



2021 Sustainability Report

A photograph of a child wearing a pink beanie and a grey sweater, holding a single yellow maple leaf. The child's hands are in the foreground, and the leaf is held up towards the camera. The background is a blurred outdoor scene with trees and a bright sky. The image is framed by a large, dark red, angular graphic element on the left side of the page.

Inspired to
make a difference

At ITW, we are inspired to make a difference for our people, our communities and the environment.

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About ITW ITW (NYSE: ITW) is a Fortune 200 global multi-industrial manufacturing leader with revenues totaling \$14.5 billion in 2021. 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.

Executive Message

ITW's longstanding commitment to sustainability is rooted in our core values and fundamental to who we are as a company. Supported by strong governance practices, we are inspired to make a difference for our people, our communities and the environment.

Guided by our decentralized, entrepreneurial culture, our sustainability strategy is operationalized at the division level – each of our 83 divisions executes the programs and initiatives that provide meaningful impact for their business, all in support of our goal to be one of the world's best performing, highest quality and most-respected industrial companies.

In 2021, we continued to make steady and consistent progress on our diversity and inclusion goals as we work to diversify our workforce and build a more inclusive workplace. We also expanded our inclusive-leader training initiative to all managers and supervisors across our global businesses. Over the past year, nearly 4,300 global managers and supervisors participated in the training.

We also continued to execute our "Do More" Agenda – a priority for ITW that reaffirms our commitment to promote and support 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. For example, in partnership with technical colleges serving disadvantaged communities, we have initiated two important programs in our Food Equipment and Automotive segments to hire and develop skilled technicians. This provides well-paid and sustainable job opportunities while also filling a critical talent need for our businesses.

In addition, we made progress toward our goal to increase U.S. third-party spend on products and services from diverse suppliers, which includes racially/ethnically diverse, woman-owned, veteran-owned and LGBTQ+-owned companies. Our focus on supplier diversity, as well as other strategic sourcing practices, supports the resiliency and continuity of our supply chain. With strong supplier relationships and considerable effort from our ITW team, I am proud of our ability to overcome significant supply chain issues and sustain best-in-class customer service levels throughout the year.

With respect to the environment, we continued to execute our greenhouse gas (GHG) emissions intensity reduction strategy,



resulting in a 37 percent reduction through 2021 (compared with the 2017 baseline). Based on this progress toward our 40 percent intensity reduction target by 2030, we are carefully considering our next GHG emissions target, which includes actively studying the feasibility of a potential path to carbon neutrality. These learnings will inform our strategy and we look forward to sharing more as we have meaningful updates.

ITW is committed to expanding our portfolio of clean-tech products, which represented approximately 29 percent of our overall revenue in 2021. Over the past four years, we have increased our clean-tech revenue by 7 percentage points. Products in this portfolio support our customers in addressing climate change-related challenges and opportunities, such as the growing electric vehicle market. We are proud to partner with our customers through these responsible innovations.

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

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

Christopher A. O'Herlihy
Vice Chairman

Our Sustainability Strategy



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



Our Governance & Ethics

- Supported by unwavering management commitment and engaged Board oversight, we operate our 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 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 activities. We recognize and reward colleagues who perform well, have a strong preference for promoting our internal talent, and celebrate the entrepreneurial spirit of our ITW colleagues.
- We believe that we are at our best when we bring together unique perspectives, experiences and ideas. We strive to create diverse and inclusive workplaces where all our ITW colleagues can perform to their full potential.
- 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 Sustainability Strategy



Our Communities

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



Our Environment

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

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

Alignment with ESG 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 [2021 Sustainability Report Index](#) as well as throughout this report. We continue to monitor the SASB framework as it applies to the company 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 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 business 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 the sections entitled "Innovating 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. property values in 2021 had no natural catastrophe exposures 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 have implemented plans to upgrade infrastructure, including building reinforced roofing and implementing seismic shutoffs.

See the [2021 Sustainability Report Index](#) for more information on TCFD disclosures.

Our Business Model & Values



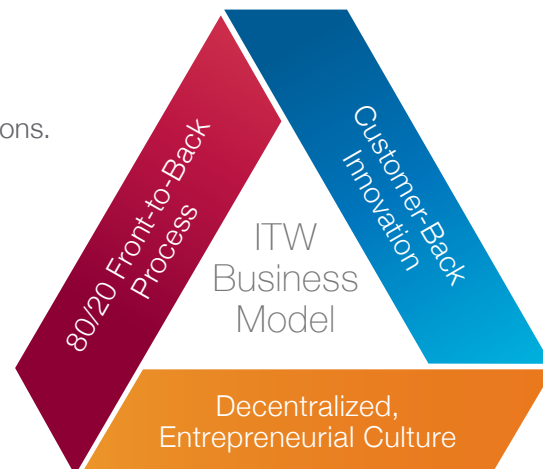
The ITW Business Model is a powerful and proprietary set of strategic, operational and cultural practices that have been in a state of continual development and evolution inside the company for 35 years. It is ITW's defining competitive advantage and it is the value we add to all our divisions.

The ITW Business Model is comprised of three elements:

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

Customer-Back Innovation describes how we innovate. At ITW, we innovate from the customer back, not from the research and development center out. Our divisions partner with their key customers to create unique solutions that solve difficult technical challenges and improve business performance. The deep capabilities and creativity of our people are evidenced by our portfolio of approximately 19,300 granted and pending patents, including more than 1,800 new patent applications filed in 2021.

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



Our Values

Integrity

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

Respect

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

Trust

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

Shared Risk

We recognize that continuously evolving and innovating 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.

Our Governance & Ethics



Supported by unwavering management commitment and engaged Board oversight, we operate our business with 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.

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. The Board is composed of 10 directors, including two women and two African American men, representing 40 percent overall diversity (20 percent gender diversity and 20 percent racial/ethnic diversity).

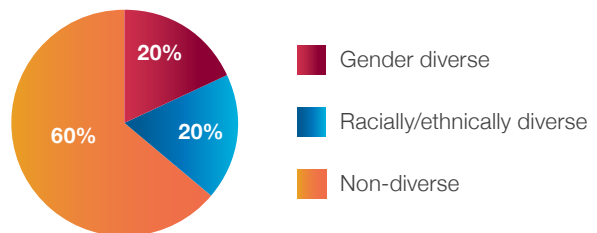
Members of our Board have diverse experiences and complementary skills across a range of industries. The composition of highly experienced, engaged and diverse independent directors strengthens the Board's oversight of the company and provides a strong, well-rounded foundation for overseeing ITW's long-term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

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.

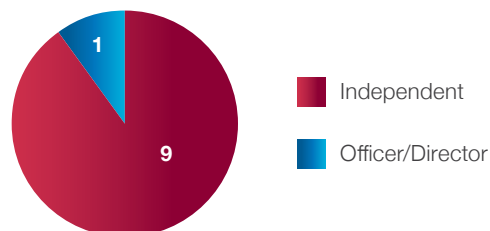
Board Refreshment

To ensure Board effectiveness, ITW strives to balance deep knowledge with new perspectives. The Corporate Governance and Nominating Committee annually 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. Furthermore, a director may not stand for re-election after his or her 75th birthday to allow for diverse experiences and ideas from new directors.

Board Diversity



Board Independence



Read more about our Board, the responsibilities of our Board Committees and our strong governance profile in our [2022 Proxy Statement](#).

Our Governance & Ethics

Board Oversight of Sustainability

The Board plays an active role in the oversight of ITW's sustainability strategy, supported by additional oversight and responsibilities carried out by Board committees, company leadership and colleagues.

Overall Sustainability: The Board conducts an annual review of the company's environmental, social and governance (ESG) strategy. Throughout the year, the Board receives periodic updates from management regarding the progress on ESG strategy and performance, which may include, for example, discussions relating to ESG initiatives, risks and reporting. Additionally, the committees of the Board may also review components of the ESG strategy that fall within their purview.

Enterprise Risk Management: The Board is responsible for the 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 2021, the annual risk assessment process identified the following key enterprise risks: legal/compliance/reputation, controllership/tax, key leader continuity/succession, supply chain integrity/continuity, cybersecurity, plastics in consumer packaging 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 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.

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 on the company's organizational needs, its talent pipeline and diversity and inclusion strategies, and the succession plans for critical leadership positions. On an annual basis, the Board also conducts a detailed review



“ITW’s commitment to excellence in our environmental, social and governance practices is longstanding and is executed at all levels of our organization, from the active engagement and focus of our

Board of Directors and senior leadership team who set our enterprise-wide ESG strategy and performance goals and continually reinforce a consistent tone at the top all the way through to the thousands of our ITW colleagues who drive our efforts and progress every day. Simply put, we strive always to do the right things the right way and to treat all our stakeholders with care and respect.”

E. Scott Santi, ITW Chairman & Chief Executive Officer

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.

Ethics and Compliance

Our Policies Reinforce Our Commitment to Ethical Conduct

Rooted in our values of Integrity, Respect and Trust, we set high ethical standards for our company and partners that help us deliver best-in-class performance. 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 was updated in 2021, 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 of Integrity, Respect and Trust are the foundation of the Code, which also applies to ITW's suppliers through our Supplier Code of Conduct and in our standard

Our Governance & Ethics

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.

Training and Reporting Ethics Concerns

Ethics and compliance training is an important part of our commitment to operate our business with the highest level of ethical conduct. ITW has no tolerance for ethical violations and all colleagues are expected to know and follow the rules. Upon hire and then annually, ITW colleagues around the world 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 are available in 16 languages. In addition, in accordance with their roles and responsibilities, our global colleagues receive periodic training on compliance topics including, but not limited to, anti-corruption, competition, data protection and privacy and harassment in the workplace.

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

To review all ITW's governance policies, visit the [Governance Documents page on our investor relations website.](#)

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.

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 2021, our total political lobbying spend was \$280,000.

Data Privacy

ITW respects the privacy of our colleagues and customers and is committed to following the data protection laws that apply to us. Our **Privacy Statement** describes the information we collect, how we use and share it, and user rights with respect to it. Our systems are designed to ensure colleagues have access to the minimum amount of sensitive information required to carry out their responsibilities.

Our People

IN THIS SECTION:

Employee Safety

Workplace Culture &
Talent Development

Diversity & Inclusion

Benefits & Compensation



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.

Employee Safety



The safety of our approximately 45,000 colleagues around the world is an essential component of our commitment to be a great employer. 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 goal of zero accidents. Our division-driven approach ensures we have a shared responsibility to protect the well-being of every ITW colleague.

A Strategic Approach to Safety

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

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

Employee Safety

In alignment with our decentralized culture, we believe in providing a framework that each division can customize to meet its specific safety needs. Our environmental health and safety team fosters a culture of continuous improvement. The team provides a safety management system gap analysis tool to help divisions determine what additional measures can complement existing efforts. This tool utilizes a scoring system for each of the 10 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.

Some of our businesses also pursue third-party certifications as part of ITW's ongoing drive for safety excellence. At the end of 2021, 59 sites, or approximately 14 percent, had ISO 45001 safety management system certification.

Safety Training, Tools and Resources

As part of ITW's decentralized, entrepreneurial culture, 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 used to further educate our colleagues on the ever-changing methods, standards and regulations that govern our industries. PureSafety is available globally and offered in multiple languages so global ITW colleagues can take advantage of this enterprise safety education tool.

We continue to evaluate tools and resources to optimize how our divisions manage safety.

Reinforcing Employee Safety Throughout the Pandemic

Since the onset of the COVID-19 pandemic, our teams have implemented protocols in compliance with U.S. Centers for Disease Control and Prevention (CDC), World Health Organization (WHO) and European Centre for Disease Prevention and Control (ECDC) guidance, as well as prevention practices in other countries and those at the state and local

level. The health and safety performance of our global teams throughout the pandemic continues to demonstrate the strength of our Enterprise Safety Strategy and our colleagues' commitment to safety.

In 2021, our teams examined new ways to enhance compliance with protocols. For example, ITW Engineered Fasteners & Components in Selb, Germany began using safe distance controls to support social distancing measures and avoid transmission of COVID-19. Through this system, an alarm sounds when two or more colleagues are not properly distanced. The system can also be used for contact tracing. This effort received the "Smart Fox" award from Berufsgenossenschaft Holz & Metall, the wood and metal trade association in Germany.

Our 2021 Global Safety Performance and Data

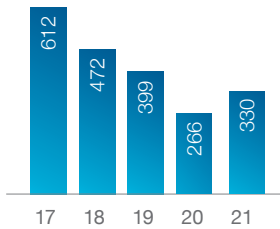
2021 marked our sixth year executing the Enterprise Safety Strategy across all ITW divisions. We experienced a modest increase in incident rates for 2021 compared with 2020, and we attribute the increase to the following factors:

- COVID-19 impacts on the implementation of certain Enterprise Safety Strategy initiatives;
- New colleagues recently hired in response to higher product demand; and
- Operational challenges brought on by high demand and global supply chain impacts.

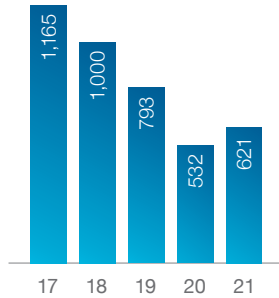
For 2021, our total recordable incident rate (TRIR) was 1.44 incidents per 100 employees* (up 5 percent year over year), and our lost time incident rate (LTIR) was 0.76 incidents per 100 employees (up 10 percent year over year). Given the unique operational environment in 2020 due to the onset of the pandemic, a better measure of progress is to compare 2021 incident rates with those in 2019. Our TRIR and LTIR are down 17 percent and 13 percent, respectively, from 2019 to 2021.

Employee Safety

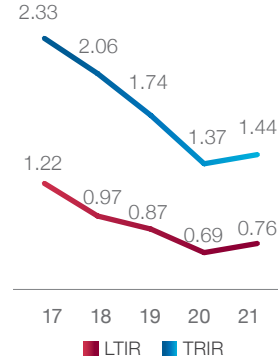
Lost Time Accidents
(Number of accidents)



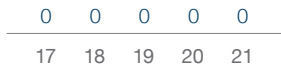
Medical Treatment Incidents
(Number of incidents)



Lost Time and Total Recordable Incident Rates
(Number of incidents)

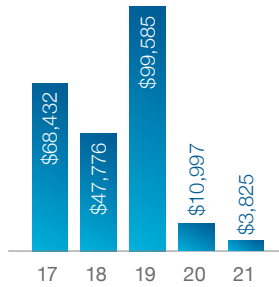


Fatalities*
(Number of fatalities)

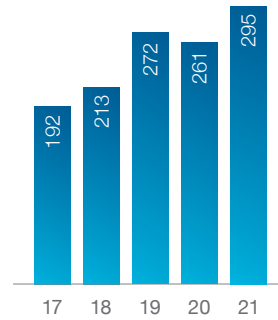


ITW has had zero fatalities over the past five years.

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



Government Safety Inspections
(Number of inspections)



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

Celebrating Safety Milestones

In 2021, several ITW locations celebrated safety milestones, exemplifying shared ownership of and commitment to safety excellence. Of ITW's 110 divisions and business units, 33 achieved zero lost time accidents (LTAs) for the full year. ITW also celebrates a number of divisions and business units that achieved zero LTAs per quarter in 2021, as shown below:

Quarter	Number of Divisions and Business Units with Zero LTAs
First Quarter	68
Second Quarter	66
Third Quarter	64
Fourth Quarter	68

These achievements were driven by key elements of our Divisional Safety Management Program, such as Leadership & Employee Engagement, Hazard Identification, Risk Prevention and Safety Committees. Other notable achievements among our manufacturing locations include 28 divisions and business units that have achieved over three years with zero LTAs and 18 divisions and business units that have achieved more than five years with zero LTAs.

Our People

Workplace Culture & Talent Development



Our ITW Culture defines who we are as a company and how we lead. We are focused on ensuring our culture is deeply and consistently applied across the company while giving our colleagues “flexibility within the framework” to achieve success. We are guided by the imperative of growing, developing and retaining talent at all levels who can translate ITW Business Model expertise into full potential performance.

Our ITW Culture Drives Shared Ownership

We believe our decentralized, entrepreneurial culture is the key element that drives the highly effective and efficient conversion of strategy into action and action into results that matter. Our approximately 45,000 global colleagues thrive in an environment 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, Simplicity, Trust, Respect and Shared Risk.

We invest in our colleagues through professional development, challenging on-the-job experiences and long-term career growth opportunities. We recognize and reward colleagues who perform well and have a strong history of promoting our internal talent.

Building a Pipeline for Long-Term Success

ITW's long-term success relies on our ability to develop talent at all levels of our organization and build a long-term 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 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 when working to maintain our ITW Culture. For the past five 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 2021, ITW distributed the survey to over 5,000 U.S. women and men professional colleagues to better understand their ITW experiences. Of the ITW colleague responses, 87 percent find their work meaningful, and 85 percent recommend ITW as a great place to work. The results and feedback from the survey are being 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 through regular employee surveys and other feedback mechanisms. For example, in our Specialty Products segment, ITW Hartness uses annual surveys to solicit colleagues' direct feedback, gather benchmarking data and establish action plans to drive continuous improvements. In 2021, 93 percent of the division's 400 colleagues participated in the survey, with 86 percent of employees reporting that ITW was a great place to work.

Workplace Culture & Talent Development

The chart below illustrates the *Great ITW Leader* pipeline:



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. 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.

In 2021, our U.S.-based internship program provided both on-site and virtual learning opportunities to maximize the overall experience of intern assignments. We continue to invest in and support the development of this critical talent segment. We also continue to focus our recruiting efforts on developing meaningful national diversity partnerships with organizations such as Society of Women Engineers and National Society of Black Engineers, from where we recruit approximately 35 percent of our internship positions.

Developing *Great ITW Leaders* Across the Enterprise

We encourage ITW 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 percent from challenging on-the-job experiences
- 20 percent from hands-on coaching and feedback
- 10 percent 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 83 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 the performance management and development planning resources ITW offers to build the critical skills necessary to meet the needs of their role and beyond.

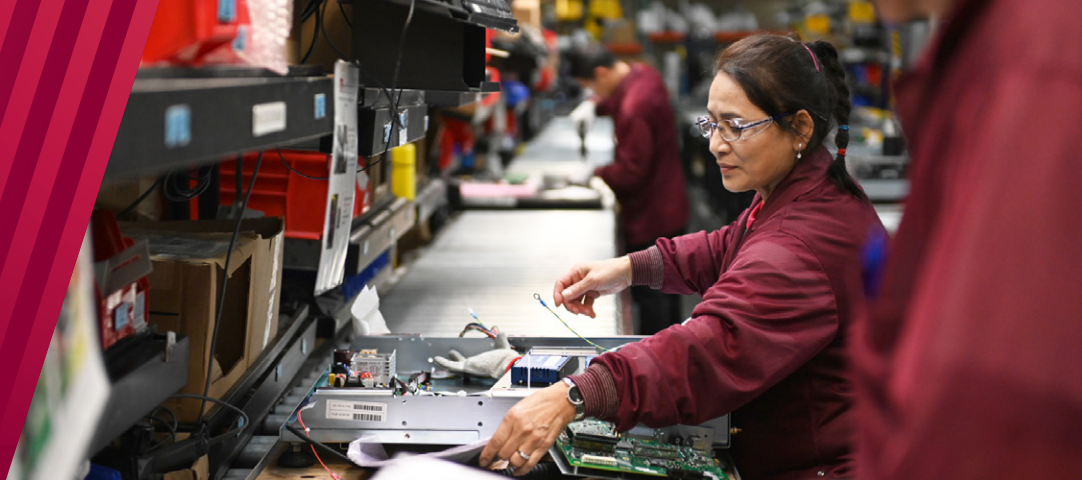
In addition to on-the-job learning, we invest in our talent through targeted leadership and career development programs. We place particular emphasis on supporting Developing Leaders, a critical talent segment within our diverse leadership pipeline. Many of these programs are led by ITW leaders and provide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

To support the development of Black executives and middle managers, ITW continued its strategic partnership with the Executive Leadership Council (ELC), a nonprofit focused on the development of Black executives. In 2021, more than 75 ITW colleagues participated in ELC’s Mid-Level Manager Symposium, a professional development program designed to advance and inspire high-performing, high-potential Black professionals.

ITW’s Employee Resource Groups (ERGs) also play an important role in developing *Great ITW Leaders* 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.

Our People

Diversity & Inclusion



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 diversity and inclusion (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 senior leaders, is responsible for establishing 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.

Diversity & Inclusion

Our Commitment to Do More

ITW has had a longstanding commitment to D&I for many years, most notably signified by our D&I strategy that was introduced in 2013. Over the years, we have demonstrated our leadership commitment, made steady progress to diversify our workforce and focused on building a more inclusive workplace.

The renewed focus on the issues of racism and discrimination in our society highlights the complex challenges faced by many people of color in accessing the economic possibilities and potential afforded to others. Introduced in 2020, 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 deepening our commitment to diversity and inclusion and respect for all at ITW.
- Leveraging ITW's capabilities and industry experience to create long-term skilled employment opportunities for candidates of color.
- Expanding 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 expanding ITW's commercial relationships with minority-owned businesses.

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

As part of our "Do More" Agenda, ITW has committed to growing our diverse workforce and providing more economic opportunity to diverse people. We have initiated two important programs in our Food Equipment Group and Automotive segments to hire and develop skilled technicians, providing well-paid and sustainable job opportunities while also filling a critical talent need for our businesses.

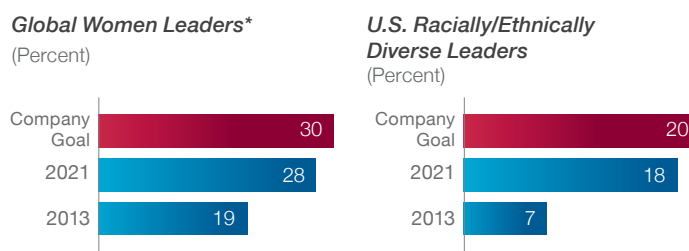
Learn more about ITW's "Do More" Agenda in the following sections:

- [Our People Feature Story: Fellowship Program Aims to "Do More" for African American Technicians](#)
- [Philanthropy and Community Involvement](#)
- [Responsible Supply Chain Management: Diverse Suppliers](#)

Our Progress on Leadership Diversity

We are committed to achieving our diversity and inclusion goals and enhancing the diversity of our global leadership teams, and we have made steady and consistent progress since 2013.

DIVERSITY & INCLUSION DATA



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

DIVERSITY REPRESENTATION OF OUR U.S. EMPLOYEES

EEO-1 Data	U.S. Women	U.S. Racially/Ethnically Diverse Employees
Executives & Directors	31%	18%
First Level Managers & Professionals (including Sales)	30%	19%
Technicians & Craft Workers	9%	26%
Operators, Laborers & Other Hourly Workers	36%	41%
Total U.S. Employees	29%	30%

Data as of 12/31/2021

View ITW's 2020 EEO-1 data, our most recent filing, on our [website](#).

Diversity & Inclusion



Driving Inclusion Through Leadership Training

ITW 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 global 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. In 2021, nearly 4,300 global managers and supervisors participated in the training. 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.

Engaging Diverse Colleagues and Allies

Our Employee Resource Groups (ERGs) play a critical role in engaging colleagues at all levels. 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 2021, our ERGs comprised over 45 global chapters.

- Launched in September 2021, ITW's **Latino Hispanic Network (LHN)** represents a community of Latino and Hispanic colleagues and allies focused on supporting the growth of diverse talent at ITW. LHN supports recruitment efforts and offers career development experiences, networking and fellowship among colleagues. Since its launch, LHN has engaged with 100 percent of ITW's U.S.-based Latino and Hispanic population.
- **Pride at ITW** is focused on empowering lesbian, gay, bisexual, transgender and queer (LGBTQ+) colleagues and allies through building a sense of belonging and engagement while promoting shared respect and understanding of LGBTQ+ issues. In 2021, Pride at ITW partnered with Center on Halsted, a Chicago-based community center dedicated to the health and well-

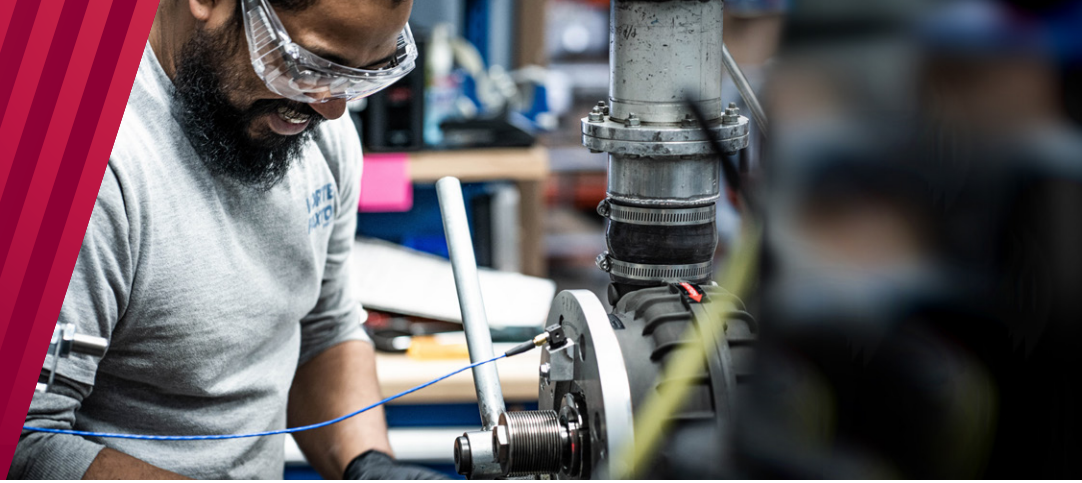
being of LGBTQ+ people in the region. Several events were held in partnership with Center on Halsted, including Pride in the Park, a celebration of LGBTQ+ pride with music, dancing and food. The ERG was also a signature sponsor of the AIDS Foundation Run & Walk Chicago 2021. In collaboration with other ITW ERGs, the team supported communities in a variety of ways, including a winter coat drive and volunteering with the LGBTQ+ advocacy group PFLAG.

- The **ITW African American Network (AAN)** is committed to the specific interests of people who identify as Black, African, African American, West Indian or of African descent, by building a community of leaders through leadership development opportunities, informative workshops and networking activities. In 2021, AAN hosted American civil rights activist Ruby Bridges for "Lunch with a Legend," where nearly 300 ITW employees across the enterprise tuned in to listen to Bridges discuss her story as a civil rights activist.
- The **ITW Women's Network (IWN)** supports the attraction, development and retention of female talent and reinforces ITW's inclusive workplace across our divisions. Through its 29 global chapters, IWN actively engages female colleagues in networking and professional development. Our male leaders are also an integral part of IWN's success as they sponsor and participate in the group in support of ITW's female talent. In 2021, IWN focused on building allyship and collaboration with other ERGs to further support ITW's D&I strategy.
- ITW's **Young Professional Network (YPN)** focuses on empowering early-in-career professionals across ITW by building a community for our next generation of leaders through social platforms, networking activities and development opportunities. In 2021, YPN expanded its footprint with the launch of an Asia chapter, adding to their existing presence in North America, Europe and Australia. The group also partnered with LEARN, a Chicago-based charter school, to develop an ITW cookbook featuring recipes from colleagues around the world. All proceeds from the cookbook went back to LEARN.

In early 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.



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 core values and culture 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 16,000 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
- Adoption benefits
- Short-term and long-term disability benefits
- Employee life and AD&D insurance benefits
- Education and tuition assistance
- Scholarships to support the academic achievement of 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 and Community Involvement](#).



Our People

Fellowship Program Aims to “Do More” for African American Technicians

Introduced in 2020, ITW’s “Do More” Agenda reaffirms our commitment to promoting and supporting more inclusive economic growth and opportunity in underserved communities. As part of this commitment, we have expanded our investment and engagement in organizations, programs and partnerships that improve access to a high-quality education and to meaningful employment opportunities for African Americans.

Within ITW’s Food Equipment Group, the leading supplier of food service equipment and service worldwide, Hobart Service has developed a national fellowship program aimed at providing long-term employment opportunities for students enrolled in technical colleges in underserved and disadvantaged communities.

Launched in 2021, Hobart Service works cross-functionally with partner schools to promote education and full-time opportunities in good paying jobs. Each person accepted into the program is a part-time employee, receiving both classroom and on-the-job training to become a food service equipment technician for commercial-grade food equipment commonly found in restaurants, hotels and universities. Each employee’s related educational costs are paid in full by ITW through to certificate completion. During the training period, employees are provided personal protective equipment, necessary tools and an ITW mentor who works with them for on-the-job training. Upon completion of the program, the part-time employees are offered full-time positions with Hobart Service.

“Skilled technicians are at the core of what we do. From installation to decommission, they are responsible for the entire life cycle of a piece of equipment. It is important that we fill this critical talent need for our business,” said Stephanie Peters, vice president of operations at Hobart Service. “Leveraging our food equipment expertise, this program provides underserved individuals with the right skills and training to position them for success in full-time careers at ITW.”

In addition to tuition support, the program offers mentorship opportunities between students and seasoned ITW technicians. The mentorship is designed to help students better understand the ITW Culture and develop professional skills such as interviewing and customer service techniques.

Today, 13 students are enrolled in the fellowship program, with the first student graduating in February 2022.

For more information on ITW’s “Do More” Agenda, visit page 16 of this report.

Our Communities

IN THIS SECTION:

Philanthropy and
Community Involvement

Support for Education



Guided by our culture and core values, ITW is committed to investing in the communities where our colleagues live and work and where we do business. Over the past five years, our support to our communities has totaled \$113 million. Supported by a flexible framework, our colleagues are empowered to support the organizations and causes that matter most to them.

Our Communities

Philanthropy and Community Involvement



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

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 their community.

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 \$10 per hour match for qualified volunteering hours reported by our colleagues.
- 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, ITW strategically invests in our focus areas of education, workforce development and arts and culture through key partnerships in the community. In 2021, ITW gave \$24 million to these focus areas.

Over the past five years, our support to our communities has totaled \$113 million.

In 2021, ITW colleagues contributed to the organizations and causes that mean the most to them. These include:

- Education
- Health
- Human Services
- Environmental Conservation
- Arts & Humanities
- Animal Welfare & Wildlife

Doing More in Our Communities

The renewed focus on issues of inequities 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 are expanding 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. We look forward to sharing progress updates in our next report. Read more about ITW's "Do More" Agenda on page 16.

Philanthropy and Community Involvement



Leading Critical Initiatives – Bridging the Digital Divide

In 2020, ITW announced a \$2 million commitment to Chicago Connected, a multi-stakeholder initiative that aims to provide free internet access to all Chicago Public Schools students. ITW was a founding supporter of this transformative and collaborative initiative, which is expected to have 64,000 students enrolled by the end of the 2021-2022 school year. Since the first initiative, this model has been scaled across nearly 20 municipalities, including the cities of Philadelphia, Cleveland, Detroit, Seattle and Toronto, along with the states of Hawaii and Texas, ensuring students have access to digital education and critical resources.

Support for United Way

For over 70 years, ITW has partnered with United Way 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 seven out of every 10 colleagues contributing to the annual United Way campaign, resulting in a total of \$6 million invested back into the communities where our colleagues live and work.

In addition, United Way UK has helped our ITW Construction Products UK/Nordics business understand and identify opportunities to have impact in its local communities through volunteerism. In 2021, more than 50 colleagues volunteered their time at two local schools to assist with summer renovations, including renovating playground equipment, gardening, painting and fence installations. The team also continued to provide volunteer time and financial contributions to four charitable organizations supporting various causes, including homelessness, youth employment, women's aid and children with disabilities.

[Learn more about ITW's philanthropy and community involvement efforts by viewing our 2021 ITW Giving video.](#)

Our Communities

Support for Education



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

ITW's Support for Education

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

ITW David Speer Academy

Since 2014, ITW has proudly sponsored 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.

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

In 2021, ITW David Speer Academy graduated its fourth class of seniors since the school opened.



ITW David Speer Academy by the Numbers

100%
graduation rate

among the class of 2021
(248 students)

83%
of 2021 graduates

pursuing education beyond
high school

\$27.5 million

in scholarships awarded to
the class of 2021 from various
institutions/organizations

Support for Education

Celebrating Our Partnership with LEARN

In 2021, ITW celebrated its 10-year partnership with Lawndale Educational and Regional Network (LEARN), the Chicago-based charter school network that serves predominantly racially diverse and low-income families across the city. To celebrate this longstanding partnership and LEARN's 20th anniversary, ITW made a \$1 million investment.

In addition, members of ITW's Young Professionals Network (YPN) developed a cookbook to raise donations for the school. The book features recipes from global ITW colleagues as well as artwork from students at LEARN. In collaboration with other ITW Employee Resource Groups, the group found unique ways to promote the cookbook. Leveraging the ITW Gift + Volunteer Match Program for colleague charitable donations, YPN raised nearly \$60,000, with all proceeds going directly to LEARN.



ITW Welding's Support for STEM Education

With the current and anticipated shortage of qualified welders, ITW's Welding segment is focused on creating opportunities to expose students to welding and promote this field as a viable career choice. Efforts in education take a variety of forms, including innovative partnerships, scholarships, grants, product donations and colleague involvement on trade school advisory boards.

2021 highlights include:

- Collaborating with the American Welding Society (AWS) Foundation to offer a nearly \$1 million endowment to support scholarships for students in the welding program. Scholarships ranged from \$1,000 – \$10,000 for qualifying students.
- Establishing the "Light a Spark Grant" in partnership with AWS. This grant provided nine schools across the U.S. a starter package of equipment and supplies to introduce welding into high school agriculture education programs, career and technical education classes and practical skills courses.
- Solidifying our partnerships with schools through donations to fund the purchase of new technology and equipment. Our colleagues also help maintain state-of-the-art welding equipment in the labs. Some of our partners include Ferris State University, Ohio State University, Penn College of Technology, Fox Valley Technical College and the Hobart Institute of Welding Technology.
- Launching the MobileArc Augmented Reality System, an innovative introductory welding training solution that uses an augmented reality simulation to attract, engage and introduce students to welding while providing a hands-on augmented reality experience. Programs like this help attract and expose younger students to welding.
- Mentoring robotics teams at the local Boys & Girls Club in Appleton, Wisconsin.



Supporting Critical Needs in India

Around the world, ITW colleagues find meaningful ways to give back to the communities where they live and work. In India, the ITW Automotive Group is addressing critical needs through its community involvement efforts.

In partnership with United Way Mumbai, the team met with the local hospital to assess and identify essential equipment needs to aid in the COVID-19 pandemic. In 2020, the team purchased and donated a scalable COVID-19 testing unit, which is used to improve the efficiency of testing. Three respiratory pathogen panels and five ventilators were also donated to support the treatment of critically ill patients.

In 2021, the team sponsored a mobile clinic designed to enhance access to the COVID-19 vaccine for underserved individuals in the community, free of charge. ITW colleagues helped promote this service and volunteered alongside medical professionals. This effort has been critical in helping the region combat COVID-19, and as of January 2022, more than 8,000 people have benefited from the mobile vaccine clinic.

Additionally, the team has donated food and water to migrant workers and vulnerable communities who have been significantly impacted by pandemic shutdowns.

Beyond pandemic relief, ITW Automotive Group actively supports local causes through fundraising, philanthropy and volunteerism. For example, the team helped set up a computer lab at a local orphanage where ITW colleagues regularly volunteer their time to help the children learn how to use this technology.

Our Environment

IN THIS SECTION:

Environmental Responsibility

Responsible Supply Chain
Management

Innovating Product
Solutions Responsibly



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

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

Environmental Responsibility



We operate our business in a way that demonstrates our commitment to global environmental sustainability and improving our environmental performance on an ongoing basis.

Managing and Improving Our Environmental Performance

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 culture, each ITW 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 environmental performance improvement opportunities for its unique operations.

Our three-pronged approach to continuous improvement includes:

1. Auditing our facilities. ITW's annual environmental, health and safety compliance audits help ensure that the company's facilities meet regulatory requirements and reinforce ITW's commitment to safeguarding the environment. The audits highlight the ways ITW businesses go above and beyond baseline compliance to reduce the company's impact on the environment and preserve natural resources.

We strive to annually audit our facilities with the most significant environmental and safety risks. In partnership with ERM-Environmental Resources Management Limited, we audit environmental and safety risks at our facilities, and our businesses systematically address any identified issues.

2. Transparent reporting. We monitor third-party frameworks and surveys and evaluate their relevance to our business and our stakeholders. For example, we 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 environmental, social and governance risks to our company. In addition, we utilize the Task Force on Climate-related Financial Disclosures (TCFD) framework to guide certain of our disclosures in this report (see the [2021 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 2021, 220 facilities, accounting for approximately 30 percent of ITW's manufacturing facilities globally, had ISO 14001 certification for environmental management. In addition, 214 facilities had ISO 9001 certification for quality management.

In 2021, we updated our Code of Conduct to reaffirm ITW's Respect for the Environment, including our compliance with environmental laws and dedication to global environmental sustainability. Learn more in our [Code of Conduct](#).

Environmental Responsibility

Reducing Our Environmental Impact

ITW's commitment to continuous improvement is demonstrated through our company-wide greenhouse gas (GHG) emissions intensity reduction target, announced in 2019. As a result of the progress made toward achieving our initial target, in early 2021, we increased our target to the following: **By 2030, reduce combined Scope 1 and Scope 2 GHG emissions per U.S. dollar of operating revenue by 40 percent below 2017 levels.**

Our strategy to achieve this target includes two priorities:

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

In addition to these priorities, our global sustainability team is educating segment and division leaders about GHG emissions and what their businesses can do to reduce their environmental impact and support the company's target.

Beyond our GHG emissions reduction strategy, we are actively studying the feasibility of a possible path to carbon neutrality. 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 look forward to sharing more as we have meaningful updates.

Environmental Initiatives Across Our Businesses

Across ITW 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 and leak repairs
- Manufacturing equipment upgrades and 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 in the manufacturing process
- Composting yard waste
- Water recycling system installations, which include several stage filter films to treat water for reuse. Estimated annual water savings is 15,000 metric tons.

Performance Polymers Drives GHG Emissions Reductions

Every ITW division plays a role in reducing our GHG emissions. In our Performance Polymers division, which includes five facilities in the U.S., Ireland and Denmark, a dedicated team meets monthly to discuss activities, share best practices and work toward short- and long-term goals. Initiatives the division has implemented to date include:

- Purchasing 100% renewable energy (Aalborg, Denmark; Montgomeryville, Pennsylvania, U.S.; Danvers, Massachusetts, U.S.; Clearwater, Florida, U.S.)
- Upgrading to more energy efficient, automated equipment
- Refitting production lines
- Converting propane fork trucks to electric
- LED lighting retrofits and motion sensor lighting throughout the facility
- Educating employees on energy efficiency, waste reduction and recycling practices

Looking ahead, the team is evaluating opportunities to further reduce its environmental impact, including installing electric vehicle charging stations and onsite solar energy generation.

We achieved a 37 percent GHG emissions intensity reduction through 2021, compared with the 2017 baseline.

Environmental Responsibility

2021 Environmental Performance

We track our impact on the environment in several areas, and we use this data to drive continuous improvement. Our energy and GHG emissions data are reviewed and verified by a recognized third party to validate our disclosures. With respect to our GHG emissions target, we are pleased to have achieved a 37 percent GHG emissions intensity reduction through 2021, compared with our 2017 baseline year, based on our third-party verified data. This reduction is a result of decreased energy consumption and increased use of renewable energy. Overall, we are pleased with our performance relative to our goal. However, ITW seeks to continuously improve our environmental progress, and to that end, we are studying further goals, which may consider an absolute reduction in GHG emissions rather than our current intensity-based reduction goal.

View our [GHG emissions verification statement](#).

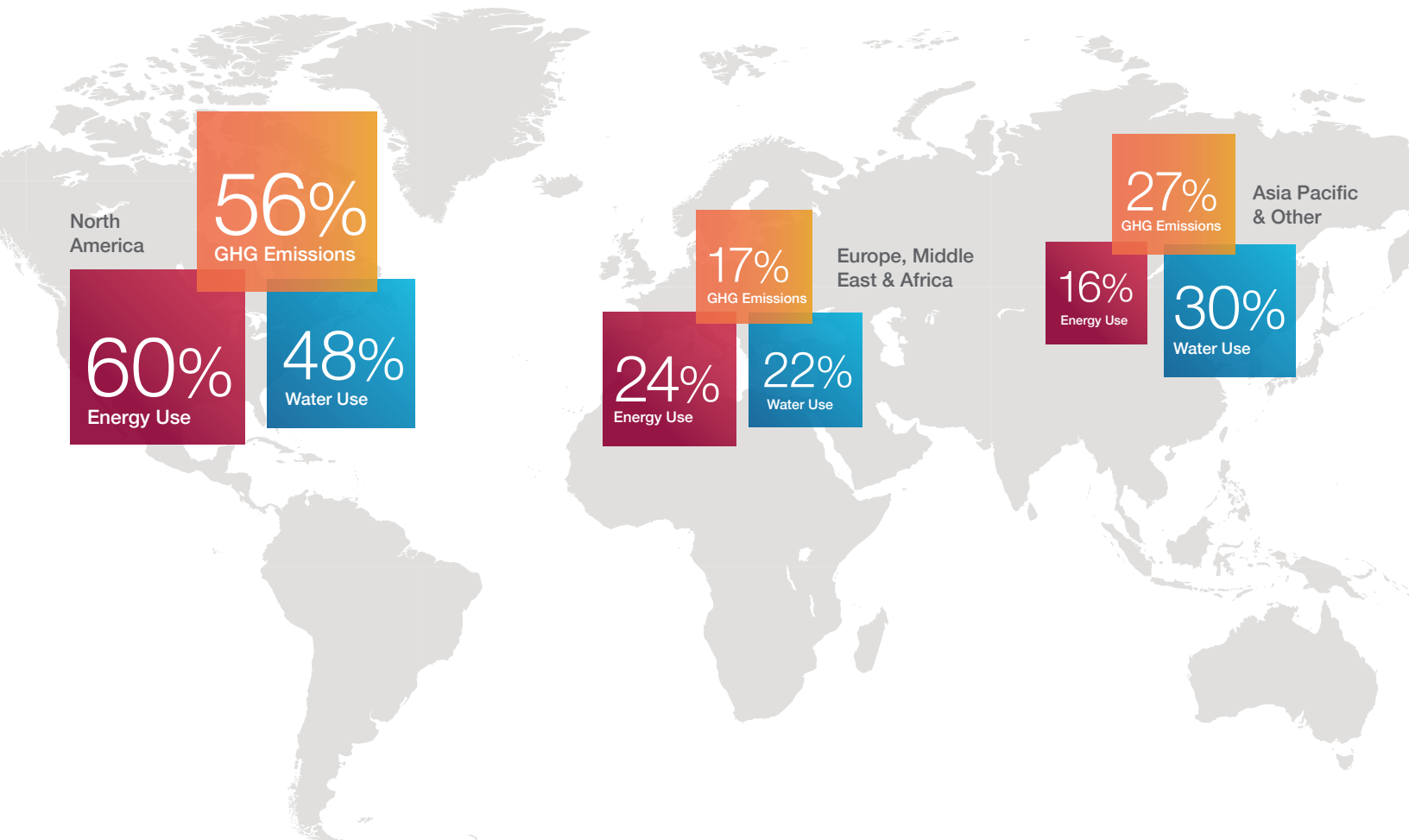
Understanding Our Scope 3 Emissions

ITW continues to be thoughtful in our approach to reducing environmental impact. In 2021, we took steps to better understand our value chain and Scope 3 emissions. Through this study, we have identified our top categories for Scope 3 emissions, which include Use of Sold Products and Purchased Goods & Services.

Our SARA Title III Disclosures

ITW is a responsible emitter and operates below any permitted levels of toxic chemical emissions. In compliance with SARA Title III Section 313 regulations in the U.S., a total of 56 required ITW facilities annually file either Form A or R reports, as applicable. ITW also evaluates its reported emissions to identify reduction opportunities.

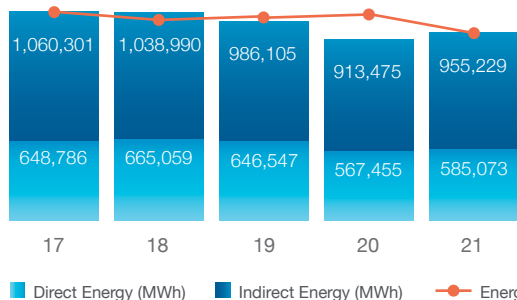
ITW's Global Environmental Footprint



Environmental Responsibility

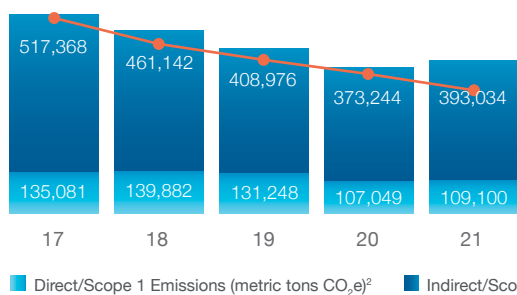
2021 ENVIRONMENTAL DATA

Total Energy¹



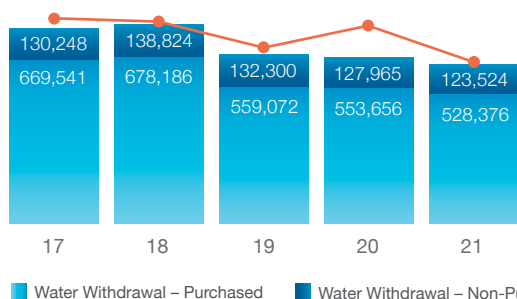
	2017	2018	2019	2020	2021
Total Energy ¹ (MWh)	1,709,087	1,704,050	1,632,651	1,480,930	1,540,302
Energy Intensity ⁴ (MWh/million\$ operating revenue)	119	115	116	118	107

Total Emissions⁵



	2017	2018	2019	2020	2021
Total Emissions ⁵ (metric tons CO ₂ e)*	652,449	601,024	540,224	480,293	502,134
Emissions Intensity ⁴ Including Renewables (metric tons CO ₂ e/million\$ operating revenue)	46	40	36	33	29
Emissions from Biomass (metric tons CO ₂)	36,726	39,369	38,033	26,139	29,170

Total Water Withdrawn



	2017	2018	2019	2020	2021
Total Water Withdrawn	799,789	817,010	691,372	681,621	651,900
Water Intensity ⁴ (U.S. gallons/ thousand\$ operating revenue)	56	55	49	54	45

¹ Includes electricity, purchased heat, natural gas, heating/fuel oil, diesel, gasoline, propane, wood and liquefied natural gas.

² Emissions from the combustion of natural gas, heating/fuel oil, diesel, gasoline, propane, 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, 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 2017-2020 Total Energy and Total Emissions were recalculated for the following reasons: added new sources, updated 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 and corrections to reported figures. We also use GHG Protocol Emissions Factors in our calculations.

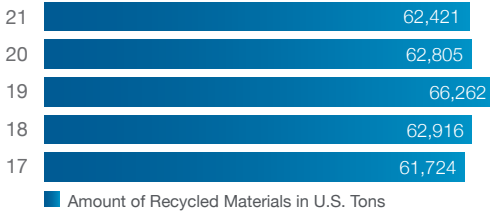
* Location based emissions

The reporting period for ITW's environmental, health and safety data is January 1, 2021 – December 31, 2021. The reporting boundary includes companies over which ITW has operational control.

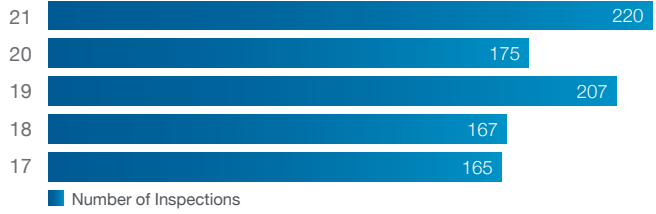
Environmental Responsibility

2021 ENVIRONMENTAL DATA

Total Recycled Material



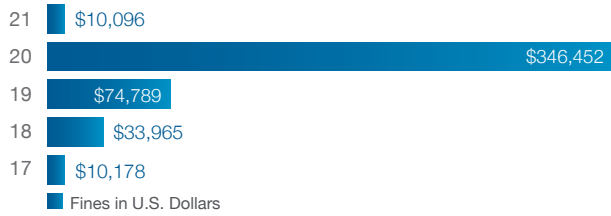
Government Environmental Inspections



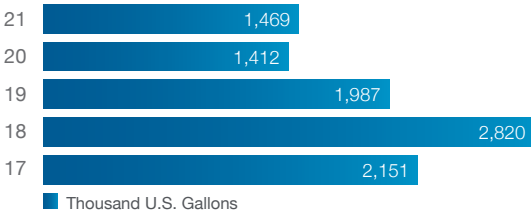
Total Solid Waste



Government Environmental Inspections' Resulting Fines¹



Total Liquid Hazardous and Special Industrial Waste



¹ 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.

The reporting period for ITW's environmental, health and safety data is January 1, 2021 – December 31, 2021. The reporting boundary includes companies over which ITW has operational control.

Responsible Supply Chain Management



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

A Foundation of Accountability

Our **Supplier Code of Conduct** and **Supplier Expectations** serve as the foundation for ensuring that our supplier partners operate according to our high 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** further reinforces our expectations.

We review and update our policies, as needed. In 2021, we strengthened language related to worker rights in our Supplier Code of Conduct. Updates were also made to our Supplier Expectations and Standard Terms and Conditions.

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 fulfill all our requirements. Our strong relationships with key suppliers enable open communication about how we do 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 ongoing supply chain disruptions throughout 2021. With strong supplier relationships and considerable effort from our ITW team, we were able to overcome significant supply chain issues throughout the year, including the effects of Texas storm Uri and the ongoing recovery from COVID-19 throughout 2021.

Diverse Suppliers: As part of ITW's "Do More" Agenda to promote and support inclusive economic growth for diverse suppliers, we have established the following supplier diversity goals:

- By 2021, increase U.S. third-party spend on products and services from African American suppliers to \$6 million. In 2021, ITW grew our African American spend significantly to a total spend of over \$4 million. We are committed to doing more in this regard and continuing to grow with African American and other diverse suppliers.
- By 2025, increase our third-party spend on products and services from diverse suppliers to more than \$180 million.

Diverse suppliers include racially/ethnically diverse, women-owned, veteran-owned and LGBTQ+-owned companies. In 2021, our diverse spend was approximately 3.9 percent of our U.S. third-party spend. We also continue to expand our relationships with advocate 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 with diverse suppliers.

Read more about ITW's "Do More" Agenda on page 16.

Local Suppliers: Given our decentralized culture and global footprint, local suppliers are often the most efficient and reliable way to meet our supply chain needs. The longstanding 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.

Responsible Supply Chain Management

In essence, we strive to buy where we sell. In our overall supply chain, approximately 45 percent of global third-party spend is with suppliers who are near the facilities they serve.

Efficient Distribution and Storage: In addition to local sourcing, we leverage various planning tools to periodically review our supply networks and identify the most efficient logistics routes, methods and warehousing strategies that meet or exceed customer expectations. This data-supported approach enables ITW and its businesses to optimize distribution and storage patterns, resulting in improved freight routes, less packaging waste and reduced carbon emissions and environmental impact. Each year, ITW has made progress in streamlining our distribution activities for a more efficient approach.

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

- Approximately 85 percent of our steel is derived primarily from scrap metal.
- Globally, about 7 percent of our resin consumption is from recycled sources.
- Approximately 16 percent of our addressable solvents and oils are from recycled sources.

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.

Supplier Index and Audits: We rate and audit our suppliers to evaluate their long-term viability, and therefore their ability to support our businesses sustainably going forward. The index we use to rate our suppliers measures them on a variety of factors, including safety and environmental measures, financial data, leadership stability and operational metrics. The audits provide visibility into supplier operations while helping to support our responsible sourcing due diligence efforts. In the spirit of continuous improvement, we are currently evaluating enhancements to our index with respect to human rights and the environment. Due to the ongoing COVID-19 pandemic, our supplier audits are currently being conducted virtually.

From Plastic Water Bottles to Cleanroom Consumable Products

Texwipe Revolve™ is a line of cleanroom wiper products made from post-consumer polyester (rPET) yarn produced by upcycling plastic water bottles. Texwipe has developed processes to make Revolve wipers equivalent in performance and specifications to those made from virgin polyester material. An average bag of Revolve wipers is made from 47 recycled bottles. Read more at [Revolve™ Sustainable Products](#).

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 U.S. Environmental Protection Agency's SmartWay and Lean & Green Europe programs to identify logistics partners that will help reduce our environmental impact. In 2021, 90 percent of our U.S. preferred carriers were SmartWay Carriers and 55 percent of our European preferred carriers were Lean & Green partners. By 2023, we seek to have 95 percent of our U.S. and European preferred carriers recognized under their respective region's accreditation.

Responsible Supply Chain Management

Sourcing Our Minerals Responsibly

As a leader in both practice and policy, ITW is committed to taking necessary actions to ensure our supply chain utilizes tin, tantalum, tungsten and gold (commonly referred to as 3TG) only from certified conflict-free sources. These actions are consistent with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and follow the international framework provided by the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. We work to continuously improve our processes and engagement with suppliers with respect to responsible sourcing. In 2021, we focused on detailed follow-up with suppliers and enhancing the training and resources available to ITW divisions. In addition, while cobalt and mica are non-regulated minerals, some ITW divisions are reporting on these minerals as well.

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 thought leadership to help improve approaches in this area. In 2021, ITW joined Drive Sustainability's Drive+, a group of automotive tier-1 suppliers focused on accelerating sustainable supply chains in the automotive sector.

More information relating to ITW's responsible minerals sourcing is available in our [Responsible Materials Policy](#) and our [SEC filing](#).

Modern Slavery

As reflected in our supplier policies, we are committed to taking proactive measures to respect the human rights of those in our supply chain. We manage this commitment in the following ways:

Training: We require our global sourcing colleagues, global colleagues who work with suppliers and customers on responsible minerals requests, and our Responsible Sourcing Committee members to undergo specific modern slavery compliance training. Training and additional materials are also available through an internal ITW website. While we recognize there is risk of modern slavery in our supply chain, to date, no such issues of concern have been raised by any of our stakeholders.

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 for countries and commodities ITW utilizes, which the U.S. Department of Labor indicates may be prone to modern slavery. Electronics sourced from Asia has been identified as our largest category of concern. In each of these cases, ITW divisions request identified high-risk 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](#).

Our Environment

Innovating Product Solutions Responsibly



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

Developing Responsible Solutions Through Customer-Back Innovation

Customer-Back Innovation, a component of the ITW Business Model, guides our approach to innovation and starts with our customers' pain points. Our customers are often challenged with environmental issues, including those related to climate change risk management, such as how to reduce energy use or emissions. They also face environmental opportunities, such as the growing electric vehicle (EV) market. In partnership with our customers, we work to address these challenges and opportunities through the development of new and existing products.

ITW is proud to provide more than \$4.2 billion of products that support overall eco-efficiency and in turn help our customers reduce the environmental impact of their own products. Cleantech products represent approximately 29 percent of ITW's overall revenue in 2021, a 7 percentage point increase over the last four years.

Each of our seven business segments contribute to ITW's cleantech product portfolio. Below are some examples from two of our segments indicative of the breadth of engagement that ITW has in working with our customers to help them achieve more efficient products.



Our **Food Equipment** segment provides commercial kitchen equipment that is world class with respect to low energy and water consumption. 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 any additional power consumption, generating an energy savings of up to 7 kwh per hour. In addition, by redesigning the rinse nozzles to improve the spray pattern, the final rinse system requires up to 40 percent less rinse water consumption compared with the market standard.

Innovating Product Solutions Responsibly

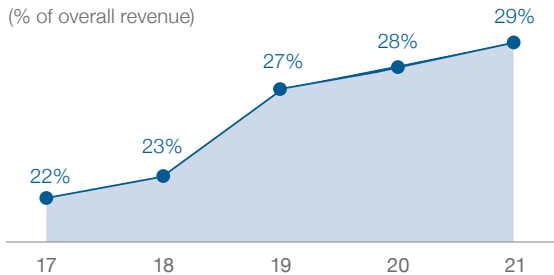


In our **Test & Measurement and Electronics** segment, our products help our customers minimize their impact on the environment. Our Lumex LED lighting options enable energy savings in buildings. Lumex Switch supports the electric bike industry, which in some cases is replacing vehicles and thereby reducing the environmental footprint. Our Formex division provides an EV battery and energy storage solution (ESS). Our Instron test equipment is important to our customers who are testing materials to be able to substitute alternative materials, which are used for **light weighting new vehicles and to test batteries for EV applications** and ESS (including battery separator puncture testing and **battery separator film testing**). This equipment is also used to test components/adhesives used in the wind energy sector. Our newly acquired MTS division supports many industries with test equipment as they pursue alternative materials to either lightweight products or develop new products that are less environmentally impactful. Our MTS R&D division specifically focuses on aerospace and wind energy testing. More information can be found in the following case studies:

- **New blade test system enables unique fatigue testing possibilities**
- **Behind the mechanical upgrade of Vestas' test bench for wind turbine gearboxes**

Clean-Tech Products

(% of overall revenue)



Putting Product Safety at the Forefront of Responsible Product Innovation

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 implication and mitigation strategies for identified risk 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 or issues.

Life Cycle and Durability of Products

ITW has a long history of innovation, with a broad portfolio of approximately 19,300 granted and pending patents. In delivering customer-driven solutions, the life cycle and durability of a product is a key consideration. Many of our products are designed to have a long life cycle, and we are proud of the durability and reliability of our product offerings. 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 with longevity and reliability to meet shifting market demands. Our Hobart stand mixers and Buehler lab equipment are typically in use by our customers for decades. Products from our Appliance division, which we furnish to OEM appliance manufacturers, support robust operation of this appliance equipment typically for decades as well.



Our Environment

Innovation in Welding Technology

ITW is committed to making environmentally responsible products that offer proven performance. This commitment requires being on the cutting edge of innovation.

To ensure our customers have the most sustainable welding solutions on the market, 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 enabled the reduction of the material weight of our products up to 90 percent, and in turn, significantly 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, which further reduces the footprint of our suite of welding products.

While we continuously strive to manufacture more sustainable solutions, we are also focused on performance or convenience. Our latest line of welding solutions showcases how we've kept user performance and simplicity top of mind as we've improved our products and lessened their environmental impacts.

- Our Deltaweld 350- and 500-amp models offer improved ease of use, power, flexibility and energy efficiency thanks to the inclusion of several user-friendly features. Accu-Pulse™ pulsed MIG technology provides a 28 percent wider operating window and a more forgiving arc that translates to reduced spatter. Deltaweld's EZ-Set technology allows users to set the correct parameters every time based on the thickness of the material being welded on. This improved control helps users of varying skill levels be more precise and reduce unnecessary grinding. The models also provide a reduction in power in use and when idled.
- At just 35 pounds, the CST 282 Stick/TIG Welder offers maximum portability for easy transport around the job site. Its more compact dimensions equate up to a 90 percent reduction in materials used during production, saving both raw materials and emissions. Plus, the unit is more energy efficient than past transformer models, with a 30 percent power factor rating improvement thanks to an auto-sensing primary input power feature.
- The Syncrowave 300/400 is up to 64 percent smaller and 80 percent lighter than previous models. Additionally, the transition to an inverter-based design in the Syncrowave 300/400 means customers can save up to 33 percent of their energy costs compared with older style welding machines.

2021 Sustainability Report Index

Sustainability Accounting Standards Board Disclosures

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

SASB Topic	SASB Accounting Metric	SASB Code	ITW Disclosure
Energy Management	Total energy consumed	RT-IG-130a.1	FY 2021 Total Energy: 1,540,302 MWh
Employee Health & Safety	Fatalities	RT-IG-320a.1	FY 2021 Fatalities: 0
Fuel Economy & Emissions in Use-Phase	Analysis ongoing of applicability to ITW products. We believe the majority of the products we design and manufacture do not consume large amounts of energy in their use-phase.		
Materials Sourcing	Description of the management of risks associated with the use of critical materials	RT-IG-440a.1	Sourcing Our Minerals Responsibly: Page 34
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services	RT-IG-440b.1	Life Cycle and Durability of Products: Page 36
Accounting Metrics	Number of employees	RT-IG-000.B	The company employed approximately 45,000 people as of December 31, 2021

Task Force on Climate-related Financial Disclosures

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

TCFD Pillar	TCFD Disclosure	ITW Disclosure								
Governance	Board oversight of climate change	Board Oversight of Sustainability: Page 7								
	Management's role in assessing climate change risks and opportunities	Board Oversight of Sustainability: Page 7								
Strategy	Impact of climate risks and opportunities on strategy and financial planning	Alignment with ESG Standards: Page 4 Innovating Product Solutions Responsibly: Page 35								
Risk Management	Process for identifying and managing climate risks	Reducing Our Environmental Impact: Page 28 Managing and Improving Our Environmental Performance: Page 27								
Metrics and Targets	Metrics used to address climate risks and opportunities	We track our impact on the environment in a number of areas, and we use this data to work toward continuous improvement. Metrics used and disclosed in this report are: <table border="0" style="margin-left: 40px;"> <tr> <td>Total Energy</td> <td>Total Water Withdrawn</td> </tr> <tr> <td>Energy Intensity</td> <td>Water Intensity</td> </tr> <tr> <td>Total Emissions</td> <td>Clean-Tech Products</td> </tr> <tr> <td>Emissions Intensity</td> <td></td> </tr> </table>	Total Energy	Total Water Withdrawn	Energy Intensity	Water Intensity	Total Emissions	Clean-Tech Products	Emissions Intensity	
	Total Energy	Total Water Withdrawn								
	Energy Intensity	Water Intensity								
Total Emissions	Clean-Tech Products									
Emissions Intensity										
	Scope 1 and 2 GHG emissions	FY 2021 Total Scope 1 and 2 Emissions: 502,134 metric tons CO ₂ e								
	GHG emissions targets	Reducing Our Environmental Impact: Page 28								

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, 2021, 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.



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