



ITW Human Rights and Modern Slavery Statement

This Statement relates to our fiscal year ended December 31, 2022. It describes the activities of Illinois Tool Works Inc. and its consolidated subsidiaries, including ITW Limited, ITW Holdings Australia L.P., MTS Systems Limited and ITW Construction Products AS (the “Company,” “ITW,” “we,” “us” and “our”), to promote respect for human rights, including the elimination of slavery and human trafficking from our business, our supply chains and our service providers, and to promote decent working conditions.

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 46,000 people at 84 divisions in 51 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.

ITW Construction Products AS is a limited liability company that is wholly owned by ITW Gamma SARL, a Luxembourg limited liability company. All of the ownership interests in ITW Gamma SARL are indirectly owned by Illinois Tool Works Inc., a Delaware corporation. As of December 31, 2022, ITW Construction Products AS had 10 employees in Norway. ITW Construction Products AS is a sales company which supplies tools and consumables to the construction market through wholesales stores across Norway. The company has a very small export (less than 1% of revenue) to Poland.

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 2022, in our overall supply chain, approximately 80 percent of global spend was with suppliers who are located in an area that aligns with ITW’s strategy to buy materials from suppliers within regions where we manufacture and sell product.

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. ITW’s due diligence process is intended to align with the OECD Guidelines for Multinational Enterprises.

We have prepared this Statement to comply with the California Transparency in Supply Chains Act, the UK Modern Slavery Act, the Australian Commonwealth Modern Slavery Act and the Norwegian Transparency 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 over-arching compliance framework relating to human rights and decent working conditions, across our entire enterprise. However, not all entities that are part of the Company are subject to the Acts.

Our Code of Conduct reflects our commitment to a safe and healthy workplace for our colleagues and business partners. We never tolerate violence, threats or physical intimidation in our facilities. We strive to foster a proactive safety culture with a goal of zero accidents.

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.

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 promote decent working conditions, 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 requires our suppliers to treat all workers with dignity and respect, and specifically prohibits our suppliers from employing workers that are younger than 15 or knowingly sourcing from suppliers associated with human trafficking. It further prohibits unlawful discrimination and any form of inhumane treatment, including sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse. 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.

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, including 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 Risks relating to Human Rights and Working Conditions

We engage in the activities discussed below to mitigate risks relating to human rights and working conditions in our enterprise and in our supply chains.

Consistent with our decentralized operating structure, our individual businesses are responsible for assessing and addressing human rights risks, including modern slavery, in their own businesses and in their supply chains, based on their particular business and risk profile. However, ITW's corporate compliance team administers trainings for our colleagues around the world, as appropriate, including training on harassment in the workplace and human trafficking. Additionally, 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 and training for our businesses which contains pertinent global customs information. 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 continue to consider how best to support and enhance 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 deemed to 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. This certification process helps to 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, the ITW Confidential Helpline, by which all employees, suppliers and other third parties may report compliance concerns by employees, suppliers or contractors, including with respect to human rights and decent working conditions. 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 the ITW Confidential Helpline. ITW partners with EthicsPoint, an external third-party supplier, to provide the ITW Confidential Helpline, which is 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 ITW Confidential Helpline is also available to suppliers and other external stakeholders through a public domain website, itwhelpline.ethicspoint.com. ITW has a no retaliation policy for good faith reporting.

Internal Accountability and Training

Compliance Team. Employees at our decentralized business units are involved in compliance efforts and are responsible for mitigating risks relating to human rights and working conditions in our enterprise and in our supply chains. At the corporate level, we have a cross-functional Responsible Sourcing Committee headed by ITW's Vice President, Strategic Sourcing, who reports to ITW's CFO. 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.

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 26, 2023 and signed by a director of that entity as indicated below.

/s/ Giles Hudson, Director
June 26, 2023

MTS Systems 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 MTS Systems Limited on July 20, 2023 and signed by a director of that entity as indicated below.

/s/ Angus Lodge, Director
July 20, 2023

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, Melrose Park, Moorabbin, Morningside, Chirnside Park, Ingleburn 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 2022 reporting period is subject to the Commonwealth Modern Slavery Act. As of December 31, 2022, 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 and distributing of fastening solutions and services for the construction market; (ii) distributing machines and equipment for warewashing and cleaning technology, and cooking and food preparation; (iii) distributing testing equipment; (iv) distributing welding equipment, supplies and accessories; (iv) distributing an extensive array of resealable packaging solutions for a wide variety of products; (v) manufacturing and distributing quality branded consumable products used in the industrial, consumer, mining, and construction markets; and (vi) 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 continue to consider how best to support and enhance 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 26, 2023 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 26, 2023

Norwegian Transparency Act Approval

ITW Construction Products AS is required to prepare a statement pursuant to the Norwegian Transparency Act. Solely for purposes of compliance with the Norwegian Transparency Act, this Statement was approved by the Board of Directors of ITW Construction Products AS on June 29, 2023 and signed by a director of that entity as indicated below.

/s/ Amel Tursonovic, Director
June 29, 2023