



2023 Sustainability Report

Never stronger. Never better positioned for the future.



A global industrial company built around a differentiated business model.

Illinois Tool Works Inc. (NYSE: ITW) is a Fortune 200 global multi-industry manufacturing leader with revenue of \$16.1 billion in 2023. 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 45,000 dedicated colleagues around the world thrive in the company's decentralized and entrepreneurial culture.

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Executive Message

At ITW, our commitment to sustainability and our unwavering dedication to strong governance and the highest ethical conduct are long-standing and deeply rooted in our Core Values. Our robust governance practices guide our approach to sustainability and serve as the foundation for how we strive to make a meaningful difference for the environment, our people and our communities.

Fully aligned with the Next Phase of our Enterprise Strategy (2024 to 2030), our sustainability strategy is based on a holistic approach that fits our company and is consistent with our goal of being one of the world's best performing, highest-quality and most respected industrial companies in the eyes of all key stakeholders.

We are fully committed to operating our businesses in a way that demonstrates our dedication to global environmental sustainability. Our strategic priorities in this area are not only balanced and fact-based, but also closely aligned with ITW's reputation of being a "Do What We Say" company. Consistent with our decentralized, entrepreneurial culture, our sustainability strategy is operationalized by our ITW colleagues at the divisional level through clear frameworks.

ITW has a strong track record of setting and achieving increasingly ambitious goals for greenhouse gas (GHG) emissions reduction, and we are dedicated to transparent reporting on our progress, as evidenced by this, our 15th annual sustainability report.

In 2022, with guidance and oversight from our Board of Directors, we once again raised the bar by upping our GHG reduction target as we committed to achieving a 50% absolute reduction of Scope 1 and Scope 2 GHG emissions by 2030, compared with a 2021 baseline. We shifted to an absolute reduction target based on investor feedback and consistent with our focus on continuous improvement. Importantly, this new goal is based on a feasible path to achievement that includes: 1) reducing energy consumption and improving operational efficiency in our facilities, 2) expanding our purchase of energy from renewable sources, 3) pursuing viable solar projects and 4) electrifying the company's fleet. We made meaningful progress in 2023, as our divisions began to operationalize our goal by employing a fact-based, data-driven sustainability framework and approach, achieving an approximate 30% reduction in GHG emissions versus our 2021 baseline. Because of our divisional colleagues' focus and strong execution, ITW is firmly on track to meet our GHG target by 2030.

The central focus of the Next Phase of our Enterprise Strategy is to elevate high-quality, organic growth, fueled by Customer-Back Innovation, as a key differentiator for ITW on par with our best-in-class operational capabilities and financial performance. ITW's Customer-Back Innovation process plays a central role in our growth and sustainability strategies and guides how we develop clean-tech products that address some of the world's most important challenges and opportunities, including those related to the impacts of climate change. We strive to deliver value to our customers by closely partnering with them to reduce the environmental impact of their operations and end-use applications and help them pursue growth opportunities in the realm of sustainability, such as in the electric vehicle market. We view sustainability as an important growth opportunity for ITW, and we are pleased to report that ITW's portfolio of clean-tech products now represents approximately 31% of ITW's revenue, up from 22% in 2017.

Our continued advancement of ITW's Enterprise Strategy and differentiated long-term performance relies on our continued ability to attract, develop and retain great ITW leaders and talent. In 2023, we rolled out a data-driven framework to help ensure a consistent employee experience across our global businesses. While our decentralized, entrepreneurial culture is the key to how we execute, the core commitments outlined in our framework serve as the foundation of our employee experience across all divisions and a guide toward our aspiration to be a great employer for all ITW colleagues. We also remain focused on cultivating a welcoming workplace to inspire our colleagues to do their best work. Our Inclusive Leader Initiative, seven highly-effective Employee Resource Groups and educational resources all support our commitment to build a global, diverse workforce and inclusive workplaces.

Given our leadership-centric business model, strategy and culture, diversity at ITW remains anchored in a very compelling business case. As our overall talent management system continues to mature, we regularly reassess how we can be most effective in leveraging our diversity and



inclusion efforts and initiatives to achieve our long-term leadership talent needs. As an outcome of these efforts, we made additional progress on our diversity metrics in 2023 as evidenced by increases in both gender and racial/ethnic diversity among our top 1,000 leaders.

As part of ITW's "Do More" agenda, we continue to strategically invest in the areas of education, workforce readiness and helping foster more inclusive economic growth for underserved segments of the population. These areas are closely aligned with our skill set and capabilities as a company and represent opportunities for ITW to have a meaningful impact.

Through United Way's Commit to a Neighborhood initiative, ITW is investing approximately \$40 million in buildings and property acquisition, capital improvements and workforce development to add well-paying manufacturing jobs and careers in an under-invested Chicago neighborhood. Together with our investment and commitment to the ITW David Speer Academy, ITW is helping to create promising futures for individuals in this long under-served community.

In closing, we offer our sincere gratitude to our 45,000 ITW colleagues around the world who contribute their ideas, actions and time in support of our sustainability efforts each and every day.

We also thank you, our key stakeholders, for your continued interest and support as we embark on the Next Phase of our sustainability journey.

Michael M. Larsen

Senior Vice President and Chief Financial Officer

March 2024

2023 Sustainability Highlights



Reducing Our Environmental Footprint

~30%

absolute reduction in Scope 1 and Scope 2 GHG emissions through 2023, compared with a 2021 baseline

65% of our total electricity spend was on green electricity

Completed **10+** solar projects, with **20+** projects in the due diligence phase

25% increase in recyclable waste



Innovating for a Cleaner Environment

~31%

of ITW's revenue came from clean-tech products, up from 22% in 2017

~19,600 granted and pending patents through 2023

Clean-tech product examples

include automotive OEM lightweighting, energy/water conservation in food equipment and emissions reductions in welding



Cultivating An Inclusive Workplace

87%

of colleagues* recommend ITW as a great place to work

2,000+ global managers and supervisors participated in ITW's Inclusive Leader training

1,900+ colleagues on hiring and interview teams participated in ITW's Inclusive Recruiting training

6,000+ colleagues actively engaged in events across **7** Employee Resource Groups with **55** global chapters



Harnessing the Power of Diversity

29%

women (global) and

20%

people of color (U.S. only) among our top 1,000 leaders

42% overall Board diversity**

25% gender diversity

17% racial/ethnic diversity



Investing in Our Communities

\$22+ million

in total philanthropic giving

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

\$40+ million multi-year investment in buildings and property acquisition, capital improvements and workforce development to add manufacturing jobs in the Austin/Belmont-Cragin neighborhood

~\$200 million spent with diverse suppliers

* Based on the McKinsey & Company's Women in the Workplace Study survey, which ITW distributed to more than 6,100 U.S. professional colleagues to better understand their ITW experiences

** Data as of March 1, 2024

Our Sustainability Strategy

Consistent with our Core Values and decentralized, entrepreneurial culture, our sustainability strategy represents ITW's overall commitment which is then operationalized and realized at the division level. Our strategy is built around four key elements: Our Governance & Ethics, Our Environment, Our People and Our Communities.

Our strategic priorities are based on the following:





- A 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
- An approach that is balanced, data-driven, realistic and aligned with ITW's reputation as a "Do What We Say" company
- Initiatives that are operationalized in our divisions through a clear framework

Alignment with Sustainability Standards

Consistent with our overarching sustainability strategic framework and our ongoing engagement with our shareholders, we reference established sustainability reporting frameworks and standards to guide our disclosures. This report was developed in alignment with the Sustainability Accounting Standards Board (SASB) standards for the Industrial Machinery and Goods industry. We utilize the SASB framework to assess the financial materiality of sustainability risks to our company. This report also aligns with the Task Force on Climate-related Financial Disclosures' (TCFD) recommendations.

See the [Appendix](#) for more information on our SASB and TCFD disclosures.

ITW's Sustainability Strategy

PILLAR	PRIORITY AREAS
<div><div>Our Governance & Ethics</div><div></div><div>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.</div></div>	<ul style="list-style-type: none">• Corporate Governance• Ethics & Compliance
<div><div>Our Environment</div><div></div><div>ITW is committed to operating our business in a way that respects and protects the natural environment.</div></div>	<ul style="list-style-type: none">• Environmental Responsibility• Clean-Tech Solutions• Responsible Sourcing
<div><div>Our People</div><div></div><div>ITW strives to be a great employer through our demonstrated commitment to employee safety, workplace culture, talent development and diversity and inclusion.</div></div>	<ul style="list-style-type: none">• Great Employer• Employee Safety• Workplace Culture & Talent Development• Diversity & Inclusion• Benefits & Compensation
<div><div>Our Communities</div><div></div><div>ITW has a long-standing legacy of investing in the communities where we do business and where our colleagues live and work.</div></div>	<ul style="list-style-type: none">• Philanthropy & Community Involvement

Our Governance & Ethics



IN THIS SECTION

- Corporate Governance
- Ethics & Compliance



Corporate Governance

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. These areas play an essential role in ensuring our business resiliency and enabling our company to achieve its full potential.

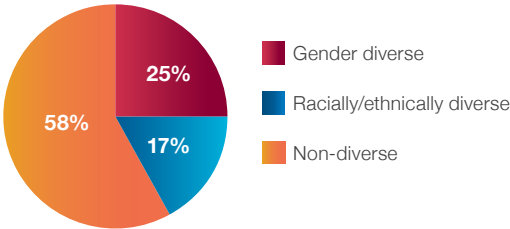
Board of Directors

ITW's Board of Directors is responsible for providing oversight and strategic guidance to management to support the long-term interests of our stakeholders. E. Scott Santi, ITW's CEO from November 2012 until January 1, 2024, served as Chairman of the ITW Board until March 1, 2024, at which time he became Non-Executive Chairman. Christopher A. O'Herlihy, previously Vice Chairman of ITW, became President and Chief Executive Officer (CEO) and a member of the ITW Board of Directors on January 1, 2024. Richard Lenny continues to hold the role of Independent Lead Director. All directors other than our President and CEO and our Chairman are independent directors as defined by New York Stock Exchange (NYSE) listing standards.

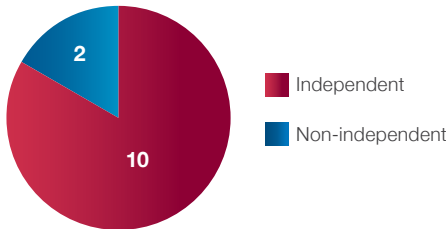
ITW strives to maintain an independent and highly qualified group of directors, with a wide-ranging set of skills, backgrounds and perspectives. The composition of highly experienced, engaged and diverse directors strengthens the Board's oversight of the company and provides a strong foundation for overseeing ITW's long-term success and creating value for our stakeholders. As of March 1, 2024, the Board is composed of 12 directors, including three women and two African American men, representing 42% overall diversity (25% gender diversity and 17% racial/ethnic diversity).

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 Diversity



Board Independence



Data as of March 1, 2024

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 director nominees to the full Board. Furthermore, a director may not stand for re-election after their 75th birthday to allow for diverse experiences and ideas from new directors.

The Board welcomed two new directors in early 2024. Christopher A. O’Herlihy, our President and CEO, has been with the company for 35 years and brings to the Board a deep understanding of the company’s business operations, operating philosophy and culture, along with his expertise in the application of the ITW Business Model. Jaime Irick, Senior Vice President, Architectural Coatings, U.S. and Canada, and Global Traffic Solutions Business for PPG Industries Inc., brings valuable skills and perspectives to the Board with more than 25 years of experience leading large, complex global manufacturing organizations.

Read more about our Board, the responsibilities of our Board Committees and our strong governance profile in our [2024 Proxy Statement](#).

Board Oversight of Sustainability

The Board has direct oversight of the company’s sustainability 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.



“Sustainability is a key element of our overall Enterprise Strategy and a core responsibility of our full Board. As a ‘Do What We Say’ company, we strive to make continuous, measurable improvements in our sustainability program.”

Christopher A. O’Herlihy, ITW President and Chief Executive Officer

BOARD OVERSIGHT OF SUSTAINABILITY

Overall Sustainability	Enterprise Risk Management	Compliance	Human Capital
<ul style="list-style-type: none">Annually reviews and approves ITW’s sustainability strategyReceives periodic updates from management regarding sustainability initiatives and progress, which may include discussions relating to talent management, succession planning, diversity and inclusion (D&I), climate change and sustainability risks, other priorities and reportingCommittees of the Board may review components of the sustainability strategy that fall within their purview	<ul style="list-style-type: none">Responsible for overall risk oversight of the company, focusing on the most significant risks facing the companyReviews key enterprise risks with management from the company’s business segments and/or corporate functionsAnnually, the Board and/or Committees review enterprise risks	<ul style="list-style-type: none">Audit Committee annually reviews compliance risk policies and practices, including certain legal affairs, compliance program and environmental, health and safety matters and related policiesAnnually 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 exposuresAudit Committee receives quarterly cybersecurity reports from management	<ul style="list-style-type: none">Oversees development of executive talent and succession planningRegularly consults with CEO and Chief Human Resources Officer on the company’s organizational needs, talent pipeline and D&I strategies, and succession plans for critical leadership positionsAnnually conducts a detailed review of the company’s overall needs for human capital; this includes executive succession planning, reviewing compensation and benefits to attract a workforce with skills and capabilities needed to execute our strategy, and addressing the company’s talent management initiatives

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. Our Code of Conduct, which 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, is reviewed annually.

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 does not tolerate 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.

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 certification upon completion. Additional compliance training topics include, but are not limited to, competition, conflicts of interest, data privacy, 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.

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 the ITW Confidential Helpline. ITW partners with an external third-party supplier that provides a web- and telephone-based confidential reporting system in 51 countries. Web-based reporting is offered in 16 languages, and telephone-based reporting is offered in more than 200 languages. The ITW Confidential Helpline is also available to suppliers and other external stakeholders. 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 2023, our total political lobbying spend was \$209,466.

Cybersecurity

ITW 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. The company has built a fit-for-purpose cyber framework that is based on the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF) and is required to be followed by all ITW divisions. The increased investment ITW has made in 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.

Mandatory annual cybersecurity training is assigned to colleagues at ITW businesses around the globe. Cybersecurity training includes phish tests and modules that are refreshed annually according to the current threat landscape.

Our Core 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.

Read more about [ITW's policies](#) on our [website](#).

Our Environment



IN THIS SECTION

- Environmental Responsibility
- Clean-Tech Solutions
- Responsible Sourcing

Environmental Responsibility

ITW is committed to operating our business in a way that respects and protects the natural environment. We employ a fact-based, continuous improvement approach consistent with our “Do What We Say” philosophy.

Our GHG Emissions Reduction Strategy

Our company-wide greenhouse gas (GHG) emissions reduction strategy and target demonstrate our commitment to addressing climate change. ITW has a track record of setting and achieving meaningful Scope 1 and Scope 2 GHG emissions reduction goals, and we are thoughtfully evaluating our Scope 3 emissions to understand possible reduction pathways over time.

ITW's GHG Emissions Reduction Target

Achieve a **50%** absolute reduction of Scope 1 and Scope 2 GHG emissions by 2030, compared with a 2021 baseline

Operationalizing Our Scope 1 and Scope 2 GHG Emissions Reduction Target

Achieving an absolute reduction target requires ongoing investment in resources and technology that will reduce carbon emissions. Our strategy to achieve our 50% reduction goal for Scope 1 and Scope 2 aligns with known technologies for GHG emissions reduction and includes the following initiatives:

“80”
priority initiatives

Maximize purchase of green/clean energy

- In 2023, 65% of our total electricity spend was on green electricity.

Drive continued energy reductions in our operations

- Our newly established, division-led Energy Reduction Teams are executing “Fit for Purpose” plans.
- Our divisions also continuously evaluate opportunities to invest in initiatives and projects that will drive energy efficiency.

“20”
other initiatives

Pursue viable solar projects

- In 2023, we completed 10+ solar projects with 20+ projects currently in the due diligence phase.

Convert fleet to electric vehicles

- As vehicles age out of our fleet, we are evaluating electric vehicle replacement options where appropriate.

Consistent with ITW’s decentralized, entrepreneurial culture, our segment and division leaders are responsible for leading implementation of our emissions reduction initiatives. They have deep knowledge of their respective businesses and understand the opportunity profile to reduce their environmental impact and support the company’s target. We have a framework to guide our leaders, with support provided by our strategic sourcing and global sustainability functions. Each division is responsible for developing a data-driven strategy and action plan for their respective sites.

Evaluating Our Scope 3 Emissions

In 2023, we continued to invest in resources to better understand our value chain (Scope 3) emissions. This includes identifying our top categories, engaging key suppliers and customers, and identifying opportunities that will lead to a reduction. Our top categories for Scope 3 emissions are Category 1: Purchased Goods & Services and Category 11: Use of Sold Products. We continue to refine our processes to improve the quality of our data and understand how we can reduce these emissions. For more information about how we work with customers to reduce our Scope 3 emissions, see [page 10](#).

Reducing Our Environmental Impact

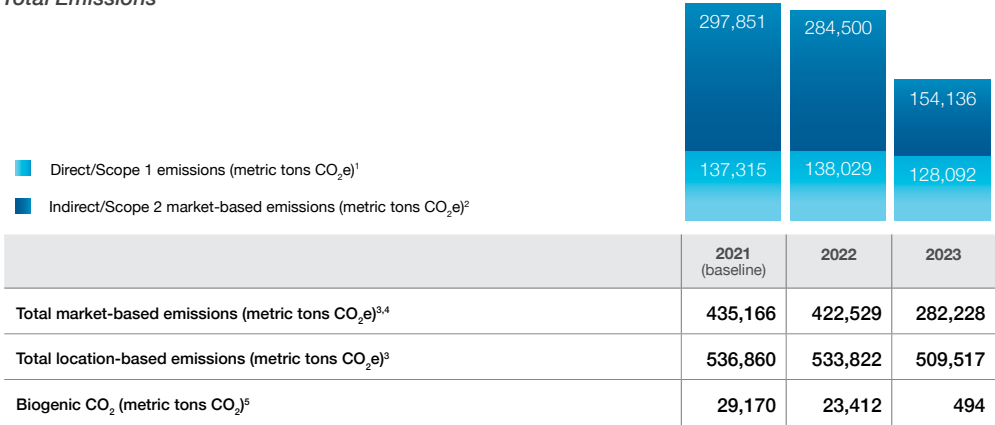
Across ITW’s businesses, we continuously evaluate opportunities to improve our operational efficiency, reduce energy use and waste, and conserve water. Read more about these efforts on our [website](#).

2023 Progress Toward
Our GHG Emissions Reduction Target

~30% absolute reduction of Scope 1 and
Scope 2 GHG emissions, compared with a 2021 baseline

2023 Environmental Performance

Total Emissions



¹ Emissions from the combustion of natural gas, heating/fuel oil, diesel, gasoline, propane, biogas, wood 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 and biogas, which is CH₄ and N₂O.

² Emissions from purchased heat, steam and electricity use (market-based); CO₂e includes CO₂, CH₄ and N₂O.

³ 2021–2022 total emissions were recalculated for the following reasons: added mobile fuel data.

⁴ 2023 market-based emissions reflect an audited 5% tolerance in our data.

⁵ 2023 Biogenic CO₂ significantly decreased due to a change in our business that led to a large reduction in the use of wood as an energy source.

See the [Appendix](#) of this report for more 2023 environmental performance data.

Clean-Tech Solutions

ITW is committed to making environmentally responsible products that provide cleaner, more efficient end-use applications and proven performance.

Customer-Back Innovation Drives Clean-Tech Solutions

ITW's long history of innovation is demonstrated by our broad portfolio of approximately 19,600 granted and pending patents, many of which have resulted in cleaner, more efficient and more durable products and end-use applications. Customer-Back Innovation, a key component of the **ITW Business Model**, starts with understanding and addressing our customers' pain points. We work tirelessly to understand the root of our customers' challenges so we can develop and test viable solutions. These efforts also help ITW address our Scope 3 emissions under Category 11: Use of Sold Products.

Across ITW, we partner with our customers to develop clean-tech products that address some of the world's most important challenges and opportunities. Examples include:

- Incorporate recycled material, such as post-consumer plastic, into manufactured products
- Support the growing electric vehicle (EV) and green building markets
- Reduce energy use, water use, waste or GHG emissions in product use or application
- Sell testing solutions to customers that enable them to evaluate more sustainable materials for their own products (to enable lightweighting, for example)

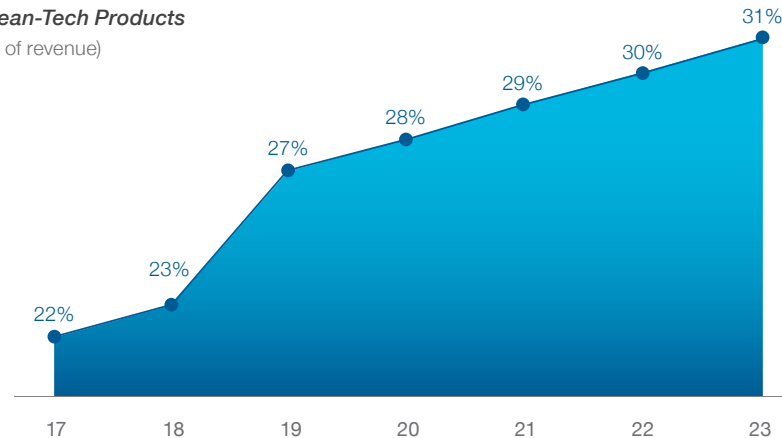
ITW's Clean-Tech Products

ITW provided more than \$5 billion of clean-tech products, representing approximately 31% of ITW's revenue in 2023.

ITW defines clean-tech as products that support overall eco-efficiency and in turn help our customers reduce the environmental impact of their own operations and products.

Clean-Tech Products

(% of revenue)



Clean-Tech Solutions Across Our Segments

All seven operating segments contribute to ITW's clean-tech product portfolio. We spotlight three examples, demonstrating the breadth of our sustainable product innovations.

Supporting the Growth of Electric Vehicles

With the growing electric vehicle (EV) market and the importance of fuel efficiency, we partner with automotive OEMs and their suppliers to understand how our products can help them increase energy efficiency, reduce vehicle weight and enhance component durability and longevity. We work with various companies around the world to provide lightweight options for fasteners, door handles and other components that previously were made of steel or zinc, allowing OEMs to reduce the weight and increase the fuel efficiency of their vehicles.

As a tier 2 supplier of key components, ITW is actively engaged in support of battery development for Automotive and other end markets. Our ITW Performance Polymers' Plexus adhesives are used in EV battery assembly and support performance through their durability, light weight, thermal conductivity properties and environmental resistance. We also help OEMs migrate their vehicle production to EVs by providing products such as EV charging port components.



Design Enhancements Deliver Environmental Benefits in Food Equipment

Our Food Equipment segment provides commercial kitchen equipment that offers world-class performance in low energy usage and water consumption. For example, our Hobart business has improved the design of its rack-type dishwasher CS line to reduce water and energy consumption. Using a heat recovery system, steam is used to heat incoming water without additional power consumption, generating an energy savings of up to 7 kwh per hour. In addition, by redesigning rinse nozzles to improve the spray pattern, the final rinse system requires up to 40% less rinse water consumption compared with the market standard.

In addition, our refrigeration products support our customers' needs for greater energy efficiency, more environmentally friendly refrigerants and smaller refrigerant charges. For example, Foster's new EcoShow with frameless glass doors provides an 80% energy savings compared with doorless models. Through a revision of the construction and system architecture, the Gamko Maxiglass MG3 bottle cooler provides up to 30% energy savings per year compared with the previous model. Our refrigeration units also can be broken down and recycled at the end of their useful life. ITW's Foster products are more than 98% recyclable.



Innovation in Welding Technology

To support our customers with sustainable welding solutions, we are constantly reevaluating our portfolio of products to meet their business needs. Over the last several years, ITW's Welding segment has reimagined our welding technology by transitioning from transformer-based to inverter-based designs. This transition has significantly reduced the material weight of our products, and in turn, conserves materials and cuts emissions in manufacturing and delivery. The inverter-based design offers the added environmental benefit of being more energy efficient to operate than previous models.



**OPTIMIZING PRODUCT SAFETY THROUGH
CUSTOMER-BACK INNOVATION**

ITW’s Customer-Back Innovation process includes a consistent focus on optimizing product safety through the following steps:

- **Identify the key customer problem and determine the impact of solving for 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 products under development.
- **Engineer the product/service.** The DFMEA identification and mitigation of any safety considerations 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 ensuring that our products are of high quality and can be manufactured and used safely.

ITW’s Innovation Center hosts DFMEA training for ITW engineers to help make safety an integral part of the product development process from the very beginning and at every stage.

Our Approach to Environmental Management

ITW’s Director of Environmental Health, Safety & Sustainability has day-to-day responsibility for 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 and compliant with all applicable regulatory obligations.

**ITW Environmental & Sustainability Policy,
Standards and Certifications**

All ITW divisions are expected to comply with **ITW’s Environmental & Sustainability Policy**, which outlines our commitments 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 operational excellence, many of our businesses pursue third-party certifications, including those offered by the International Organization for Standardization (ISO). At the end of 2023, 130 facilities, accounting for approximately 32% of

ITW’s manufacturing facilities globally, had ISO 14001 certification for environmental management. In addition, 224 facilities, accounting for approximately 55% of ITW’s manufacturing facilities globally, had ISO 9001 certification for quality management.

Facility Audits

Our annual environmental, health and safety compliance audits help ensure that ITW facilities meet regulatory requirements, company policies and best practices. We audit our manufacturing facilities at frequencies based on a risk-based site selection process. In partnership with globally recognized environmental consulting firms, we audit environmental and safety compliance programs at our facilities, and our businesses systematically address identified issues.

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., 52 ITW facilities annually file either Form A or R reports, as applicable. ITW also evaluates its reported emissions to identify reduction opportunities.

Read more about our efforts to reduce our environmental impact on ITW.com:

- [Reducing Energy Consumption through Heat Recovery](#)
- [Innovation in Welding Technology](#)
- [Building a Circular Economy for Plastics](#)

ITW disclosures and links to key disclosures can be found in the [Appendix](#) of this report.

Responsible Sourcing

ITW is committed to working with suppliers who operate responsibly and share our dedication to global environmental and social standards. We conduct our own due diligence and foster responsibility across our value chain to ensure business is conducted with a high degree of ethics and integrity while providing economic opportunities to diverse suppliers.

Ensuring Accountability Across Our Supply Chain

ITW is committed to fostering responsibility across our value chain, through the impact of our products as well as via our global supplier network. Our policies outline our expectations of suppliers and ensure we engage with responsible partners:

- **Supplier Code of Conduct** and **Supplier Expectations** help ensure our supplier partners align with our ethical standards. The 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.
- **Responsible Materials Policy** codifies our commitment to responsible sourcing of all materials and is intended to support compliance with applicable legal requirements regarding legislated materials.
- **ITW Human Rights and Modern Slavery Statement** describes our activities to promote respect for human rights, including the elimination of slavery and human trafficking from our business, our supply chains and our service providers.

Purchase order **Standard Terms and Conditions** further reinforce our expectations.

We review and update our policies periodically. Our Core Values, together with the policies referenced within this section, provide the overarching compliance framework relating to human rights and decent working conditions across our global enterprise.

Our global sourcing team, which has received training in responsible sourcing, regularly engages with our suppliers to ensure they effectively meet our requirements. Our long-standing relationships with key suppliers foster open communication and business continuity.

Managing Our Supply Chain Efficiently and Responsibly

ITW employs several practices to support the resiliency and continuity of our supply chain.

Supplier Due Diligence: We rate and audit our suppliers to evaluate their long-term viability and ability to support our businesses sustainably by measuring a variety of factors, including safety and environmental measures, financial data, leadership stability and operational metrics. In 2023, we enhanced our human rights and environmental risk assessment and mitigation processes by providing our businesses a platform with a questionnaire and training and audit tools. In addition, we partner with a third party to validate compliance with ethical standards.

Efficient Distribution and Storage: Our data-driven approach leverages 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. We strive to enable ITW businesses to optimize distribution and storage patterns, resulting in shortened freight routes, less packaging waste and reduced carbon emissions and environmental impact.

Sustainable Materials: Sourcing environmentally friendly and socially responsible materials for our products is an ongoing priority. Strategic focus areas across our segments include:

- Increasing our use of resins in our Automotive OEM and Specialty Products segments with higher recycled content and lower GHG emissions in production
- Using electric arc furnace (EAF) steel mills when viable, which produce the cleanest recycled steel on the market

In addition, we continue to invest in resources to identify ways to reduce packaging, while still protecting our product throughout the delivery process. We also remain committed to helping our customers identify ways to incorporate recycled materials into their manufacturing processes, in turn helping our own environmental footprint.

Diverse Suppliers: ITW is committed to fostering economic opportunity for all, including those with whom we do business. We are committed to grow our spend across all diverse groups by investing in supplier development programs that recognize suppliers with competitive advantages in their offerings.

Local Suppliers: 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 our overall supply chain, approximately 85% of our total third-party spend was supported by a “buy-local, sell-local” sourcing strategy, where feasible.

Reducing Our Impact with Responsible Logistics Partners

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 2023, 95% of our U.S. preferred carriers were SmartWay carriers and 87% of our European preferred carriers were Lean & Green partners.

Our People



IN THIS SECTION

Employee Safety
Workplace Culture & Talent Development
Diversity & Inclusion
Benefits & Compensation

Employee Safety

The safety of our approximately 45,000 global colleagues is core to our commitment to be a great employer. We strive to foster a proactive safety culture through the execution of our Enterprise Safety Strategy, which is based on the philosophy that all accidents are preventable.

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

The Enterprise Safety Strategy framework for our divisional safety management programs is grounded by two pillars:

- **Committed Leadership & 100% Employee Engagement:** Leadership commitment coupled with individual employee engagement and responsibility drive our safety journey. We maintain a strong focus on continuous improvement, communicating progress and celebrating success.
- **Continuous Risk Reduction:** Each division has implemented processes to identify and eliminate hazards, including risk assessment, near-miss reporting, sharing best practices and implementing corrective actions. In addition, each division strives to meet or exceed all applicable regulatory obligations and uses data to track and drive safety performance improvements.

Our Framework for an Effective Divisional Safety Management Program

Learn more about ITW's Enterprise Safety Strategy on our [website](#).

Safety Training and Resources

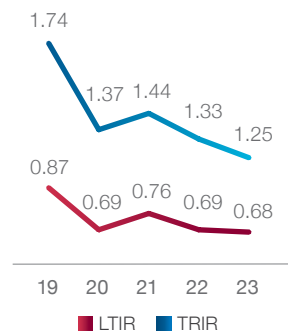
We empower our divisions to utilize continuing safety education resources most relevant to their business and many pursue third-party certifications. At the end of 2023, 68 sites, or approximately 17%, had ISO 45001 safety management system certification. In addition, we offer several enterprise-wide safety training and education tools, including a web-based training platform focused on the methods, standards and regulations that govern our businesses and a safety information management system (SIMS), which streamlines reporting of safety observations and incidents, rapidly determines incident root causes and promptly deploys corrective actions for those incidents.

Our 2023 Global Safety Performance and Data

By emphasizing our refocused strategy and safety fundamentals, our performance improved year-over-year in 2023. Our total recordable incident rate (TRIR) was 1.25 incidents per 100 employees, down 6%, and our lost time incident rate (LTIR) was 0.68 incidents per employee, down 2%. These rates decreased by 28% and 22% respectively from 2019.

Additional ITW safety performance data can be found in the **Appendix**.

Lost Time and Total Recordable Incident Rates



Workplace Culture & Talent Development

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.

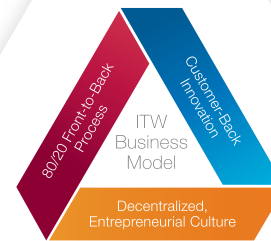
Enhancing the Employee Experience

In support of our aspiration to be a great employer, ITW developed and rolled out a data-driven framework to ensure a consistent employee experience across our global businesses.

The following four core commitments serve as the foundation of our employee experience and articulate what all employees can expect at ITW.

A Focus on What Matters Most

The ITW Business Model is our defining competitive advantage, and combined with our continuous improvement mindset, makes it possible for us to constantly meet new challenges and create unique solutions for our customers.



Opportunities to Ignite Potential

Our people are the powerful force behind our success, and we invest in helping them grow their skills and interests. Our decentralized, entrepreneurial culture and diversified businesses make it possible for ITW colleagues to be curious and explore their passions.

Empowered Entrepreneurship

ITW colleagues at every level are expected to have an entrepreneurial mindset, lead through influence, share risk in decision-making, innovate simple solutions and drive results. In return, colleagues get the financial stability of a trusted industrial leader to help bring their ideas to life.



Purpose Beyond Products

Our products and supporting services are only the beginning of what we deliver to the world. We are committed to making a positive impact on our people, customers, suppliers, environment and the communities where we work and live.

Growing a Sustainable Talent Pipeline

ITW’s long-term success relies on our continued ability to grow, develop and retain talent at all levels and build a sustainable pipeline of *Great ITW Leaders*. 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.

Our strategic talent attraction and development efforts support the growth of our company and colleagues through unique and relevant development opportunities at each stage throughout the employee life cycle.

Attracting Early-in-Career Talent

For early-in-career talent, internships and educational cooperatives give students a breadth of real-world experience to help prepare them for long-term career success at ITW. We continue to invest in and support the development of this critical talent segment, with the goal to convert high-performing students into full-time roles.

Professional Development Across the Enterprise

We expect all colleagues 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 current role and beyond. We recognize and reward colleagues who perform well and have a strong history of promoting our internal talent.

We encourage our colleagues to develop and build critical skills using the 70-20-10 professional development model: 70% from challenging on-the-job experiences, 20% from hands-on coaching and feedback and 10% from formalized training and coursework.

The *Great ITW Leader* pipeline:



ITW’s Developing Leader Coaching Initiative

We also invest in our talent through targeted leadership and career development programs. We prioritize supporting Developing Leaders, a critical talent segment within our diverse leadership pipeline. Through our global Developing Leader Coaching Initiative, first-time people leaders are nominated to receive shared and virtual coaching and applied learning experiences.

2023 ITW Intern Class



ITW’s Developing Leader Coaching Initiative



UNDERSTANDING THE EMPLOYEE EXPERIENCE

For the past seven years, ITW has participated in McKinsey & Company’s Women in the Workplace Report – the largest comprehensive study of the state of women in corporate America.

More than 6,000 U.S. ITW colleagues were invited to participate in the 2023 survey, which introduced the themes of trusting relationships, growth mindsets and communication as keys to manager effectiveness. Of our colleague responses:

- 87% indicated they would recommend ITW as a great place to work
- 83% affirmed they receive the needed manager support to be effective in their role

The results and feedback from the annual 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. In 2023, divisions across more than 20 countries leveraged survey tools to collect employee feedback about the workplace experience, leadership, culture, inclusion and career development, which helped establish a baseline for future action planning.

Read more about our talent development efforts on ITW.com:

- [Growing into a Career at ITW](#)
- [Embracing a Career of Constant Growth](#)
- [Mentoring the Next Generation of ITW Leaders](#)

Diversity & Inclusion

ITW's long-standing commitment to diversity and inclusion (D&I) is 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 and Inclusion Strategy

D&I is a critical enabler of the ITW Business Model, our core competitive advantage. Our ability to leverage its full potential is dependent on how we attract, develop and retain *Great ITW Leaders*. Diversity of background, experience, thought and perspective is critical to the continued evolution and advancement of our powerful and proprietary 80/20 Front-to-Back Process and is a key driver of Customer-Back Innovation.

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.

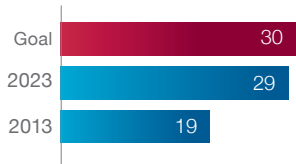
Ensuring Inclusion Through Leadership Training

ITW global leaders play an essential role in creating welcoming workplaces by demonstrating inclusive behaviors and promoting inclusion across their teams. Our Inclusive Leader Initiative focuses on understanding unconscious bias, actions to minimize its effects in our workplaces and resources to lead in a way that reflects ITW's Culture and Values. In 2023, more than 2,000 global managers and supervisors received training on the core leadership skills needed to build inclusive workplaces. Introduced at the beginning of 2023, our Inclusive Recruiting training had more than 1,900 global participants who are members of hiring and interview teams. This learning aimed at enhancing talent attraction and selection skills so ITW can hire the best talent available in our local markets.



DIVERSITY & INCLUSION PERFORMANCE AND GOALS*

Global Women Leaders (%)



U.S. Racially/Ethnically Diverse Leaders (%)



* Top 1,000 leaders (i.e., division directors and above) across ITW.

Our Progress on Leadership Diversity

We are committed to enhancing the diversity of our global leadership teams, and we have made steady and consistent progress over the past 10 years. At the end of 2023, representation of our global leadership teams was 29% women (global) and 20% racial/ethnic diversity (U.S. only). As we enter the Next Phase of our D&I Strategy, ITW is focused on further increasing our leadership diversity, building a deep and diverse talent pipeline reflective of our local markets and continuing to develop manager capabilities to ensure an inclusive workplace across our global businesses.

View ITW's latest EEO-1 data on our [website](#).

Fostering Engagement Through Employee Resource Groups

Our Employee Resource Groups (ERGs) are employee-led organizations that bring together diverse groups of people and their allies to share experiences, grow professionally and network. Our ERGs directly support the Enterprise Talent Strategy, with specific focus on attracting, retaining and developing future leaders and promoting cultural diversity and community.

In 2023, ITW's seven ERGs saw more than 6,000 colleagues actively engaged in events across our 55 global chapters. For more about the impact of our ERGs, visit our [website](#).



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 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.



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.

We maintain fair labor practices and pay equity and ensure a work environment that reflects our ITW culture and Core Values everywhere we operate. Specific benefits and compensation vary worldwide and are based on regional practices. Read more about our market-competitive benefits and compensation on our [website](#).

Read more about our inclusion efforts on ITW.com:

- [Cultivating an Inclusive Environment](#)
- [Introducing Our Newest Employee Resource Group](#)
- [The Global Impact of Women at ITW](#)

Our Communities



IN THIS SECTION

Philanthropy & Community Involvement



Philanthropy & Community Involvement

ITW has a long-standing legacy of investing in the communities where we do business and where our colleagues live and work. Our decentralized, entrepreneurial culture empowers our people to get involved and make a difference locally, while being connected to an enterprise committed to making a global impact.

Fostering A Culture of Giving

We strive to foster a culture of giving that encourages and supports our colleagues in their efforts to make positive contributions in their communities across the globe.

Colleagues in the U.S. and Canada are invited to participate in the ITW Gift + Volunteer Match Program, which provides:

- 3:1 match for qualified charitable colleague giving
- \$15-per-service-hour match for qualified colleague volunteering opportunities

Other elements of our colleague giving program in North America include a corporate match to United Way and its partner agencies for every dollar contributed through our annual employee giving campaign and scholarship programs for high-achieving dependents of ITW colleagues pursuing a post-secondary education.

In addition to amplifying colleagues' giving efforts, ITW strategically invests in education, workforce development and arts and culture through key partnerships within our communities.

Investment in Our Communities

Excludes ITW's multi-year investment in the Austin and Belmont-Cragin communities of Chicago

\$22+ million in total philanthropic giving in 2023

\$106.9 million provided in support to our communities over the past five years

ITW's Signature Initiatives

Supporting Under-resourced Communities

As a trusted business partner to brands across the world, we believe it is up to us to help shape the future through social responsibility efforts that aim to improve the quality of life for those around us. ITW continues to expand our investment and engagement in organizations, programs and partnerships that promote access to a high-quality education and meaningful long-term employment opportunities for marginalized communities.

ITW's \$40 million, multi-year investment in the Austin and Belmont-Cragin communities of Chicago through United Way's Commit to a Neighborhood Initiative strives to create quality, family-sustaining wage jobs and stimulate economic development and inclusiveness through workforce development for industry-specific job opportunities. This unique, long-term investment is intentional and deliberate to deepen ITW's impact in these neighborhoods. Learn more on our [website](#).

Promoting 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.

Since 2014, ITW has sponsored the ITW David Speer Academy in memory of our former Chairman & CEO David Speer. The Chicago high school focuses on offering a world-class STEM education to over 1,000 students in grades 9 through 12.

ITW's impact extends beyond our ongoing financial support to include regular colleague engagement. We also collaborate and partner with organizations to offer unique opportunities that enrich each student's learning experience.

Support for United Way

For the past seven decades, ITW has partnered with United Way to make a measurable impact in our communities. Each year, we engage thousands of ITW colleagues across our North American divisions, through our annual United Way campaign, resulting in an average of approximately \$6.1 million invested annually over the last five years.

Through United Way UK, our ITW Construction Products UK/Nordics business continues to volunteer time and provide financial contributions to charitable organizations aligned with various causes, including homelessness, youth employment, women's aid and children with disabilities.



ITW David Speer Academy by the Numbers

270 graduates

among the class of 2023



90% of 2023 graduates

pursuing education beyond high school

~\$72 million in scholarships
and grants from
various sources

awarded to the class of 2023 (four-year value)

70% of students who attend college
are first in their family to do so



Read more about our community impact efforts on [ITW.com](https://www.itw.com):

- [Making A Difference Through Days of Action](#)
- [Employee Resource Groups Give Back](#)
- [Inspiring Future Trades Professionals](#)

Appendix

IN THIS SECTION

- Sustainability Data Summary
- SASB Index
- TCFD Index

Sustainability Data Summary

Environment			
Metric	2021	2022	2023
Total location-based emissions (metric tons CO ₂ e) ¹	536,860	533,822	509,517
Direct/Scope 1 emissions (metric tons CO ₂ e) ²	137,315	138,029	128,092
Indirect/Scope 2 location-based emissions (metric tons CO ₂ e) ³	399,545	395,793	381,425
Total market-based emissions (metric tons CO ₂ e) ⁴	435,166	422,529	282,228
Indirect/Scope 2 market-based emissions (metric tons CO ₂ e)	297,851	284,500	154,136
Emissions intensity including renewables (metric tons CO ₂ e/million\$ operating revenue) ⁵	30	27	18
Biogenic CO ₂ (metric tons CO ₂) ⁶	29,170	23,412	494
Total energy (MWh) ¹	1,663,026	1,637,644	1,502,695
Direct energy (MWh) ⁷	697,942	684,271	592,223
Indirect energy (MWh)	965,084	953,373	910,472
Energy intensity (MWh/million\$ operating revenue) ⁵	115	103	93
Total water withdrawn (thousand U.S. gallons)	680,455	671,911	611,308
Water withdrawal – purchased (thousand U.S. gallons)	556,931	601,742	557,758
Water withdrawal – non-purchased (thousand U.S. gallons)	123,524	70,169	53,550
Water intensity (U.S. gallons/thousand\$ operating revenue) ⁵	47	42	38
Total solid waste (U.S. tons)	31,668	29,828	30,704
Hazardous & special industrial waste (U.S. tons)	6,158	6,310	7,225
Non-hazardous waste (U.S. tons)	25,510	23,518	23,479
Total liquid hazardous and special industrial waste (thousand U.S. gallons)	1,244	1,436	1,534
Total recycled material (U.S. tons)	64,755	70,135	87,497
Government environmental inspections (# of inspections)	220	185	178
Government environmental inspections [*] resulting fines (\$U.S.)	\$10,096	\$12,288	\$2,010
ISO 14001 environmental management certifications (# of sites)	128	130	130
ISO 9001 quality management certifications (# of sites)	214	220	224

¹ 2021–2022 Total Energy, Emissions were recalculated for the following reasons: added mobile fuel data.

² Emissions from the combustion of natural gas, heating/fuel oil, diesel, gasoline, propane, biogas, wood 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 and biogas, which is CH₄ and N₂O.

³ Emissions from purchased heat, steam and electricity use (location-based); CO₂e includes CO₂, CH₄ and N₂O.

⁴ 2023 market-based emissions reflect an audited 5% tolerance in our data.

⁵ Total operating revenue was used in the calculation of intensity indicators.

⁶ 2023 Biogenic CO₂ significantly decreased due to a change in our business that led to a large reduction in the use of wood as an energy source.

⁷ Includes electricity, purchased heat, natural gas, heating/fuel oil, diesel, gasoline, propane, wood, biogas and liquefied natural gas.

The reporting period for ITW's environmental, health and safety data is January 1, 2023–December 31, 2023. 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.

Sustainability Data Summary *continued*

Clean-Tech Products			
Metric	2021	2022	2023
Clean-tech products sold (% of revenue)	29%	30%	31%
Clean-tech products sold (in billions)	\$4.2	\$4.7	\$5.0
Safety			
Lost time accidents (# of accidents)	330	313	304
Medical treatment incidents (# of incidents)	621	601	559
Lost time incident rate (incidents per 100 employees)	0.76	0.69	0.68
Total recordable incident rate (incidents per 100 employees)	1.44	1.33	1.25
Fatalities (#)	0	0	1
Government safety inspections (# of inspections)	295	255	238
Government safety inspections' resulting fines (\$U.S.)	\$3,825	\$49,401	\$42,263
ISO 45001 safety management system certifications (# of sites)	59	64	68
Diversity			
Global women leaders (%) ¹	28%	28%	29%
U.S. racially/ethnically diverse leaders (%) ¹	18%	19%	20%
Board gender/racial/ethnic diversity (%)	40%	45%	42%
Board gender diversity (%)	20%	27%	25%
Board racial/ethnic diversity (%)	20%	18%	17%
Community Impact			
Total philanthropic giving (in millions)	\$24.0	\$22.0	\$22.1

¹ Top 1,000 leaders (i.e., division directors and above) across ITW.

Sustainability Accounting Standards Board Disclosures

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

SASB Topic	SASB Accounting Metric	SASB Code	ITW Disclosure
Energy Management	Total energy consumed	RT-IG-130a.1	1,502,695 MWh
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	RT-IG-320a.1	1) 1.25 2) 0.002 per 100 employees 3) ITW tracks safety metrics as defined by our Enterprise Safety Strategy. Near misses are managed at the local level.
Fuel Economy & Emissions in Use-Phase	Analysis ongoing of applicability to ITW products. We believe the majority of the products we design and manufacture consume energy efficiently in their use phase.		
Materials Sourcing	Description of the management of risks associated with the use of critical materials	RT-IG-440a.1	Responsible Sourcing: Page 13
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services	RT-IG-440b.1	Customer-Back Innovation Drives Clean-Tech Solutions: Page 10
Accounting Metrics	Number of employees	RT-IG-000.B	The company employed approximately 45,000 people as of December 31, 2023.

Task Force on Climate-related Financial Disclosures

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

TCFD Pillar	TCFD Disclosure	ITW Disclosure
Governance	Describe the board's oversight of climate-related risks and opportunities.	Board Oversight of Sustainability: Page 6 2023 CDP Climate Change Report: C1.1, C1.1a, C1.1b
	Describe management's role in assessing and managing climate-related risks and opportunities.	Board Oversight of Sustainability: Page 6 2023 CDP Climate Change Report: C1.2
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<p>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.</p> <p>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.</p> <p>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 2023 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 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.</p> <p>Customer-Back Innovation Drives Clean-Tech Solutions: Page 10 2023 CDP Climate Change Report: C2.1, C2.1a, C2.1b, C2.2, C2.2a</p>
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Customer-Back Innovation Drives Clean-Tech Solutions: Page 10 2023 CDP Climate Change Report: C2.3, C2.3b, C2.4, C2.4a, C3.1, C3.2, C3.3, C3.4
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	2023 CDP Climate Change Report: C3

Task Force on Climate-related Financial Disclosures *continued*

TCFD Pillar	TCFD Disclosure	ITW Disclosure
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	2023 CDP Climate Change Report: C2.1, C2.1a, C2.1b, C2.2, C2.2a
	Describe the organization's processes for managing climate-related risks.	Our Approach to Environmental Management: Page 12 2023 CDP Climate Change Report: C2.1, C2.2
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	2023 CDP Climate Change Report: C2.1, C2.2
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	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: <ul style="list-style-type: none">• Total Energy• Energy Intensity• Total Emissions• Emissions Intensity• Total Water Withdrawn• Water Intensity• Clean-Tech Products
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Total Scope 1 and Scope 2 Emissions: 509,517 metric tons CO ₂ e <ul style="list-style-type: none">• Scope 1 Emissions: 128,092 metric tons CO₂e• Scope 2 Location-Based Emissions: 381,425 metric tons CO₂e
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Our Climate Strategy: Page 8

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 (including GHG emissions reduction 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, 2023, 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. Questions or comments about this report or future reports may be directed to sustainability@itw.com.



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