

A Responsible Journey

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

Our Corporate Social Responsibility Strategy

ITW has been on a socially responsible journey for some time, making encouraging progress in a number of areas since publishing our first corporate social responsibility (CSR) report in 2010. Our 2018 report represents another significant milestone as we announce our overall CSR strategy. We are now focused on a more holistic CSR vision and strategic framework, which is consistent with our core values and decentralized, entrepreneurial culture and will be operationalized at the division level.

Our CSR strategy is built around four key elements:



Our Governance & Ethics



Our Communities



Our People



Our Environment

Our Governance & Ethics

Supported by unwavering management commitment and engaged Board oversight, we will operate our business with a demonstrated commitment to the highest level of ethical conduct, everywhere in the company and 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.

View our policies governing ethical conduct and responsible behavior [here](#).



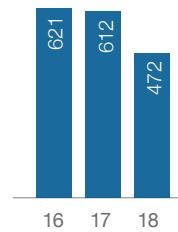
Our People

Employee Safety

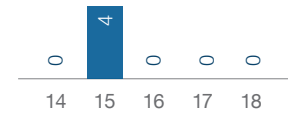
Through the ongoing implementation of the Enterprise Safety Strategy throughout all ITW divisions, we are pleased to report that we saw a **23 percent reduction in lost time accidents** in our facilities from 2017 to 2018. This improvement demonstrates clear progress as we enhance our culture of safety and continue our journey to our goal of zero accidents.

Using the safety framework as a guide, our businesses can address their specific needs and unique risk profiles. In addition, we continue to evaluate our safety metrics to ensure we are tracking data that will assist in driving safety performance improvements.

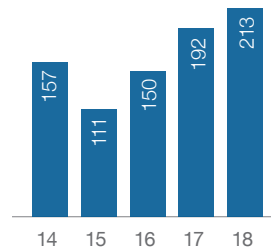
Lost Time Accidents
(Number of accidents)



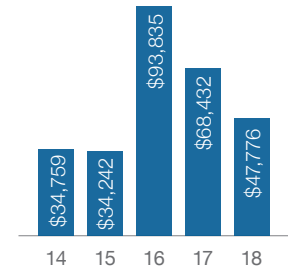
Fatalities
(Number of fatalities)



Government Safety Inspections¹
(Number of inspections)



Government Safety Inspections' Resulting Fines¹
(Fines in U.S. dollars)



¹ 2017 government safety inspections and 2017 government safety inspections' resulting fines, as reported in our 2017 CSR report, have been updated in this report.

Diversity & Inclusion

In 2017, ITW Chairman and Chief Executive Officer Scott Santi joined the leaders of what is now over 500 companies in support of the CEO Action for Diversity & Inclusion™ – the largest CEO-driven business commitment to advance D&I in the workplace. Through this commitment, we agree to work collaboratively across our organizations to advance D&I and take concrete actions to cultivate work environments where diverse experiences and perspectives are welcomed and where employees feel comfortable and empowered.

To further our efforts to foster greater depth and diversity of talent and enhance our focus on inclusion, we implemented an inclusive leader initiative for over 1,000 global leaders in 2018. This initiative included training to provide our global leaders with an understanding of unconscious bias, guidance on actions we can take to minimize its effects in our workplaces and tools to lead an inclusive workplace.

Read more about our [inclusive leader initiative](#).

DIVERSITY & INCLUSION GOALS

Global Women Leaders

30%

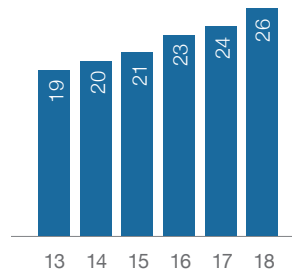
U.S. Ethnically Diverse Leaders

20%

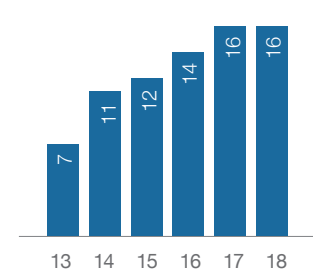
* Top 1,000 senior leaders across ITW

DIVERSITY & INCLUSION DATA

Global Women Leaders
(Percent)



U.S. Ethnically Diverse Leaders
(Percent)





Our Communities

Corporate Philanthropy

Aligned with our decentralized culture, a significant portion of our giving is intentionally driven by the passion of our colleagues in North America who give their talent, time and money back to their local communities where they live and work. Last year, ITW provided nearly \$13.3 million through programs, such as

matching gift, volunteer and workplace giving campaigns, which gives colleagues in the U.S. and Canada the opportunity to directly amplify their giving. ITW also supports communities through multi-year pledges, annual grants, scholarships and in-kind donations.



24,000 hours

ITW colleagues volunteered over 24,000 hours in their communities in 2018 to non-profits in the U.S. and Canada.



\$8 million

Last year, ITW raised over \$8 million for charities through our matching gift and employee volunteer programs.



\$7.2 million

ITW raised \$7.2 million for United Way and its partner agencies in the 2018-2019 annual workplace giving campaign.

Multi-Year Pledges/Annual Grants



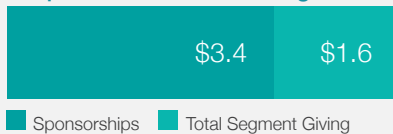
Foundation Giving

\$19.7 million

Employee-Driven Giving



Corporate & Business Giving



Corporate & Business Giving

\$5.0 million

Total Giving

\$24.7 million

Community Involvement & Support for Education

At ITW, we apply our 80/20 philosophy to community involvement, focusing on the areas where we can have the most positive impact on building and sustaining a vibrant community. We are committed to supporting programs and initiatives to improve access to a high-quality education and workforce/career preparation for youth in under-served communities, both in our headquarters region of greater Chicago and around the world.

Spotlight on ITW David Speer Academy

In June 2018, the ITW David Speer Academy graduated its founding class, the first of many remarkable classes to come.

Notable Class of 2018 statistics include:

- 98 percent graduation rate
- 97 percent first-generation college-attenders
- 80 percent directly matriculating to four-year colleges
- 100 percent of students who attended Summer of a Lifetime were admitted to four-year colleges
- Graduates received over \$7 million in scholarships, with more than 63 percent not requiring student loans

Read more about this important milestone [here](#).



Our Environment

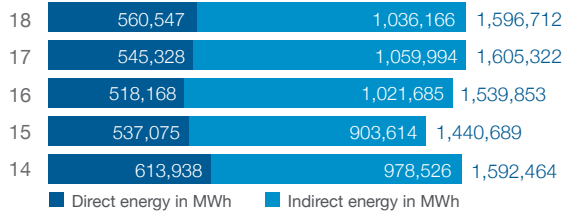
Environmental Responsibility

Our 2018 Environmental Impact

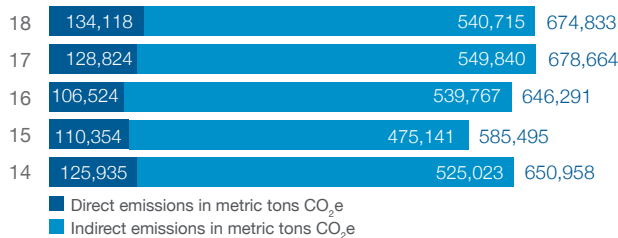
We track our impact on the environment in a number of areas, and we use this data to work toward continuous improvement. Our data is reviewed and verified by a third party to ensure transparency in our disclosures. As shown below, we are pleased to have achieved

a 6.5 percent greenhouse gas emissions intensity reduction in 2018 versus our 2017 baseline year, based on our third-party verified data. Additionally, as part of our commitment to improving our environmental performance, we will set a greenhouse gas emissions intensity reduction target for the Company in 2019.

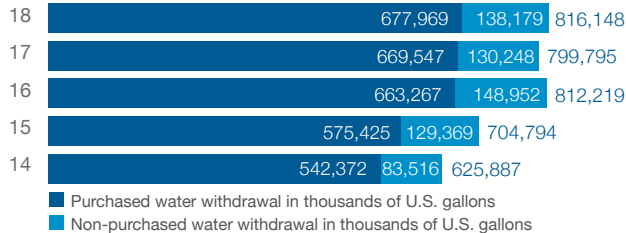
Total Energy^{1,4}



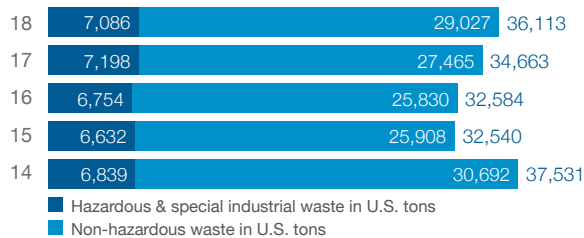
Total Emissions^{2,4}



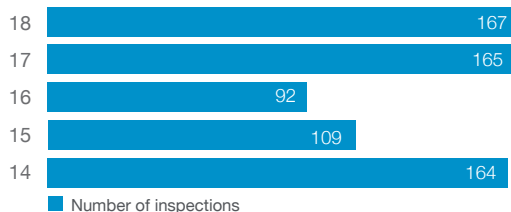
Total Water Withdrawn



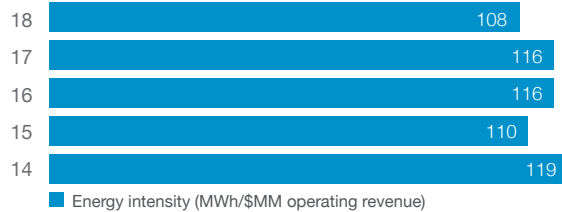
Total Solid Waste



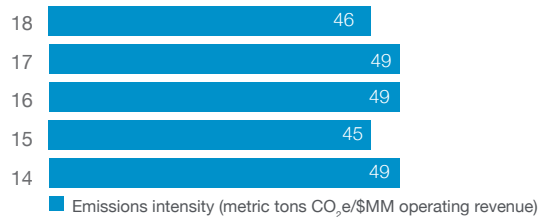
Government Environmental Inspections⁶



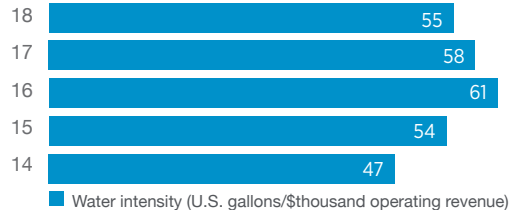
Energy Intensity^{3,4,5}



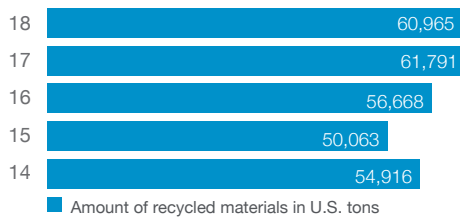
Emissions Intensity^{3,4,5}



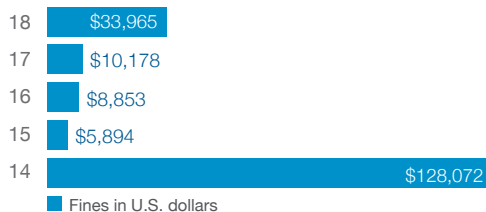
Water Intensity^{3,5}



Total Recycled Material



Government Environmental Inspections' Resulting Fines⁶



¹ Includes electricity, natural gas, heating/fuel oil, diesel, gasoline and propane.

² Emissions from the combustion of natural gas, H/F Oil, LPG, diesel, gasoline and foam blowing agents.

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

⁴ As part of the 2018 third-party verification process, 2017 baseline data has been adjusted to include energy and emissions from additional business locations and emissions from foam filling operations. Adjustments were not made to 2016 data, since that data is not third-party audited baseline year data. Our previous year-over-year comparison between 2016 and 2017 data, as reported in our 2017 CSR report, which showed a reduction in energy and emissions intensity, is still relevant for the comparison of the same population of facilities for both years.

⁵ 2017 revenue adjusted to include additional businesses.

⁶ 2017 government environmental inspections and 2017 government environmental inspections' resulting fines, as reported in our 2017 CSR report, have been updated in this report.

The reporting period for ITW's environmental, health and safety data is January 1 – December 31, 2018. The reporting boundary includes companies over which ITW has operational control. The reporting boundary does not include joint ventures. The environmental data excludes leased non-manufacturing facilities.