

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Founded in 1912, ITW (NYSE: ITW) is a global industrial company built around a differentiated and proprietary business model. The company’s seven industry leading segments leverage the ITW Business Model to generate solid growth with best-in-class margins and returns in markets where highly innovative, customer-focused solutions are required.

From state-of-the-art dishwashers, ovens and refrigerators in restaurants and hotels, to automobile components inside vehicles all over the world...the products we manufacture and the solutions we design are all around us. The buildings where we live and work are built with ITW construction and welding products, and our test & measurement solutions help to ensure the quality and safety of millions of products.

ITW’s dedicated colleagues around the world thrive in the company’s decentralized and entrepreneurial culture. Our leaders have deep expertise in the ITW Business Model and leverage it to deliver superior performance and value to our customers. ITW’s approximately 43,000 dedicated colleagues around the world thrive in the company’s decentralized, entrepreneurial culture. In 2020, the company achieved revenues of \$12.6 billion, with roughly half coming from outside North America.

ITW’s Corporate Social Responsibility (CSR) strategy is built around four key elements: Our Governance & Ethics, Our People, Our Communities, and Our Environment. As part of our vision to be one of the world’s best-performing, highest-quality and most-respected industrial companies, we will continue to support our communities and our employees to make a difference in the world around us.

Across all our decentralized businesses, we continually measure, manage and work to reduce the environmental footprint of our operations and products. We also partner with key suppliers to ensure that, together, we have a positive impact on our environment and use our resources responsibly.

With support from ITW’s senior management, each division is directly responsible for implementing the most impactful environmental performance improvement opportunities for its unique operations. Our three-pronged approach to continuous improvement includes:

- Auditing our facilities for EHS compliance;
- Transparent reporting using the guidance of third-party frameworks and surveys including SASB and TCFD; and
- Implementing policies that guide our progress, each ITW division is responsible for recognizing the potential impacts of our operations employee has a responsibility to preserve and protect the environment

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1 2020	December 31 2020

W0.3

(W0.3) Select the countries/areas for which you will be supplying data.

- Argentina
- Australia
- Belgium
- Brazil
- Bulgaria
- Canada
- Chile
- China
- China, Hong Kong Special Administrative Region
- Colombia
- Costa Rica
- Croatia
- Czechia
- Denmark
- Finland
- France
- Germany
- Hungary
- India
- Ireland
- Italy
- Japan
- Malaysia
- Mexico
- Netherlands
- New Zealand
- Philippines
- Poland
- Portugal
- Republic of Korea
- Russian Federation
- Slovakia
- Slovenia
- South Africa
- Spain
- Sweden
- Switzerland
- Taiwan, Greater China
- Thailand
- United Kingdom of Great Britain and Northern Ireland
- United States of America

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

- USD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

- Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

- No

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	The majority of ITW's operations are not water intensive and our supply chain and operations are diverse, minimizing the risks associated with having sufficient amounts of good quality freshwater available for use. Although the risk is low, it is important for us to have good quality freshwater for our direct operations. Freshwater is used in some of our products, processes including quenching, rinsing, cooling of equipment, product testing and cleaning of equipment, parts and facilities. For suppliers it is important for the same reasons as for our operations. It is important for our customers as well; water quality affects the performance of some of our products, for example warewashers used in commercial kitchens. As ITW grows, in the future it is likely that businesses added to the portfolio will fit into the existing segments, having similar products and operations. For this reason, we do not anticipate any future changes in the importance of freshwater availability or quality in our direct operations and the remainder of our value chain.
Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Not very important	Many of our operations recycle water for use in processes and cooling of facilities. However, this is reported by a relatively low number of facilities compared to those that withdraw fresh water. With the exception of water treatment equipment, our water reliant products use freshwater. We are not aware of any concerns related to recycled, brackish and/or produced water in the rest of our value chain. As ITW grows, in the future it is likely that businesses added to the portfolio will fit into the existing segments, having similar products and operations. For this reason, we do not anticipate any future changes in the importance of recycled, brackish and/or produced water in our direct operations or the remainder of our value chain.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	We collect and monitor the quantity of water withdrawn by facilities for which we have operational control. This includes water from municipal supply and onsite wells.
Water withdrawals – volumes by source	1-25	Of the facilities for which we monitor water withdrawal, we look at the sources of the greatest withdrawals, keeping consistent with our 80/20 operating philosophy. The sources reviewed can vary annually based on the total quantity of water withdrawn by all of the facilities we track.
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	Not monitored	Water withdrawal quality is measured and monitored at the facility level, not enterprise wide. Onsite water monitoring is the most effective way to ensure the quality is kept at the optimal level for the specific need. Not all of ITW's processes depend on water and where the quality is not critical, it is not closely monitored.
Water discharges – total volumes	Not monitored	Water discharge is measured and monitored at the facility level, where it is required, not enterprise wide.
Water discharges – volumes by destination	Not monitored	Water discharge by destination is not measured or monitored across the enterprise.
Water discharges – volumes by treatment method	Not monitored	Water discharge volume by treatment method is not measured or monitored across the enterprise, only at the facility level, and only where it is required.
Water discharge quality – by standard effluent parameters	Not monitored	Water discharge quality by standard effluent parameters is not monitored at the enterprise level. It is measured by the facilities that are required to do so.
Water discharge quality – temperature	Not monitored	If monitored, water discharge temperature would be monitored by the facilities and not tracked at the enterprise wide.
Water consumption – total volume	Not monitored	Total water consumption volume is not monitored at the corporate level, because we do not track discharge.
Water recycled/reused	100%	We collect and monitor the quantity of water recycled/reused by facilities for which we have operational control.
The provision of fully-functioning, safely managed WASH services to all workers	100%	As stated in the ITW Human Rights Policy, ITW is committed to human rights in the workplace, which includes a safe working environment. Access to water and sanitation is part of a safe working environment. Link to the human rights policy https://s25.q4cdn.com/220651370/files/doc_governance/Human-Rights-Policy.pdf

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	2080	Lower	Production was lower in 2020 compared to 2019. Water withdrawal is down 15%, we also had a decrease in operating revenue.
Total discharges	0	Lower	We do not track water discharge at the corporate level. We assume there is a direct correlation between withdrawal, and discharge, thus both would have been lower in 2020 as compared to 2019.
Total consumption	0	Lower	We do not track water discharge at the corporate level and cannot calculate consumption. We assume that there is a direct correlation between withdrawal and discharge, thus both would have been lower in 2020 as compared to 2019.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	26-50	Higher	WRI Aqueduct	We withdraw water from areas where the baseline water stress (BWS) is either rated extremely high, high, or medium - high per the WRI Aqueduct Water Risk Atlas v3.0. We also include groundwater table decline (GTD) in our analysis; we have locations where this is rated as high to medium. 9% of the water withdrawn included in this portion of the reporting boundary (the top 80% water withdrawing ITW owned/manufacturing sites) is from areas where a combination of the two is of concern. This is lower than last year's withdrawals, because overall we reduced the amount of water used due to the pandemic.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant but volume unknown	<Not Applicable>	<Not Applicable>	There are two known facilities that collect and use rainwater. One has converted its basement into a water reservoir for collecting rainwater, the other collects runoff from the parking lot to be re-used.
Brackish surface water/Seawater	Not relevant	<Not Applicable>	<Not Applicable>	This is not an applicable source.
Groundwater – renewable	Relevant	484	Lower	The renewable ground water withdrawals are approximately 3% lower than last year.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	This is not an applicable source.
Produced/Entrained water	Not relevant	<Not Applicable>	<Not Applicable>	This is not an applicable source.
Third party sources	Relevant	2080	Lower	The quantity of water from municipal supply is less than last year's value, there is 15% decrease in withdrawal. Water intensity (with respect to operating revenue) is 8% higher than last year. The amount of decrease in operating revenue was lower than that of the water withdrawal.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our customers or other value chain partners

W1.4c

(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

In addition to working to reduce water withdrawals and improve discharge quality in our operations, we work with our customers to ensure that the products we provide them, where applicable, support their water related concerns. Customer Back Innovation is a key component of the ITW business model. It is innovating from "the customer back"; we work with our customers to develop products that meet their key needs and eliminate pain points, this includes water consumption. For example, we produce water efficient commercial kitchen equipment including ware washers and vent hoods that recirculate water.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage

Partial

Risk assessment procedure

Water risks are assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Tools on the market

Tools and methods used

WRI Aqueduct

Comment

WRI Aqueduct is used to assess water risks for facilities that account for 80% of ITW's total water withdrawal each year. It provides river basin level information for multi-decade periods. We examine Baseline Water Stress, Baseline Water Depletion and Inter-annual Variability for physical risks, we also review the Peak Reputation Risk score. It is beneficial for ITW to understand the conditions of and the impact it has on the areas where it withdraws water. ITW considers Access to Water when assessing regulatory and reputation risks.

Supply chain

Coverage

None

Risk assessment procedure

<Not Applicable>

Frequency of assessment

<Not Applicable>

How far into the future are risks considered?

<Not Applicable>

Type of tools and methods used

<Not Applicable>

Tools and methods used

<Not Applicable>

Comment

ITW does not perform water related risk analysis on its suppliers. However, ITW's suppliers agree to the ITW Supplier Code of Conduct and ITW Supplier Expectations which require them to comply with environmental laws and reduce their environmental impacts, including those on water.

Other stages of the value chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Tools on the market

Tools and methods used

WRI Aqueduct

Comment

WRI Aqueduct is used to assess water risks for facilities that account for 80% of ITW's total water withdrawal each year. It provides information that can be used to gauge the risks that impact our investors, communities and provides insight into regulatory risks we may face.

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, sometimes included	It is important that there is sufficient water available for ITW operations.
Water quality at a basin/catchment level	Relevant, sometimes included	Some facilities analyze water quality on a daily basis and make adjustments to production as needed.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, sometimes included	Facilities operating in areas where drought is an issue have occasionally met with stakeholders, local municipalities, to discuss water use in the area. Local stakeholder engagement and conflict resolution is managed at the division or business level.
Implications of water on your key commodities/raw materials	Not relevant, explanation provided	Our key commodities/raw materials are not directly dependent on water.
Water-related regulatory frameworks	Not relevant, explanation provided	Each year the risk level of future potential regulatory changes is reviewed for the facilities which account for 80% of the total water consumed by ITW, not all facilities.
Status of ecosystems and habitats	Not considered	ITW has not evaluated the status of the ecosystems and habitats in its operating regions. Individual facilities have implemented projects to support their local ecosystems and habitats. This is best managed at the local level.
Access to fully-functioning, safely managed WASH services for all employees	Not considered	It is assumed that all ITW facilities allow employees access to WASH services consistent with our Human Rights Policy.
Other contextual issues, please specify	Not considered	No other contextual issues are evaluated.

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, sometimes included	Water risk is assessed for customers who have invited ITW to complete the CDP Supply Chain Water questionnaire. This only includes the facilities of the divisions that account for 80% of the ITW's total revenue from those customers. ITW businesses that make water dependent products look more closely at the water-related risks of their customers; these risks influence their business strategies and product design. Cleaning products and commercial kitchen equipment which use water are examples of products that are water dependent. When applying customer-back innovation to develop new products, our customer's water risks are considered. We create products that help our customers mitigate their water risks.
Employees	Relevant, sometimes included	The annual risk assessment includes access to water, this is a key factor. We consider our employees during our water risk-assessment, because they are members of the communities in which we operate and are directly impacted by not only ITW's ability to operate, but need water for their own consumption. We also rely on employees to guide any water conservation efforts at the facility level.
Investors	Relevant, sometimes included	ITW investors are concerned about the water related risks and are a driving force behind the analysis of water risks.
Local communities	Relevant, sometimes included	ITW recognizes the importance of supporting the communities in which we operate. The annual assessment includes access to water; this directly impacts the local communities.
NGOs	Not relevant, included	NGO's are not directly considered in ITW's water risk assessments. We consider our "80" stakeholders in our risk assessment.
Other water users at a basin/catchment level	Not relevant, explanation provided	Past analysis included annual renewable water supply per person. We have chosen to focus more on BWS, BWD and regulatory risk.
Regulators	Relevant, sometimes included	The assessment includes regulatory risk levels, not necessarily regulators. Regulations impact where we locate facilities, how we are able to operate and the costs of operations.
River basin management authorities	Not considered	River basin management authorities are not factored into the water risk assessment. This stakeholder is best considered as part of the division or facility level risk assessment.
Statutory special interest groups at a local level	Not considered	Statutory special interest groups are not factored into the water risk assessment at the corporate level. This is best managed at the division level.
Suppliers	Relevant, not included	Currently, ITW's suppliers comply with the ITW Supplier Code of Conduct and Supplier Expectation, which require them to reduce their environmental impacts, including water. We do not include them in the water risk assessment. In the future it is possible that suppliers will be directly considered in ITW's water risk assessments.
Water utilities at a local level	Not considered	Water utilities at a local level are not factored into the water risk assessment at the corporate level. This stakeholder is best considered as part of the division or facility level risk assessment.
Other stakeholder, please specify	Not considered	No other water stakeholders are evaluated at the corporate level for this purpose.

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

Direct operations

Water risk assessment is undertaken independently of other risk assessments and covers direct operations of some facilities. ITW's 80/20 business management process is applied to determine the facilities that are included in the annual water risk assessment. These facilities account for 80% of the total water that is withdrawn by ITW. No risk assessment process standards are used.

Once the facilities are selected, publicly available tools are used to gather information on their water related risks. The following indicators are used: baseline water stress, baseline water depletion, inter annual water variability and reputation risk factors are examined. Facilities are ranked based on the severity of each risk. Each year management receives a report based on the information gathered.

Regulatory Risks than can impact direct operations

The ITW EHSS department is informed of regulatory changes that may impact either a significant number of ITW businesses or a significant portion of revenue. It Department then alerts the affected businesses which, either prepare to comply with the regulations or if they determine the pending regulation is not in the best interest of their stakeholders, they work with industry groups to recommend changes to the regulations.

Also, ITW businesses track the water-related regulations that apply to them and assess their associated risks.

Other stages of the value chain

Water-related risks of communities and investors are analyzed annually and are based on the information discovered when assessing the risks of our direct operations.

Customer water-related risk assessment and response is managed by ITW businesses.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

No

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

We would consider a substantive impact to exist only where any of our businesses changed their operations, sources of supply or customer base due to matters that would cause a change in any one of our seven business segments that was considered significant by that segment or ITW overall.

W4.2b

(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	The existing water risks do not pose a substantive financial or strategic impact to ITW, because of how we define substantive. The water risks include operations in regions where water conditions range from abundant to extreme scarcity, flood and drought, and operations in areas where there is high competition for available supplies. We do not feel the risk is high enough to require a change in operations, sources of supply or customer base.

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	We do not consider ITW to be exposed to water risks in the value chain (beyond direct operations) with the potential to have substantive financial or strategic impact, based on: our definition of a substantive risk, a low number of water intensive products and processes, ITW's diverse operations (seven operating segments) and end markets.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Products and services

Primary water-related opportunity

Increased sales of existing products/services

Company-specific description & strategy to realize opportunity

The Food Equipment segment manufactures warewash equipment for commercial kitchens that provides optimal cleaning with minimal water use and some have the ability to clean and sanitize without the use of chemical detergents. Another development from this segment is the ventless warewasher that recycles water vapor instead of releasing it. The water vapor is condensed and used in the cleaning cycle, reducing the need for additional water. Sales are mainly in the Americas, Europe and Asia.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low-medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact

This is proprietary information to ITW and while this product is financially positive to our portfolio, we do not share this information publicly.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Commitments beyond regulatory compliance Commitment to water-related innovation Other, please specify (Commitment to monitor, conserve and work with customers to develop innovative solutions to environmentally responsible products)	ITW collects data on the water withdrawn and recycled from facilities over which we have operational control. Our businesses monitor this information, in addition to other water related information that is relevant to their operations.

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Board Chair	The Board is responsible for overall risk oversight of the Company, which includes ITW's strategic priorities, policies and goals related to environmental, social, supply chain and governance matters. ITW's Board is directly involved in the oversight of the Company's corporate social responsibility (CSR) efforts. Each year the Board receives reports of ITW's CSR related activities and progress towards the goals, including those tied to climate change. The Board ensures that the Company's efforts are approached in a manner that is consistent with its core values and best serve the interests of the Company and all ITW stakeholders.
Chief Executive Officer (CEO)	The CEO serves as the Chairman of the Board of Directors. In addition to the responsibilities of the Board, the CEO has highest level of authority and responsibility in the company for climate change and all activities that contribute to it. The CEO discusses and guides strategy periodically and provides oversight of the Company, which includes ITW's strategic priorities, policies and goals related to environmental, social, supply chain and governance matters. The CEO manages information on climate-related issues and makes decisions based on it; for example, the Corporate Social Responsibility Strategy, which includes environmental impact management and climate-change. The CEO reports to the Board annually.
Board-level committee	The annual review of environmental, safety and health matters that may have a material impact on the Company's financial statements or compliance policies is the responsibility of the Audit Committee of the Board. To date, ITW has not experienced a material climate change or water related impact.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	<ul style="list-style-type: none"> Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy 	The Board is responsible for overall risk oversight of the Company, which includes ITW's strategic priorities as well as policies and goals related to environmental matters, including climate change and water. ITW's Board receives periodic updates regarding the Company's CSR strategy, initiatives and progress.

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Other, please specify (Vice President/General Manager)

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Not reported to board

Please explain

Climate and water-related risks and opportunities are assessed and managed at the business level. This includes region specific requirements and issues.

Name of the position(s) and/or committee(s)

Other, please specify (Director Environmental, Health, Safety and Sustainability (EHSS))

Responsibility

Other, please specify (Provides oversight)

Frequency of reporting to the board on water-related issues

Annually

Please explain

Oversees the execution of ongoing environmental and regulatory compliance initiatives, including climate change and water. Annually provides analysis and data for report to the Board on environmental matters.

Name of the position(s) and/or committee(s)

Other, please specify (VP of Global Sourcing & EHSS)

Responsibility

Assessing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Annually

Please explain

Annually provides analysis and data for report to the Board on Environmental Social Governance matters generally, including climate change and water. Water-related issues, if material, would be reported to the board. Water issues have not been material to the Company.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	No, and we do not plan to introduce them in the next two years	

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

No

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

No, and we have no plans to do so

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	Our decentralized businesses each create a long-range plan on an annual basis that consider strategic threats and opportunities. Water-related issues, as they may affect our businesses, are considered within the context of the long-range plan. As example, our Warewash division has a strategic priority to reduce water consumption in the equipment they produce, and this is a strategic imperative that drives certain product design priorities. ITW does not typically have manufacturing processes that are water intensive, for many of our businesses this is not a critical issue. Our business objectives are therefore to help our customers solve their needs for water efficient equipment and provide best in class solutions; and as a manufacturer which uses a modest quantity of water in our operations to continue to be vigilant about opportunities to reduce our own consumption.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	Our decentralized businesses each create a long-range plan on an annual basis that consider strategic threats and opportunities. Water-related issues, as they may affect our businesses, are considered within the context of the long-range plan. As example, our Warewash division has a strategic priority to reduce water consumption in the equipment they produce, and this is a strategic imperative that drives certain product design priorities. ITW does not typically have manufacturing processes that are water intensive, so for many of our businesses, this is not a critical issue.
Financial planning	Yes, water-related issues are integrated	5-10	Our financial planning is comprehended as part of the long-range planning process described above. While water is integrated within overall business consideration, it does not have a material financial effect on any of our businesses.

W7.2

(W7.2) What is the trend in your organization’s water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

-91

Anticipated forward trend for CAPEX (+/- % change)

20

Water-related OPEX (+/- % change)

-5

Anticipated forward trend for OPEX (+/- % change)

1

Please explain

Some ITW businesses have shared they plan to implement water related projects within the next two years, increasing CAPEX. Production rates have lowered over the last three years and with the impact of the Coronavirus Pandemic, production for 2020 was lower, further decreasing the OPEX. If things continue at the same rate, water use will continue to decrease, as will the OPEX.

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	No, but we anticipate doing so within the next two years	Climate related scenario analysis is not used today as part of our business strategy because, climate change has not been considered a material risk to ITW. We see the value in expanding our approach to assessing the impact of climate change and are open to using climate-related scenario analysis in the near future.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, and we do not anticipate doing so within the next two years

Please explain

We recognize that the true value of water is not reflected in its cost. While water is integrated within our overall business consideration, it does not have a material financial effect on a significant number of our businesses. Placing an internal price on water is not a high priority for ITW at this time and it is not likely that it will be in the next two years.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Our company sets no targets or goals	<Not Applicable>	<Not Applicable>

W8.1c

(W8.1c) Why do you not have water target(s) or goal(s) and what are your plans to develop these in the future?

	Primary reason	Please explain
Row 1	Judged to be unimportant, explanation provided	While water is integrated into our overall business consideration, it does not have a material effect on the majority of our businesses. Setting a water target is not a high priority for ITW at this time and it is not likely that it will be in the near future. However, all ITW businesses are encouraged to conserve resources and this includes reducing water consumption and increase recycling where feasible.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

No, we do not currently verify any other water information reported in our CDP disclosure

W10. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1		Please select

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

SW. Supply chain module

SW0.1

(SW0.1) What is your organization's annual revenue for the reporting period?

	Annual revenue
Row 1	12574000000

SW0.2

(SW0.2) Do you have an ISIN for your organization that you are willing to share with CDP?

Yes

SW0.2a

(SW0.2a) Please share your ISIN in the table below.

	ISIN country code	ISIN numeric identifier (including single check digit)
Row 1	US	4523081093

SW1.1

(SW1.1) Could any of your facilities reported in W5.1 have an impact on a requesting CDP supply chain member?

No facilities were reported in W5.1

SW1.2

(SW1.2) Are you able to provide geolocation data for your facilities?

	Are you able to provide geolocation data for your facilities?	Comment
Row 1	No, this is confidential data	

SW2.1

(SW2.1) Please propose any mutually beneficial water-related projects you could collaborate on with specific CDP supply chain members.

Requesting member

Anheuser Busch InBev

Category of project

New product or service

Type of project

New product or service that has a lower upstream water impacts

Motivation

Customer/Consumer demands

Estimated timeframe for achieving project

2 to 3 years

Details of project

Hi-Cone: Introduction of RingCycles PCR carrier with water savings due to using recycled content

Projected outcome

All European carriers are now RingCycles, 50% PCR, U.S. to come in 2021; global yearly savings of 84,480,000 Liters water, based on using 25 million pounds globally of PCR instead of virgin material

Requesting member

Anheuser Busch InBev

Category of project

Change to provision of goods and services

Type of project

Reduced water-related impacts

Motivation

Customer/Consumer demands

Estimated timeframe for achieving project

Up to 1 year

Details of project

Hi-Cone: Use of 100% renewable electricity in Hi-Cone Spain plant in 2020

Projected outcome

Implemented; manufacturing with renewable electricity uses ~75% less water than power from regional grid

Requesting member

Anheuser Busch InBev

Category of project

Change to provision of goods and services

Type of project

Reduced water-related impacts

Motivation

Customer/Consumer demands

Estimated timeframe for achieving project

Up to 1 year

Details of project

Hi-Cone: Use of 50% renewable electricity in Hi-Cone US plants in 2020

Projected outcome

Implemented; manufacturing with renewable electricity uses ~75% less water than power from regional grid

Requesting member

Ford Motor Company

Category of project

Relationship water assessment

Type of project

Assessing products or services' water-related impacts to identify efficiencies

Motivation

Saving in water consumption

Estimated timeframe for achieving project

4 to 5 years

Details of project

LYS Fusion Poland: Stage 1 - we started monitoring water consumption at several points in the plant, e.g. water consumption in cooling fans, etc

Projected outcome

20% reduction in consumption

SW2.2

(SW2.2) Have any water projects been implemented due to CDP supply chain member engagement?

No

SW3.1

(SW3.1) Provide any available water intensity values for your organization's products or services.

Product name

Hi-Cone: Multipack plastic ring carrier

Water intensity value

0.032

Numerator: Water aspect

Water consumed

Denominator

Pounds of material

Comment

Customer: AB InBev The water intensity is measured in gallons of water withdrawn per pound of material produced in Europe.

Product name

California Industrial Products: Metal fastener units

Water intensity value

0.0001

Numerator: Water aspect

Water consumed

Denominator

Number of pieces manufactured

Comment

Customer: Ford The water intensity is measured in m3 of water consumed per unit of production. Water is used for salt tanks for the heat treating area.

Product name

California Industrial Products: Metal fastener units

Water intensity value

0.0001

Numerator: Water aspect

Water consumed

Denominator

Number of pieces manufactured

Comment

Customer: Stellantis The water intensity is measured in m3 of water consumed per unit of production. Water is used for salt tanks for the heat treating area.

Product name

Hi-Cone: Multipack plastic ring carrier

Water intensity value

0.1703

Numerator: Water aspect

Water consumed

Denominator

Pounds of material

Comment

Customer: AB InBev The water intensity is measured in gallons of water withdrawn per pound of material produced in the U.S.

Product name

ITW Global Tire Repair: Tire sealant

Water intensity value

0.0001

Numerator: Water aspect

Water consumed

Denominator

m3 produced

Comment

Customer: Stellantis The water is used in production and operations.

Product name

ITW Global Tire Repair: Tire sealant

Water intensity value

0.0001

Numerator: Water aspect

Water consumed

Denominator

m3 produced

Comment

Customer: Ford The water is used in production and operations.

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission	Are you ready to submit the additional Supply Chain questions?
I am submitting my response	Investors Customers	Public	Yes, I will submit the Supply Chain questions now

Please confirm below

I have read and accept the applicable Terms