



## ILLINOIS TOOL WORKS INC.

### CHARTER OF CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

#### 1. Purpose

The Committee shall assist the Board in (1) identifying individuals qualified to become Board members; (2) recommending to the Board director nominees for the next annual meeting of stockholders or for filling vacancies; (3) developing, reviewing and recommending to the Board appropriate corporate governance guidelines; and (4) overseeing the evaluation of the Board and management.

#### 2. Membership and Qualifications

- a) The Committee shall consist of no fewer than three directors, including a chairman, each selected by the Board. Any Committee member may be removed by the Board.
- b) Each member of the Committee shall satisfy the independence requirements of the New York Stock Exchange, as well as applicable rules of the U.S. Securities and Exchange Commission, as such requirements are interpreted by the Board in its business judgment.

#### 3. Meetings and Other Actions

The Committee shall hold such number of meetings annually as it deems advisable in order to discharge its duties adequately. The Committee will keep minutes of its meetings and shall regularly report to the Board on its activities, making recommendations as appropriate. The Committee may form, and delegate authority to, subcommittees when it deems appropriate.

#### 4. Key Responsibilities and Authority

##### a) *Nominations and Board Composition*

The Committee shall develop qualification criteria for Board members and actively seek and screen individuals qualified to become Board members. The Committee shall recommend to the Board potential nominees to the Board and the re-nomination of incumbent directors as it deems appropriate. The Committee shall consider potential nominees recommended by shareholders but has no obligation to recommend such candidates for nomination.

From time to time as it deems appropriate in its discretion, the Committee shall review committee member qualifications and make recommendations to the Board with respect to which directors should serve on the various Board committees.

**b) *Corporate Governance***

The Committee shall serve in an advisory capacity to the Board on matters of organizational and governance structure of the Company and the conduct of the Board.

The Committee shall oversee the evaluation of the Board and management and at least annually shall assist the Board in its self-evaluation and in the determination of whether the Board and its committees are functioning effectively.

The Committee shall annually review and assess the independence of the individual directors in light of the requirements of the New York Stock Exchange and recommend any changes in independence status<sup>1</sup> to the Board.

The Committee shall review and recommend to the Board proposed changes to the Company's Certificate of Incorporation and By-laws.

The Committee shall review and make recommendations to the Board with respect to shareholder proposals.

The Committee shall review and reassess the adequacy of the Corporate Governance Guidelines of the Company and this Charter at least annually and recommend any proposed changes thereto to the Board.

**c) *Director Compensation***

The Committee shall review the compensation of non-employee directors at least annually<sup>2</sup> and make recommendations to the Board on any proposed changes.

**d) *Other Responsibilities***

The Committee shall review its own performance and the performance of individual directors at least annually.

The Committee shall have such other duties, responsibilities and authorities as the Board may from time to time delegate.

**5. *Additional Resources***

- a) The Committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates and shall have the sole

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<sup>1</sup> Changes in (b) reflect "housekeeping" changes and current practice.

<sup>2</sup> Change in (c) clarifies the NYSE requirement to review at least annually and that review is needed only for non-employee directors.

authority to approve the search firm's fees and other retention terms. The Committee also shall have the authority to retain lawyers, accountants or other consultants to advise and assist the Committee in connection with its responsibilities.

- b) The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K if such an evaluation is not done by the Board or another Board committee.<sup>3</sup>
- c) The Committee may request any other director, officer or employee of the Company or the Company's outside counsel to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

***Approved by Illinois Tool Works Inc. Board of Directors: December 14, 2018***

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<sup>3</sup> Consistent with Compensation Committee Charter regarding the independence of consultants.