



ITW Modern Slavery and Human Trafficking Statement

This Statement relates to our fiscal year ended December 31, 2021. It describes the activities of Illinois Tool Works Inc. and its consolidated subsidiaries, including ITW Limited and ITW Holdings Australia L.P. (the “Company,” “ITW,” “we,” “us” and “our”), to eliminate slavery and human trafficking from our 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, headquartered in Glenview, Illinois, USA and publicly traded on the New York Stock Exchange, is a decentralized global manufacturer of a diversified range of industrial products and equipment employing approximately 45,000 people at 83 divisions in 52 countries. ITW’s operations are organized and managed based on similar product offerings and end markets and are reported to senior management as the following seven segments: Automotive OEM; Food Equipment; Test & Measurement and Electronics; Welding; Polymers & Fluids; Construction Products and Specialty Products. The Company owns and operates over 400 plants and office facilities which in turn source from thousands of suppliers located in over 90 countries. ITW divisions range from OEMs to Tier 1, 2, 3 and potentially Tier 4 suppliers depending on the market served.

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 Labour 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 to comply with the California Transparency in Supply Chains Act, the UK Modern Slavery Act and the Australian Commonwealth Modern Slavery Act (collectively, the “Acts”). Our Core Values, [ITW Code of Conduct](#), [Human Rights Policy](#), [Supplier Code of Conduct](#), [Supplier Expectations](#) and [Responsible Sourcing Policy](#), together provide the overarching 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 Acts.

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 and strong Core Values. Where we have identified risks inherent in suppliers, as further discussed below, we have established procedures and work in the spirit of continuous improvement to mitigate the risks of either contributing to or being linked to modern slavery in our supply chains.

Where practicable, we seek to maintain long-term relationships with local suppliers to help us source responsibly and reduce the risk of sourcing from an unethical supplier. In 2021, in our overall supply chain, approximately 45 percent of global spend was with suppliers who are near the facilities we serve.

Codes of Conduct

The ITW [Code 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 Code of Conduct applies to all of our colleagues, directors, businesses and subsidiaries around the world.

In addition, ITW's [Supplier Code of Conduct](#) holds our suppliers accountable to the same standards of conduct set forth in the ITW Code of Conduct. The Supplier Code of Conduct specifically prohibits our suppliers from employing workers that are younger than the age of 15 or 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 comply with the Supplier Code of Conduct, and we do not knowingly do business with suppliers who violate human rights or health and safety laws except where satisfactory mitigation and remediation is possible.

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 complies 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 Code 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 questionnaire detailing their capabilities related to manufacturing processes, quality control, delivery, and technology, and requesting other information relative to overall management of the supplier company. Additionally, we screen suppliers and customers for financial, legal and sanctions risk.

We recognize there are potential risks associated with the production of certain commodities and with the use of temporary labor in our supply chains. In line with UN Guiding Principles 17 and 24, 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 industries prone to modern slavery to help identify high-risk suppliers. ITW also conducts internal research relating to modern slavery risk using other U.S. government and non-governmental organization resources, including review of Withhold Release Orders ("WROs") issued by U.S. Customs and Border Protection. In addition, we host an internal website for our businesses which contains pertinent global customs information.

As part of our supplier risk assessment process, we use a proprietary supply chain risk checklist that guides us in identifying suppliers with the highest risks of modern slavery in their operations. ITW also conducts supplier outreach in connection with our conflict minerals country of origin inquiries and participates in industry groups and engagement with other stakeholders.

We are currently considering how best to support and build our framework and processes to further identify and respond to risks of modern slavery in our supply chains and assess the effectiveness of our program.

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 and require direct suppliers to comply with our Supplier Code of Conduct.

Supplier Certifications. Based on our supplier risk evaluation, we ask suppliers determined to possibly be high-risk to review and sign our Supplier Code of Conduct, which includes provisions regarding slavery and human trafficking. In addition, we require substantial suppliers who sell us product containing tin, tantalum, tungsten and/or gold to certify as to the origin of the minerals to determine whether such minerals or materials may be supporting conflict. In addition, while cobalt and mica are non-regulated minerals, some ITW divisions are collecting and reporting information with respect to these minerals as well. 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. 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, <http://www.itwhelpline.ethicspoint.com>. ITW has a no retaliation policy for good faith reporting.

Internal Accountability and Training

Compliance Team. At the corporate level, we have a cross-functional Responsible Sourcing Committee headed by ITW's Vice President of Strategic Sourcing & Environmental Health and Safety, who reports to ITW's Vice Chairman. The Committee includes dedicated Strategic Sourcing, Environmental, Legal, Internal Audit, IT, Trade Compliance, Corporate Communications and other selected personnel who meet quarterly to discuss responsible sourcing practices, including those related to modern slavery. Employees at our decentralized business units also are involved in compliance efforts and are responsible for ensuring they are sourcing appropriately, including by considering 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. This training is intended to generate awareness of modern slavery among our sourcing professionals and to enable them to address identified issues within our product supply chains. We believe our sourcing professionals who have received training regarding modern slavery indicators are better able to identify and mitigate these risks at their respective suppliers. We host an internal website that contains this training and additional materials on this topic. We also track employees' participation in such training to ensure these lessons are ingrained in our processes and culture.

Employee Certifications. Employees are required to annually certify their compliance with the ITW Code of Conduct. In addition, the employee groups described above are required to provide periodic certifications of compliance in connection with modern slavery training.

Additional Corporate Social Responsibility Efforts

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

Required Approval Under the UK Modern Slavery Act

ITW Limited is required to prepare a statement pursuant to the UK Modern Slavery Act. 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 20, 2022 and signed by a director of that entity as indicated below.

/s/ Giles Hudson, Director
June 20, 2022

Requirements Under the Australian Commonwealth Modern Slavery Act

ITW Holdings Australia L.P. is required to prepare a statement pursuant to the Commonwealth Modern Slavery Act. ITW Holdings Australia L.P. is a limited partnership that is indirectly wholly-owned by ITW and holds 100% of the equity interests of ITW Australia Holdings Pty Ltd., a proprietary limited company, which in turn holds 100% of the equity interests of ITW Australia Pty Ltd. ("ITW Australia"), a proprietary limited company with operations in Dandenong South, Kawana, Melbourne, Melrose Park, Moorabbin, Morningside and Wetherhill Park. ITW Holdings Australia L.P. consulted each of these controlled companies in the development of this statement. No other entity for the 2021 reporting period is subject to the Commonwealth Modern Slavery Act. As of December 31, 2021, ITW employed approximately 1,000 employees in Australia.

ITW Holdings Australia L.P., through its operating subsidiary ITW Australia and its various divisions, is engaged in the following businesses: (i) manufacturing of fastening solutions and services for the construction market; (ii) developing, manufacturing and distributing machines and equipment for warewashing and cleaning technology, and cooking and food preparation; (iii) manufacturing and distributing testing equipment; (iv) manufacturing and distributing welding equipment, supplies and accessories; (v) manufacturing and distributing an extensive array of resealable packaging solutions for a wide variety of products; (vi) manufacturing quality branded consumable products used in the industrial, consumer, mining, and construction markets; and (vii) manufacturing and distributing automotive aftermarket products for the DIY and DIFM markets.

ITW Australia's supply chains consist of sourcing various components, including fasteners, metal castings, certain chemicals and electronics, among others. The areas we identified as having the lowest risk of modern slavery include local operations handled by staff directly employed by ITW Australia's businesses. We believe that the risks of modern slavery in ITW Australia's businesses are remote given the nature of its businesses and workforce coupled with its internal policies and procedures and strong Core Values. ITW Australia's highest risk area relates to its supply chains (e.g., the use of temporary labor by supply chains and risks in upper tiers of supply chains from which we may be several levels removed). Where we have identified risks inherent in suppliers, we have established procedures and work in the spirit of continuous improvement to mitigate the risks of either contributing to or being linked to modern slavery in our supply chains. We seek to address these risks through the policies, procedures (such as audits, contract terms, supplier certifications and grievance mechanisms) and other measures described earlier in this statement. Lastly, as previously mentioned in this statement, as part of our ongoing and evolving process, we are considering how best to support and build our framework and processes to further identify and respond to risks of modern slavery in our supply chains and assess the effectiveness of our program.

Solely for purposes of compliance with the Commonwealth Modern Slavery Act, this Statement was approved by the board of ITW UK, the General Partner of ITW Holdings Australia L.P., on June 20, 2022 and signed by a director of that entity as indicated below. ITW Holdings Australia L.P. consulted with its subsidiaries in connection with the preparation of this Statement.

ITW UK
as General Partner of ITW
Holdings Australia L.P.

/s/ Giles Hudson, Director
June 20, 2022