



ITW Modern Slavery and Human Trafficking Statement

This Statement relates to our fiscal year ended December 31, 2019. It describes the activities of Illinois Tool Works Inc. and its consolidated subsidiaries (the “Company,” “ITW,” “we,” “us” and “our”) to eliminate slavery and human trafficking from its business and supply chains.

Overview

ITW recognizes that our impact extends far beyond our own walls. To further our positive impact on our shared world, we are committed to fostering responsibility across our value chain, through the impact of our products, as well as via our global supplier network.

The Company is a global manufacturer of a diversified range of industrial products and equipment with 84 divisions in 53 countries. The ITW Culture is one of the key drivers of our enterprise strategy and encompasses our Core Values of Integrity, Respect, Trust, Shared Risk and Simplicity. We integrate into our Core Values, the principles of the United Nations Global Compact, Universal Declaration of Human Rights and the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work. Our Core Values, communicated throughout the Company, call for the highest ethical standards in all interactions with all stakeholders.

We have prepared this Statement on a combined basis to comply with both the California Transparency in Supply Chains Act and the UK Modern Slavery Act and for our entire company, because our Core Values, Statement of Principles of Conduct, Human Rights Policy, Supplier Code of Conduct, Supplier Expectations and Conflict Minerals Policy Statement, together provide the over-arching compliance framework relating to slavery and human trafficking across our entire enterprise (which we sometimes refer to herein collectively as “modern slavery”). However, not all of the entities that are part of the Company are subject to the California Transparency in Supply Chains Act or the UK Modern Slavery Act.

We believe that the risks of modern slavery in our own businesses are remote given the nature of our businesses and workforce coupled with our internal policies and procedures. Where we have identified risks inherent in suppliers, as further discussed below, we have established procedures to mitigate the risks of modern slavery in our supply chains for products from those suppliers.

Where practicable, we seek to maintain long-term relationships with local suppliers, to help us source more responsibly and reduce the risk of sourcing from an unethical supplier.

Codes of Conduct

The ITW Statement of Principles of Conduct mandates compliance with human rights requirements around the globe, including environmental, health and safety laws that protect the well-being of employees, and laws against slavery, human trafficking and child labor. The ITW Statement of Principles of Conduct applies to all of our employees and internal business operations.

In addition, ITW's Supplier Code of Conduct holds our suppliers accountable to the same standards of conduct set forth in our Statement of Principles of Conduct. The Supplier Code of Conduct specifically prohibits our suppliers from employing workers that are younger than minimum age (and in any case, under the age of 15) or from knowingly sourcing from suppliers associated with human trafficking. The Supplier Code of Conduct also requires our suppliers to take reasonable efforts to ensure that their suppliers comply with our policies. We expect our suppliers to be in compliance with the Supplier Code of Conduct, and we do not knowingly do business with suppliers who violate laws for the protection of human rights or human health and safety.

We also have published Supplier Expectations. Among other things, our Supplier Expectations indicate that we expect suppliers to comply with all applicable laws and regulations around the globe, including those pertaining to human rights and laws against slavery, human trafficking and child labor.

Furthermore, we have published a Human Rights Policy. Our Human Rights Policy indicates that we are committed to human rights in the workplace. Among other things, this includes providing a workplace that protects employee well-being and safety and compliance with all applicable laws regarding slavery, human trafficking and child labor.

Steps to Mitigate Slavery and Human Trafficking Risk

We engage in the activities discussed below to mitigate the risk of modern slavery in our supply chains.

Consistent with our decentralized operating structure, our individual businesses are responsible for assessing and addressing risks of modern slavery in their supply chains, based on their particular business and risk profile. In recognition of the different risk profiles of our businesses, we have elected not to take a prescriptive approach to this area of compliance as we believe that enabling individual businesses to take a thoughtful, tailored approach to addressing modern slavery risk is more effective than a prescriptive approach, and our business units are expected to operate in accordance with our Core Values, the ITW Statement of Principles of Conduct, the Supplier Code of Conduct, the Supplier Expectations, the Human Rights Policy and other ITW policies.

Supplier and Risk Assessments; Supply Chain Verification. Our businesses evaluate prospective suppliers during supplier selection and periodically thereafter based on their business and risk profile and role in our supply chain. The evaluation may include steps to assess risks of modern slavery. The steps taken to assess modern slavery risk typically include a request that suppliers complete a supplier questionnaire detailing supplier capabilities related to manufacturing processes, quality control, delivery, and technology, and requesting other information relative to overall management of the supplier company.

ITW also conducts internal research relating to modern slavery risk using U.S. government and non-governmental organization resources, conducts supplier outreach in connection with our conflict minerals country of origin inquiries and participates in industry groups and engagement with other stakeholders. As part of our supplier risk assessment process, we also use a proprietary supply chain risk checklist that guides us in identifying suppliers with the highest

risks of modern slavery in their operations. In addition, as discussed below, we require certifications from the highest risk suppliers.

Audits. Prior to placing business with a supplier, an onsite supplier visit may be made by ITW personnel for purposes of confirming supplier overall capabilities related to manufacturing, quality, delivery, and technology, and assessing overall supplier risk. Additionally, after business has commenced with a supplier, onsite supplier visits may be performed periodically by ITW personnel. Although the specific purpose of onsite visits is not typically to assess modern slavery, compliance with Company standards for modern slavery is covered within the overall supplier assessment, and we believe that onsite supplier visits by ITW personnel discourage abusive working conditions.

Contract Terms. Our standard Terms and Conditions of Purchase provide that direct suppliers must comply with all applicable laws against slavery, human trafficking and child labor. Terms and Conditions of Purchase also require direct suppliers to comply with our Supplier Code of Conduct.

Supplier Certifications. We evaluate our purchased products against the U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor for likely countries and industries prone to modern slavery to help identify high-risk suppliers ITW may utilize. Based on this evaluation, we provide education on our Supplier Code of Conduct to identified possible high-risk suppliers and ask them to sign a declaration that they are aware of and comply with our Supplier Code of Conduct, including its provisions regarding slavery and human trafficking. We have obtained certification of compliance from 100 percent of these identified possible high-risk suppliers.

We require annual re-certifications from any identified high-risk suppliers. In addition, we require substantial suppliers who sell us product that contains so-called "conflict minerals" to certify as to the origin of the minerals or other requested material to determine whether such minerals or materials may be supporting conflict in central Africa. These certifications are in part intended to help identify and mitigate the risk of modern slavery, human trafficking, child labor and other violations of human rights.

Grievance Mechanism. The Company maintains a confidential whistleblower help line by which all employees, suppliers and other third parties may report compliance failures by employees, suppliers or contractors, including with respect to modern slavery. The contact information for our helpline is <http://www.itwhelpline.ethicspoint.com>.

Internal Accountability and Training

Compliance Team. At the corporate level, we have a Responsible Sourcing Committee that meets regularly on human rights and other topics related to responsible sourcing. Employees at our decentralized business units also are involved in compliance efforts and are responsible to ensure they are sourcing appropriately, including consideration of the risks related to modern slavery in the supply chain.

Training and Knowledge Management. Our sourcing personnel are trained in overall supplier expectations, including the requirement to act ethically and according to our Supplier Code of Conduct. In addition, we require our global sourcing employees, global employees who work with suppliers and customers on conflict minerals requests, and our Responsible Sourcing Committee


members to undergo specific modern slavery training intended to generate awareness and examples of best practices, particularly with respect to mitigating risks within our product supply chains, and to enable our sourcing professionals to better recognize the signs of modern slavery and act to address any identified issues. In 2018, we enhanced the content of our modern slavery training and expanded the group of employees required to undergo such training to the groups mentioned above. In 2019, we continued providing enhanced training to all new employees in those groups. We also host an internal website that contains this training and additional materials on this topic. To date, no issues of concern have been identified by our personnel regarding any potential modern slavery at our suppliers.

Employee Certifications. Employees are periodically required to certify to their compliance with the ITW Statement of Principles of Conduct. In addition, our modern slavery training, mentioned above, also requires the employee groups described above to undergo periodic certification of compliance.

Additional Corporate Social Responsibility Efforts

For more information on our efforts and our achievements relating to corporate social responsibility, see our Corporate Social Responsibility Report, which is available at <http://www.itw.com/social-responsibility/>.

Solely for purposes of compliance with the UK Modern Slavery Act, this Statement was approved by the Board of Directors of ITW Limited on June 24, 2020 and signed by a director of that entity as indicated below.

A handwritten signature in black ink, consisting of a stylized, cursive 'G' followed by a horizontal line extending to the right.

Giles Hudson, Director
June 24, 2020