



Supply Chain Responsibility

As a large, global company, ITW recognizes that its impact extends far beyond its own walls, and the company is committed to fostering responsibility across its supply chain. Under our strategic sourcing framework and working with our businesses around the world, we have focused on our supplier network, including opportunities to increase visibility within our network and to share common tools and approaches to key "80" areas of focus.

Leveraging our Supplier Code of Conduct

One important tool is our Supplier Code of Conduct, introduced in 2014. The Supplier Code of Conduct defines ITW's commitment to operate with the highest levels of integrity and makes it clear that the company will hold its suppliers to the same high standards. Zero tolerance for child and forced labor, the right to freedom of association, anti-discrimination measures, rules to prevent improper gifts or payments, the protection of intellectual property rights and confidentiality are included in our Code.

Increasing efficiency in the supply chain

As part of our Strategic Sourcing effort and the Enterprise Strategy, ITW has been reviewing its supply network for opportunities to become more efficient. **The goal is to identify the most efficient logistics routes, methods and warehousing strategies that also allow ITW to meet or exceed customers' expectations.**

Using a data-supported approach, ITW is working closely with its businesses to recommend changes to distribution and storage patterns. These changes typically remove total part miles traveled out of our logistics network, effectively reducing our environmental impact and making our operations more efficient, while supporting our customers' business needs.

Utilizing a supplier sustainability index

ITW is committed to being around to serve our customers for many years to come; therefore, it's important we partner with suppliers that are committed to performance and stability. We initiated a systematic review and rating of our suppliers to evaluate their long-term reliability and viability.

Our supplier sustainability index (SSI) measures ITW's suppliers on a 10-point scale on a variety of factors, including safety and environmental measures as well as financial data, leadership changes and operational metrics. Once the score is calculated, we are able to assess if the supplier is already meeting or exceeding our criteria, if corrective action is needed or, in some cases, if we need to take other actions. This tool strengthens ITW's ability to manage its supply chain responsibly.

Partnering with suppliers for sustainable solutions

In 2014, ITW held one of its first supplier workshops in Danville, Kentucky. Twenty-five key suppliers to our Food Equipment business came together with ITW to consider and assess inputs in the warewash equipment business and brainstorm sustainable solutions.

In 2015, ITW expanded the workshops across several businesses, hosting a total of 14 events within this segment. Other business segments have also engaged suppliers in workshops to solicit ideas on how we may improve products and our approach to the products we make. These discussions have provided valuable opportunities to re-evaluate some of the material inputs into our products and identify alternatives that might lead to more sustainable end products.

Driving responsibility throughout the value chain

ITW's responsibility extends in both directions of its value chain – from the materials we source to the products we sell. **While ensuring our products are safer and more sustainable across the entire value chain is the responsibility of each ITW division, it requires working together with both our suppliers and customers to develop new solutions that address our customers' needs.**

For example, recently ITW's Baxter gas rack ovens earned Energy Star certification from the U.S. Environmental Protection Agency, a first in its product category. As Steve Woodward, engineering manager at Baxter explains, ITW worked closely with customers to identify and solve the key pain points of energy usage and cost. Suppliers were also involved in this process as we designed a solution that would meet the sustainable goals we established for this product.

Offering a better refueling experience

The ITW Fuel Division developed a capless fueling system for the automotive industry that offers benefits to Original Equipment Manufacturers (OEMs), end-use customers and the environment.

After 15 years of continuous innovation, the system now includes an intricate design of many molded plastic components that provides a faster, safer and more efficient refueling experience. For example, the capless fueling system:

- Eliminates the need to install a gas cap, which reduces concern for both OEMs and end users about associated warranty failures.
- Detects the difference between gasoline and diesel fuel nozzles, thereby eliminating significant costs associated with customers choosing the wrong type of fuel.
- Provides an ergonomic advantage over other systems, making refueling easier for elderly and arthritic customers.

The capless fueling system also provides weight reduction benefits when integrated with a Fuel Systems molded fuel door and housing, helping to reduce carbon dioxide emissions. In addition, a patented self-sealing system prevents the release of vapor and emissions. **These benefits support overall industry initiatives to ensure vehicles are designed with the environment in mind.**

Car makers and drivers alike are very pleased with ITW's innovation. "Our system eliminates many pain points facing Automotive OEMs and end-use customers, from 'check engine light' complaints and lost gas caps to putting the wrong fuel in your vehicle," said Mark Parry, vice president and general manager of ITW Automotive – Fuel Systems. "Our close relationships with our customers and the flexibility within the ITW Business Model enabled us to develop, design and bring this innovation to market."



ITW's capless fueling system offers environmental benefits

Creating a healthier home renovations environment

Construction dust is one of the biggest pain points for home renovation contractors and their customers.

“When we speak with our customers, we hear consistently that ‘livability’ during a home renovation is one of the industry’s biggest pain points,” said Brian Paich, business development manager for ITW’s BuildClean™ Dust Control System. “Customers want to live in their homes throughout the project without having to worry about the impact of dust and chemicals on their health and safety.”

To solve this problem, the ITW team developed the BuildClean Dust Control System, a self-contained, portable unit that provides continuous and effective air filtration. The system works by drawing in air and passing it through two particle-trapping filters. A pre-filter captures large dust particles while a HEPA-certified second-stage filter traps microscopic particles, before returning clean air into the space. BuildClean eliminates up to 90 percent of the airborne dust and minimizes the migration of dust throughout a construction site.

Eliminating NMP and driving improved performance

Reducing or eliminating the use of potentially hazardous substances is an ongoing priority for ITW.

Working with various suppliers, Kris Van Gasse, division R&D manager at ITW Additives International, and his team began testing alternatives to N-Methylpyrrolidone (NMP) that provided equal or better performance in removing dirt and deposits from fuel injection systems.

Field testing with channel customers resulted in positive feedback and performance. Working together, the team also invited students enrolled in an auto mechanic education program at a local technical school to evaluate different formulas. “The students’ project was to test two different formulas to confirm which one performed better, which ultimately confirmed what we discovered in our own testing,” Van Gasse said.

While the product name has remained the same, Wynn’s recently rolled out the new formula, which includes new packaging and communication around the product. **“In addition to eliminating a potentially harmful substance, the new formula also delivers even better performance for our customers,”** said Koen Meurisse, supply chain manager at Wynn’s.