

# Illinois Tool Works Inc. Supplier Expectations

## Our Expectations

Our suppliers are an important part of ITW's success in continuing to meet and exceed our customers' expectations.

At ITW, we expect our suppliers to meet rigorous performance standards. In choosing to do business with ITW, suppliers are committing to adhere to our [Supplier Code of Conduct](#) and meet the following expectations.

## Quality

- Suppliers should provide high quality products and services, which are free from defects.
- Suppliers should employ documented defect prevention methods and tools in their operations, including but not limited to manufacturing and quality inspection plans to find and eliminate defects.
- Upon request, ITW requires prompt root cause problem solving and other actions to ensure containment and prompt correction of any issues found.

## Delivery / Lead Time / Inventory

- 100% on-time delivery is required.
- Suppliers should ship per our routing guides where applicable.

## Service / Communication

- Suppliers are responsible for ensuring that they clearly understand ITW's expectations at all times. Suppliers should strive to exceed these expectations in our dealings.
- From time to time, unplanned or unexpected critical issues will arise, and ITW expects our suppliers to act with urgency to help resolve these issues as they occur.
- ITW expects suppliers to use appropriate communication methods as required by our local units, which may include electronic notices and transactions, including electronically communicated forecasts, purchase orders, supplier confirmation of commitments to on-time delivery and Advance Shipping Notices (ASNs), electronic invoicing and payments, and other electronic transactions.
- Suppliers should monitor, and notify ITW of, any possible end of life or obsolescence of critical components.

- Suppliers must communicate, and obtain approval in advance from ITW for, any product or process changes.

## **Safety**

- Suppliers should operate in compliance with all applicable laws, rules and regulations (collectively, “Laws”).
- Suppliers should ensure their own product designs are free from design issues that may lead to or cause injury.
- Suppliers should use industry best practices to ensure that all services are performed safely and to ensure the safety of their employees and others who may visit their facilities.
- Suppliers should achieve ISO 45001 certification or meet the requirements thereof.

## **Innovation and Technology**

- Suppliers should work with and support ITW as we innovate great products and services for our customers to enable ITW to provide customers with solutions to their critical needs and challenging pain points.
- We expect our suppliers to invest in innovation that will improve both their products and processes. ITW encourages collaboration with our suppliers related to product development, which will lead to growth in our respective businesses.

## **Commercial Value**

- Suppliers are expected to continuously improve the value proposition of goods and services provided.
- Suppliers are expected to participate in Value-Add/Value Engineering (VA/VE) activities in support of product improvement.
- Continuous improvement in year-over-year total cost is expected of ITW suppliers. Suppliers are expected to provide competitive products that help ITW win in the marketplace.

## **Sustainability**

- Suppliers are expected to conduct their business in a safe and sustainable manner, consistent with all applicable Laws, including Laws against slavery, human trafficking and child labor and other Laws pertaining to human rights, as well as environmental, health and safety Laws that protect the well-being of employees.

- Suppliers must focus on reducing the overall environmental impact of their activities and related carbon footprint, landfill waste and water usage and will partner with ITW as we strive to meet our own environmental impact reduction goals.
- Suppliers are expected to achieve ISO14001 certification or meet the requirements thereof.
- Suppliers are expected to support sourcing to diverse businesses, including woman and minority owned businesses and businesses owned by military veterans, people with disabilities and members of the LGBTQ+ community.

## **Business Continuity**

- To ensure business continuity, suppliers should perform their own business risk assessments. At a minimum, suppliers should conduct ongoing reviews of the following risks and take appropriate actions to mitigate:
  - Labor disruptions or shortages,
  - Potential for disruption within supplier's supply chain,
  - Sufficient capacity to meet customer demand,
  - IT systems effectiveness and cybersecurity,
  - Power interruption potential and impact
  - Propensity for natural disasters at site locations,
  - Management succession,
  - Legislative impacts,
  - Financial solvency and
  - Business ethics and compliance.