

HIPAA NOTICE OF PRIVACY PRACTICES

This notice of privacy practices describes how medical information about you may be used and disclosed and how you can get access to this information. Please review it carefully.

Illinois Tool Works Inc. (the “Employer”) offers a number of benefits, including medical, prescription drug, dental, wellness, employee assistance, health flexible spending account programs and others. This Notice of Privacy Practices applies to employees or retirees and their dependents who participate in any of the following: ITW Medical Plan, ITW Dental Plan, ITW Bargaining Health Care Plan, ITW Bargaining Dental Plan, ITW Flexible Spending Account Plan, ITW Retiree Health Care Contribution Plan and the health care components of the Living Well at ITW Plan (collectively the “Plan”).

For Plan administration purposes, the Plan and its outside service providers or business associates may create records (such as records of your health claims), and this Notice applies to all such records.

Note that certain benefits provided under the Plan are furnished by insurance companies. If you choose to receive benefits offered through an insurance company, you may receive a separate Notice of Privacy Practices related to those benefits directly from those insurers. You may also receive separate notices from your doctor or other health care provider relating to records they create and maintain during the course of providing medical care to you.

How the Plan May Use or Disclose Your Health Information

For Treatment

While the Plan generally does not use or disclose protected health information or “PHI” for treatment, the Plan is permitted to do so if necessary. For example, the Plan may provide PHI such as enrollment information to a treating provider to assist in obtaining an appropriate referral to a specialist.

For Payment

The Plan may use and disclose your PHI to others for purposes of facilitating payment for treatment and services that you receive. For example, the Plan may provide PHI to its outside service providers to help the Plan ensure that it is properly reimbursed if a third party is responsible for medical costs the Plan would otherwise pay.

For Health Care Operations

The Plan may use and disclose PHI about you for operational purposes such as quality improvement, business planning and cost management. For example, your PHI might be included as part of an audit designed to ensure that the Plan’s outside service provider or business associate is performing its job as well as it should for the Plan.

The Plan is prohibited from using or disclosing any of your PHI that consists of “genetic information” for underwriting purposes, as provided by the Genetic Information Nondiscrimination Act of 2008.

Plan Sponsor

The Plan may disclose PHI to the Employer, the sponsor of the Plan, for health care operation purposes. At no time will the Plan disclose PHI to the sponsor for employment-related actions or decisions.

Required by Law

The Plan may use and disclose PHI about you as required by law. For example, the Plan may disclose PHI for the following purposes:

- For judicial and administrative proceedings pursuant to legal authority if certain conditions are met relating to notice to you and an opportunity for you to object to the disclosure.
- To report information related to victims of abuse, neglect or domestic violence.
- To assist law enforcement officials in their law enforcement duties.

Public Health

Your PHI may be used or disclosed for public health activities, such as assisting public health authorities or other legal authorities to prevent or control disease, injury, or disability, or for other health oversight activities.

Decedents

Your PHI may be disclosed to funeral directors or coroners, if required by law, to enable them to carry out their lawful duties.

Organ/Tissue Donation

Your PHI may be used or disclosed for cadaveric organ, eye or tissue donation purposes.

Health and Safety

Your PHI may be disclosed to avert a serious threat to the health or safety of you or any other person pursuant to applicable law.

Government Functions

Your PHI may be disclosed for specialized government functions, such as protection of public officials or reporting to various branches of the armed services.

Workers’ Compensation

Your PHI may be used or disclosed in order to comply with laws and regulations related to Workers’ Compensation.

Authorizations

Other uses and disclosures will be made only with your written authorization and you may revoke the authorization, except to the extent that the Plan has taken action in reliance on such authorization.

Disclosures That Will Not Be Made Without Your Authorization

The Plan will obtain a written authorization for the following:

- Any use or disclosure of psychotherapy notes, except: (1) to carry out the following treatment, payment or health care operations: use by the originator of the psychotherapy notes for treatment; use or disclosure by the covered entity for its own training programs in which students, trainees or practitioners in mental health learn under supervision to practice or improve their skills in group, joint, family or individual counseling; or use or disclosure by the covered entity to defend itself in a legal action or other proceeding brought by the individual; and (2) a use or disclosure that is: required by the Secretary of the United States Department of Health and Human Services when the Secretary is investigating or determining the Plan’s compliance with the HIPAA privacy rule; permitted by law; for health oversight with respect to the

oversight of the originator of the psychotherapy notes; to a coroner or medical examiner for the purpose of identifying a decedent; or to avert a serious threat to health or safety.

- Any use or disclosure of PHI for marketing, except if the communication is in the form of: a face-to-face communication made by the Plan. If the marketing involves financial remuneration to the Plan from a third party, the authorization must state that such remuneration is involved.
- Any disclosure of PHI that is a sale of PHI. Such authorization must state that the disclosure will result in remuneration to the Plan.

Your Health Information Rights

You have the right to:

- Request a restriction on certain uses and disclosures of your PHI as provided by 45 C.F.R. §164.522; however, the Plan is not required to agree to a requested restriction, except if your requested restriction is to prevent disclosure of PHI for payment or health care operations and the restricted PHI pertains solely to a health care item or service for which you have already paid a health care provider or the Plan in full.
- Obtain a paper copy of this Notice of Privacy Practices upon request.
- Inspect and obtain a copy of your health record as provided for in 45 C.F.R. §164.524 (you may be charged for the costs of copying, mailing or other supplies directly associated with your request). If we maintain your PHI in an electronic format (including in an electronic health record), you have a right to obtain a copy of such information in an electronic format and, if you so choose, direct us to transmit such copy directly to another entity or person.
- Request that your health record be amended as provided in 45 C.F.R. §164.526.
- Request communications of your PHI by alternative means or at alternative locations.
- Receive an accounting of disclosures made of your PHI as provided by 45 C.F.R. §164.528 within the time frames required.

In most cases, neither the Plan nor the Employer will retain your health records. Instead, the Plan's business associates will retain health records on behalf of the Plan and will have primary responsibility for providing you with access to your health information and responding to requests for amendments, accountings of disclosures, confidential communications or restrictions on use. You should contact the business associate responsible for maintaining the health records about which you wish to inquire to receive further instructions about exercising your health information rights.

Personal Representatives

You may exercise your PHI rights through a personal representative. Your personal representative will be required to produce evidence of his or her authority to act on your behalf before that person will be given access to your PHI or allowed to take any action for you.

The Plan retains discretion to deny access to your PHI to a personal representative to provide protection to those vulnerable people who depend on others to exercise their rights under these rules and who may be subject to abuse or neglect. This also applies to personal representatives of minors.

Breach Notification

In accordance with certain revised HIPAA rules, you are entitled to receive notification from us if the confidentiality of any of your PHI maintained in an unsecured form is compromised. This notification may come directly from the Plan or it may come from a third party service provider working with the Plan to provide your benefits.

Complaints

You may complain to the Plan and to the Secretary of the Department of Health and Human Services if you believe your privacy rights have been violated. You will not be retaliated against for filing a complaint.

Obligations of the Plan

The Plan is required to:

- Maintain the privacy of PHI.
- Provide you with this Notice of Privacy Practices and its legal duties with respect to your PHI.
- Abide by the terms of this Notice of Privacy Practices.
- Notify you whether or not we are able to agree to a requested restriction on how your PHI is used or disclosed. If we agree, we can release information for emergency treatment, and we can change our decision if we tell you in advance that we can no longer agree to the restriction.
- Accommodate reasonable requests that you may make to communicate PHI by alternative means or at alternative locations if you clearly state in writing that communication by standard means or in standard locations could endanger you.
- Notify you of our response to your request to amend the information we have about you. If we deny your request, you may write to us to explain why you disagree. If we respond in writing for your file, we will give you a copy.

The Plan reserves the right to change its information practices and to make the new provisions effective for all PHI it maintains. Revised Notices of Privacy Practices will be made available to you through the Plan's privacy official.

State law may provide for additional protection of your PHI.

Contact Information

If you have any questions or complaints, please contact:

Privacy Officer
Illinois Tool Works Inc.
155 Harlem Avenue
Glenview, IL 60025
(866) 489-2468

For additional information about accessing your health records held by one of the Plan's business associates, please contact the relevant business associate directly. A listing of contact information for the Plan's business associates can be found in the Plan's summary plan descriptions. You may also contact the Plan's privacy official if you have questions about contacting one of the Plan's business associates.

Effective Date¹

Initial Notice: April 14, 2003

Revised Notice: October 1, 2016

¹ This Notice is a plan amendment for the medical, prescription drug, dental, wellness, employee assistance and health flexible spending account programs sponsored by Illinois Tool Works Inc. It also is a "summary of material modifications" (SMM) that is intended to update your "summary plan descriptions" (SPDs) that you have or will receive for the Plans. To the extent of these changes, this SMM takes precedence over your SPDs. Both the SMM and the SPDs represent the legal plan documents. For an extra copy of an SPD, go to ITWemployee.com. The Plan sponsor retains the right to terminate the Plan at any time and may amend or otherwise modify the Plan at any time.