

ILLINOIS TOOL WORKS INC.

CHARTER OF AUDIT COMMITTEE

1. Purpose

The Audit Committee shall assist the Board of Directors of the Company in fulfilling its responsibilities with respect to matters involving the accounting, financial reporting and internal control functions of the Company and its subsidiaries. This shall include assisting the Board in overseeing: (a) the integrity of the Company's financial statements; (b) the Company's compliance with legal and regulatory requirements; (c) the independent auditors' qualifications, independence and performance; and (d) the performance of the Company's internal audit function. The Audit Committee also shall prepare the Audit Committee report that the U.S. Securities and Exchange Commission ("SEC") rules require to be included in the Company's annual proxy statement.

2. Membership and Qualification

The Audit Committee, a standing committee of the Board, shall be composed of three or more independent directors meeting the requirements of the Corporate Governance Standards of the New York Stock Exchange ("NYSE") as well as applicable laws and regulations of the SEC, as such requirements are interpreted by the Board of Directors in its business judgment. Director fees are the only compensation that an Audit Committee member may receive from the Company. The Committee members shall be elected annually by the Board upon the recommendation of the Corporate Governance and Nominating Committee. Any Committee member may be removed by the Board upon the recommendation of the Corporate Governance and Nominating Committee.

a) *Special Limitation*

If an Audit Committee member simultaneously serves on the audit committees of more than three public companies, the Board must determine that such simultaneous service would not impair such member's ability to serve effectively on the Company's Audit Committee and such determination by the Board must be disclosed in the Company's annual proxy statement.

b) *Special Qualifications*

Each member of the Audit Committee shall, in the judgment of the Board, be financially literate, as such requirement is interpreted by the Board of Directors in its business judgment, and have the ability to read and understand the Company's basic financial statements or shall, promptly following his or her appointment, obtain adequate training

to achieve such literacy and ability. In addition, at least one member of the Audit Committee must have accounting or related financial management expertise; as such requirements are interpreted by the Board of Directors in its business judgment. The Board of Directors may presume that a member of the Audit Committee who satisfies the definition of an "audit committee financial expert" as defined in Regulation S-K has accounting or related financial expertise.

3. Meetings and Other Actions

The Committee shall hold such number of meetings every twelve months as it deems advisable in order to discharge its duties adequately, but not less than four times a year. The Committee shall keep minutes of its meetings, and shall regularly report to the Board on its activities, making recommendations as appropriate.

As part of its meetings, the Committee shall meet separately, periodically, with management, with the Company's internal auditors, and with the Company's independent auditors.

4. Key Responsibilities and Authority

The Committee's job is one of oversight and it is not responsible for preparing the Company's financial statements, planning the audit of those financial statements or determining that the Company's financial statements and disclosures are complete and accurate in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the independent auditors. Additionally, the Committee recognizes the Company's financial management, including the internal audit staff, as well as the Company's independent auditors, have more time, knowledge and detailed information on the Company than do Committee members.

In carrying out its duties and responsibilities, the following are within the responsibilities and authority of the Committee. The Committee shall not allocate any of its functions to a different committee.

a) *Internal Controls*

The Committee shall:

- Oversee the Company's internal controls and monitor the remediation of any material control deficiencies.
- Review and discuss with management (including the senior internal audit executive) and the independent auditor, the Company's internal controls report

and the independent auditors' attestation of the report prior to the filing of the Company's Annual Report on Form 10-K.

- Review disclosures made (if any) by the Company's chief executive officer and chief financial officer during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

b) *Financial Reporting Generally*

In connection with its general oversight of the Company's financial reporting, the Committee shall:

- Discuss with management and the independent auditors significant financial reporting issues and judgments made in connection with the preparation of the financial statements and review with management and the independent auditors any analyses prepared by management or the Company's independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.
- Review with management and the independent auditors all critical accounting policies and practices to be used, and management's proposals regarding: new accounting pronouncements; the adoption and implementation of, and changes of choice regarding, material accounting principles and practices to be followed when preparing the financial statements of the Company; and the alternative principles and practices that could have been followed and the treatment preferred by the independent auditor.
- Review with management and the independent auditors the effect of regulatory and accounting initiatives, as well as off-balance sheet structures (if any), on the Company's financial statements.
- Inquire as to whether the independent or internal auditors have any concerns regarding:
 - The possibility of significant accounting or reporting risks or exposures;
 - The appropriateness and quality of significant accounting treatments;
 - Any material business transactions that may affect the fair presentation of the Company's financial condition or results of operations; or

- Any material weaknesses in or major issues as to the adequacy of the Company's internal control systems.
- Establish procedures for:
 - The receipt, retention and treatment of any complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
 - The confidential, anonymous submission by employees of the Company of any concerns regarding questionable accounting or auditing matters.
- Establish a procedure whereby management submits to the Committee on a pre-issuance basis information to be disclosed and types of presentations to be made in quarterly earnings press releases (paying particular attention to any use of "*pro forma*" or "adjusted" non-GAAP information), as well as review any financial information and earnings guidance provided to analysts and rating agencies. (This may be done generally and need not occur in advance of each earnings release or each instance in which the Company may provide earnings guidance.)

c) *Annual Financial Statements*

In connection with the preparation and audit of the Company's annual financial statements, the Committee shall:

- Review with the independent auditors in private session without any members of management being present, whether there have been (and if so the nature of) any audit problems or difficulties and any related responses by management.
- Meet with management and the independent auditors to review and discuss the annual financial statements and related notes, as well as the specific disclosures in the related Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"). The Committee also shall make a recommendation to the Board regarding inclusion of such financial statements, related notes and the related MD&A in the Company's Annual Report on Form 10-K.

d) *Interim Financial Statements*

With respect to the Company's interim financial statements, the Committee shall review the interim financial statements and any related notes, as well as the specific disclosures in the related MD&A, prior to public issuance.

e) *Internal Auditors*

The Committee shall oversee the activities and programs administered by those responsible for the Company's internal audit function and shall meet with the Company's senior internal audit executive periodically (at least once a year) in a private session to discuss matters that the Committee or the internal auditors believe should be discussed.

The Committee shall review the appointment and replacement of the Company's senior internal audit executive.

f) *Independent Auditors*

The Committee shall be responsible for the oversight of the Company's independent auditors (including resolution of disagreements between management and the auditors regarding financial reporting). The Company's independent auditors shall report directly to the Audit Committee. In connection with such oversight, the Committee shall:

- Have sole authority to select, hire and fire the Company's independent auditors, to pre-approve all fees and other terms of the audit engagement and to pre-approve any non-audit relationship with the independent auditors; the Audit Committee Chair may pre-approve services and fees in accordance with procedures approved by the Committee, provided that any such pre-approvals are presented to the full Committee at the next scheduled meeting.
- Meet with the independent auditors prior to the audit to discuss the planning and staffing of the audit.
- Meet with the independent auditors at least once a year in private session without any members of management being present to discuss matters that the Committee or the independent auditors believe should be discussed, including without limitation any audit problems or difficulties and management's response; the responsibilities, budget and staffing of the Company's internal audit function; and discussion items contemplated elsewhere in this Charter or the applicable requirements of the Public Company Accounting Oversight Board.
- Obtain and review, at least annually, a report from the independent auditors that describes: the independent auditing firm's internal quality-control procedures; and any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.

- Obtain and review, at least annually, a report from the independent auditors that describes all relationships between the independent auditors and the Company including the amount and nature of all related compensation.
- Evaluate periodically the independent auditors and the partner in charge of performing the Company's audit. The Committee shall also be directly involved in the selection of the partner in charge of performing the Company's audit and shall ensure the rotation of the audit partners as required by law. The Audit Committee shall present its conclusions with respect to the independent auditors to the Board.
- Set hiring policies for employees or former employees of the Company's independent auditors.

g) *Other Responsibilities*

The Committee also shall:

- Review and evaluate on behalf of the Board of Directors, certain of the Company's policies and practices with respect to risk assessment and risk management, including the Company's major financial risk exposures and steps taken by management to monitor and control such exposures.
- If deemed appropriate, initiate special investigations into matters within the Committee's scope of responsibilities or as delegated by the Board of Directors.
- Review the legal affairs and environmental, safety and health matters that may have a material impact on the Company's financial statements or the Company's compliance policies at least annually.
- Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.
- Conduct a reasonable prior review, and provide oversight, of all related party transactions for potential conflicts of interest and approve such transactions only if the Committee determines it is consistent with the interests of the Company and its shareholders. The term "related party transaction" refers to a transaction that, if entered into, would require disclosure under Section 404(a) of Regulation S-K promulgated by the SEC. No member of the Committee having an interest in a related party transaction shall participate in any decision regarding such related party transaction.

- Review and discuss quarterly cybersecurity reports from management and any additional reports as necessary and appropriate.
- Perform and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- Review its own performance at least annually.

5. Additional Resources

The Committee shall have the right to hire independent accounting experts, lawyers and other consultants to assist and advise the Committee in connection with its responsibilities.

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.

6. Funding

The Committee shall determine, and the Company shall provide, appropriate funding, for payment of:

- Compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audits, review or attest services for the Company;³
- Compensation to any advisers employed by the Audit Committee in carrying out its duties hereunder; and
- Ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

Approved by Illinois Tool Works Inc. Board of Directors: February 9, 2024