



Employee Engagement Policies

March 2009

ITT Watermark, ITT's global signature philanthropy program, was presented to ITT leadership in February 28, 2008. One key objective of the program is to establish a dynamic employee engagement avenue for all ITT employees worldwide. As a result, on April 29, 2008, an HR Committee, comprised of global ITT executives representing Human Resources, Philanthropy, Defense, and Fluid and Motion Control, was formed to develop policies and define the framework of employee engagement under ITT Watermark. The following document provides a summary of these policies.

Matching Gifts

- ITT will match individual employee donations to Water For People and Mercy Corps on a 1:1 ratio (dollar for dollar)
- ITT will match individual gifts (up to \$5,000 per employee)
- The matching gifts program occurs year-round; employees can participate at any time
- The matching gifts program does not apply to non-ITT employees or ITT family members
- All employees can donate online via credit card through Water For People and Mercy Corps' secure giving sites, available at www.ittwatermark.com/employees.htm
- All employees can donate offline via credit card by filling out the ITT Watermark donation form with their information and mailing the form to Water For People or Mercy Corps
- U.S. employees can donate offline via check by filling out the ITT Watermark donation form, available at www.ittwatermark.com/employees.htm, and mailing their donations to Water For People or Mercy Corps
- ITT Value Centers and local facilities may provide a payroll option for employee donations at their discretion
 - If payroll deduction is provided, it must offer employees the choice of donating to Water For People and/or Mercy Corps
 - U.S. employees on the Infinium payroll system are automatically eligible for payroll deduction and can enroll by filling out the pledge form and returning it to their local HR representative
 - The contribution will be reflected in the employee's W-2, which will serve as proof of their gift for tax purposes; ITT will not provide a separate tax receipt
 - Each quarter, finance will track the deductions through the Infinium system to determine the employee donation amount and issue a check to the nonprofit partner/s
 - The check must state the Value Center and unit that is providing the donation
 - HR representatives are also asked to include with the donation a list of employees and their donations, in order for them to receive a receipt from the nonprofit partner/s
 - The aggregate of the VC/unit employee contribution will be matched by ITT; the matching donation will be issued from the National Philanthropic Trust (the ITT Fund's managing partner) and will be based on the detailed quarterly reports we get from our non-profit partners

- ITT locations outside of the U.S. will work with their payroll and finance teams to determine whether they will offer payroll deductions and to define the remittance process
- ITT facilities should refrain from collecting cash donations from employees or designating HR or other employees as collectors. This creates a possible liability for the Value Centers and does not allow for secure and transparent financial management of the donations
- If cash donations are the only option, facilities that collect cash donations individually must receive HQ-approval to do so and designate one HR/accounting representative to be responsible for collecting the money, keeping track of the employees who donate, and submitting an aggregate donation online to the non-profit partners
 - Cash donations collected at facilities will not be subject to the \$5000 cap since donations are coming from multiple employees
 - Before making the aggregate donation and applying for the ITT match, the appointed HR/accounting representative must have the donation reviewed and approved by the VC controller and HR leader
- At this time, there is no set limit on the total amount of donations that ITT will match
- As part of its global philanthropic focus on water, ITT will only match donations to its ITT Watermark strategic partners
- ITT will not match gifts made to other water-focused NGOs, community organizations or academic institutions and will only match donations made by ITT employees

Paid Time Off

- Under ITT Watermark , employees have the opportunity to participate in two types of engagement activities:
 - Emergency response and schools trips
 - Local activities
- ITT considers these activities and trips to be paid time off – employees who participate are considered to be on company time while the activity or trip is taking place
- Only approved ITT Watermark activities will be eligible for time off benefits
- Salaried employees who participate in approved ITT Watermark activities during work hours will receive compensation for this time in the form of their regular salary (paid by Value Centers)
 - Salaried employees will not receive any overtime pay for participation in ITT Watermark activities
 - Salaried employees who participate in activities on weekends or after normal business hours will not receive any additional compensation
- Non-salaried employees who participate in approved ITT Watermark activities will be paid standard hourly wages until the full work week specified in their contract is reached (i.e. 40 hours/week)
 - Non-salaried employees who participate in activities outside of their standard work schedule will not be compensated
 - Headquarters has established a fund to assist Value Centers in offsetting the cost of compensating non-salaried employees; Value Center HR representatives should speak to Bjorn von Euler for more information

ITT Watermark Trips

- ITT employees who meet the following requirements are eligible to participate in trips:
 - Able to commit for the full time period of the trip (one to two weeks)
 - Have been enrolled in current position for a minimum of one year
 - Are an active, full-time employee
 - Are in good standing with regard to all ITT policies
 - Meet the required needs and skills for all necessary activities
- The process for applying for a trip is as follows:
 - Interested employees solicit manager approval for trip participation
 - Employees complete and submit trip application form online at http://ittwatermark.com/trips_intro.htm or through their local ITT Watermark Ambassador
- The process for selecting trip participants is as follows:
 - Applications are reviewed by ITT's director of philanthropy and NGO partners and evaluated based on trip needs and Value Center representation
 - Employees are evaluated on eligibility criteria by global-level HR
 - ITT's director of philanthropy solicits approval for potential candidates from their local HR representatives and their Value Center HR
 - Global-level HR gives final approval on selected candidates
 - Participants are selected and notified
- ITT Watermark trips will be treated as work assignments – all relevant benefit plans, statutory protections (e.g. workers compensation) and/or employee contract protections (if any) will be applicable (paid by Value Centers)
 - Participating employees will be paid normal weekly wages for the period of the volunteer trip (paid by Value Centers)
 - ITT will pay for time traveling to or working on an ITT Watermark assignment consistent with applicable laws, collective bargaining agreements , if any, and/or current employee contract, if any (paid by Value Centers)
- ITT will cover individual trip costs, including travel and lodging expenses (paid by Headquarters, handled through standard expense report process)
 - To submit an expense report after the trip is completed, employees should contact their finance representative to ensure that the expense can be billed back to the Philanthropy Cost Center 84200
 - In the expense report, employees will use the country name (i.e. Honduras) as the Project name so that expenses can be tracked by country
 - In addition, employees are asked to submit a copy of their expenses to Gail Feldman in Corporate Communications (gail.feldman@itt.com) so that all charges can be verified
- To ensure participants' safety, ITT's Security department evaluates on-the-ground safety concerns for each trip destination. The destination area must receive security clearance prior to trip departure
- All ITT employees participating in an ITT Watermark trip will be covered by an international insurance policy

- ITT salaried trip participants will be covered under our Business Travel Accident Insurance via the AIG Ambassador program
 - The type of insurance coverage provided for non-salaried employees will be determined on a case-by-case basis
- Participants will report back post-trip to their site's HR and Communications team to share their experiences and measurement data (e.g. number of people impacted, results of monitoring/assessment, personal learnings and stories from the trip)

ITT Watermark Local Activities

- ITT Watermark activities will either be suggested/organized by Headquarters (i.e. World Water Monitoring Day) or developed at the local level by ITT Watermark Ambassadors
- Employees who wish to organize or participate in an activity at the local level on their own (i.e. water education in schools) must get prior approval from Headquarters for it to be considered an ITT Watermark activity; employees should contact Bjorn von Euler at bjorn.voneuler@itt.com for more information
- ITT will not offer paid time off for any activities that are not approved by Headquarters
- Value Centers will assume the cost of printed materials and any other collateral they wish to use in association with local ITT Watermark activities
- Headquarters will provide each site with at least one World Water Monitoring Day test kit for use in an ITT Watermark activity