

FORM **BCA 8.12**
FEMALE AND MINORITY
DIRECTORS REPORT
Business Corporation Act

Jesse White, Secretary of State
Department of Business Services
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PAID

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DEPARTMENT OF
BUSINESS SERVICES

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JESSE WHITE
SECRETARY OF STATE



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Payment must be made by check or money order payable to Secretary of State.

FILING FEE: \$25.00 File prior to: July 1st Year: 2020 File #: F 1489-178-1 Approved: *M*

Corporate Name: ILLINOIS TOOL WORKS INC.
Registered Agent: C T CORPORATION
Registered Office: 208 S LASALLE ST, SUITE 814
City, IL, ZIP: CHICAGO, IL 60604-1101 County: COOK

A COPY OF THE CORPORATION'S MOST RECENT SEC 10-K MUST ACCOMPANY THIS REPORT.

1. Is the corporation a publicly held corporation with its principal executive office located in Illinois? YES NO

1a. Principal address of executive office in Illinois:

155 HARLEM AVENUE GLENVIEW IL 60025

2. Set forth data on specific qualifications, skills and experience that the corporation considers for its board of directors, nominees for the board of directors, and executive officers. (If additional space is required, please attach an additional page(s) as needed.)

Refer to the attached document.

3. Set forth the self-identified gender of each member of the board of directors. (If additional space is required, please attach an additional page(s) as needed.)

Of the Company's ten directors, two are women and eight are men.

4. Set forth the race or ethnicity of each member of the board of directors. (If additional space is required, please attach an additional page(s) as needed.)

Of the Company's ten directors, two are African-American and eight are non-minority.

5. Set forth a description of the corporation's process for identifying and evaluating nominees for the board of directors, including whether and, if so, how demographic diversity is considered. (If additional space is required, please attach an additional page(s) as needed.)

Refer to the attached document.

6. Set forth a description of the corporation's process for identifying and appointing executive officers, including whether and, if so, how demographic diversity is considered. (If additional space is required, please attach an additional page(s) as needed.)

Refer to the attached document.

7. Set forth a description of the corporation's policies and practices for promoting diversity, equity and inclusion among the board of directors and executive officers. (If additional space is required, please attach an additional page(s) as needed.)

Refer to the attached document.

Under the penalty of perjury and as an authorized officer, I declare that this report, pursuant to provisions of the Business Corporation Act, has been examined by me and is, to the best of my knowledge and belief, true, correct and complete.

Item 8 must be signed.

⇒ 8. By *Joann Paine* VP 6/17/2020
Any Authorized Officer's Signature Title Date

ILLINOIS BUSINESS CORPORATION ACT
Diversity Disclosure Requirement in Annual Report

2. Set forth data on specific qualifications, skills and experience that the corporation considers for its board of directors, nominees for the board of directors, and executive officers.

The Corporate Governance and Nominating Committee of the Board periodically reviews the skills, experience and characteristics required of Board members in the context of the current make-up of the Board and screens and recommends nominees for director to the full Board. The assessment of Board candidates includes skills such as an understanding of technologies pertinent to the Company's businesses, manufacturing, marketing, finance, regulation and public policy, international background and experience, age and ability to provide strategic insight and direction on the Company's key strategic initiatives. In addition to skills and experience, Board candidates are considered based upon various criteria, such as their personal integrity and judgment, global business and social perspective, and concern for the long-term interests of our stockholders. In addition, directors must have time available to devote to Board activities and to enhance their knowledge of the global manufacturing environment. Accordingly, the Board seeks to attract and retain a diverse Board composed of highly qualified directors who have sufficient time to attend to their duties and responsibilities to the Company.

5. Set forth a description of the corporation's process for identifying and evaluating nominees for the board of directors, including whether and, if so, how demographic diversity is considered.

The Corporate Governance and Nominating Committee, or other members of the Board of Directors, may identify a need to add new members to the Board with specific skills or to fill a vacancy on the Board. At that time, the Corporate Governance and Nominating Committee would initiate a search, seeking input from Board members and senior management and, to the extent it deems appropriate, engaging a search firm. Racial, ethnic and gender diversity are important factors considered in the director selection process, although there is no specific policy regarding Board diversity. An initial qualified candidate or a slate of qualified candidates would be identified and presented to the Committee for its evaluation and approval. The Committee would then seek full Board approval of the selected candidate(s).

6. Set forth a description of the corporation's process for identifying and appointing executive officers, including whether and, if so, how demographic diversity is considered.

The Company has defined the leadership capabilities and attributes that guide all senior leader talent assessment, development and selection decisions, including for executive officers. These attributes, referred to as the Great ITW Leader Framework, include: (i) is an expert in the practice of the ITW Business Model, (ii) makes great strategic choices, (iii) delivers great results, (iv) is a great talent manager, and (v) provides strong leadership. In addition, executive officers must have the skills and experience relevant to the particular executive role.

Senior management reviews and updates annually the executive succession plan with the Board, which plan is used when there is an executive officer vacancy. Candidates to fill potential executive officer vacancies are identified, evaluated and selected by senior leadership based on an assessment of each candidate using the Great ITW Leader Framework. Racial, ethnic and gender diversity are factors considered in the executive succession planning process. The Company has established specific gender

and diversity goals for its most senior 1,000 leaders globally. Candidates selected by management to fill executive officer vacancies are recommended to the Board for its approval. The qualifications of these candidates are reviewed by the Board before approval.

Of the Company's twelve executive officers, three are women (of which one is an Asian-American woman), one is an African-American man and eight are non-minority men

7. Set forth a description of the corporation's policies and practices for promoting diversity, equity and inclusion among the board of directors and executive officers.

Management reviews and updates the Board annually on its diversity and inclusion strategy and objectives as an integral part of its overall enterprise talent management strategy. This strategy places a particular emphasis on developing our people and building a deep and diverse pipeline of leadership talent to ensure ITW's sustained business success over the long term. In addition to managing the specific diversity goals noted above, ITW's Diversity & Inclusion (D&I) Counsel, led by ITW's Vice Chairman and other senior leaders, provides leadership in executing the Company's D&I framework across four key areas: Leadership Commitment & Accountability; Global, Diverse Talent; Inclusive Workplace; and Great Employer.

In addition, ITW currently supports three employee resource groups that bring together diverse groups of colleagues and support ITW's enterprise talent strategy, with specific focus on attracting, retaining and developing talent and promoting cultural diversity and community. These groups -- ITW Women's Network, ITW African-American Network, and ITW Young Professional Network -- are employee-led and sponsored by ITW executive officers.

More details on these practices can be found in ITW's Annual Corporate Social Responsibility Report published on the Company's website.