




ITT

# Code of Corporate Conduct

*Doing the Right Thing — Always*



*Engineered for life*



Throughout this ITT Code of Corporate Conduct (“Code”), ‘ITT’ refers to the ITT Corporation corporate headquarters and all its Management Companies and businesses. ‘Corporate’ refers just to the ITT Corporation corporate headquarters in White Plains, NY. ‘Company’ refers to the Management Companies and their operating businesses. ‘Value Center’ refers to any of the designated businesses within a Management Company. Also, ITT Corporate Policies, referenced in this Code, govern all ITT businesses.

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# Letter from the CEO

To navigate on any journey, you need a beacon to guide you, a travel plan to show you the way. The need is no different when guiding a large, global corporation. With people and facilities scattered around the world, it is critical that the company have uniform standards that everyone knows and follows. At ITT the Code of Corporate Conduct serves as our beacon.

Please take time to read and become familiar with the ITT Code of Corporate Conduct. As CEO, I personally hold myself and each of the leaders who report to me responsible to these standards every day. Accountability, integrity, and respect are central to our Management System. Refer to our values when making decisions. Integrate them into meetings and team activities. Support people doing the right thing. Encourage each other in your words and actions to rise to the highest standards of ethical behavior.

ITT's values define us as a company.

ITT expects every employee, consultant, marketing representative, and sales agent — whatever their position, and wherever they may be in the world — to do the right thing always. There are times when we may be tempted to push the edge or bend the rules to make a special commitment for a customer, or otherwise make an exception to get the job done. We do not do it. If there is any question, any question at all about the ethics or legality of a deal, I do not want the business. I expect each ITT employee to feel the same, regardless of pressures to deliver financial results.

I am proud to work with people who take such pride in their company's ethical culture. It takes years to build this kind of trust, but only moments to destroy it. Our commitment to living our values day-in and day-out is vital to our success, and is one of the reasons that I believe ITT will continue to be a great company for years to come. Please join me in reaffirming that pledge.



Steve Loranger  
Chairman, President and Chief Executive Officer

# Code of Corporate Conduct

This Code is now available electronically in many languages at [www.itt.com](http://www.itt.com). When updates to the Code are required, they will be made to the electronic version. You should always check the electronic version for the latest updates.

This Code is intended to provide general guidance to be followed by all ITT employees and representatives, **in accordance with applicable local laws or regulations**. Where conflicts exist with local policy or regulations the requirement containing the higher standard of ethical conduct shall apply.

ITT reserves the right to update or otherwise change this Code of Corporate Conduct at any time.

**If you have any doubt,  
ask for help.**

# Core Ethical Values

ITT is committed to doing the right thing always. Sometimes this means making difficult choices, even when no one else will know. ITT places a priority on its ethics and compliance program. The Code is specifically designed to promote accountability, integrity, and respect while deterring wrongdoing.

The ethics and compliance program is not a stand-alone initiative. Throughout this Code and throughout our workday we see senior level commitment to our values, many points of contact for discussing ethical concerns, regular compliance training, the inclusion of ethical principles in our performance appraisal and leadership development programs, and many other formal and informal forms of communication about our guiding principles. Our values are all around us: they are intrinsic to the ITT work environment; they give us strength; they sustain our vitality. At ITT, ethics is in the air we breathe.

Following are just a few of the values ITT emphasizes:

## **Accountability / Responsibility**

Accountability is a fundamental ethical value with broad implications. It is about admitting to our mistakes and praising others for their achievements. It requires humility, courage, and forthrightness.

At ITT we hold ourselves accountable for everything we do. This means taking personal responsibility for our actions and decisions as individuals, teams, and as a corporation. It requires clear expectations, making sure that everyone knows the rules and the goal; creating a level playing field. Only then can we candidly measure our performance, acknowledge our shortcomings, and celebrate our success.

## **Diversity**

Diversity is a commitment to valuing people for their differences. This goes beyond prohibitions against discrimination and harassment. It means seeking out new perspectives, bringing together the wisdom of others, and cultivating participation. At ITT, diversity requires acknowledging the importance of distinct points of view and different ways of thinking and striving to build a workforce that mirrors the world in which we do business.

## **Fairness**

Fairness is a commitment to apply ethical standards and reasoning to our decisions affecting other people, to treat them equitably; the same way we would wish to be treated in a similar situation. At ITT we are fair in our interactions with others, including: employees, communities, government regulators, suppliers and customers.

## **Good Citizenship**

ITT is committed to being a good corporate citizen in the many communities in which we operate all over the world. ITT embraces our social responsibilities by supporting sustainable development and continually finding ways to give back to the communities in which we work.

As a corporation ITT strives for open and transparent business climates free from corruption, bribery, or any unlawful attempts to influence customer decisions. ITT reports to all internal and external stakeholders with candor, clarity, accuracy, and completeness.

As good citizens, we must be stewards of the planet's resources and work to leave the environment better than we found it.

## **Honesty / Truthfulness**

To be honest is to be truthful in everything one says and does. This means more than refraining from lying. It includes telling the whole truth even when doing so is difficult. At ITT our commitment to honesty is reflected in accurate books and records, including maintaining the security of personal, ITT confidential, and government classified information.

## **Inclusion**

Inclusion is the act of embracing and celebrating diversity. We thrive with the contribution of fresh thinking and the infusion of new ideas and must actively work to draw them out. At ITT this requires us to solicit input, listen to debate, and take other opinions into account. Inclusive processes enable us to make better decisions, create stronger plans, and allow us to rise to a higher level.

## **Integrity**

Integrity is constantly, predictably, and reliably living our ethical principles in our words and actions. It results from consistent decisions to act ethically in difficult situations. As ITT employees, integrity drives us to adhere not only to the letter, but also to the spirit of applicable laws and ITT policy. In fact, ITT seeks to raise the bar, by holding ourselves to the highest standards of ethical behavior, and to do the right thing always.

## **Quality**

ITT has built its reputation on product and service quality. But quality means more than freedom from defects. Quality speaks to doing everything to the best of one's ability and striving to better meet the needs of our customers. At ITT it means producing products that are safer, last longer, and run cleaner.

## **Respect**

Respect is a commitment to honoring the inherent worth of every individual and celebrating human potential. At ITT our commitment to respect requires us to

maintain workplaces where people are treated well and afforded all of the rights they are entitled to both under law and company policy. We are each responsible for fostering a workplace which is safe, free from discrimination and harassment, and affords employees equal opportunity to pursue their goals.

# Ethical Decision Making

ITT recognizes that all employees encounter ethical challenges in their work. This Code is intended to help you recognize and resolve those challenges.

When faced with a business decision that appears to have ethical overtones, here are several questions you should ask yourself to determine if your actions are proper:

- 1) Am I adhering to the spirit, as well as the letter, of any applicable law or ITT policy?
- 2) Would I want my actions reported on the front page of a newspaper?
- 3) What would my family, friends or neighbors think of my actions?
- 4) Will there be any direct or indirect negative consequences for ITT?
- 5) Are my actions consistent with the overall values set forth in this Code and ITT Corporate Policies?

If you remain uncertain about what to do, stop and ask for help. Refer to the relevant section of this Code. Speak with your supervisor or, if you prefer, communicate with any of the other points of contact indicated in this Code.

# Points of Contact

Your supervisor is the first person you should contact if you have questions about anything in this Code or if you have a problem. In some cases you may feel more comfortable discussing the matter with someone other than your supervisor. In those cases, there are others in ITT you can talk to. You may contact any of the following on a confidential basis for the purpose of discussing any issue related to the Code:

- Your Company's Human Resources Department
- Your Company's Controller or the ITT Corporate Controller
- An ITT Ombudsperson
- Any ITT Lawyer

You may not be familiar with the concept of an Ombudsperson. An Ombudsperson has the responsibility to receive and investigate reports of possible violations of the

Code of Corporate Conduct. ITT has a policy of taking all reasonable steps necessary to protect the confidentiality of all information relating to possible misconduct to the maximum extent legally permissible. We also have a policy of ensuring that there will not be any retaliation against someone for good faith reporting of an activity that he or she believes to be a violation of this Code.

**If you are aware of a possible violation of the Code you may report it to one of the points of contact referred to in this section.**

Each Management Company has an Ombudsperson, and we have many local Ombudspersons throughout the world to cover virtually all language groups. Your company bulletin board should contain information about how to contact an ITT Ombudsperson. Also, there is an Ombudsperson at ITT headquarters in White Plains, New York.

Telephone numbers for the Corporate and Management Company Ombudsperson are located at the end of this Code. Several other important phone numbers can be found at <http://my.itt.com>.

The Accuracy of Records Section of this Code contains additional information about other procedures for reporting accounting issues or asking questions related to accounting practices.

## **FREQUENTLY ASKED QUESTIONS**

**Q: To whom should I direct questions or problems regarding ethical matters?**

A: In most cases, you should contact your supervisor. In some cases it may not be possible or practical to discuss the matter with your supervisor, or you may just feel more comfortable discussing the matter with someone else. In those cases, you are encouraged to contact your Company Legal Department, your Company Director of Human Resources or your Company Controller. You can also address your concerns to any ITT Ombudsperson. Telephone numbers for the ITT Ombudspersons are provided at the end of this Code.

**Q: What should I do if I am faced with a situation where the correct ethical decision would mean that ITT loses money? Should I be ethical even if we are going to lose business?**

A: Yes. We want our employees to act ethically in every circumstance — even if it means that we will lose business. We value ITT's long-term reputation. Employees should never compromise our long-term well-being and reputation in order to meet short-term financial targets.

# Accuracy of Records

If you are ever tempted or asked to make a representation — either in a document or in oral communication — that is other than fully accurate, do not do it.

We adhere to the highest standards of honesty. It is essential that the internal and external reports and documents ITT creates, makes public, or provides to the government or customers, constitute full, fair, accurate, timely, and understandable disclosures. If you are unsure about how to represent information in an ITT report or document, contact one of the listed points of contact for guidance.

Part of our commitment to honesty is the assurance that all of ITT's financial transactions are lawful and are made for the purposes stated and as authorized by ITT. There is no acceptable reason for making a false representation on behalf of ITT either orally or in writing.

You may use ITT funds or assets for lawful and proper purposes only. You may only transfer or use ITT funds or assets for the purpose for which they were approved.

Questions regarding this policy or any other aspects of ITT's financial accounting, record keeping or auditing should be addressed to your Company's Controller. If you have a concern or complaint regarding accounting, financial records or auditing at ITT, you may also report it on a confidential basis to any of the additional points of contact previously listed in this Code. It is also possible to submit a report to the Audit Committee of the Board of Directors. To do so, you should put a written report describing fully your concerns or issue into a sealed envelope labeled, "Audit Committee." This envelope should be put in a larger envelope and mailed to the Corporate Secretary, ITT, 4 West Red Oak Lane, White Plains, New York, 10604, USA. The Corporate Secretary will direct your report to the appropriate person on the Audit Committee. The report may be made on an anonymous basis if you wish.

## FREQUENTLY ASKED QUESTIONS

**Q: I was on a long business trip. Although I usually keep good track of my receipts for all reimbursable expenses, this time I lost one. Can I still be reimbursed?**

**A:** You need to correctly account for all business expenses. In the rare case where you have lost a receipt and cannot obtain a replacement, you should contact your supervisor to discuss how the expenditure can be documented.

**Q: On a recent business trip, I stayed overnight with an old friend. Can I include the equivalent cost of a hotel room on my travel voucher, since I took my friend and his wife out to dinner and paid for it myself?**

**A:** No. All vouchers, time cards and other ITT documents must always be completed in a correct and accurate manner. It is never proper to knowingly create a false, misleading or inaccurate ITT document or entry on an expense voucher.

**Q: My friend asked me to punch in his time card because he is going to be a few minutes late. What should I do?**

**A:** Even though your friend said he will only be a few minutes late, do not punch his time card. All records, including time cards, must be accurate and it is each employee's responsibility to punch their own time card or otherwise provide the required accounting for their time.

**Q: My business unit has met our growth target for the year. In my role as local Controller I have been asked by a senior manager to create a justification to hide funds in a reserve account to be used to prop up earnings in the future. The company auditors indicate they will accept the reserve on the grounds that the amount in question is immaterial. What should I do?**

**A:** Misstatements are not acceptable regardless of materiality, especially when they are created with the intent of managing earnings. Intentional misstatements could violate local law. You should not make this change and should discuss the issue with your Company Controller.

## Antitrust

A dynamic and thriving economy is built on fair and open competition. This means every competitor has a fair opportunity and that all competitors compete under the same rules. ITT will compete energetically, ethically, and legally in the global marketplace. The quality and value of our products and services will determine our success. We will not engage in activities that unfairly limit trade or exclude competitors from the marketplace.

Many countries have laws that govern unfair competitive practices — often called antitrust laws. Failure to comply with antitrust laws may destroy the trust of our customers, shareholders and business partners, resulting in legal sanctions and a damaged reputation. To promote free and fair trade, we will adhere to the letter and spirit of all antitrust laws in countries in which we do business. Generally, antitrust laws prohibit the following behaviors (If you have questions regarding compliance with the antitrust laws, contact your Company Legal Department immediately. They

can provide the pamphlet “Guidelines for Compliance with the U.S. Antitrust Laws” which supplements these basic rules and can assist you in understanding and adhering to U.S. law.):

- Agreements with competitors to fix prices or boycott customers or other third parties
- Agreements to restrain or restrict competition
- Fixing prices at which customers resell products or services
- Unlawful tying, which is an agreement to sell one product or service but only on the condition that the buyer also purchases a different product or service from the seller

## FREQUENTLY ASKED QUESTIONS

**Q: At a trade association meeting, I played golf with a Vice President from a competing firm. We are old friends from college. While sitting in the cart, we started talking about how business was going. He indicated that his firm was looking very closely at raising prices next month. I quickly broke in and said that I did not think it was appropriate to be discussing that sort of information. Since we had just finished the last hole, I returned to my hotel room and left a message for someone in our Company Legal Department to call me. Now I am thinking that I was too quick to act. After all, everything was very informal. What do you think? Was I too harsh on my friend?**

**A:** You did the right thing. Even informal discussions among competitors about price may be potential antitrust violations with possible criminal penalties. When you speak to the Company Legal Department explain exactly what happened.

**Q: I was asked by a competitor to provide pricing information for a “benchmarking study.” What should I do?**

**A:** Contact your Company Legal Department for guidance before you say or do anything. Any exchange among competitors of price, cost and other sensitive information is risky because it may provide the basis for finding an unlawful agreement to restrain competition. Merely calling such an exchange “benchmarking” will not avoid this risk. Any proposed exchange of benchmarking information with competitors, or any request to participate in a benchmarking study with competitors, should be reviewed in advance by your Company Legal Department.

**Q: I received a fax today. The cover sheet leads me to believe that the attached pages were misdirected and contain a competitor’s proposal. What is the right thing to do?**

**A:** Do not look at the attached pages. Do not copy the document. Contact your Company Legal Department immediately.

# Business Courtesies

A business courtesy is a gift or service (whether in money or in kind) provided to or received from a business associate. In certain situations it may be appropriate to give limited, non-cash business courtesies. Gratuities paid to non-government employees in appreciation for exceptional service are allowed but they must be reasonable and consistent with the service provided. Such gratuities must not be intended to encourage the recipient to commit an unlawful act or to improperly discharge a job duty. We do not seek to improperly influence the decisions of our customers, suppliers, or fellow employees by offering extravagant or otherwise inappropriate business courtesies, nor do we accept such courtesies from suppliers. There are many government customers with very stringent rules, for whom any business courtesy is absolutely prohibited.

ITT employees and their family members are generally not permitted to accept any business courtesy or other benefit of any type (this includes meals, entertainment and tickets) regardless of value that is offered in connection with ITT business.

There are only three exceptions to this general prohibition. Employees may accept:

- Limited refreshments and meals, such as coffee, pastries and a working meal, when these items are provided during a business meeting.
- Reasonable and infrequent meals and entertainment (but not travel or overnight lodging) when offered by an ITT customer or business associate (but not a supplier or prospective supplier) for a legitimate business reason and when local custom or practice would make it inappropriate to decline the offer.
- Promotional business items with only token value, although it is our policy to discourage receipt of gifts of even token value.

Other exceptions must be specifically approved in writing on a case-by-case basis by the Management Company President, the Chairman of ITT or the Chairman's designee.

Employees may not defeat the intent of this Code by using their own personal funds to pay for any gift, meal, entertainment or other benefit under circumstances where it would be a violation if ITT were to make the same payment.

## **Definition of Supplier or Vendor**

A supplier or vendor is any business that furnishes, or is in a position to furnish, materials, equipment, supplies, or services of any kind to ITT or any of its Companies or Value Centers. Services include, but are not limited to, banking, insurance, advertising, transportation, construction, auditing, engineering, consulting, testing, and legal counsel.

## Government Business

- Many governments have laws and regulations regarding offering business courtesies to government officials, or offering courtesies to, or receiving courtesies from subcontractors on a government contract. Laws in various countries differ. Contact your Company Legal Department for guidance.
- Do not offer anything of value to any government employees, politicians and their staffs, or to any subcontractor on a government contract, without the prior approval of your Legal Department. Exceptions might include limited on-site food and beverages, such as coffee and pastries. You may not accept any such item from any subcontractor on a government contract without the prior approval of your Company Legal Department.
- Report any offer of a fee or kickback from any party to the Company Legal Department. Asking for or accepting a fee or kickback may be a criminal act. (Make sure you also read the specific rules under the Government Procurement section of this Code.)

This section and the section dealing with Government Procurement are interrelated and should be read together.

## Non-Government Business

It is permissible to offer infrequent, reasonable, and appropriate non-government business related meals or simple entertainment that does not involve travel or overnight lodging.

- Any business gift we propose to give must be legal in the country where it is given and must be of nominal or token value unless prior approval is received. Sales or marketing representatives may make business gifts of their regular ITT products or promotional items for the purpose of generating business goodwill. Moreover, when practical, any gift you give as a business courtesy should include the ITT name, logo, or other similar Company identification.
- Regarding meals and entertainment, you may offer infrequent, reasonable, and appropriate meals or simple entertainment (which may not involve travel or overnight lodging) provided that the activity has a clear business purpose. Any activity that might be considered lavish or extravagant is not permitted. The guideline for reasonable and appropriate must be normal industry practice in your locality consistent with local legal requirements. Your Management Company President must approve any exception to these provisions.
- Any offer to you of a gift or other business courtesy that exceeds nominal or token value, or that seems inconsistent with common business practices, should be refused and immediately reported to your supervisor. Employees must also immediately report any offers of cash, a fee, or kickback to the Company Legal Department. Common sense and good judgment must be exercised when accepting business-

related meals or anything of token value to avoid any perception of impropriety or conflict of interest.

## FREQUENTLY ASKED QUESTIONS

**Q: A supplier to ITT offered me a ticket to a professional sporting event in my city. The supplier explained that he can't use the ticket because he will be out of town. Can I accept the ticket?**

A: No. The Code says that any gift of more than token value should be refused. The meaning of "token value" can differ depending on the country, culture and economy. A good rule of thumb is to view token value as the value of what local companies typically give away as advertising items to persons with whom they do not do business. These items typically contain the corporate logo. Examples include hats, key chains, coffee cups, or water bottles. Anything that exceeds the value of items like these also exceeds token value. Also, our Code prohibits receipt of any money or cash equivalents. Many tickets can be readily converted to cash. Clearly, the value of the ticket in this case exceeds token value, and therefore it may not be accepted. The Code also requires employees to report to their supervisor any offer of a gift that exceeds nominal value. However, you might want to seek an exception from your Management Company President, the Chairman of ITT or the Chairman's designee if the supplier planned to accompany you to the game and there is a clear business purpose.

**Q: A supplier offered me a five percent discount for my personal purchases. Is this okay?**

A: No, unless everyone at your Value Center or business location received such a discount, and even then, your Company Legal Department should be advised before you agree to any such discount with the supplier.

**Q: Do gift regulations vary among countries? Are local or state rules different from national or federal rules? What about different departments or agencies?**

A: There are significant differences. You need to ask your Company Legal Department. However, as a rule, ITT does not generally offer any form of gifts to its government customers.

**Q: I am involved with event planning. That means I frequently deal with hotels, restaurants and travel agents. One restaurant I often use for our meetings has offered me a free meal for my entire family. I would like to accept it. Am I doing anything wrong?**

A: Yes. By accepting the free meal for non-business use, it may look as though the restaurant is attempting to influence your future business decisions. You must decline.

**Q: At a recent trade show I entered a drawing for a video player. I was selected as the winner. May I accept the prize?**

A: No. Many drawings like this are not random and are in fact targeted selections intended to develop a preferential relationship. Accepting the “prize” may sway your future business decisions. Since the value of the “prize” is greater than token value you must decline.

**Q: ITT has a long term profitable business relationship with “Acme”. My sales department is organizing a product show in a tourist city. I would like to invite my buyer from “Acme” and pay his expenses. While the products in the show have nothing to do with our current business with “Acme” I believe that such a trip will help ITT win future business. Is paying for such travel acceptable?**

A: No, you may not offer to pay for travel or overnight lodging. Any exception to this must be approved by the Management Company President. If this is part of a legitimate business development program that would be available to any similar customer, it is potentially acceptable with management approval. However, such a trip is often prohibited by customer or other ITT policies. Check with your legal department to review the specific details of your proposed action.

## **Gifts between Employees**

Employee recognition and reward are important to ITT. We have many programs to recognize employee achievement and career milestones (e.g., service anniversaries, retirements, etc.). Many locations also celebrate local holidays and events. Where ITT funds are used in support of these activities the following restrictions apply:

- All such activities and gifts should be approved by your management.
- Costs of the events and gifts should be appropriate to the nature of the activity. Extravagant or lavish gifts or events should be avoided.
- ITT funds may not be used to purchase personal gifts between individual employees (e.g., retirement, birthday or holiday presents).

Employees may not use their own or ITT funds to:

- Support activities or purchase gifts intended to influence management decisions.
- Associate ITT with events contrary to the Tolerance section of this code.

These restrictions do not apply to ITT-sponsored programs. Local guidelines should be established identifying acceptable events and gifts (e.g., departmental lunches, milestone and holiday gifts, etc.) Your local Human Resources department can help determine if a gift or event is appropriate and what approvals are required.

# Conflicts of Interest and Corporate Opportunities

A conflict of interest occurs when personal interests interfere with or may be perceived by others as interfering with your ability to exercise your judgment objectively in the best interests of ITT. Conflicts of interest can occur in any ITT occupation. Very often they occur when ITT employees make decisions on behalf of the company or have a financial interest in an organization that wants to do business with ITT. They can also result from certain personal relationships as discussed in the “Relationships between Employees” section of the Human Resources section of this Code.

ITT understands and respects employees’ rights to engage in activities outside of their jobs. These activities, however, should not divide your loyalties. Avoiding actual or apparent conflicts of interest creates and sustains the trust of our customers, employees, business partners and the public. Therefore, Directors, employees, consultants, agents and representatives must avoid actual or potential conflicts of interest.

If you consider undertaking any activity, including an investment, that may create an actual or apparent conflict of interest, you must seek approval of the activity in advance from your supervisor or from the Corporate, Company or Value Center Director of Human Resources. If you are a Corporate Officer, you must also request a waiver from the Director of Corporate Compliance Programs in accordance with the Waivers section of this Code. (Consult the ITT Corporate Policy for specific information on dealing with conflicts of interest.)

## Examples of Potential Conflicts Involving Employees

- Contracting with a supplier managed by a close friend or family member.
- Working independently as a consultant to a supplier or customer.
- Having a private business on your own time if you perform work that is similar to work that you perform at ITT or that ITT might be interested in performing.

Employees, officers and directors have a duty to advance the legitimate interests of ITT when the opportunity to do so arises. Generally, employees, officers and directors are prohibited from using corporate property, information or position for personal gain or to compete with ITT. More specifically, they are prohibited from taking for themselves (or directing to a third party) a business opportunity that is discovered through the use of corporate property, information or position unless, after full and fair disclosure, the opportunity has been offered to and rejected by ITT.

## FREQUENTLY ASKED QUESTIONS

**Q: My spouse has been offered a job with one of our suppliers. Is this a problem?**

A: Possibly. The answer depends in part upon whether you make decisions that affect our business relationship with that supplier. Contact your supervisor and fully explain the situation.

**Q: My department needs to quickly hire a caterer for a last-minute office function. My spouse runs a catering business. He offers good food on short notice, at a rock-bottom, discounted price. May we hire him without getting any competitive bids?**

A: Not if it creates the appearance of bias. We realize that this may sound rigid, but we cannot give the impression that we play favorites. Your Company Human Resources Department should be consulted for an independent determination.

**Q: A supplier has asked me to work as a consultant one night a week. May I take the job?**

A: No. Even if the job would not affect your view of the supplier and even if you do not make decisions on that particular supplier, it might make others perceive you as being potentially biased, in a position to have an impact on competitive supply decisions, or capable of providing special channels of communication. It is our duty to treat all suppliers impartially and fairly, and to avoid the appearance of undue influence.

**Q: I have the opportunity to make a purely financial investment in a company that may be selling products to ITT. May I go ahead and invest?**

A: Possibly. The answer depends on the size of your investment, your role at ITT, and the business relationship between ITT and the other company. You will need to obtain prior approval from your Company's Legal and Human Resources Departments.

**Q: Do the conflict of interest principles apply to relatives outside my household or to friends?**

A: Generally, the conflicts policy applies to members of your immediate family. However, if your relationship with a relative or friend is particularly close and you could lose your objectivity regarding ITT matters, then, in certain circumstances, the conflicts policy would apply. If you have any doubts, you should disclose the relationship and discuss the matter with your supervisor.

# Consultants

All consultants must be approved in accordance with ITT Corporate Policies, and consulting agreements must be controlled to protect ITT confidential information. A formal written agreement must be prepared by the Company Legal Department prior to retaining any consultant to perform work for ITT. These agreements must contain a detailed statement of work, a clear description of all amounts to be paid, and all specific provisions covering conflicts of interest, standards of conduct, government business ethics, confidentiality obligations, ownership of intellectual property and special provisions in foreign agency agreements. The use of consultants or lobbyists in the government relations area requires consultation with the ITT Corporate Relations Department.

Consultants must be paid in the name of the party identified on the agreement, in the location where the services are performed and in local currency unless specific exceptions are approved by the Company Legal Department.

All consultants must be informed about and agree to follow this Code of Corporate Conduct with respect to activities that affect ITT domestic and foreign businesses, employees or capital and securities markets.

## FREQUENTLY ASKED QUESTIONS

**Q: Does this Code apply to consultants?**

A: Yes. Consultants, sales agents and marketing representatives must be given a copy of the Code and agree to abide by applicable sections. In some circumstances, U.S. laws underlying our Code impose on our business associates an obligation to obey and to help us obey those laws. Where the actions of our consultants, agents or marketing representatives may be attributable to us they must follow the Code.

**Q: Tom needs the services of a consultant to proofread a technical brochure. The cost will be minimal and he could make the payment directly from his budget without having to delay while seeking approval. Is this permissible?**

A: No. The cost of the consulting engagement does not override the requirement that no consultant may be hired without a formal written agreement prepared by the Company Legal Department.

# E-mail, Internet and Information Technology

Use the same care, caution, and etiquette in sending e-mail messages as you do in all other written communications.

As an ITT computer user you should use information technology for responsible and authorized business purposes. You should be familiar with and follow ITT Information Technology policies. This includes keeping all passwords confidential and appropriately reporting suspected security violations in keeping with local law and policy.

Make sure your ITT e-mail is professional and appropriate to the circumstances. Specifically, ITT will not tolerate abusive, obscene, offensive or profane e-mail. In addition, because the e-mail system is a Company resource, ITT may, in certain circumstances, have a need to examine and, therefore, reserves the right to read, view and copy any e-mail communications.

Anyone who has been provided a connection to the Internet is provided such connection for business use. Do not download any data that is unprofessional, inflammatory, illegal, or inappropriate for business use. Employees should not abuse access to the Internet for personal purposes. Computer systems are increasingly capable of reviewing all Internet activity. ITT may be required to conduct such a review, and evidence of abuse of ITT-provided Internet facilities may result in termination of the Internet connection and disciplinary action. You should consult your Company policies regarding Internet usage for further information. (Refer to ITT Information Security Policy 70-02 for further guidance.)

E-mail and internet-based communications are governed by international trade regulations. You must never send export controlled information in an e-mail if you have not confirmed that the recipient is authorized to receive the information. For example, governments of countries where we operate control electronic and other transfers of certain information to non-citizens of those countries (even within the borders of the same country). U.S. law, in addition to those of other countries, may apply to communications of ITT information even if the information never enters or leaves the U.S. It is your responsibility to ensure that the recipient

**Individual ITT employee e-mail accounts may not be reviewed without pre-approval from the ITT Chief Information Officer, the ITT General Counsel and the ITT Senior Vice President for Human Resources.**

at the other end of an e-mail is authorized to receive the information. When in doubt check with your export control department.

## FREQUENTLY ASKED QUESTIONS

**Q: My friend from another company sent me a link to software on the Internet and recommended I download it to my computer. Is it okay to install this software?**

A: No. Only software authorized by ITT is permitted on your computer. You should not download software from the Internet unless it is a trusted source. You should coordinate installation of new software with your IT Support.

**Q: I received an email asking me to confirm my Login ID and password. Is this something I should respond to?**

A: No. E-mails such as these are known as “Phishing” e-mails, and may subject you to identity theft. These e-mails impersonate many entities, such as your bank, your credit card company and even another ITT employee. You should assume that e-mails asking you to confirm any personal information are fraudulent, and they should be deleted immediately.

# Environment, Safety and Health

ITT is committed to maintaining a leadership role in protecting human health and the environment. We will promote and protect the health and safety of our employees, the environment, and the communities in which we operate. Therefore, we will strictly adhere to all applicable laws and regulations relating to environmental protection and workplace health and safety.

You must immediately report the following incidents to your Company’s senior management and the ITT ESH Director: 1) a fatality or ESH-related hospitalization, 2) environmental contamination or 3) a health or potential safety issue that may subject ITT or its employees to serious harm or adverse public attention. You must also comply with applicable national and local laws and regulations regarding reporting. Company senior management receiving any such report shall follow ITT Corporate Policy in making further reports.

Many environmental, safety and health laws and regulations are complex. If your work includes ESH responsibility, you must familiarize yourself with the requirements

of relevant laws and regulations, including record keeping. (See ITT Environment, Safety & Health (ESH) Policies for more detail.) If you have any questions, contact your Management Company's ESH Director or Legal Department or the ITT ESH Director.

# Government Investigations

It is our policy to fully cooperate with any appropriate government investigation. If you or someone you supervise learns about a possible government investigation or inquiry; inform your Company Legal Department immediately.

## Specific Guidelines

- 1) Never destroy any ITT documents in anticipation of a request for those documents from ITT investigators, any government agency, or a court. Documents include electronic media such as disks, computer-stored information, and e-mail transmissions.
- 2) Never alter any historical ITT document or record.
- 3) Never make any untrue or misleading statement to any ITT or government investigator.
- 4) Never try to influence any other employee or person to provide incomplete, false or misleading information to any ITT or government investigator.
- 5) If any government inquiry arises through a written subpoena or a written request for information (such as a Civil Investigative Demand), you must submit the subpoena or written request to your Company Legal Department immediately, before any action is taken or promised.
- 6) If you are approached outside the workplace by a government investigator, you have the right, if you wish, to consult with the Company Legal Department (or, if you prefer, your own private legal counsel) before speaking with the investigator.

As permitted, ITT will assist employees in cooperating with government investigations.

# Government Procurement

**This section and the section dealing with Business Courtesies are interrelated and should be read together.**

municipal — and their representatives ethically and in compliance with applicable laws and regulations.

In many instances, conduct that is commonplace and legal in the commercial sector may violate laws and regulations that pertain to government contracts. ITT does business with governments all over the world. We are committed to conducting business with all governmental agencies — be they national, state, provincial, or

Violations of applicable standards may result in penalties and fines, as well as debarment or suspension from government contracting, or possible criminal prosecution of individual employees or ITT. Such violations could damage our reputation and stockholder value.

Although this Code lists many specific guidelines, employees, consultants, sales agents and marketing representatives must be aware that government contracts are subject to numerous rules and regulations too detailed to be fully addressed by this Code. Therefore, if your work involves government contracts, including U.S. Foreign Military Sales programs, you should contact your supervisor or your Export, Company Legal or Security Department to ensure that you are aware of all relevant laws and regulations. (See Appendix A for specific guidelines for U.S. Government procurement.)

**Check with your Company Legal Department before offering anything of value to any government employee or subcontractor on a government contract.**

# Human Resources

## **Drug & Alcohol Policy**

To remain competitive in today's business environment, it is essential that we make the best decisions. Reaching good decisions requires clear thinking. Therefore, we expect all our employees' judgments to be clear and unimpaired by drugs or alcohol.

### **Specific Guidelines**

(Contact your Human Resources Department for additional information.)

Employees must not distribute, possess or use illegal or unauthorized drugs or alcohol on ITT property, on ITT time, in connection with ITT business, or in a manner that may effect performance of ITT responsibilities.

Employees whose behavior, judgment or performance is impaired by drugs or alcohol will be prohibited from entering the ITT premises or engaging in ITT business. Violators of ITT's drug and alcohol policy will be disciplined appropriately, including possible termination.

## **Employment and Medical Records**

ITT's relationship with employees is built on trust and respect. To maintain these relationships and earn employee loyalty, it is important that we keep personal information, especially employment and medical records, confidential.

Employment records of ITT employees can only be disclosed to ITT employees who have a substantial and legitimate need to know or require the information due to legal process. ITT employees with access to these files must take reasonable steps to keep them confidential in accordance with the ITT Corporate Policy.

ITT employees' medical records are confidential and private. These medical records are kept separate from all other ITT employee records and will not be released to any person unless required by law or based upon a written release from the ITT employee concerned.

(Note: Data required by governmental agencies, such as accident investigations and training records, are not included in employee medical records.)

## **Relationships between Employees**

ITT encourages team building and positive interaction between employees. While it is understood that many long-term relationships are formed at work, ITT must be careful to avoid the perception of an improper relationship between ITT management

and anyone in their reporting chain, particularly where career or compensation outcomes can be directly or indirectly influenced. Should such a relationship develop ITT leaders should consider the potential of perception of possible coercion, favoritism, or other conflict of interest and discuss appropriate actions with the Human Resources Department to ensure appropriate levels of equity.

A similar concern extends to other employee relationships. As a general rule, supervisors and managers should not ask or allow employees directly or indirectly in their reporting chain to perform paid or unpaid work for them outside of ITT. Such a relationship creates a potential conflict of interest and can lead to perceptions of favoritism, even where none exists. Examples that have caused difficulty in the past are repairs to the boss's home, personal legal or accounting work, babysitting, and errands unrelated to ITT business.

### **Sexual Harassment**

Men and women throughout ITT should treat one another with courtesy, dignity, and respect, regardless of gender. Workplace behavior should reflect these principles. Therefore, ITT will not tolerate sexual harassment.

Sexual harassment takes many forms. It may involve the solicitation of sexual favors or the initiation of any unwelcome sexual advance by one employee toward another. It may also involve other sexually related physical or verbal conduct. The creation of a work environment that is hostile, intimidating or offensive to an individual or group because of gender or sexual orientation may also constitute sexual harassment.

ITT managers, supervisors and executives must be alert to the possible presence of sexual harassment in the workplace, and must take appropriate steps to prevent sexual harassment. You can make complaints about sexual harassment to your supervisor, the Human Resources Department at your location, Value Center or Management Company, the ITT or Company Legal Department, anyone else in management, or an Ombudsperson. Any complaints must be promptly, fairly, and thoroughly investigated. There will be no retaliation for truthfully reporting sexual harassment or participating in the Company's investigation of a complaint.

Perpetrators of sexual harassment will be promptly disciplined, up to and including termination.

**Men and women throughout ITT should treat one another with courtesy, dignity, and respect, regardless of gender.**

## FREQUENTLY ASKED QUESTIONS

**Q: Andrew has asked his co-worker Carol out on a date several times, and she has politely refused. If Andrew keeps asking, can his action be considered harassment?**

A: Yes. If Andrew asked once and was refused, that is probably not harassment.

But repeatedly asking when Carol clearly has said she is not interested can be considered harassment. The action shows a lack of respect for Carol, and may make it difficult for Carol to work with Andrew, contributing to a hostile environment.

**Q: I overheard a male manager tell a secretary that the dress she was wearing was “hot.” He thought he was giving a compliment. Is such a comment considered sexual harassment?**

A: Such a comment is clearly inappropriate and may constitute sexual harassment.

Comments concerning a co-worker’s attire or appearance that are in any way ambiguous or subject to misinterpretation should be avoided.

### Tolerance

ITT strongly supports each employee’s right to his or her personal beliefs and values. However personal beliefs outside of those covered by our Code should not be imposed on others in the workplace.

Employees should not use company communications tools (letters, e-mail, bulletin boards etc.) or facilities to advocate personal religious, ethnic, political, sexual, or other potentially sensitive personal preferences. Employees who are responsible for ITT’s corporate charitable contributions should be sure that ITT’s contributions are not used to promote sensitive personal issues of this nature.

## FREQUENTLY ASKED QUESTIONS

**Q: In my role in marketing I often send ITT-purchased holiday cards to business contacts. Are there any rules I need to follow?**

A: Yes, where ITT supplies greeting cards they should celebrate the season and not religious symbols or holidays.

### Workforce Inclusion and Diversity

At ITT we strive to provide a workplace where all have an equal opportunity to work, advance and contribute to our success. Therefore, it is ITT policy to ensure equal employment and advancement opportunity for all qualified individuals without distinction or discrimination because of age, color, gender, gender identity, national origin, physical or mental disability, race, religion, sexual orientation, or any legally protected personal characteristic. (Government security rules may restrict certain work to specific individuals based on government selection criteria.)

This policy applies to all employees worldwide and applicants for employment and to all aspects of the employment relationship. These inclusionary principles must be communicated periodically to all employees and reaffirmed each year. ITT businesses shall apply the intent and provisions of this policy consistent with all relevant and applicable local laws.

Every employee is responsible and accountable for adhering to our global workforce inclusion and diversity policy. You can address any concerns regarding this policy to your supervisor or Human Resources professional or the ITT Senior Vice President and Director of Global Workforce Strategy.

## **FREQUENTLY ASKED QUESTIONS**

**Q: I think that my supervisor is discriminating against me because I am an immigrant. What should I do?**

A: Contact the Human Resources Department at your location, Value Center or Management Company or the Senior Vice President and Director of Global Workforce Strategy. It is strictly against ITT policy to discriminate on the basis of national origin.

**Q: My supervisor takes a different view of sick leave than do all the other supervisors at my facility. How should I deal with this?**

A: If it is practical, speak with your supervisor first. If you do not get an answer that satisfies you, or if you feel uncomfortable raising the issue with your supervisor, then speak with someone in your Company's Human Resources or Legal Departments. You could also contact the Ombudsperson. Different rules may apply to different locations and to union employees.

**Q: Is it appropriate to pay women with children less than men and women without children? After all, women with children need more flexibility to get home in the evening and to take time off when their kids get sick.**

A: No, compensation should be based on performance. Employees doing the same work requiring the same skill and achieving the same results should be paid equally regardless of gender, family situation, disability, or any other characteristic. We should each be striving to balance work and our personal lives, and supporting others' efforts to do the same.

**Q: In my community it is traditional for men of the majority ethnic and religious group to be leaders and decision makers. How can I expect them to respect women or minority managers?**

A: ITT seeks to employ and advance men and women with the strength of character to respect each other regardless of their differences. Role modeling, mentoring, and

communication can help individuals with a variety of perspectives build more competitive teams. Contact the ITT Senior Vice President and Director of Global Workforce Strategy for more information.

**Q: I just learned that a member of my project team is pregnant. I am concerned that this will make her irritable, cause her to refuse to work overtime on short notice, and take time off without regard to our project schedule. Is there anything wrong with replacing this person immediately to prevent any disruption?**

**A:** An employee's job duties or position should never be changed simply because she is pregnant. Not only is it illegal in many jurisdictions, it is disrespectful. Continuity planning and employee absence are management concerns, but these issues are not limited to pregnancy. Any one of us could have a situation arise which will affect our participation on a project. Individuals leave the company for other opportunities, experience medical emergencies, move to new positions within the company, etc. Good managers and team members adapt to such changes and celebrate each other's life experiences. Please work together to plan appropriately for foreseeable scheduling issues and to address any health and safety concerns. Also, consult your company's legal department to ensure compliance with applicable laws and regulations. For more information please contact your local HR representative or the Senior Vice President and Director of Global Workforce Strategy.

## Intellectual Property

Patents, trademarks and copyrights prohibit the unlicensed use of a protected invention, identifier (such as a name or logo), or work (such as a photograph, printed materials, or software). Violating such rights, even inadvertently, can result in severe consequences. Our policy is to respect patents, trademarks, or copyrights owned by others and to strictly adhere to all relevant laws and regulations regarding the use and copying of protected material in countries in which we operate. Therefore, steps should be taken to avoid infringement of non-ITT patents and/or trademarks, and employees should never knowingly make use of technology patented by another company without permission. Employees must not make copies of any part of a software program or printed materials from a non-ITT source unless the copy is an authorized back-up or limited fair-use copy or a license specifically permits the copy to be made. If you are uncertain about whether appropriate permission has been granted, you should consult with your Company's Legal or Information Technology Departments.

## FREQUENTLY ASKED QUESTIONS

**Q: I would like to use one of the computer programs that we have at work on my home computer. Is that allowed?**

**A:** Probably not. Computer program licensing restrictions usually prohibit dual use. Check with your Company's Information Technology and Legal Departments before you use any ITT-furnished software program on your home computer.

# International Business

## General

ITT is a global company. The laws we must abide by differ by country. We must know and comply with the letter and spirit of the laws of all countries where we do business and that affect our international operations. We must also be sensitive to the cultures and customs of the countries where we operate and respect the communities and environment where we do business.

Most governments have laws and regulations that restrict trade and business transactions. This is particularly true for trade in goods and services that cross borders or involve interactions between citizens of different countries (even if the interactions occur within a single country). If you deal with international business or with citizens of other countries, it is your responsibility to be aware of situations that may be regulated by relevant governments and to comply with those laws and regulations. Contact your Export or Legal Department if you have any questions.

## Trade Controls (Import/Export)

All governments regulate trade through restrictions on permanent and temporary exports (e.g., license requirements) and imports (e.g., payments of duties) of goods, technology, and services. Some are more restrictive than others. For example, the U.S. government has significant restrictions on trade in military and related goods, technology, and services, and trade with certain countries (economic sanctions and embargoes that ITT refers to as Special Trade Controls). Under these regulations exports include transfers to citizens of countries other than the U.S. even if they occur entirely within the U.S. or between countries outside of the U.S. if the export contains certain U.S.-origin goods or technology.

ITT will fully comply with all applicable laws and regulations governing exports and imports of goods and services including Special Trade Controls. Each Company and Value Center that has international trade activities must establish trade compliance programs that include local procedures and training programs that include specific

organization and employee responsibilities. They must also evaluate/screen their customers, subcontractors, suppliers/vendors, agents, and representatives to ensure that they are not included in any government lists of parties restricted from trade. (For advice about any issues covered in this section, contact your Legal Department or the ITT HQ Director for International Trade and Compliance in the ITT Legal Department.)

You should immediately report any investigation or inquiry by any government organization regarding alleged trade control violations or irregularities to the Company Legal Department and the ITT HQ Director for International Trade and Compliance in the ITT Legal Department prior to taking any action.

### **The U.S. Foreign Corrupt Practices Act and Comparable Non-U.S. Laws**

The U.S. and most other industrialized countries maintain laws and regulations that prohibit giving anything of value to officials of foreign governments in order to obtain or retain business. ITT, its employees, agents, consultants, and marketing representatives may not directly or indirectly engage in bribery, kickbacks, payoffs, or other corrupt business practices including offering or giving government personnel incentives to secure an improper advantage. Contact your Company Legal Department before any incentive is offered or if you have questions.

Compliance with these laws and regulations requires our constant vigilance. Specifically, if you as an employee, consultant, marketing representative, or agent suspect that any payment is being used for improper purposes, you must immediately report the situation to your ITT supervisor and to the Company Legal Department for investigation.

All sales agents, consultants, or marketing representatives must work under an approved prior written agreement that addresses these restrictions. The Corporate Policies outlines the requirements for retaining sales agents or marketing representatives.

### **Boycotts**

To boycott a country is to refrain from buying from or dealing with that country as a means of protest. U.S. government regulations prohibit all ITT operations, including

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value to officials of foreign governments. This Act applies to our consultants, marketing representatives and agents, as well as our employees. Your Company Legal Department and the ITT Office of the General Counsel are available to assist Value Centers about trade control policy and procedures.

those outside of the U.S., from participating in trade and related boycotts of specified countries' goods and services, other than those sanctioned by the U.S. government. For example, some countries are engaged in a boycott of Israel and Israeli companies. Some countries try to enforce this boycott in their contracts and other business dealings. A boycott of Israel has not been sanctioned by the U.S. government, and as a U.S.-based multinational corporation, ITT is subject to U.S. trade restrictions. Participation by any ITT location in a specified boycott is a violation of law and would subject us to fines and other penalties.

No ITT business may agree to a contract, document or oral request containing language that could be interpreted as an attempt by any country to enforce a boycott. This requirement includes not only specific agreements, but also declining, for boycott reasons, to consider a financial or commercial opportunity in a boycotted country. Even providing information on business relationships with the country being boycotted may constitute a violation of U.S. law.

ITT must immediately report boycott requests even when we do not respond. You must immediately report any request for boycott-related information or receipt of boycott-related documents to your Company Legal Department. Refer to ITT Corporate Policy for specific guidance.

## FREQUENTLY ASKED QUESTIONS

**Q: To keep my project going I need to send certain non-U.S. ITT employees U.S. government controlled technical data. Can I e-mail the documents to them if they are in the U.S.? After all, they are ITT employees.**

A: Providing export-controlled technical data to a non-U.S. person requires government authorization — even if the person is in the U.S. ITT employment alone does not allow individuals to have access to U.S. export controlled goods, technology or services. As such, it is important that all ITT employees who deal with controlled technical data to confirm that the individuals and companies you are working with are authorized to receive the information. Similar laws exist in other countries.

**Q: Our business needs to be able to quickly process purchase orders with customers and suppliers. We don't have time to manually screen every supplier or customer against U.S. or other government lists. After all, we are just selling pumps or simple electronic devices. Is there any way to speed up the process?**

A: All ITT customers and suppliers must be checked against U.S. and other government lists of entities prohibited from engaging in business (these lists include terrorists, drug cartels, and businesses engaged in building chemical, biological, or nuclear weapons). ITT has an electronic system for quickly conducting these

checks. If any supplier or customer is on a list, you must contact your Company legal department immediately before engaging in new or further business with them.

**Q: My department works with representatives to increase sales in emerging markets. I sometimes hear stories that certain representatives use money paid by other companies for expensive gifts to senior foreign government officials. I'd like to stay competitive. What are my responsibilities?**

**A:** Contact your Company Legal Department. You have an obligation to adhere to U.S. laws that strictly forbid such gratuities to government officials. Your representative is obligated to adhere to these laws as well. You must immediately report any situation that concerns you to your supervisor and Company Legal Department. Do not make payments to a representative under his contract until you are sure that no inappropriate activities are taking place. Otherwise, you have exposed both the Company and yourself to legal sanction. Under no circumstance does ITT in any way condone or allow any such improper payments or gifts. Your Company Legal Department can advise you regarding any obligations you may have concerning information you have heard about other companies and the actions of their representatives. Agents, representatives or subcontractors must never be used to avoid following the provisions of this Code.

**Q: I have heard that it's sometimes necessary to make small payments to low-level administrative workers in certain countries to expedite the processing of forms. I have also heard that if you do not make payments, the forms get lost or take months to get processed. How do I deal with a situation like this?**

**A:** U.S. law currently distinguishes between outright bribes and payments for facilitating certain transactions. Some so-called facilitating payments are allowed under certain circumstances. However, many other countries do not permit these payments. These payments must also be allowable under all applicable laws for them to be permitted. However, ITT takes a very narrow view of what is allowable. Check with your Company Legal Department before proceeding with any facilitating payment, no matter how small. Otherwise, you might be putting yourself and ITT in jeopardy.

**Q: Some ITT companies import parts and materials in connection with their businesses. Do any special laws apply to imports?**

**A:** Yes. The U.S. Customs Modernization Act ("Mod Act"), enacted in 1994, places the responsibility for accuracy of import data on the importer of record. Compliance with all Mod Act requirements is vital. The Mod Act applies to a number of areas, including the valuation and classification of imports. Most countries also have laws regarding importing and exporting toxic substances. All import and export laws require precise information on the country of origin and exact record-keeping of specific information concerning imports. Customs

compliance is very important and very technical. Please contact your Company Customs Manager, Controller, Export Department, or Legal Department if you have any questions.

**Q: My contract with the U.S. Air Force requires that I use commercial means to ship military parts and components to U.S. air bases around the world. Since this is to the U.S. government, I don't need an export license, do I?**

A: Yes. If ITT is the exporter, licenses or other export authorizations will be required even when you are shipping to U.S. military forces overseas. Your Export Department will assist you with these requirements.

**Q: My current supplier is no longer making a critical part for my ITT military project. I need to find a new supplier fast. There are companies who will post purchasing information on their web site and help us find a new vendor quickly. May I use such services?**

A: Not unless you have received approval from your Export Department. Posting an ITT drawing or other technical information to a public web site is considered an export (even if only a few companies can view the web site). All ITT purchasing must be approved by your Purchasing and Export Departments – check with them for more information.

## Political Activities

**An employee cannot act as a representative of ITT or any of its businesses regarding political issues without specific approval from the ITT Office of the General Counsel and the ITT Director of Corporate Relations.**

Good corporate citizens do not unfairly or illegally influence the political process in the countries or communities in which they do business. ITT is firmly committed to following all national, state, provincial and/or local laws that govern elections and campaign contributions.

ITT encourages you to participate in the political process in ways that reflect your individual beliefs and commitments. However, political activity must take place on employees' own time unless you are participating in a Company-managed

grassroots initiative involving issues of importance to ITT. The resources and reputation of ITT cannot be used for any political activities unless specifically permitted by law and approved by the ITT Office of the General Counsel.

No assets of ITT, its subsidiaries or companies, may be used directly or indirectly, for political purposes. This includes the support of any candidate or party, even in countries where it may be traditional, customary, and legal to do so. ITT is not to become involved in the internal political affairs of the countries in which we operate. However, ITT may express its opinion on issues that could affect us economically, after consultation with the Office of the General Counsel.

### Specific Guidelines

- Do not allow your status as an employee to be used in support of a particular candidate or issue.
- Employees must not pressure, either directly or indirectly, other employees to make political contributions or to participate in support of a political party, issue, or candidate.
- Corporate funds or assets cannot be used to support a political party, an elected official, or the campaign of any candidate for local, state, or federal elected office. Also, you should advise the ITT Corporate Relations Departments and your Company Legal and Public Relations Department of any planned visits to an ITT facility by an elected official, political party member, or candidate for elected office.
- Non-U.S. companies are not permitted to contribute to U.S. political candidates, elected officials, parties or campaigns.
- Non-U.S. citizens (unless they are “green card” holders) are not permitted to contribute to U.S. political candidates, elected officials, parties or campaigns. ITT encourages its managers and executives to develop appropriate working relationships with politicians and their staffs, particularly those who represent localities in which ITT has facilities. It is essential, however, to inform your Company Legal Department and the Corporate Relations Department of any proposed visits or communications with government representatives or their staffs.
- The Corporate Relations Department and the Company Legal Department must be informed of any request to testify on behalf of ITT before any governmental regulatory or legislative body.

If you have questions or need guidance, contact your Company Legal Department, Public Relations Department, the ITT Office of General Counsel, or the Director of Corporate Relations.

## FREQUENTLY ASKED QUESTIONS

**Q: I am doing some volunteer work for the upcoming election for state attorney general. I would like to use the office fax machine to send out some press releases. Is this okay?**

**A: No.** By doing so, you would be using ITT resources for a political purpose.

**Q: My manager's spouse is running for city council. He has asked me to make a political contribution. What should I do?**

**A:** Contact the Company Legal Department or the Ombudsperson. Even if the request seems innocuous, the fact that this person is your manager means that the request could appear to be coercive and, possibly, even illegal.

## Public Statements

It is important that ITT provide the public with accurate and consistent information regarding our operations. Generally, employees must not make public statements regarding issues or matters about which they are not authorized spokespersons. If the media contacts you about an ITT matter, refer them to the ITT Director of Corporate Relations or the Director of Public Relations for one of the ITT Companies or Value Centers.

## Sales Agents/Marketing Representatives

We must carefully consider who we retain to conduct business on behalf of ITT. You must contact your Company Legal Department before retaining any sales agents, consultants, or marketing representatives. There are extensive rules, and ITT procedures regarding the retention of sales agents or marketing representatives, particularly those operating outside the U.S. Certain agents or representatives may have to register with the U.S. Department of State as brokers.

ITT will retain such sales agents or marketing representatives only after we complete a written agreement that fully describes all services to be performed and all consideration to be paid. We will retain only those agents and representatives who provide independent commercial sales or marketing services. Compensation for their services must be comparable to customary compensation for such services in the locale in which the sales are made, or services are provided.

Agents or marketing representatives must be paid in the name identified in the agreement, paid in the location where the services are performed, and paid in local currency unless specific exceptions are approved by the Company Legal Department. (See ITT Financial Policy 30-07 regarding specific guidelines for relationship with sales agents and representatives outside the U.S.)

Business partners, including “distributors” or “dealers” who are not owned or controlled by ITT, are encouraged but not required to adhere to the ITT Code of Corporate Conduct. However, when a business partner is engaged by ITT for compensation to act as ITT’s representative, consultant, agent, distributor or dealer, such business partners must be required by written contract to comply with the ITT Code of Corporate Conduct. In all cases, a written agreement detailing the terms of the business relationship between ITT and the third party must be developed in conjunction with your legal counsel.

No sales agent or marketing representative may be retained if they or any person employed by them or financially interested in their business, is 1) an employee or official of an existing or potential customer of ITT, or 2) a close relative or official of an existing or potential customer of ITT. Specific exceptions can only be approved by the Company Legal Department.

# Securities

Our directors, officers, and employees may have the opportunity to learn or gain access to information about ITT or companies with whom we do business that is unavailable to the public. Such information may be “insider information” within the meaning of U.S. federal securities law. Consultants and other persons we hire to perform services for ITT may also learn or gain access to “inside information.”

Our directors, officers, employees, consultants and other persons we hire may not use any such inside information when they make personal investment decisions or investment decisions for others regarding our stock or the stock of companies with whom we do business. In addition, no one may inform persons outside ITT of such information. This includes communications with family and friends. (See ITT Corporate Policies for specific guidelines.) If you have any questions regarding compliance with these laws and principles, please contact an ITT lawyer immediately.

## FREQUENTLY ASKED QUESTIONS

**Q: I have learned through a reliable office rumor that ITT is going to buy another company. May I buy ITT stock or the other company’s stock?**

**A:** No. You could only buy stock after such information becomes publicly available.

Buying stock based on inside information could subject you to termination or even criminal prosecution.

**Q: I am a participant in the ITT Investment and Savings Plan for Salaried Employees and, although not a part of management, have become aware of important non-public information that could have an impact on the market price of ITT common stock. Would it be permissible for me to enter into a transaction in the Savings Plan that would involve ITT common stock before such information became publicly known?**

**A:** No. It would not be permissible for you or any other person to enter into such a transaction, or any other transaction involving ITT common stock, while in possession of such information before it became widely distributed to the public. Stock purchases based on inside information, even those in a 401(k) plan, could subject you to termination or even criminal prosecution.

**Q: I know that I am not allowed to buy any ITT stock based on confidential information I have heard at the office, but can I tell my relatives or friends to buy stock?**

**A:** No. This is just as much a violation as buying the stock yourself. You and your relatives or friends would be subject to criminal prosecution.

## Security

ITT intends to provide a secure working environment for all employees and visitors. We are committed to compliance with all national, state, and local rules and regulations, executive orders and laws that pertain to security.

You must be alert to the presence of unknown individuals or unusual activities which could lead to theft or harm to ITT property or personnel. You must immediately report concerns regarding security issues to your supervisor, Human Resources, Legal, or Security departments. They will then report the following incidents to your Company's senior management and the ITT Security Director: 1) Any security incident which results in theft or damage to ITT or customer property, or 2) Any security violations with the potential to cause serious harm to ITT property or employees.

The ITT General Counsel will be asked to review the incident and advise regarding prosecution. No one may sign a criminal complaint on behalf of ITT without prior written approval of the ITT General Counsel.

### **Duty to Cooperate in Internal Investigations**

From time to time, ITT conducts internal investigations of employee conduct. All employees are required to cooperate in these internal investigations. Employees who

fail to cooperate or who obstruct these investigations are subject to appropriate discipline, up to and including discharge.

## **Frauds and Thefts**

Employees of ITT work hard to produce our assets. Assets include products, money, information, equipment, and our reputation. These are all highly valuable and are to be safeguarded and used only to promote our business interests. We must ensure that our assets are protected against theft, loss or abuse. Protection of ITT property is the responsibility of each employee.

We will promptly investigate, and where appropriate, prosecute reported incidents of fraud or theft. You should report any suspected incident as indicated in the preceding Security section.

**Classified information should only be made available to individuals who have a need to know and who hold the proper security clearance.**

## **Government Classified Information**

Security regulations that pertain to the protection of government classified information in ITT's possession are complex and vary by government agency. It is the responsibility of each employee, visitor, consultant, and subcontractor to familiarize themselves with all government relevant security regulations prior to gaining access to classified information. Security assistance and information can be obtained from

your Unit Security department (where they exist) or your Management Company's Security Director.

## **ITT Confidential Information**

Confidential ITT information and trade secrets are important corporate assets. They are as valuable as our physical assets and merit equal protection. (The term confidential with regard to this policy pertains to ITT sensitive proprietary information. Control of U.S. Government information that is classified Confidential is subject to the rules and regulations governing the handling of U.S. government classified information. See your Security department for more information.)

"ITT Confidential" information refers to information that is not already in the public domain that a company would normally expect to be non-public and that might affect the company's competitive position. It includes information sometimes referred to as trade secrets.

**Confidential ITT information and trade secrets are important corporate assets which must be protected and not be disclosed to unauthorized persons.**

Some examples of confidential information are:

- Technical information about current or planned products and/or processes.
- Procurement plans, vendor lists, or purchase prices.
- Cost, pricing, marketing, or service strategies.
- Non-public earnings reports and other financial reports.
- Information related to divestitures, mergers and acquisitions.

All Directors, employees, agents, consultants and representatives must avoid disclosing ITT's trade secrets and confidential information to unauthorized persons, either within or outside ITT, and must exercise care in protecting the trade secrets and confidential information received from another party.

### Specific Guidelines

- 1) Employees, consultants, agents and representatives must not discuss confidential ITT matters where unauthorized persons could hear it. Use care, since even family and friends may inadvertently convey such confidential information to others.
- 2) You must consult the Company Legal Department before disclosing any confidential information to a third party to arrange an appropriate agreement for safeguarding that information.
- 3) No ITT employee, consultant, agent, or representative may disclose or use any confidential information gained during employment, or in any other relationship with ITT, for personal benefit or for the benefit of others.
- 4) Obtaining confidential information from a third party without adequate legal safeguards is improper and may expose ITT to legal risks. Accordingly, no employee may accept such information without the advice of the Company Legal Department and until an agreement in writing has been reached with the offerer. After such information is obtained, its confidentiality must be protected as provided in the agreement.
- 5) We may not hire an employee in order to obtain that person's knowledge of a former employer's confidential information. Nor may a new employee be placed in a position that would require disclosing or using a former employer's confidential information. If you are thinking of offering a job to an executive of a direct competitor, the approval of the Human Resources Department, Legal Department, and the President of the ITT Company is required before any active negotiations are undertaken.

For more information regarding confidential information please review the preceding Securities section as well as the ITT Corporate Policy.

## **Workplace Violence**

Employees should have a safe place in which to work. We will not tolerate workplace violence, including threats, threatening behavior, harassment, intimidation, assaults, and similar conduct. You must immediately report any threats or concerns about your safety or the safety of others to your supervisor.

You may not carry firearms or other weapons on any ITT facility without prior written approval from your Company Human Resources and Legal Departments.

# Waivers

If any employee, officer or director believes a waiver of this Code of Corporate Conduct is necessary or appropriate, you must state your reasons in a written request and send it to the Director of Corporate Compliance Programs. Only the Board of Directors or a committee of the Board may grant a waiver requested by an executive officer or director of ITT.

## Appendix A —

# U.S. Government Procurement Guidelines

- 1) You must strictly adhere to the Anti-Kickback Act of 1986, which prohibits government contractors and subcontractors from giving or receiving anything of value in order to receive favorable treatment. If you are involved with government contracts, you should never give anything of value to or receive anything of value from a supplier, customer or subcontractor without receiving prior approval from their supervisor(s).
- 2) You must strictly adhere to all laws and regulations regarding the protection of classified information, which should only be made available to individuals who have a need to know and who hold the proper government security clearance. Violations may result in imprisonment and/or fines. If you are aware of a violation or potential violation, you must immediately report it to the head of security at your facility, as well as to your supervisor.
- 3) You may not attempt to obtain or use confidential information of other companies or source selection information of the government. Source selection information is information that the government uses in evaluating bids or proposals. If you think that you have received either confidential information or source selection information, you should immediately contact your supervisor and your Company Legal Department. You should not examine the information or copy it.
- 4) There are detailed rules regarding employment of current or former government officials. Before initiating employment discussions with any present or former government official, you must contact your Company Director of Human Resources or your Legal Department.
- 5) There are many other requirements with which ITT must comply. In particular, we must:
  - a) Bill labor and material costs correctly;
  - b) Submit cost and pricing data correctly in accordance with the Truth in Negotiations Act, as well as comply with all other requirements of this Act;
  - c) Not submit any false or fraudulent claims within the meaning of the False Claims Act;
  - d) Fully comply with all contract specifications and requirements;
  - e) Correctly account for research and development costs and report inventions made under contract; and
  - f) Maintain appropriate records, such as inspection and testing records, invoices, and time cards.

This list is by no means exhaustive. If you have any questions regarding any of these special requirements for government contractors, contact your Company Legal Department immediately.

## FREQUENTLY ASKED QUESTIONS

**Q: I am in charge of administering a government contract that has many testing requirements. I know that we are making a good product, and I think that some of the tests are duplicative and wasteful of the public's tax money. Do I really need to perform them?**

**A: Yes.** We are obligated to do exactly as the contract specifies. Of course, we could inform the government that some of the tests might be unnecessary and seek the approval of appropriate government officials to modify the contract.

# Code of Corporate Conduct Contacts

## **Your Supervisor:**

Name \_\_\_\_\_ Phone \_\_\_\_\_

## **Your Legal Department:**

Name \_\_\_\_\_ Phone \_\_\_\_\_

## **Your Human Resources Department:**

Name \_\_\_\_\_ Phone \_\_\_\_\_

## **Your Controller:**

Name \_\_\_\_\_ Phone \_\_\_\_\_

## **Your Value Center or local Ombudsperson:**

Name \_\_\_\_\_ Phone \_\_\_\_\_

## **Your Management Company Ombudsperson:**

Name \_\_\_\_\_ Phone \_\_\_\_\_

### **ITT Director of Corporate Compliance Programs**

Phone: 914-641-2126 • E-mail: [director.compliance@itt.com](mailto:director.compliance@itt.com)

### **ITT Director of Internal Audit**

Phone: 914-641-2179 • E-mail: [internal.audit@itt.com](mailto:internal.audit@itt.com)

### **ITT Headquarters Ombudsperson**

Phones: 800-777-1738 or 914-641-2079 • E-mail: [headquarters.ombudsman@itt.com](mailto:headquarters.ombudsman@itt.com)

### **Management Company Ombudspersons**

#### *ITT Fluid Technology*

Phone: 201-760-5810 or 1-800-727-6030

#### *ITT Defense Electronics and Services*

Phones: 703-790-6339 or 1-800-521-2723

#### *ITT Motion & Flow Control*

Phones: 201-760-5748 or 1-800-291-5510



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