



Governance and Ethics

ITW's high standards for conducting business are driven by our strong corporate culture and our core values of Integrity, Respect and Trust. Ethical conduct is a non-negotiable element of our culture that helps drive our best-in-class performance. To ensure continued success, ITW regularly reviews and updates its policies governing ethical conduct and responsible behavior.

Board composition and oversight

ITW has a single-tier board of 11 directors, one of whom is an executive. The Board of Directors includes two women and two African-American men, and all 10 non-executives are considered independent according to NYSE requirements. All members of the audit, compensation and corporate governance and nominating committees are independent.

The Board has overall responsibility for managing ITW's enterprise risk, together with ITW's values, strategies policies, and goals related to economic, environmental and social topics.

Several members of ITW's Board of Directors receive updates on the company's ongoing CSR activities and initiatives, which are officially guided by members of the ITW management team. ITW's vice chairman, Chris O'Herlihy, formally reviews and approves the annual CSR report and ensures all critical issues are covered. The ITW management team also reports annually to the full Board of Directors on the status of ITW's current and potential environmental liabilities.

ITW's official policies

ITW has established several companywide policies to ensure that the highest standards of ethical conduct are met across the decentralized, global business structure. We believe these policies have helped ITW achieve a strong culture of integrity and trust for over 100 years.

- **Corporate Governance Guidelines** ensure the company is governed in a manner that serves the interests of its shareholders, colleagues and other community stakeholders.
- The **Code of Ethics** details ITW's commitment to fair and honest business dealings and sets forth its principles regarding honest and ethical dealings, full and fair disclosure and compliance with applicable laws.
- **Statement of Principles of Conduct** describes the expected standard of behavior governing all ITW colleagues, directors, businesses and subsidiaries around the world.
- The **Global Anti-Corruption Policy** requires colleagues to take an active role in complying with the policy, and also emphasizes the importance of complying with anti-corruption laws of all countries in which ITW and its divisions, subsidiaries, agents, consultants and affiliates operate.

All of these policies are available online at www.itw.com/corporate-governance.

Reporting ethics concerns

ITW has partnered with EthicsPoint, an external third-party provider, to provide a Web- and telephone-based confidential reporting system in 20 countries. Web-based reporting is offered in 12 languages and telephone-based reporting is offered in more than 200 languages. The EthicsPoint reporting system is also available to external stakeholders and suppliers through a public domain website.

Reports are received by ITW's deputy general counsel, ethics & compliance and by its vice president, chief audit executive. The vice president, chief audit executive provides periodic updates to the Audit Committee of the Board of Directors.