



Conflict Minerals

In 2015, ITW filed its second conflict minerals disclosure, per U.S. Securities and Exchange Commission (SEC) requirements. While the company has a strong foundational reporting framework in place, we practice continuous improvement on this framework.

Refining our process

We continue to work closely with our individual businesses to obtain the necessary declarations from affected suppliers whose products contain (or may contain) tin, tantalum, tungsten and/or gold, also known as 3TG, which are considered conflict minerals under the SEC rule. **As part of this commitment, ITW recently conducted a voluntary internal and external analysis of its entire reporting process and is analyzing the results to identify areas to improve further.**

In addition, ITW continues to:

- Follow the internationally accepted Organization for Economic Co-operation and Development (OECD) guidelines, as they apply to conflict minerals.
- Oversee overall compliance with the disclosure requirement via a cross-functional internal committee, with members from legal, audit, information technology, strategic sourcing, and environment, health, safety and sustainability.
- Ensure implementation of its **Conflict Minerals Policy Statement**, which the company reviews on a regular basis to identify opportunities to strengthen it.

Meeting disclosure requirements calls for collaboration

At ITW, gathering the necessary information to complete the conflict minerals disclosure requires significant collaboration internally and externally. The conflict minerals program manager partners with sourcing professionals and other primary contacts assigned to ITW's manufacturing locations within each of ITW's seven business segments.



Steven Richards
Sourcing analyst for Polymers & Fluids

"Through collaborations with other sourcing analysts and the corporate sourcing team, we've developed a streamlined approach that helps the primary contacts at our businesses understand what needs to be done to comply with conflict minerals regulations. At the segment level, our understanding of the requirements and ITW's process has allowed us to provide further clarification to our businesses with respect to their products and whether their items contain conflict minerals. The end result is increased accuracy of the information we are gathering."

Recognition for ITW's progress

While we seek continuous improvement in our conflict minerals reporting process, ITW is pleased with recognition we received in 2015 from three third-party studies examining the quality and effectiveness of conflict minerals disclosures.

- Responsible Sourcing Network's 2015 report, *Mining the Disclosures*, rated ITW's conflict minerals response as Good, and the company had the second-highest rating in the machinery industry.
- Assent Compliance's 2015 *Conflict Mineral Benchmarking Study* gave ITW a high score for both compliance and its "good practice" measure.
- Development International's *Conflict Mineral Disclosure Scorecard* recognized ITW with a score of 100 percent for reporting year 2014.

Partnering on conflict minerals disclosures

In order to complete the required annual conflict minerals disclosure, per the requirements of the U.S. Securities and Exchange Commission (SEC), ITW relies on its more than 300 contacts within its businesses to connect with their suppliers to gather, aggregate and report conflict minerals information.

ITW Ark-Les, a New Berlin, Wisconsin-based manufacturer of switches, sensors and connector systems, is one of those businesses. It has played a key role in engaging with its suppliers and providing insight back to the conflict minerals team to help with continuous improvement in this process.

Completing the disclosure process requires materials manager, Matt Ebert, to gather necessary information for nearly 500 parts from approximately 40 suppliers. Working closely with ITW's corporate conflict minerals team, Ebert sends out requests to suppliers who provide metals or other parts that may contain conflict minerals.

Additionally, Ebert has had the opportunity to learn more about the suppliers' process firsthand. "Our business works with a supplier down the road from our facility, and when they called me with questions, I was able to go to the supplier's site and directly engage in discussions about conflict minerals, review their operation and walk them through our reporting needs for conflict minerals," Ebert explains.

Ebert shared that it was helpful to view the facility, and learn firsthand what the supplier is required to do in this level of reporting. "It enabled me to help other suppliers, both inside and outside my own business, by sharing what I learned," Ebert said.

While collecting the data for conflict minerals reporting involves thousands of supplier declarations, the process continues to improve. Ebert can attest to ITW's improvement focus. "Each year, the training gets better and the process goes smoother. We're always learning more to help engage suppliers, streamline how we gather information and more effectively complete the disclosure process," said Ebert.