITW

Our People

**28% women** in top 1,000 leadership roles (global)

**19% people of color** in top 1,000 leadership roles (U.S. only)

6 Employee Resource Groups with more than **5,000 colleagues** engaged and 50 global chapters

**84%** colleagues report that ITW is a great place to work*

**~50%** reduction in lost time accidents and medically treated incidents since 2017

Our Communities

**$22 million** in 2022 total giving

867 ITW David Speer Academy graduates since 2018

5-year, **$2.5 million** investment in the Austin/Belmont-Cragin neighborhood in Chicago

**$200 million** in U.S. third-party spend with diverse suppliers

80% of our global third-party spend was with suppliers who are located in an area that aligns with ITW’s strategy to buy from suppliers within regions where we sell

* Based on the McKinsey & Company’s Women in the Workplace Study survey, which ITW distributed to more than 5,570 U.S. professional colleagues to better understand their ITW experiences.
Our Sustainability Strategy

Consistent with our core values and decentralized, entrepreneurial culture, our sustainability strategy represents ITW’s commitment, which is operationalized at the division level. Our sustainability strategy is built around four key elements: Our Governance & Ethics, Our Environment, Our People and Our Communities.

Our Governance & Ethics

- Supported by unwavering management commitment and engaged Board oversight, we operate our businesses 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.

Our Environment

- We are committed to operating our business in a way that demonstrates our dedication to environmental responsibility and sustainability. This commitment is reflected in the following priorities:
  - Partnering with our customers in innovating solutions that address their needs for environmentally responsible products;
  - Improving our environmental performance on an ongoing basis; and
  - Working with suppliers who operate with similar dedication to global environmental sustainability and human rights.

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.

- We support our colleagues’ professional development and long-term career growth and invest in these goals. 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 ITW colleagues can perform to their full potential.

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

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 live and work.

- As a company, we are committed to supporting initiatives to improve access to high-quality education and workforce/career preparation for youth in under-resourced communities, both in the U.S. and around the world.

Our strategic priorities are based on the following:

- Develop and implement a sustainability strategy that fits our business and is consistent with a best performing, highest-quality and most respected industrial company in the eyes of all key stakeholders

- Balanced, fact-based and realistic and aligned with ITW’s reputation as a “Do What We Say” company

- Operationalized in our divisions through a clear framework
Alignment with Environmental, Social and Governance Standards

Sustainability Accounting Standards Board
Consistent with our overarching sustainability strategic framework and our ongoing engagement with our shareholders, we utilize the Sustainability Accounting Standards Board (SASB) framework to assess the financial materiality of environmental, social and governance (ESG) risks to our company.

Disclosures and metrics related to the Industrial Machinery and Goods industry under SASB’s Sustainable Industry Classification System® are discussed in more detail in the 2022 Sustainability Report Index as well as throughout this report. We continue to monitor the SASB framework to identify ESG risks that may be material to the company.

Task Force on Climate-related Financial Disclosures
We utilize the Task Force on Climate-related Financial Disclosures (TCFD) framework to guide certain disclosures in this report. Based on an assessment of ITW’s current operations, ITW believes that it currently does not face substantive climate-related transitional or physical risks as defined by TCFD. However, climate change is highly complex and not linear, with many uncertainties, and there is no assurance that our operations will not be impacted substantively by climate change-related risks in the future. ITW considers a substantive impact to exist only where our businesses are required to change operations, sources of supply or customer base as a result of climate-related matters considered significant by a particular operating segment or ITW overall.

- **Transitional Risks**: To date, the introduction of climate change-related regulations has not had a substantive impact on our operations. New regulations typically impact our cost of energy or our ability to use certain materials to manufacture our products. To mitigate the small risks presented in this area, ITW businesses have implemented energy conservation projects and rely on our Customer-Back Innovation process to replace materials while creating environmentally friendly solutions based on our customers’ needs. See Customer-Back Innovation to Develop Product Solutions Responsibly and Environmental Responsibility.

- **Physical Risks**: We currently believe physical risks to our facilities are not substantive. A majority of our U.S. properties had no natural catastrophe exposures in 2022 as assessed by our insurance partners. Some of our facilities, however, are located in areas around the world where there is risk of flood, wind and hurricanes, earthquakes and fire. To mitigate our small physical risk, ITW’s businesses have emergency response plans, partnering in certain cases with insurance providers to track and alert our facilities about incoming hazards, and address these hazards as necessary.

See the 2022 Sustainability Report Index for more information on TCFD disclosures.
Our Governance & Ethics

Corporate Governance

ITW’s Board of Directors

ITW’s Board of Directors is responsible for providing oversight and strategic guidance to management to support the long-term interests of our stakeholders. Our Board is led by ITW’s chairman & CEO, E. Scott Santi, and an independent lead director, Richard Lenny. All directors other than our CEO are independent directors as defined by New York Stock Exchange (NYSE) listing standards.

ITW strives to maintain an independent and highly qualified group of directors, with a diverse set of skills, backgrounds and perspectives. In 2022, the Board was composed of 11 directors, including three women and two African American men, representing 45% overall diversity (27% gender diversity and 18% racial/ethnic diversity).

Members of our Board have diverse experiences and complementary skills across a range of industries. The composition of highly experienced, engaged and diverse independent directors strengthens the Board’s oversight of the company and provides a strong, well-rounded foundation for overseeing ITW’s long-term success and creating value for our stakeholders.

The Board has standing Audit, Compensation, Corporate Governance and Nominating, Finance, and Executive Committees. Under the terms of the respective charters, each member of the Audit, Compensation, and Corporate Governance and Nominating Committees must meet applicable NYSE and Securities and Exchange Commission (SEC) independence requirements.

Board Refreshment

To ensure Board effectiveness, ITW strives to balance deep knowledge with new perspectives. The Corporate Governance and Nominating Committee periodically reviews the skills and characteristics required of Board members in the context of the current make-up of the Board and screens and recommends nominees for director to the full Board. When evaluating director nominees, the Board considers skills such as an understanding of manufacturing, finance, corporate governance, human capital management, risk management, global operations and experience, as well as age, diversity (including racial, ethnic and gender diversity), and ability to provide strategic insight and direction on the company’s key strategic initiatives. Furthermore, a director may not stand for re-election after their 75th birthday to allow for diverse experiences and ideas from new directors.

In September 2022, the ITW Board elected Kelly Grier, retired US Chair and Managing Partner (CEO) of Ernst and Young LLP, to serve as a director. Her leadership role at a global professional services firm and experience working with boards and audit committees of global companies, as well as her experience with risk and crisis management, financial reporting, talent development and strategy and corporate governance, bring valuable perspectives to the ITW Board.

Read more about our Board, the responsibilities of our Board Committees and our strong governance profile in our 2023 Proxy Statement.

Board Diversity

- Gender diverse: 55%
- Racially/ethnically diverse: 27%
- Non-diverse: 18%

Board Independence

- Independent: 10
- Non-Independent: 1

Data as of December 31, 2022

ITW’s commitment to strong corporate governance, ethical conduct and compliance is rooted in our core values and sets the foundation for how we operate our business every day. Driven by our management team and Board of Directors, this commitment is ingrained in our culture and all ITW colleagues understand the top-down expectation to uphold our values, and adhere to policies and practices related to fair, ethical and honest business dealings, robust governance, and compliance with applicable laws. These areas are a priority as we recognize governance and ethics play an essential role in ensuring our business resilience and enabling our company to achieve its full potential.
Our Governance & Ethics

Board Oversight of Sustainability

The Board has direct oversight of the company’s environmental, social and governance (ESG) strategy. ITW’s approach to sustainability is key to the company successfully executing our enterprise strategy and as such is viewed as a core responsibility of the entire Board. Additional responsibilities related to sustainability are carried out by Board committees, company leadership and subject matter experts throughout ITW.

Overall Sustainability: The Board plays an active role in the oversight of the company’s sustainability strategy, including annual review and approval of the ESG strategy. The Board receives periodic updates from management regarding ESG initiatives and progress, which may include, for example, discussions relating to talent management, succession planning, diversity and inclusion (D&I), climate change and ESG risks, priorities and reporting. Additionally, the committees of the Board may review components of the ESG strategy that fall within their purview. In 2022, the Board reviewed and approved ITW’s refreshed ESG strategy, including the company’s new greenhouse gas (GHG) emissions reduction target of a 50% absolute reduction (Scope 1 and Scope 2 GHG emissions) by 2030, compared with a 2021 baseline (after exceeding our previous target to reduce Scope 1 and Scope 2 GHG emissions per U.S. dollar of operating revenue by 40% below 2017 levels in 2022).

Enterprise Risk Management: The Board is responsible for overall risk oversight of the company and focuses on the most significant risks facing the company. The Board executes on its risk oversight responsibilities through the full Board and Committees, building upon management’s annual enterprise risk assessment. In 2022, the annual risk assessment process identified key enterprise risks including legal/compliance, controllership/tax, key leader continuity/succession, supply chain integrity/continuity, cybersecurity, environmental stewardship and significant external event risks. The Board has a formal process to review each of these risks annually or more frequently, as appropriate.

Cybersecurity: The Board annually reviews and evaluates the company’s cybersecurity policies and practices with respect to risk management as well as steps taken by management to monitor and control such exposures. In addition, the Audit Committee receives quarterly cybersecurity reports from management. ITW also has a cross-functional cybersecurity team, which reviews overall risks, discusses mitigation opportunities and engages in scenario planning exercises to further harden ITW’s protection against possible cyber breaches.

“Our commitment to sustainability is a key component of our goal to be one of the world’s best performing, highest-quality and most respected industrial companies. Given its critical impact on helping ITW achieve our full potential, we believe it is important that the oversight of our sustainability strategy is a core responsibility of the entire Board.”

E. Scott Santi, ITW Chairman & Chief Executive Officer

ITW has built a fit-for-purpose framework that is based on the National Institute of Standards and Technology (NIST) framework and is required to be followed by all ITW locations. All ITW locations have advanced endpoint protection software, awareness training, phishing testing and vulnerability scanning (includes identification and prioritization of cyber risks), backup and recovery mechanisms, and periodic tabletop testing. The increased investment ITW has made relative to cybersecurity recognizes that this risk continues to evolve, and we are taking appropriate actions to mitigate it. To date, ITW has had no material cybersecurity breaches.

Human Capital: The Board oversees the development of executive talent and planning for the effective succession of the company’s CEO and executive leadership team. It also regularly consults with the CEO and Chief Human Resources Officer on the company’s organizational needs, its talent pipeline and D&I strategies, and the succession plans for critical leadership positions. On an annual basis, the Board conducts a detailed review of the company’s overall needs for human capital, including executive succession plans, compensation and benefits to attract a workforce with skills and capabilities needed to execute our strategy, addressing the company’s talent management initiatives, and discussing individuals who are considered potential future senior executives of the company. The average tenure of our executive leadership team is 21 years.
Our Governance & Ethics

Ethics & Compliance

Our Policies Reinforce Our Commitment to Ethical Conduct

Rooted in our core values, we set high ethical standards for our company and partners that help us deliver best-in-class performance and create value for our stakeholders. We regularly review and update, as appropriate, our policies governing ethical conduct and responsible behavior.

Key policies include:

- **Corporate Governance Guidelines** ensure the company is governed in a manner that serves the interests of our shareholders, colleagues and other stakeholders.
- **ITW Code of Conduct**, which is reviewed annually and updated as needed, reinforces ITW’s commitment to the highest level of ethical conduct and describes the standards of behavior governing all ITW colleagues, directors, businesses and subsidiaries around the globe. ITW’s core values are the foundation of the Code, which also applies to ITW’s suppliers through our Supplier Code of Conduct and in our standard purchase order terms and conditions. The Code also outlines our commitment to compliance with human rights, anti-corruption and data protection and privacy laws, as well as fair and honest competition and all applicable trade laws and restrictions.
- **Code of Ethics** outlines ITW’s principles regarding fair, ethical and honest business dealings, full and fair disclosure, and compliance with applicable laws for our CEO, Vice Chairman, CFO and all key financial personnel.
- **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.
- **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.
- **Privacy Statement** describes the information we collect, how we use and share it, and user rights with respect to the information. Our systems are designed to ensure colleagues have access to the minimum amount of sensitive information required to carry out their responsibilities.

To review all ITW’s governance policies, visit the Governance Documents page on our investor relations website.

Ethics and Compliance Training

Ethics and compliance training is an important part of our commitment to operate our business with the highest level of ethical conduct. ITW has zero tolerance for ethical violations and all colleagues are expected to know and follow the rules. Upon hire and then annually, ITW colleagues receive training and complete annual certification of compliance with our Code of Conduct. Our Board of Directors has also received Code of Conduct training and directors submit annual certifications to our Code of Conduct. The Code of Conduct and training courses are available in 16 languages.

Annual cybersecurity training is assigned to corporate colleagues and contractors, colleagues at ITW businesses with access to critical data, and other select colleague populations around the globe. Cybersecurity training includes at least one annual phishing test and modules relating to recognition of phishing attacks, business email compromise and practices to avoid ransomware attacks.

In addition, our compliance team, with the support of local ITW administrators, leads and coordinates several other training modules for our colleagues around the world. These trainings, which are customized based on each ITW colleague’s role and geographic location, are provided on a rotational basis. For example, anti-bribery and corruption training is provided every other year and employees are required to submit certifications upon completion. Additional compliance training topics include, but are not limited to, competition, conflicts of interest, harassment in the workplace, human trafficking and trade compliance. The compliance training schedule and topics are augmented as necessary. ITW employees also receive regular supplemental training on legal and compliance topics specific to their roles.

To review all ITW’s governance policies, visit the Governance Documents page on our investor relations website.
Our Governance & Ethics

Reporting Ethics Concerns
All ITW colleagues are encouraged to share any ethics or compliance concerns through multiple channels, including to their local management teams, the Legal Department, Internal Audit or our confidential Helpline. ITW partners with EthicsPoint, an external third-party supplier, to provide a web- and telephone-based confidential reporting system in 43 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 suppliers and other external stakeholders through a public domain website. ITW has a no-retaliation policy for good-faith reporting.

All reports are investigated promptly and appropriately and regular updates are provided to the Audit Committee of the Board of Directors.

Political Activities
As outlined in ITW’s Government Affairs Policy, ITW prohibits the use of company assets or funds for political purposes (i.e., contributions to 501(c)(4) organizations for political purposes) and does not have a political action committee. All lobbying costs, including federal, state and trade, are disclosed in our annual lobbying reports filed with the Clerk of the U.S. House of Representatives. In 2022, our total political lobbying spend was $271,150.

Our Values

ITW’s core values are the foundation for our sustainability efforts, including our commitment to strong corporate governance and ethical practices and behavior.

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 are 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.
ITW is committed to operating sustainably in every aspect of our business, from innovating products responsibly to the sourcing of raw materials, from how we operate on a daily basis to how we implement plans to achieve our long-term targets. Across all our businesses, we 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. When we set goals and targets, we do so in a transparent manner and with a feasible plan to achieve those goals. We continue to challenge ourselves, engage with our value chain and demonstrate that we remain committed to progress.
Our Environment

Customer-Back Innovation to Develop Product Solutions Responsibly

Delivering Clean-Tech Solutions Through Customer-Back Innovation

Across the enterprise, we partner with our customers to address some of the world’s most important challenges and opportunities. From incorporating recycled material to reducing energy use or greenhouse gas (GHG) emissions, we are committed to delivering products and solutions that help our customers reduce their environmental impact and provide cleaner, more efficient end-use applications.

Customer-Back Innovation, a component of the ITW Business Model, guides our approach to innovation and starts with understanding and addressing our customers’ most important pain points. We go to great lengths to understand the root of our customers’ challenges so we can develop and test viable solutions. For example, with the growing electric vehicle (EV) market and the need to decrease vehicle emissions, we work directly with automotive manufacturers and OEMs to understand how our products can help them increase energy efficiency, reduce vehicle weight and enhance component durability and longevity.

ITW is proud to provide more than $4.7 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 30% of ITW’s overall revenue in 2022, an 8-percentage-point increase since 2017.

Reducing Waste, Driving Efficiency in Residential Construction

Helping our customers deliver reliable products while supporting more sustainable, efficient production is a key consideration in Customer-Back Innovation. Alpine, a leading software and materials provider that is part of ITW’s Construction Products segment, helps customers design truss systems more accurately and efficiently for residential construction. Leveraging an offsite design approach, Alpine’s software ensures more accurate truss system design, which reduces excess material waste and optimizes workflow when a project moves to the onsite construction phase. In addition, the connection strength of Alpine’s truss systems brings more durability and longevity to a structure. Alpine’s software also supports energy-efficient methodologies and practices.
Customer-Back Innovation to Develop Product Solutions Responsibly

Our Environment

Clean-Tech Solutions Across Our Segments
All seven operating segments contribute to ITW’s clean-tech product portfolio. Below are examples of the breadth of sustainable product innovations currently available from ITW:

Automotive OEM
We work with OEMs around the world to provide lightweight options for various fasteners, door handles and other components that in the past were made of steel or zinc, allowing our customers to increase the fuel efficiency of their vehicles. We also help OEMs as they migrate their vehicle production to EVs by providing products such as EV charging port components and battery cans.

Construction Products
We provide tools that enable end-users to consume less energy during commercial and residential building activities.

Food Equipment
We provide commercial kitchen equipment that is world class with respect to low energy and water consumption. Our refrigeration products support our customers’ need to use less energy with design enhancements that allow for greater energy efficiency, more environmentally friendly refrigerants and smaller refrigerant charges.

Polymers & Fluids
We provide critical lubricants and cement for use in the growing wind turbine industry. We also provide engine oil additives that deliver better fuel economy for vehicles.

Specialty Products
In manufacturing our beverage ring carrier products, we produce ring carriers that contain 55% post-consumer recycled content, helping reduce plastic waste that may otherwise be sent to a landfill. Our electric ground support equipment, which we supply to airports around the world, provides a zero-emissions alternative to conventional diesel-driven ground power units.

Test & Measurement and Electronics
Our solutions are used in energy-saving lighting, EV batteries and energy storage solutions. We provide test equipment to enable customers to evaluate alternative materials for light-weighting products or developing new products that are less environmentally impactful. We also offer equipment for testing components and adhesives used in the wind energy sector.

Welding
Over the last several years, we have redesigned most platforms to improve power management and reduce weight, which uses less material in our manufacturing and makes our products easier to maneuver and use.
Our Environment

Customer-Back Innovation to Develop Product Solutions Responsibly

How Customer-Back Innovation Addresses Product Safety

ITW’s Customer-Back Innovation process incorporates product safety through the following steps:

- **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 potential 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.

ITW’s Innovation Center hosts DFMEA training for ITW engineers. This training reinforces a focus on safety and proactively addressing issues in the product design phase to help mitigate future risk.

Life Cycle and Durability of Products

ITW’s long history of innovation is demonstrated by our broad portfolio of approximately 19,200 granted and pending patents. The life cycle and durability of a product are core to our business and key considerations in our approach to delivering customer-driven, sustainable solutions. Many of our products are designed and built to last in a way that differentiates ITW from other companies. As described above, ITW’s various divisions consider the long-term product needs of customers and conduct appropriate DFMEA and Process Failure Mode Effects Analysis to enhance product safety, reliability and durability.

For example, ITW Hartness’ palletizing equipment is designed for longevity and reliability to meet shifting market demands. Our Hobart food equipment and Buehler lab equipment are typically in use by our customers for decades. Products from our Appliance division, which we furnish for OEM appliance manufacturers, support robust operation of this appliance equipment typically for decades as well.

Located in ITW’s corporate headquarters in Glenview, Illinois, the Patent Wall proudly displays a subset of our approximately 19,200 granted and pending patents.
ITW is committed to operating our business in a way that demonstrates our dedication to global environmental sustainability through continuous improvement in our environmental impact. We employ a fact-based, appropriately paced approach, consistent with our “Do What We Say” philosophy, acknowledging the needs of our businesses and key stakeholders. Nowhere is that more evident than in how we are addressing the issue of climate change and reducing our greenhouse gas (GHG) emissions.

ITW has a record of setting and achieving increasingly ambitious GHG emissions reduction goals and is thoughtfully and carefully approaching Scope 3 emissions.

Reducing Our Greenhouse Gas Emissions

Over time, we have developed an understanding of, and strategy for reducing, our Scope 1 and Scope 2 GHG emissions. Our company-wide GHG emissions reduction strategy and target demonstrate our commitment to continuously improving our environmental impact.

In 2022, we reduced our combined Scope 1 and Scope 2 GHG emissions per U.S. dollar of operating revenue by 45% from the 2017 baseline, exceeding our goal of a 40% reduction ahead of our 2030 target date. Further demonstrating our commitment, we have established a new target: to achieve a 50% absolute reduction of Scope 1 and Scope 2 GHG emissions by 2030, compared with a 2021 baseline.

We recognize that setting an absolute reduction target for GHG emissions is a significant commitment and investment in resources and is necessary to drive meaningful progress toward addressing climate change. Our strategy to achieve this goal aligns with known technologies for GHG emissions reduction and includes the following priorities:

- Maximize purchase of green/clean electricity
- Drive continued energy reductions in our facilities and manufacturing processes
- Pursue viable solar projects
- Convert fleet to electric vehicles

In addition to these priorities, our global sustainability team is working with segment and division leaders regarding actions their businesses can take to reduce their environmental impact and support the company’s target.

Beyond our current Scope 1 and Scope 2 GHG emissions reduction strategy, we continue to actively study the feasibility of a possible path to carbon neutrality in the future. We are also making progress with respect to quantifying and developing alternatives to reduce our Scope 3 emissions. We are taking a data-driven approach to better understand the actions and investments that may be required to achieve carbon neutrality. These learnings will inform our strategy, and we will share more as we have meaningful updates.

We achieved a 45% reduction in our combined Scope 1 and Scope 2 GHG emissions per U.S. dollar of operating revenue from the 2017 baseline.

Greenhouse Gas Emissions Reduction Efforts in Europe

ITW colleagues across Europe are driving cross-functional collaboration to reduce ITW’s environmental impact. We have engaged a global leader in sustainability and energy efficiency in a comprehensive pilot program that includes data collection, multiple manufacturing site audits and analysis. At the conclusion of the 12-week review, the local site team receives recommendations for continuous improvement in energy efficiency and GHG emissions reduction.

Three sites in Europe participated in the pilot program in 2022, with more sites in progress in 2023. Although each site is different, as more sites complete this process, we will build best practices that can be shared across the region to support our GHG emissions reduction goal.

Throughout ITW, facilities are identifying and implementing energy efficiency improvements, including evaluating sites’ potential for photovoltaic (PV) system installation to generate onsite solar energy.
Environmental Initiatives Across Our Divisions

Across ITW’s businesses, we continuously evaluate opportunities to invest in initiatives to improve our operational efficiency and reduce our environmental impact. Examples include:

- Energy efficiency projects, such as LED lighting retrofits, HVAC improvements, heat recovery and compressed air system replacement;
- Manufacturing equipment upgrades and process optimization to improve performance and reduce energy usage;
- Recycling scrap materials through vendor partnerships and reuse of pallets and packaging materials;
- Efforts to reduce scrap material resulting from the manufacturing process; and
- Water recycling system installations, which include several stage filter films to treat water for reuse.

Managing and Improving Environmental Performance on an Ongoing Basis

ITW’s Director of Environmental Health, Safety & Sustainability has day-to-day environmental-related responsibilities, including overseeing the execution of ongoing environmental, safety and other regulatory compliance initiatives. Within our decentralized structure, each division utilizes ITW’s sustainability framework to develop and execute a fit-for-purpose environmental management methodology appropriate for its business. In addition, each division is directly responsible for implementing the most impactful improvement initiatives for its unique operations.

Our three-pronged approach to continuous improvement consists of:

1. **Auditing our facilities.** ITW’s annual environmental, health and safety compliance audits help ensure that the company’s facilities meet regulatory requirements and company policies and best practices. We strive to audit our larger, high-priority facilities annually. In partnership with a globally recognized environmental consulting firm, we audit environmental and safety risks at our facilities, and our businesses systematically address 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 monitor the financial materiality framework of the Sustainability Accounting Standards Board (SASB) for companies in the Industrial Machinery and Goods industry to assess the financial materiality of ESG risks to our company. In addition, we utilize the Task Force on Climate-related Financial Disclosures (TCFD) framework to guide certain disclosures in this report (see the 2022 Sustainability Report Index). We also voluntarily participate in CDP’s climate change and water questionnaires, which we have made public on our website 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, including those offered by the International Organization for Standardization (ISO). At the end of 2022, 130 facilities, accounting for approximately 32% of ITW’s manufacturing facilities globally, had ISO 14001 certification for environmental management. In addition, 220 facilities had ISO 9001 certification for quality management.

Environmental Considerations in Building Design

As we construct new facilities, environmental considerations are a top priority. At our new ITW Rivex facility in Ormans, France, several systems were incorporated to reduce GHG emissions, including solar panels, LED lighting and an innovative heating system. Overall, the new facility has reduced its annual GHG emissions by more than 70% when compared with its previous footprint. Other environmental considerations that we incorporated into the building design include noise reduction, rainwater filtration and use of local resources for construction materials.
Our Environment

Environmental Responsibility

2022 Environmental Performance

We measure and analyze our environmental performance and use the data to drive continuous improvement across the enterprise. Our energy and GHG emissions data are reviewed and verified by a recognized third party to validate our disclosures.

View our GHG emissions verification statement.

Our SARA Title III Disclosures

ITW operates below all permitted levels of toxic chemical emissions. In compliance with SARA Title III Section 313 regulations in the U.S., a total of 52 ITW facilities are required to annually file either Form A or R reports, as applicable. ITW also evaluates its reported emissions to identify reduction opportunities.

Evaluating Our Scope 3 Emissions

ITW continues to pursue additional insights about our environmental impact. In 2022, we invested in resources to better understand our value chain (Scope 3) emissions, identify our top categories and develop reduction methods. Our top categories for Scope 3 emissions include Use of Sold Products and Purchased Goods & Services. We continue to refine our processes to improve the quality of our data.

We engage key suppliers in the discussion about opportunities to reduce Scope 3 emissions related to products ITW purchases. We also engage customers in discussions about opportunities to innovate products that will lead to a reduction in Scope 3 emissions related to Use of Sold Products. While regulations related to the reporting of Scope 3 emissions are still pending, ITW continues to work to understand how best to reduce these emissions in a meaningful way.

ITW’s Global Environmental Footprint

<table>
<thead>
<tr>
<th>Region</th>
<th>GHG Emissions</th>
<th>Energy Use</th>
<th>Water Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>57%</td>
<td>61%</td>
<td>51%</td>
</tr>
<tr>
<td>Europe, Middle East &amp; Africa</td>
<td>17%</td>
<td>23%</td>
<td>18%</td>
</tr>
<tr>
<td>Asia Pacific &amp; Other</td>
<td>26%</td>
<td>16%</td>
<td>31%</td>
</tr>
</tbody>
</table>
Our Environment

Environmental Responsibility

2022 ENVIRONMENTAL DATA

Total Energy

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Energy (MWh)</td>
<td>1,726,716</td>
<td>1,721,421</td>
<td>1,650,514</td>
<td>1,497,118</td>
<td>1,557,297</td>
<td>1,535,818</td>
</tr>
</tbody>
</table>

Energy Intensity (MWh/million$ operating revenue)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>121</td>
<td>117</td>
<td>117</td>
<td>119</td>
<td>108</td>
<td>96</td>
<td></td>
</tr>
</tbody>
</table>

Total Emissions

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Emissions (metric tons CO2e)</td>
<td>660,003</td>
<td>607,986</td>
<td>546,903</td>
<td>485,917</td>
<td>507,339</td>
<td>505,475</td>
</tr>
</tbody>
</table>

Emissions Intensity Including Renewables (metric tons CO2e/million$ operating revenue)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
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<tbody>
<tr>
<td>46</td>
<td>40</td>
<td>36</td>
<td>32</td>
<td>28</td>
<td>25</td>
<td></td>
</tr>
</tbody>
</table>

Emissions from Biomass (metric tons CO2)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>36,726</td>
<td>39,369</td>
<td>38,033</td>
<td>26,139</td>
<td>29,170</td>
<td>21,589</td>
<td></td>
</tr>
</tbody>
</table>

Total Water Withdrawn

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Water Withdrawn (thousand U.S. gallons)</td>
<td>815,461</td>
<td>839,699</td>
<td>710,888</td>
<td>701,687</td>
<td>680,266</td>
<td>675,391</td>
</tr>
</tbody>
</table>

Water Intensity (U.S. gallons/thousand$ operating revenue)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>57</td>
<td>57</td>
<td>50</td>
<td>56</td>
<td>47</td>
<td>42</td>
<td></td>
</tr>
</tbody>
</table>

---

1. Includes electricity, purchased heat, natural gas, heating/fuel oil, diesel, gasoline, propane, water and liquefied natural gas.
2. Emissions from the combustion of natural gas, heating/fuel oil, diesel, gasoline, propane, water and liquefied natural gas, the use of foam blowing agents, refrigerants and direct use of CO2. CO2e includes CO2, CH4 and N2O, with the exception of wood, which is CH4 and N2O.
3. Emissions from purchased heat and electricity use (location based); CO2e includes CO2, CH4 and N2O.
4. Total operating revenue was used in the calculation of intensity indicators.
5. 2017–2021 Total Energy, Emissions, Water, Waste and Recycling figures were recalculated for the following reasons: added new sites, data corrections.
6. Location based emissions

The reporting period for ITW’s environmental, health and safety data is January 1, 2022–December 31, 2022. The reporting boundary includes companies over which ITW has operational control.

We use the following emission factors: UK-BEIS, published January 2022; National Greenhouse Accounts Factors: 2021, published August 2021; International Energy Association, September 2021 release; eGrid January 2022 release. We also use GHG Protocol Emissions Factors in our calculations.
Our Environment

Environmental Responsibility

2022 ENVIRONMENTAL DATA

Total Recycled Material

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount of Recycled Materials in U.S. Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>70,135</td>
</tr>
<tr>
<td>21</td>
<td>64,755</td>
</tr>
<tr>
<td>20</td>
<td>63,572</td>
</tr>
<tr>
<td>19</td>
<td>67,307</td>
</tr>
<tr>
<td>18</td>
<td>63,723</td>
</tr>
</tbody>
</table>

Government Environmental Inspections

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Inspections</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>185</td>
</tr>
<tr>
<td>21</td>
<td>220</td>
</tr>
<tr>
<td>20</td>
<td>175</td>
</tr>
<tr>
<td>19</td>
<td>207</td>
</tr>
<tr>
<td>18</td>
<td>167</td>
</tr>
</tbody>
</table>

Total Solid Waste

<table>
<thead>
<tr>
<th>Year</th>
<th>Hazardous &amp; Special Industrial Waste in U.S. Tons</th>
<th>Non-hazardous Waste in U.S. Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>6,154</td>
<td>24,163</td>
</tr>
<tr>
<td>21</td>
<td>6,113</td>
<td>25,350</td>
</tr>
<tr>
<td>20</td>
<td>6,261</td>
<td>26,673</td>
</tr>
<tr>
<td>19</td>
<td>6,894</td>
<td>29,422</td>
</tr>
<tr>
<td>18</td>
<td>7,032</td>
<td>29,222</td>
</tr>
</tbody>
</table>

Government Environmental Inspections' Resulting Fines

<table>
<thead>
<tr>
<th>Year</th>
<th>Fines in U.S. Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>$12,288</td>
</tr>
<tr>
<td>21</td>
<td>$10,096</td>
</tr>
<tr>
<td>20</td>
<td>$346,452</td>
</tr>
<tr>
<td>19</td>
<td>$74,788</td>
</tr>
<tr>
<td>18</td>
<td>$33,965</td>
</tr>
</tbody>
</table>

Total Liquid Hazardous and Special Industrial Waste

<table>
<thead>
<tr>
<th>Year</th>
<th>Thousand U.S. Gallons</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>1,436</td>
</tr>
<tr>
<td>21</td>
<td>1,244</td>
</tr>
<tr>
<td>20</td>
<td>1,414</td>
</tr>
<tr>
<td>19</td>
<td>1,988</td>
</tr>
<tr>
<td>18</td>
<td>2,820</td>
</tr>
</tbody>
</table>

---

1 2018-2021 Total Energy, Emissions, Water, Waste and Recycling figures were recalculated for the following reasons: added new sites, data corrections.
2 2020 includes a fine resulting from the settlement of a U.S. EPA enforcement action against a facility in Rockland, Massachusetts, alleging lack of compliance with rules relating to process documentation, training and equipment maintenance, none of which resulted in a chemical release. Fine was paid in 2021.
3 The reporting period for ITW’s environmental, health and safety data is January 1, 2022–December 31, 2022. The reporting boundary includes companies over which ITW has operational control.
A Foundation of Accountability

Our Supplier Code of Conduct and Supplier Expectations serve as the foundation for ensuring that our supplier partners align with our ethical standards. More specifically, our Supplier Code of Conduct applies all relevant aspects of ITW’s Code of Conduct to our suppliers and is consistent with the United Nations Global Compact. Our purchase order Standard Terms and Conditions document further reinforces our expectations.

We review and update our policies as needed. In 2022, we updated our Supplier Code of Conduct to better align with ITW’s Code of Conduct. We also simplified the language in our Supplier Expectations to ensure comprehension and compliance.

The majority of our global sourcing team has received training in aspects of responsible sourcing, including modern slavery and responsible minerals, and regularly engages with our suppliers to ensure that they effectively meet our requirements. Our strong relationships with key suppliers enable open communication about doing business responsibly.

Managing Our Supply Chain Efficiently and Responsibly

As part of our strategic sourcing effort, ITW employs several practices to ensure our supply chain is managed efficiently and responsibly. These practices support the resiliency and continuity of our supply chain, particularly as the world faced supply chain disruptions throughout 2022. With strong supplier relationships and considerable effort from our ITW team, we overcame significant supply chain issues in 2022.

Supplier Due Diligence: We rate and audit our suppliers to evaluate their long-term viability and ability to support our businesses sustainably going forward. The index we use to rate our suppliers measures a variety of factors, including safety and environmental measures, financial data, leadership stability and operational metrics. The audits provide visibility into supplier operations while supporting our responsible sourcing due diligence efforts.

In addition, we leverage several other third-party tools and resources to identify and mitigate risks within our supplier base. Our divisions own their supplier relationships and ensure each supplier meets ITW’s requirements prior to engaging in business.

Efficient Distribution and Storage: We leverage various planning tools to review our supply chain networks and identify the most efficient logistics routes, methods and warehousing strategies that meet or exceed customer expectations. This data-supported approach enables ITW businesses to optimize distribution and storage patterns, resulting in shortened freight routes, less packaging waste and reduced carbon emissions and environmental impact. Each year, ITW makes progress toward such sustainable improvements to our distribution activities.

As part of ITW’s commitment to promote and support inclusive economic growth in the geographies in which we operate, we have prioritized expanding our relationships and business with diverse and local suppliers. Learn more about our approach and progress in Philanthropy & Community Involvement.
Our Environment

Responsible Supply Chain Management

**Sustainable Materials:** We focus our efforts on sourcing more environmentally friendly and sustainable materials for our products. Every year, we strive to increase the volume of recycled materials used in our operations where functionality allows. For example:

- Approximately 50% of our global steel is derived primarily from scrap metal.
- Globally, about 8% of our resin consumption is from recycled sources.
- Approximately 18% of our addressable solvents and oils are from recycled sources.

For the above combined materials, ITW consumes more than 133,000 tons of recycled materials. The majority of our cardboard usage is derived from recycled sources. In addition, we are investing in resources to identify ways to reduce packaging overall, while still protecting our product throughout the delivery process. We are also helping our customers identify ways to incorporate recycled materials into their manufacturing processes (read more in Customer-Back Innovation to Develop Product Solutions Responsibly).

**Sourcing Our Minerals Responsibly**

ITW is committed to being a leader in both policy and practice to ensure our supply chain utilizes tin, tantalum, tungsten and gold (commonly referred to as 3TG) from only certified conflict-free sources or those working toward certification. 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. We apply a continuous improvement approach to our responsible sourcing processes and engagement with suppliers. In 2022, we focused on improvements to follow up with suppliers and enhance the training and resources available to ITW divisions. Furthermore, while cobalt and mica are non-regulated minerals, some ITW divisions are also reporting on these minerals.

ITW actively engages in several industry consortiums, including the Responsible Minerals Initiative (RMI) and the Automotive Industry Action Group’s (AIAG) Responsible Materials Working Group (co-chair), providing critical thought leadership and research to help improve approaches in this area. ITW also participates in Drive Sustainability’s Drive+, a group of automotive tier-1 suppliers focused on accelerating sustainable supply chains in the automotive sector.

**Reducing Our Impact with Responsible Logistics Partners**

We regularly evaluate our approach to logistics to ensure we are choosing partners who support our commitment to environmental responsibility. ITW participates in the U.S. Environmental Protection Agency’s SmartWay and Lean & Green Europe programs to identify logistics partners that will help reduce our environmental impact. In 2022, 90% of our U.S. preferred carriers were SmartWay carriers and 60% of our European preferred carriers were Lean & Green partners. By the end of 2023, we seek to have 95% of our U.S. and European preferred carriers recognized under their respective regions’ accreditation.

More information relating to ITW’s responsible minerals sourcing is available in our Responsible Materials Policy and our SEC filing.

**Combating Modern Slavery**

As reflected in our supplier policies, we are proactive in helping to protect human rights in our supply chain. Our dedicated efforts include:

**Training:** We require our global sourcing colleagues and Responsible Sourcing Committee members to undergo specific modern slavery compliance training. Training and additional materials are also available through an internal ITW website. If an issue of non-compliance is identified in our supply chain, ITW will immediately take action to correct it, up to and including ceasing business with a supplier that violates our Supplier Code of Conduct.

**Evaluation and Certification:** We evaluate our purchased products against the U.S. Department of Labor’s List of Goods Produced by Child Labor or Forced Labor. Electronics sourced from Asia have been identified as our most significant category of concern. ITW divisions expect affected suppliers to review our Supplier Code of Conduct and certify their compliance.

Further information can be found on itw.com, including our ITW Modern Slavery and Human Trafficking Statement.
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 our colleagues around the globe. We strive to be a great employer through our demonstrated commitment to employee safety, workplace culture, talent development, diversity and inclusion, and benefits and compensation.
The safety of our approximately 46,000 colleagues around the world is an essential component of our commitment to be a great employer. 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. Our division-driven approach ensures we have a shared responsibility to protect the well-being of every ITW colleague, and our teams are committed to continuous improvement of our safety culture.

ITW’s Enterprise Safety Strategy

Our Enterprise Safety Strategy and Safety Policy are based on the following core principles:

- Goal of zero accidents
- Shared ownership for safety (business and individual)
- Proactive approach focused on accident prevention
- Continuous improvement philosophy
- Compliance with applicable national, regional and local health and safety laws and regulations

Our Framework for an Effective Divisional Safety Management Program

Committed Leadership & 100% Employee Engagement

Leadership engagement coupled with individual employee responsibility drive our safety journey. We maintain a strong focus on continuous improvement, communicating progress and celebrating success.

Safety Vision: Every accident is preventable, and our shared goal is zero accidents.

Safety Committees: Each division has at least one cross-functional safety committee.

Communication: Clear safety messaging in the workplace and the sharing of best practices within and among divisions.

Training: Continuously acquire and reinforce the skills necessary to improve safe work practices.

Continuous Risk Reduction

Each division has implemented a process to identify and eliminate hazards, including risk analysis, near-miss reporting, sharing best practices and implementing corrective action.

Hazard Identification/Mitigation: Prevent accidents by identifying, reporting and mitigating hazards.

Investigation/Corrective Action: Ensure root cause identification and corrective action with a sense of urgency.

Performance Measurement: Use data to track and drive safety performance improvements.

Compliance: Every ITW division strives to meet or exceed all applicable regulatory obligations.
In alignment with our decentralized, entrepreneurial culture, we believe in providing a framework that each division can customize to meet its specific safety needs. Our environmental, health and safety team provides a safety management system gap analysis tool to help divisions determine what additional measures can complement existing efforts and foster continuous safety culture improvement. The analysis tool utilizes a scoring system for each of the safety management program framework elements to help divisions better understand their implementation progress and the effectiveness of their safety initiatives to support our enterprise goal of zero accidents.

Since implementing our Enterprise Safety Strategy seven years ago, we have achieved an approximately 50% reduction in lost time accidents (LTAs) and medically treated incidents (MTIs). To ensure we continue to drive positive safety outcomes across our divisions, in 2022, we conducted a strategic review of our Enterprise Safety Strategy. Led by a cross-functional team, benchmarking, surveys and leadership interviews were conducted and analyzed to develop recommendations and actionable steps to drive continuous improvement. Our safety framework was also refreshed to emphasize two pillars – Committed Leadership & 100% Employee Engagement and Continuous Risk Reduction – with the remaining topics serving as sub-elements, which support and sustain the pillars (see refreshed framework on previous page). Additionally, implementation training for the refocused Enterprise Safety Strategy was provided to key leadership groups, including targeted training with vice president/general managers and operations directors.

Many of our businesses also pursue third-party certifications as part of ITW’s ongoing drive for safety excellence. At the end of 2022, 64 sites, or approximately 16%, had ISO 45001 safety management system certification.

**Safety Training and Resources**

As part of our division-driven approach, we empower our divisions to utilize continuing safety education measures that are most applicable to their business. To augment these efforts, we offer several enterprise-wide safety training and education tools, including PureSafety, a comprehensive, web-based training platform used to further educate our colleagues on the ever-changing methods, standards and regulations that govern our industries. PureSafety continues to expand across the enterprise, and it is available globally and offered in multiple languages so our colleagues can take full advantage of this safety education tool.

In 2022, ITW began implementing a safety incident management system (SIMS) to streamline reporting of safety observations and incidents, rapidly determine incident root causes and promptly deploy corrective actions for those incidents. SIMS is built on a platform that allows us to collect information, analyze and review trends and drive continuous improvement.

**Ergonomic Improvements Across ITW Divisions**

Reducing ergonomic risks is an important component of employee safety. Across the enterprise, ITW divisions are raising awareness of and eliminating or mitigating ergonomic risks.

For example, the Welding segment developed an ergonomics assessment program that analyzes job tasks and workstations to identify and reduce ergonomic risks. The segment also utilizes an on-site physical therapist to provide early intervention care and instruction to those experiencing job-related pain. The physical therapist provides colleagues with body mechanics training to promote proper lifting techniques and help prevent future injuries.

Many of our facilities continue to implement ergonomic improvements, such as mobile systems to transport materials and ergonomic shelf handles for tool racks, both of which result in less physical effort.

As part of our safety aspiration for 100% employee engagement, many of our facilities host safety awareness events. These events can span from one day to a full week and focus on accident prevention, applied learning and reinforcing our goal of zero accidents.
Our 2022 Global Safety Performance and Data

2022 marked our seventh year executing the Enterprise Safety Strategy across all ITW divisions. By emphasizing our refocused Enterprise Safety Strategy and safety fundamentals, our safety performance improved in 2022, compared with 2021.

For 2022, our total recordable incident rate (TRIR) was 1.33 incidents per 100 employees*, and our lost time incident rate (LTIR) was 0.69 incidents per 100 employees. These rates decreased by 8% for TRIR and 9% for LTIR from 2021, and by 35% and 29%, respectively, from 2018.

Celebrating Safety Milestones

In 2022, several ITW locations celebrated safety milestones, exemplifying shared ownership of and commitment to safety excellence. Of ITW’s 107 divisions and business units, 34 achieved zero lost time accidents (LTA) for the full year. ITW also celebrates divisions and business units that achieved zero LTAs per quarter in 2022, as shown below:

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Number of Divisions and Business Units with Zero LTAs</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Quarter</td>
<td>70</td>
</tr>
<tr>
<td>Second Quarter</td>
<td>71</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>65</td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>68</td>
</tr>
</tbody>
</table>

These achievements were driven by a variety of employee engagement and risk reduction activities, including recognition events, safety training and job hazard assessments.

* Aligned with the Industrial Machinery and Goods Sustainability Accounting Standard under SASB’s Sustainable Industry Classification System®. ITW’s safety metrics are based on full-time equivalent.
Our Culture Drives Shared Ownership

We believe our decentralized, entrepreneurial culture creates a unique work environment that drives strategy into action and action into results that matter. Our approximately 46,000 global colleagues thrive in a workplace that empowers them to think and act like owners. They experience significant autonomy and a sense of shared ownership to create innovative solutions for our customers all over the world. Our work environment is deeply rooted in our core values of Integrity, Respect, Trust, Shared Risk and Simplicity.

Building a Pipeline for Long-term Success

ITW’s long-term success relies on our ability to grow, develop and retain talent at all levels and build a sustainable pipeline of Great ITW Leaders who can translate ITW Business Model expertise into full potential performance. We utilize the Great ITW Leader framework to define the leadership capabilities and attributes that guide our long-term leadership assessment, development and selection decisions.

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

Understanding the Colleague Experience

Understanding the workplace experiences of our colleagues is critical to maintaining our ITW culture. For the past six years, ITW has participated in McKinsey & Company’s Women in the Workplace Study – the largest comprehensive study of the state of women in corporate America. In 2022, ITW distributed the survey to over 5,570 U.S. professional colleagues to better understand their ITW experiences. Of the ITW colleague responses, 85% feel supported by their manager, and 84% recommend ITW as a great place to work. The results and feedback from the survey are used to develop action plans and further enhance the ITW colleague experience.

Additionally, many of our divisions seek to better understand the colleague experience within their business, with a goal of identifying strengths and opportunities. For example, the Automotive OEM segment launched surveys within eight divisions across four countries to solicit colleagues’ direct feedback, gather benchmarking data and establish action plans to drive continuous improvement.
ITW’s Approach to Talent Attraction and Development

ITW is focused on building the depth and diversity of our pipeline of Great ITW Leaders. Through our strategic talent attraction and development efforts, we support the growth of our company and colleagues.

Attracting Early-in-Career Talent

Internships and educational cooperatives are key elements of our global talent strategy and center on giving students a breadth of real-world experience. We focus on attracting a diverse pool of talent that will grow with us from intern to entry-level hire and beyond. Interns are offered challenging on-the-job opportunities and coaching and feedback to support their development. Our internship program allows interns to develop a strong network, gain exposure to our diverse businesses and develop their knowledge to prepare them for long-term career success at ITW.

2022 marked our most robust U.S.-based internship program to date, with an emphasis on enhanced programming and intern engagement. We continue to invest in and support the development of this critical talent segment, with 60% of our graduating class receiving offers for full-time roles. Our recruiting efforts are supported by meaningful national diversity partnerships with organizations such as the Society of Women Engineers and the National Society of Black Engineers to ensure a deep and diverse talent pool in our enterprise intern class.

In 2022, our intern class was 37% female and 34% racially/ethnically diverse.

Professional Development Across the Enterprise

We encourage our colleagues to develop and build critical skills using the 70-20-10 professional development model, which highlights and supports how our colleagues learn and develop best:

- 70% from challenging on-the-job experiences
- 20% from hands-on coaching and feedback
- 10% from formalized training and coursework

As a component of our decentralized, entrepreneurial culture, we believe in supporting the development needs of our diverse pipeline of Great ITW Leaders based on individual roles, career aspirations and priorities. Across our seven industry segments and 84 divisions, we offer development opportunities that fully leverage the breadth and diversification of our portfolio to promote long-term success. We expect colleagues at every level to “own” their careers by utilizing ITW’s performance management and development planning resources to build the critical skills necessary to meet the needs of their role and beyond. We recognize and reward colleagues who perform well and have a strong history of promoting our internal talent.

In addition to on-the-job learning, we invest in our talent through targeted leadership and career development programs. We place particular emphasis on supporting Developing Leaders, a critical talent segment within our diverse leadership pipeline. Many of these programs are directed by ITW leaders and provide unique networking and career growth opportunities for our colleagues.

For example, our Developing Leader Coaching initiative is a global investment in first-time people leaders. Each cohort consists of new people leaders who receive shared and virtual coaching and applied learning experiences. In 2022, there were 84 participants representing 12 different countries. Over 720 hours of coaching were dedicated to their professional development. The top three development goals selected for the program include leading change, innovative thinking and shaping strategy. This coaching initiative supports developing Great ITW Leaders.

ITW David Speer Academy students serve as ITW interns, gaining meaningful experience in preparation for STEM-related (science, technology, engineering and mathematics) higher education, and potentially, a career at ITW. Learn more about these efforts in Support for Education.
We continue to expand our partnership with McKinsey's Connected Leaders Academy, a leadership development program for mid-career Black, Hispanic/Latino and Asian leaders. The program focuses on developing core leadership capabilities while providing participants with a strong network of peers that extends beyond the life of the program.

Through a strategic partnership with the Executive Leadership Council (ELC), more than 75 ITW colleagues have participated in ELC’s Mid-Level Manager Symposium, a professional development program designed to advance and inspire high-performing, high-potential Black professionals. The 2022 symposium focused on the power of authenticity, social justice and building a personal leadership brand. The symposium concluded with the ELC Recognition Gala, where participants had the opportunity to network with board members and senior leadership.

**Growing Our Pipeline of Skilled Technicians**

ITW's commitment to ensuring a long-term talent pipeline includes a focus on growing our pipeline of skilled technicians. These roles are core to what ITW does and how we deliver for our customers. In our Welding segment, a youth apprenticeship program exposes high school students to careers in manufacturing and hands-on training to prepare them for entry-level roles. The segment also partners with Fox Valley Technical College to offer an accelerated machinist certificate program. This program is offered to current ITW employees who demonstrate the aptitude and interest in a machinist role. After completing the 9-week training program, participants are eligible for a grade 2 machinist role, providing career mobility for our skilled workers and filling a critical role in our welding operations.

**ITW's Employee Resource Groups (ERGs) play an important role in our talent strategy and development by offering workshops, webinars, networking events and other learning opportunities throughout the year. Learn more about these efforts in the Diversity & Inclusion section of this report.**
ITW’s commitment to diversity and inclusion (D&I) spans for more than a decade. However, we recognize this work takes time, and our dedicated team of leaders is proud of the steady progress we have made to diversify our workforce and build a more inclusive workplace. We believe we are at our best when we bring together unique perspectives, experiences and ideas. Rooted in our core values of Respect and Integrity, we are committed to treating all colleagues with dignity, fairness and respect, and afford everyone the opportunity to reach their full potential for growth and advancement. We strive to create diverse and inclusive workplaces where all ITW colleagues are heard, valued and engaged.

Our Diversity & Inclusion Strategy

Our approach to D&I is intentional, fully integrated into our enterprise talent strategy and touches every part of our business. The ITW Diversity & Inclusion Council, comprised of executive leaders, is responsible for managing our D&I framework and ensuring our divisions have the tools and resources necessary to build a global, diverse workforce and inclusive workplaces.

ITW Diversity & Inclusion Framework

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 colleague development, actively seeking different perspectives and supporting 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.
Our Commitment to Do More

ITW’s “Do More” Agenda reaffirms our commitment to promoting and supporting more inclusive economic growth and opportunity in underserved communities. This agenda includes specific areas of focus that are impactful and closely aligned with our capabilities, skill sets and business needs as a company:

- Further deepen our commitment to diversity and inclusion, and respect for all at ITW.
- Leverage ITW’s capabilities and industry experience to create long-term skilled employment opportunities for candidates of color. As an example, ITW has targeted and invested in the recruitment and development of diverse technicians who are now employed by our Food Equipment segment.
- Expand ITW’s investment and engagement in organizations, programs and partnerships that improve access to a high-quality education and to meaningful long-term employment opportunities for people of color.
- Meaningfully expand ITW’s commercial relationships with minority-owned businesses.

In addition to the ongoing work of our Diversity & Inclusion Council, and under the guidance of our Executive Leadership Team, steering committees for these areas of focus are responsible for the development and implementation of specific ITW initiatives and action plans.

Learn more about our efforts to “Do More” in Philanthropy & Community Involvement.

Driving Inclusion Through Leadership Training

ITW global leaders play an essential role in creating diverse and inclusive workplaces. They set the tone by demonstrating inclusive behaviors and promoting inclusion across their teams. ITW’s leaders have participated in our inclusive leader initiative, which is focused on understanding unconscious bias, actions we can take to minimize its effects in our workplaces, and resources to lead in a way that reflects ITW’s culture and values. Through 2022, more than 4,900 global managers and supervisors have participated in the training.

Building on this training, additional initiatives and learning agendas have been introduced to reinforce inclusive behavior and to support specific roles. For example, hiring teams and interviewers received inclusive recruiting training aimed at enhancing talent attraction and selection skills. These colleagues play an important role in recruiting and retaining world-class talent and creating inclusive work environments where our colleagues can perform to their full potential.

Interactive and research-based D&I digital courses for managers are also accessible in the ITW Learning Center. Additionally, leaders have access to Inclusive Leader: Allyship Stories, a video series that elevates stories of allyship and how divisions have translated awareness into action to build inclusive workplaces.

Our Progress on Leadership Diversity

We are committed to achieving our D&I goals and enhancing the diversity of our global leadership teams, and we have made steady and consistent progress since beginning our current strategy in 2013. In 2022, we continued to increase representation in our top 1,000 leaders for racial/ethnic diversity (U.S.) and gender diversity (global).

**DIVERSITY & INCLUSION PERFORMANCE AND GOALS**

<table>
<thead>
<tr>
<th>Position/Role</th>
<th>U.S. Women</th>
<th>U.S. Racially/Ethnically Diverse Leaders</th>
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</thead>
<tbody>
<tr>
<td>Executives &amp; Directors</td>
<td>30%</td>
<td>19%</td>
</tr>
<tr>
<td>First-Level Managers &amp; Professionals (including Sales)</td>
<td>29%</td>
<td>20%</td>
</tr>
<tr>
<td>Technicians &amp; Craft Workers</td>
<td>9%</td>
<td>27%</td>
</tr>
<tr>
<td>Operators, Laborers &amp; Other Hourly Workers</td>
<td>37%</td>
<td>43%</td>
</tr>
<tr>
<td>Total U.S. Employees</td>
<td>29%</td>
<td>32%</td>
</tr>
</tbody>
</table>

Data as of 12/31/2022

View ITW’s 2021 EEO-1 data on our website.
Engaging Diverse Colleagues and Allies

Our Employee Resource Groups (ERGs) play a critical role in engaging colleagues at all levels across our global divisions. These colleague-led organizations bring together diverse groups of people and their allies to share experiences and innovative ideas to help accelerate our path to full potential. ERGs directly support the enterprise talent and D&I strategies, with specific focus on attracting, developing and retaining talent and promoting cultural diversity and community. In 2022, our ERGs were comprised of more than 5,000 colleagues and 50 global chapters.

In 2022, ITW scored a perfect 100 on the Corporate Equality Index (CEI), the Human Rights Campaign’s national benchmarking tool on corporate policies, practices and benefits pertinent to LGBTQ+ employees.

ITW’s Employee Resource Groups

ITW’s Employee Resource Groups include the following:

- African American Network (AAN)
- Asian Professionals Engagement Network (APEN)
- ITW Women’s Network (IWN)
- Latino Hispanic Network (LHN)
- Pride at ITW
- Young Professional Network (YPN)

In 2022, ITW celebrated Asian American and Pacific Islander Heritage Month by launching a new ERG, Asian Professionals Engagement Network (APEN), which is designed to appreciate and celebrate the accomplishments of our colleagues who identify as Asian, Native Hawaiian and/or other Pacific Islander. Like many ERGs, the formation of APEN was colleague-led, with support from leadership, to give ITW colleagues who identify as Asian a space to feel supported and celebrated. While APEN is still early in its journey, the group hosted and sponsored a bystander intervention event in 2022 and has clearly defined goals for 2023, including building awareness and engagement with members and allies.

2022 also marked the inaugural U.S. and Europe conferences for Pride at ITW. The U.S. conference was hosted in June during Pride month. Members and allies heard from ITW Senior Vice President and Chief Human Resources Officer Katie Lawler, attended presentations by various diversity advocates and participated in a workshop facilitated by the Center on Halsted, a community center dedicated to advancing community and securing the health & well-being of LGBTQ+ people of Chicagoland. The Pride at ITW European Conference was hosted in November. Both landmark events included workshops and activities focused on building a sense of belonging for, engagement with, and shared respect and understanding for ITW’s LGBTQ+ community.

Additionally, ITW initiated a partnership with Out & Equal, a global nonprofit dedicated to achieving workplace equity. Through this partnership, ITW colleagues have access to summits, learning retreats, toolkits and e-learning.

Learn more about ITW’s Employee Resource Groups.
Our People

Benefits & Compensation

As a global employer, we are committed to providing market competitive benefits and compensation to attract and retain great talent across our global divisions, maintaining fair labor practices and pay equity and ensuring a work environment that reflects our ITW culture and core values everywhere we operate.

Supporting Our Colleagues Through Comprehensive Benefits and Compensation

Specific benefits and compensation vary worldwide and are based on regional practices. In the U.S., where we employ approximately 18,000 colleagues, we continue to focus on providing a comprehensive, competitive benefits package that helps our colleagues be well – physically, mentally and financially. Below are some common features offered to our U.S.-based colleagues:

- Medical, dental and vision benefits for colleagues, spouses, domestic partners and dependents
- Flexible Spending Accounts for both healthcare and dependent care
- Health Savings Accounts
- Wellness programs for colleagues and spouses
- Life assistance program for colleagues and their families
- 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
- Fertility treatment benefits under our health plans and adoption assistance
- 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 colleagues’ children and dependents pursuing college or skilled trades education

Additionally, we fully support community involvement and volunteerism, and we offer programs that empower our colleagues to support the charities that matter most to them, including offering an industry-leading $3 for $1 corporate match for qualified charitable giving by our U.S. and Canadian colleagues. Read more about these initiatives in Philanthropy & Community Involvement.

Ensuring Equitable Pay

ITW is committed to pay equity within a pay-for-performance work environment where we treat all colleagues with fairness and respect. We monitor and proactively address pay equity on a regular basis in addition to maintaining practices to ensure fair and objective compensation decisions free from bias. We provide our global businesses with pay equity tools and resources to help us measure, achieve and sustain workplace equity. Our proactive programs enable us to maintain base pay equity based on gender and race in the U.S.
Guided by our culture and core values, ITW is committed to investing in the communities where we do business and where our colleagues live and work. Over the past five years, we have given more than $109 million in support to causes and organizations in our communities that align with our mission. We also provide a flexible framework that empowers our colleagues to support the organizations and causes that matter most to them.
Recognizing our responsibilities extend 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 they call home. In the spirit of ITW’s commitment to “Do What We Say,” we strive to positively impact and influence others through our support of critical initiatives that bring about change at the local level.

Philanthropy & Community Involvement

Our Culture of Giving

Our divisions and colleagues have the flexibility to contribute to organizations and causes in ways that are meaningful to them and align with the needs of those in their communities.

Key elements of our colleague giving program in the U.S. and Canada include:

- ITW Gift + Volunteer Match Program, which provides:
  - A 3:1 match for qualified charitable giving by our colleagues
  - A $15-per-service-hour match for qualified volunteering opportunities reported by our colleagues (increased from $10 per service hour in 2022)
- A corporate match to United Way and its partner agencies for every dollar contributed through our annual employee giving campaign
- Scholarship programs for high-achieving dependents of ITW colleagues pursuing a post-secondary education

In addition to amplifying our colleagues’ giving efforts, ITW strategically invests in education, workforce development and arts and culture through key partnerships in the community. In 2022, ITW gave more than $9 million in support of these focus areas.

In 2022, ITW’s philanthropic giving was more than $22 million. Over the past five years, we have invested more than $109 million in support to our communities.

Global Support for Ukraine

In response to the ongoing conflict in Ukraine, ITW donated $1 million to three charitable organizations: International Committee of the Red Cross, United Way Worldwide’s Fund for Ukraine and UNICEF’s Children in the Ukraine Fund. These organizations provided immediate relief and essential services to those most in need. ITW also operationalized a global giving campaign among all ITW colleagues, matching (one for one) contributions made by colleagues to these designated organizations, up to an additional $500,000.

In addition to the global campaign, many ITW colleagues across our divisions initiated their own grassroots fundraising efforts. For example, ITW Construction Products in Denmark hosted a 50 km bike race at its facility. Approximately 200 cyclists of all abilities participated in this event, raising nearly $25,000 in aid. The team partnered with the Red Cross of Denmark to facilitate a seamless donation process.

Our culture of giving extends beyond our employees’ time at ITW. With more than 2,500 active national members, the ITW Retiree Outreach Group volunteers in and raises funds for, our communities. Since its inception, the annual Retiree & Alumni Charity Golf Outing has raised over $80,000 for Ann and Robert H. Lurie Children’s Hospital.
Doing More in Our Communities

Our renewed focus on addressing inequity in our communities has inspired ITW to do more to contribute to a more just and equitable society for all. As part of ITW’s commitment to “Listen More, Learn More and Do More,” we continue to expand our investment and engagement in organizations, programs and partnerships that improve access to a high-quality education and to meaningful long-term employment opportunities for marginalized communities.

ITW Commits to a Neighborhood

Announced in 2022, ITW’s investment in the Austin and Belmont-Cragin communities of Chicago demonstrates our aspiration to be a catalyst for economic development and inclusiveness. In partnership with United Way, the Commit to a Neighborhood initiative is a 5-year, $2.5 million investment plan to support some of Chicago’s most economically under-resourced communities. As part of ITW’s Commit to a Neighborhood, the company purchased two vacant manufacturing facilities in 2022, with plans to retrofit them and spend approximately $38 million in investments to create manufacturing jobs to support economic opportunities for the surrounding Austin and Belmont-Cragin communities. Read more about this initiative on page 38.

Fostering Economic Opportunity for All

As part of our “Do More” Agenda, ITW is committed to fostering economic opportunity for all, including those with whom ITW does business. We are strategically focused on meaningfully expanding our commercial relationships with minority-owned businesses. We also strive to grow our local supplier networks in support of further developing the communities in which we operate.

Diverse Suppliers: To promote and support inclusive economic growth for diverse suppliers, we have established the following supplier diversity goal: By 2025, increase our U.S. third-party spend on products and services from diverse suppliers to 5% and grow our African American-owned supplier spend to $25 million.

Diverse suppliers include racially/ethnically diverse, women-owned, veteran-owned and LGBTQ+-owned companies. In 2022, we grew our U.S. third-party diverse spend to $200 million, 4% of our total U.S. third-party spend and a 12% increase from 2021.

We also continue to expand our relationships with advocacy organizations, including the National Minority Supplier Development Council (NMSDC), the Chicago Minority Supplier Development Council (ChicagoMSDC) and the Women’s Business Enterprise National Council (WBENC), to grow our outreach and expand our supplier network to more diverse businesses.

Local Suppliers: Given our decentralized culture and global footprint, local suppliers are often the most efficient and reliable source for meeting our supply chain needs. The long-standing relationships ITW businesses have with local suppliers enable us to support the communities in which our businesses operate around the world more efficiently while minimizing our carbon footprint. In essence, we strive to buy where we sell. In our overall supply chain, approximately 80% of global third-party spend was with suppliers that are located in an area that aligns with ITW’s strategy to buy from suppliers within regions where we sell.
Support for United Way

ITW has partnered with United Way for more than 70 years to make a meaningful difference in our communities. Each year, we engage thousands of ITW colleagues across our U.S. and Canadian divisions, with approximately six out of every 10 colleagues contributing to our annual United Way campaign, resulting in an average of approximately $6 million invested annually back into the communities where our colleagues live and work.

In addition, United Way UK has helped our ITW Construction Products UK/Nordics business better understand and identify opportunities to have an impact in its local communities through volunteerism. As a result of this assessment, the team continues to volunteer time and provide financial contributions to four charitable organizations in support of various causes, including homelessness, youth employment, women’s aid and children with disabilities.

United Way of Metro Chicago awarded ITW with its 2022 Corporate Leadership Award in recognition of our partnership and dedication to giving back to our communities.

Learn more about ITW’s philanthropy and community involvement efforts by viewing our 2022 ITW Giving video.
Supporting STEM Education

Our long-standing 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

Since 2014, ITW has proudly sponsored the ITW David Speer Academy in memory of former ITW chairman & 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.

From day one, the ITW David Speer Academy creates a differentiated learning experience for students. In their first two years, curriculum is focused on ensuring all students are grade appropriate. Rising juniors are then enrolled in the academy’s Summer of a Lifetime program, an enrichment program hosted on college campuses across the country that provides students with real-world experiences. In their junior and senior years, students choose an elective pathway and complete an accredited internship.

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, including hosting student interns at ITW. We also collaborate and partner with other organizations to offer the students unique opportunities that enrich their overall learning experience.

In 2022, ITW David Speer Academy graduated its fifth class of seniors since the school opened.

ITW is committed to supporting programs and initiatives to improve access to a high-quality education and workforce/career preparation for youth in under-resourced communities, both in our headquarters’ region of greater Chicago and around the world.

ITW David Speer Academy
by the Numbers

280 graduates in the class of 2022

97% of students who attend college are first in their family to do so

88% of 2022 graduates pursuing education beyond high school

$45 million in scholarships awarded to the class of 2022 from various institutions/organizations

867 cumulative graduates since first graduating class in 2018
Our Communities

Support for Education

**Employee Resource Groups Supporting Education**

Our Employee Resource Groups (ERGs) are passionate about engaging with and inspiring students. As part of their commitment to give back, our ERGs regularly volunteer time and talent to provide mentorship, resources and funds in support of youth in our communities.

In 2022, ITW’s Latino Hispanic Network (LHN) activated a mentoring program at the ITW David Speer Academy. The Wisconsin chapter also volunteered with Junior Achievement of Wisconsin -Winnebago Area to support programming related to work readiness, entrepreneurship and financial literacy. In addition, the ITW Women’s Network (IWN) North Shore chapter raised more than $11,000 for Lawndale Educational and Regional Network (LEARN), a Chicago-based charter school network that serves predominantly racially diverse and low-income families across the city.

All ERGs also participated in ITW’s Day of Action, an annual volunteer event. Additionally, all six ERGs volunteered to create science kits for SparkShop, an organization focused on inspiring students to explore STEM-related careers.

**Inspiring STEM Careers at ITW**

We strive to provide ITW David Speer Academy students with invaluable career readiness opportunities. For Osvaldo “Ozzy” Sanchez, an ITW David Speer Academy graduate in the class of 2019, internships enabled him to learn about the ITW Business Model, receive mentorship, gain hands-on experience and develop long-term career goals. Currently pursuing a bachelor’s degree in engineering, Sanchez has completed a high school internship as well as a college internship with ITW’s Global Tool Unit. In 2023, he will spend his time interning with ITW Appliance.

“One thing I love about ITW is the cross-functional environment because you are more likely to learn something new each day and apply those skills to your respective division,” said Sanchez.

Read more about Sanchez’s experience [here](#).

**Miller Electric**, a division in the Welding segment, has been a long-time supporter of the Boys & Girls Clubs of the Fox Valley located in Appleton, Wisconsin. In 2022, the division became a corporate partner of the club’s STAR (Scholars on Target to Achieve Results) program, an initiative aimed at building equitable education opportunities for Black scholars. ITW’s support will enable the expansion of programming, reach and impact for this important effort.
Our Communities

Commit to a Neighborhood Initiative Deepens Impact

Building on our long-standing legacy of giving back to our communities, ITW is partnering with United Way for the Commit to a Neighborhood initiative – a 5-year, $2.5 million investment plan in support of the Austin and Belmont-Cragin communities of Chicago. ITW also expects to spend more than $38 million in the acquisition of buildings, property and capital improvements to support manufacturing jobs in this neighborhood.

Aligned with our “Do More” Agenda, Commit to a Neighborhood will create quality, family-sustaining wage jobs and stimulate economic development and inclusiveness. Working with United Way and on-the-ground nonprofit partners, ITW will provide workforce development for industry-specific job opportunities for residents in Austin and Belmont-Cragin.

This unique investment is intentional, deliberate and goes beyond “pure philanthropy” to deepen ITW’s impact. We will explore ways to use the economic engine of our businesses, as well as that of our suppliers, to provide opportunities for well-paid employment for residents. Skills-based volunteer opportunities will enable ITW colleagues to help residents and other members of the community bring about economic prosperity. Kenneth Escoe, Executive Vice President, Specialty Products, is serving as ITW’s key leader and champion of this initiative.

“This is an opportunity for us to lean into a neighborhood that we know, Belmont-Cragin, deepen the relationship, and spread that engagement to a community like Austin that has been underinvested in for decades,” said Escoe.

Through our sponsorship of the ITW David Speer Academy, ITW has established roots in Belmont-Cragin, and now Austin, which is a bordering neighborhood. ITW’s investment demonstrates our commitment to give back in meaningful ways to our communities.
**Sustainability Accounting Standards Board Disclosures**

This index references ITW’s 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®.

<table>
<thead>
<tr>
<th>SASB Topic</th>
<th>SASB Accounting Metric</th>
<th>SASB Code</th>
<th>ITW Disclosure</th>
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<td>FY 2022 Total Energy: 1,535,818 MWh</td>
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<td>Employee Health &amp; Safety</td>
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<td>FY 2022 Fatalities: 0</td>
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<td>Fuel Economy &amp; Emissions in Use-Phase</td>
<td>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.</td>
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<td>Materials Sourcing</td>
<td>Description of the management of risks associated with the use of critical materials</td>
<td>RT-IG-440a.1</td>
<td>Sourcing Our Minerals Responsibly: Page 20</td>
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<td>Remanufacturing Design &amp; Services</td>
<td>Revenue from remanufactured products and remanufacturing services</td>
<td>RT-IG-440b.1</td>
<td>Life Cycle and Durability of Products: Page 13</td>
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<td>Accounting Metrics</td>
<td>Number of employees</td>
<td>RT-IG-000.B</td>
<td>The company employed approximately 46,000 people as of December 31, 2022</td>
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## Task Force on Climate-related Financial Disclosures

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

<table>
<thead>
<tr>
<th>TCFD Pillar</th>
<th>TCFD Disclosure</th>
<th>ITW Disclosure</th>
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<tbody>
<tr>
<td><strong>Governance</strong></td>
<td>Describe the board’s oversight of climate-related risks and opportunities.</td>
<td>Board Oversight of Sustainability: Page 7</td>
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<tr>
<td></td>
<td>Describe management’s role in assessing and managing climate-related risks and opportunities.</td>
<td>2022 CDP Climate Change Report: C1.1a, C1.1b, C1.2</td>
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<tr>
<td></td>
<td>Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</td>
<td>Alignment with Environmental, Social and Governance Standards: Page 5</td>
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<tr>
<td></td>
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<td>2022 CDP Climate Change Report: C1.2, C1.2a</td>
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<tr>
<td><strong>Strategy</strong></td>
<td>Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.</td>
<td>Customer-Back Innovation to Develop Product Solutions Responsibly: Page 11</td>
</tr>
<tr>
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<td>2022 CDP Climate Change Report: C2</td>
</tr>
<tr>
<td></td>
<td>Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</td>
<td>2022 CDP Climate Change Report: C3</td>
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<td>2022 CDP Climate Change Report: C2.1, C2.2, C2.2a</td>
</tr>
<tr>
<td><strong>Risk Management</strong></td>
<td>Describe the organization’s processes for identifying and assessing climate-related risks.</td>
<td>Managing and Improving Environmental Performance on an Ongoing Basis: Page 15</td>
</tr>
<tr>
<td></td>
<td>Describe the organization’s processes for managing climate-related risks.</td>
<td>2022 CDP Climate Change Report: C2.1, C2.2</td>
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<td></td>
<td>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.</td>
<td>2022 CDP Climate Change Report: C2.1, C2.2</td>
</tr>
<tr>
<td><strong>Metrics and Targets</strong></td>
<td>Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</td>
<td>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:</td>
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<td></td>
<td>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</td>
<td>Total Energy</td>
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<tr>
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<td></td>
<td>Total Water Withdrawn</td>
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<td></td>
<td></td>
<td>Water Intensity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Clean-Tech Products</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Emissions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Emissions Intensity</td>
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<tr>
<td></td>
<td>Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</td>
<td>FY 2022 Total Scope 1 and Scope 2 Emissions (including renewables): 505,475 metric tons CO₂e</td>
</tr>
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<td></td>
<td>Reducing Our Greenhouse Gas Emissions: Page 14</td>
</tr>
</tbody>
</table>
Forward-Looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as “believe,” “expect,” “plan,” “will,” “intend,” “may,” “strategy,” “target,” “goals,” “aim,” “strive,” “anticipate,” “project,” “committed” and other similar words, including, without limitation, statements regarding the company’s sustainability strategy, talent management strategy, D&I strategy, D&I goals, performance targets, product development and environmental goals. These statements are subject to certain risks, uncertainties and other factors, which could cause actual results to differ materially from those anticipated. Such risks include those contained in ITW’s Annual Report on Form 10-K for the year ended December 31, 2022, and other documents ITW files with the Securities and Exchange Commission. These risks are not all-inclusive and given these and other possible risks and uncertainties investors should not place undue reliance on forward-looking statements as a prediction of actual results. Any forward-looking statements made by ITW speak only as of the date on which they are made. ITW is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements, whether as a result of new information, subsequent events or otherwise.

Questions About the Report

In the spirit of continuous improvement, we welcome feedback regarding our sustainability initiatives and reporting. Any questions or comments about this report or future reports may be directed to sustainability@itw.com.