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Dear Colleagues:

Since 1912, ITW has built a reputation of honesty, integrity and fairness. Supported by unwavering management commitment and engaged Board oversight, we 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.

The Statement of Principles of Conduct, rooted in our core values, describes the expected standard of behavior governing all ITW colleagues, businesses and subsidiaries around the world. It also outlines our commitment to compliance with human rights laws, as further reinforced by our Human Rights Policy. Our Supplier Code of Conduct applies all relevant aspects of ITW's Principles of Conduct and Human Rights Policy to our suppliers.

It is imperative that we each read and abide by the Principles of Conduct and related Human Rights Policy. We each have an obligation to report any suspected wrongdoing. Please discuss any questions or concerns you may have regarding compliance with the Principles of Conduct with your manager or contact the legal department, internal audit or the ITW Confidential Helpline.

All potential violations or concerns that are reported to ITW are investigated and dealt with appropriately. ITW will not tolerate retaliation against anyone who expresses a concern or reports a suspected violation in good faith.

Thank you for your ongoing commitment to our values and the Principles of Conduct.

Sincerely,

A handwritten signature in cursive script that reads 'Scott Santi'.

E. Scott Santi  
Chairman & Chief Executive Officer

## **STATEMENT OF PRINCIPLES OF CONDUCT - Illinois Tool Works Inc.**

These Principles of Conduct apply to all ITW employees, directors, businesses and subsidiaries around the world.

Every ITW employee and director is expected to behave in accordance with these Principles. Violation may result in disciplinary action, including termination of employment.

Employees should discuss any questions regarding the ITW Principles of Conduct with their manager or the ITW Legal Department. (See “Implementation” section below.)

### **PRINCIPLE 1: Avoid all conflicts of interest**

ITW’s employees and directors must avoid any activity that might create a conflict of interest or create a perception of a conflict of interest. A conflict of interest occurs when an employee or director is, for any reason, in a position where his or her conduct could be (or appear to be) influenced by some factor other than concern solely for the best interests of ITW. This could include employees, directors or their family members receiving gifts of more than a minimal value from someone working for a supplier, customer or competitor. It could also include an employee or director having a financial or other interest in a supplier, customer or competitor either directly or indirectly through a family member. (An investment of under 1% of the outstanding securities of a public company is not considered a conflict of interest.)

### **PRINCIPLE 2: Protect and properly use ITW’s assets**

Employees and directors should protect ITW’s assets and ensure their efficient use. All ITW assets should be used for legitimate business purposes.

### **PRINCIPLE 3: Make no improper payments or gifts**

Improper payments or gifts include anything of more than a minimal value given to any person, firm or organization, whether associated with a customer, supplier, competitor, government or otherwise, to obtain improper preferential treatment for either ITW or the employee or director. Examples include bribes, payoffs, kickbacks, gifts with more than a minimal value and payments for goods or services that either are not received or are at a greater price than is reasonably necessary. For additional information, see the *ITW Global Anti-Corruption Policy*.

### **PRINCIPLE 4: Do not use ITW assets or funds for political contributions**

The legal restrictions governing contributions to candidates for public office and causes differ around the world. In the United States and some other countries, employees and directors may make personal donations, but they cannot receive any type of reimbursement from ITW.

### **PRINCIPLE 5: Do not use corporate opportunities for personal benefit**

Employees and directors are prohibited from taking for themselves opportunities that properly belong to ITW or are discovered through the use of corporate property, information or position; from using corporate property, information or position for personal gain; and from competing with ITW. Employees and directors owe a duty to ITW to advance ITW’s legitimate interests when the opportunity to do so arises.

## PRINCIPLE 6: Comply with all applicable laws

It is ITW's policy to comply with all applicable laws, rules and regulations. ITW exists within a complex framework of local, national and international laws. Violations of these laws can be extremely costly to ITW, damage our reputation and subject the company or the employee or director to criminal or civil penalties. Virtually every aspect of our business requires knowledge of some particular area of law, and the extent of knowledge needed by an employee or director will vary greatly from individual to individual. You are required to familiarize yourself with all of the laws and regulations that apply in the areas of your responsibilities. Certain laws demand the special attention of all employees and directors. These include:

- ANTI-CORRUPTION LAWS – ITW must comply with a wide variety of anti-corruption laws, which prohibit bribery and similar improper payments. Violations of these laws may result in civil and criminal penalties against ITW and its employees and directors. For additional information, see the *ITW Global Anti-Corruption Policy*.
- ENVIRONMENTAL, HEALTH AND SAFETY LAWS – These laws specify standards and procedures that should be followed to protect employee well-being and public safety. For example, if you work in an area where toxic materials are handled, you should be familiar with applicable regulations for the treatment and disposal of these substances, as well as with ITW's written internal procedures.
- SECURITIES LAWS – These laws require that accurate information be given to the public and prohibit employees and directors from misusing information that is not available to the public. For example, it is illegal for any employee or director to buy or sell ITW stock while in possession of material, non-public information about ITW. All such information should be kept strictly confidential.
- EMPLOYMENT/HUMAN RIGHTS LAWS – ITW is committed to equal employment opportunity and fair treatment for employees, beginning with the hiring process and continuing through all aspects of the employment relationship. ITW is an equal opportunity employer and our global businesses comply with all applicable employment laws, including minimum age and wage and hour laws. ITW will not discriminate in any employment decision because of a person's race, color, sex, religion, national origin, age, disability, sexual orientation, gender identity, genetic information, veteran status, or any other basis prohibited by applicable law. ITW prohibits the unlawful harassment of its employees and recognizes employee freedom of association and the right to bargain collectively, or to refrain from such. ITW will not knowingly do business with suppliers who violate their nation's employment laws. ITW is also committed to compliance with human rights laws, including those against slavery, human trafficking and child labor. For additional information, see the *ITW Human Rights Policy*.
- ANTITRUST AND COMPETITION LAWS – Although this is a complex area, as a general rule, most forms of agreement or understanding with competitors, as well as various types of price discrimination between competing customers, are unlawful. If your activities cause you to confront these issues, you must familiarize yourself with the antitrust laws, and you should seek guidance on such issues from management and from the ITW Legal Department.
- INTERNATIONAL TRADE LAWS – If you are involved in international trade, you must be familiar with a range of export-import controls, customs duties and trade sanction laws which apply to your business and products, including the U.S. Anti-Boycott Act.

- **INTELLECTUAL PROPERTY RIGHTS** – ITW respects the intellectual property rights of others, including their valid patents, trademarks and copyrights. In particular, copyright laws prohibit the reproduction of print or electronic publications, including television or radio broadcasts, photographs, manuals, databases, sound recordings and webpages. Except for archival purposes, the copying of licensed software without the authorization of the copyright owner is prohibited.
- **DATA PROTECTION/PRIVACY** – ITW is committed to comply with all applicable data protection and privacy laws, wherever it does business. ITW respects the privacy of individuals and uses their personal data only for legitimate business purposes and in accordance with local laws.

If you have questions in any of these areas, please contact the ITW Legal Department.

### **PRINCIPLE 7: Be fair to ITW and to ITW’s employees, customers, suppliers and competitors**

Each employee and director is expected to deal fairly with ITW’s employees, customers, suppliers and competitors. No one should take unfair advantage of anyone else through manipulation, concealment, abuse, misrepresentation of material facts or any other unfair dealing.

Fairness to others includes respect for their property and self-esteem, as well as their contributions to the overall success of ITW. Fairness to the company includes:

- proper use of ITW funds, equipment or other property, such as company vehicles and technology resources like computers and mobile phones (e.g., do not use company devices to misuse the internet);
- safeguarding trade secrets of ITW and its customers, suppliers and business partners;
- creating and maintaining accurate financial books and records, including promptly and accurately answering inquiries by persons responsible for preparing ITW’s public disclosure documents;
- complying with internal controls and procedures; and
- avoiding conduct that interferes with performing your job duties to the best of your ability.

### **PRINCIPLE 8: Maintain confidentiality**

Employees and directors must protect the Confidential Information entrusted to them by ITW, its customers or suppliers. Confidential Information may only be used and disclosed as authorized by ITW.

Confidential Information includes any proprietary business information of ITW, its customers or suppliers that is not generally known to the public. Examples include:

- customer and supplier lists, pricing, margins, business and marketing plans and strategy, technical know-how, formulae, processes, designs, leadership and talent development;
- ITW’s 80/20 Front to Back process and other trade secrets;

- information which is generated or used in the operations of ITW and relates to the actual or anticipated business of ITW or ITW's actual or prospective suppliers or customers;
- information which results from any task assigned to an ITW employee or work performed by such person on behalf of ITW or any customer of ITW, and relates to the actual or anticipated business of ITW or ITW's actual or prospective suppliers or customers; and
- other proprietary business information that might provide a business advantage to ITW, its customers or suppliers, or a business disadvantage to them if disclosed.

Confidential Information can be in hard copy or electronic format and can also include information received verbally.

These obligations to protect Confidential Information continue after your employment with ITW ends. In addition, when you leave ITW, you must return or destroy all Confidential Information in your possession.

## **IMPLEMENTATION**

If you have any questions or concerns regarding ITW Principles of Conduct, you should discuss the matter with your manager.

If you believe that a violation of the law or ITW's Principles of Conduct has occurred, or may be going to occur, tell your manager immediately. However, if you are uncomfortable discussing the matter with your manager, or his or her response is not adequate, you may also contact Marsha Tolchin, ITW's Deputy Compliance Officer at +1-224-661-7788 ([MTolchin@ITW.com](mailto:MTolchin@ITW.com)) or the ITW Confidential Helpline. If you have concerns regarding questionable accounting or auditing matters, you may also contact Christine Gallagher, ITW's Vice President, Chief Audit Executive, at +1-224-661-7868 ([CGallagher@ITW.com](mailto:CGallagher@ITW.com)). You may also contact Ms. Tolchin or Ms. Gallagher by mail at Illinois Tool Works Inc., 155 Harlem Ave, Glenview, Illinois 60025, USA.

You may submit such concerns anonymously if you prefer. However, keep in mind that the more information you provide, the easier it will be for ITW to investigate and appropriately respond to your concern. To the greatest extent practicable, all inquiries will be handled confidentially. ITW will not tolerate retaliation against anyone who expresses a concern or reports a suspected violation in good faith.

Waivers of ITW's Principles of Conduct for executive officers or directors may only be made by ITW's Board of Directors or by a Board Committee.