



# How We Work Together

The ITT Code  
of Conduct

**Code of Conduct Supplement:  
Contracting with the United States  
Government (July 2017)**



Dear Team,

The ITT Code of Conduct was developed to reflect our Purpose – We Solve It – and our Principles of Impeccable character, Bold thinking and Collective know-how. They are the cornerstone of our journey toward a healthy, high-performing culture. The Code of Conduct provides you with an active reference guide that will help articulate how we communicate and work with each other.

Our Code of Conduct reinforces for all of us that *how* we achieve our goals is just as important as *what* we achieve. It is no accident that Impeccable character is listed first in our Purpose and Principles. Demonstrating respect, responsibility and integrity is foundational to ITT.

Think of the Code of Conduct as a powerful resource with answers to your questions and stories of how our employees have solved similar situations. It lays out the standards for honest, ethical conduct and reinforces our commitment to doing what is right. It also shows us how to be accountable and find the right solutions.

Read our Code and let it guide you when making decisions. It does not answer every question you may face while at work, but it can point you to people and other references that can help you address any situation with knowledge and integrity. Look to it as an ally as we continue to build on our values to develop a healthy, high-performing culture across ITT.



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# We solve it

How we work together:

## Impeccable character

### Our behaviors:

- We demonstrate our values of respect, responsibility and integrity in all we do
- We are accountable for results and actions
- We take care of ourselves and each other
- We practice appreciation and gratitude

## Bold thinking

### Our behaviors:

- We challenge the status quo and are willing to do things differently
- We are curious and agile
- We communicate with courage
- We are biased for action and speed, while recognizing safety and quality are critical for our success

## Collective know-how

### Our behaviors:

- We listen to our customers and create enduring relationships
- We continuously learn from each other by valuing different ideas, opinions and experiences
- We are passionate about each other's success and create more success together as a team
- We contribute to a positive and purposeful environment



# Our Responsibility

ITT has established the necessary framework for ensuring that ITT is a responsible company qualified to conduct business with the U.S. Government. This framework includes ITT's Code of Corporate Conduct (Code), all elements of ITT's ethics and compliance program, the policies included in this Supplement to the Code and all of the associated implementing policies and procedures at our Corporate Headquarters and each Value Center (VC). All VCs participating in contracts with the Government, including direct contracts as well as contracts in which our goods and services are procured indirectly by others for the U.S. Government as the end user customer, are required to comply with all applicable aspects of this framework.

Each VC that participates in the U.S. Government contracting process at any level is required to have and maintain all necessary written policies and procedures and ongoing communications and training to ensure compliance with this framework and all applicable laws and regulations.

The leadership team of each VC that contracts directly or indirectly with the U.S. Government is responsible for designating a person in the unit who has primary staff responsibility for government contract compliance matters.

The U.S. Government imposes strict legal requirements on people and businesses who participate in the contracting process with the government. A violation of the laws and regulations applicable to contracting with the U.S. Government can result in criminal, civil and administrative penalties being imposed on ITT as well as the responsible individual. We are expected to strictly comply with all applicable laws and regulations. This Code Supplement on *Contracting with the U.S. Government* is designed to increase your awareness of these requirements. If we engage in activities that violate these laws or regulations, we could face disciplinary action, which may include termination.

We are required to immediately report suspected violations of this framework or applicable laws and regulations to a supervisor, compliance manager, ITT legal counsel, HR manager or Ombudsperson. All such complaints will be investigated and corrective action will be taken as appropriate, including, timely written disclosure to appropriate government officials, if credible evidence of a relevant violation exists. See the last page of this Supplement for more information about how to raise concerns.

In addition to the above reporting channels, employees always have the right to report any suspected wrongdoing on Government contracts to various government officials, including but not limited to, the applicable agency Offices of Inspector General, the Government Accountability Office (GAO), government Contracting Officers, or any authorized law enforcement agency or the U.S. Department of Justice.

## Our Policies

ITT's policies to meet key U.S. Government contract requirements are set forth below. Please be aware that additional information and ITT standards of conduct with regard to many of these government contract requirements are available in ITT Policy and procedure documents issued at the ITT corporate and VC level.



# Procurement Integrity

We must not disclose or receive confidential contractor bid or proposal information or source selection information to or from unauthorized parties before contract award. Source selection information is information which includes prices, technical evaluation plans, competitive range determinations or ranking of proposals.

# Organizational Conflicts of Interest

VCs are required to recognize and avoid organizational conflicts of interest (OCI) in connection with contracts directly or indirectly with the U.S. Government. An OCI can occur where activities of one business unit could impair the ability of another to render impartial services pursuant to a contract directly or indirectly with the government or could give an unfair advantage in competing for a contract because of access to information obtained as a result of certain contractual relationships with the government.

# Accurate Statements

At each step of the procurement process we are required to complete and sign prescribed U.S. Government forms. Each time these forms are executed, we are making a representation to the U.S. Government. Errors, whether deliberate or unintentional, may have serious legal consequences to us.

We must be truthful and accurate in dealing with Government officials and agencies. All business units involved in bidding, negotiating or performing a contract directly or indirectly with the Government are required to adopt processes that will ensure that certifications, representations, reports, data and other statements are accurate, current and complete.

# Cost or Pricing Data

Based on the contract value and the nature of the product or services offered, we may be required to submit cost or pricing data to the U.S. Government when negotiating contracts, subcontracts, or modifications to contracts and to certify that this data is current, accurate and complete up to the date of agreement on price. This certification must be based on full and accurate disclosure to the U.S. Government of all facts that are current at the time of reaching price agreement. The slightest defect or omission in the submitted costs or pricing data, however insignificant or unintentional, may lead serious legal consequences including a reduction in the contract price or criminal investigation.

# Quality Assurance and Material Sourcing

The U.S. Government has the right to insist on strict compliance with contract requirements. We must provide to the U.S. Government only those products and services that conform to contract requirements and we must ensure that suppliers of raw materials, parts and components used in our products have an acceptable quality control system. Every inspection and test specified in a U.S. Government contract must be performed and properly documented. If a change to a U.S. Government contract requirement is considered, the customer must be notified in writing and provide advance written approval of the change. It is critical that we follow approved company processes to guard against product substitution or the use of counterfeit parts that do meet U.S. Government contract requirements.

We must not supply a product to the U.S. Government or certify its origin unless we are sure that the product's country of origin complies with all applicable domestic sourcing and trade agreement laws and regulations.

# Government Property

We may only use U.S. Government property as authorized by the U.S. Government under the terms of a specific contract or subcontract. Each VC who received U.S. Government owned property must maintain a U.S. Government approved property management system to ensure that all U.S. Government property in its possession is controlled and maintained in accordance with applicable regulations and the terms of applicable contracts.

# Gifts and Business Courtesies to Government Persons

The U.S. Government has strict laws and rules prohibiting its employees or elected representatives from accepting any item of value including personal favors, discounts, entertainment, hospitality, training, transportation, local travel, lodging and meals. For example, executive branch of the U.S. Government employees generally may only accept gifts (including food and refreshments) valued at \$20 or less on a single occasion, and not exceeding \$50 in a calendar year from a single source.

We may not offer or give any item of value to any government employee, military official, political official or political party for any purpose except for infrequent common hospitality of very low value, such as soft drinks, coffee and light snacks at business meetings, or advertising or promotional items of very low value such as calendars, pens and coffee cups, without the prior written approval from the ITT Legal Department.

# Gifts and Business Courtesies to or from Non-Government Persons

We are mindful of the Anti-Kickback Act, which prohibits giving anything of value to an employee of a prime U.S. Government contractor in order to obtain or reward favorable treatment. We may not solicit or accept any item of value from representatives or employees of subcontractors or higher tier contractors and we may not offer or give any item of value to representatives or employees of subcontractors or higher tier contractors other than customary business courtesies that are reasonable in value and frequency such as light refreshments during business meetings.

Offering or giving any payment, fee, gift or compensation of any kind to an employee or representative of a higher tier U.S. Government contractor for the purpose of obtaining favorable treatment in connection with a U.S. Government contract is illegal. We are required by law to report and we will report suspected violations of this rule to the appropriate U.S. Government authority and will assist the U.S. Government in any investigation.

# Hiring Former Government Employees and Military Personnel

Special restrictions apply to the recruitment and retention of present and former U.S. Government employees and military personnel as employees, consultants or representatives. These restrictions include limitations on the type of employment-related discussions that certain current U.S. Government employees and military personnel may have with ITT. We must never solicit or engage in discussions with U.S. Government employees or military personnel about potential employment opportunities at ITT unless it has been approved in advance by the ITT human resources Department and ITT Legal Department.

Prior to employment with ITT, former U.S. Government employees and military personnel who are subject to post-employment restrictions must obtain a letter from the applicable U.S. Government ethics office outlining any restrictions that the individual will have upon commencing employment with ITT. The individual must also submit information in a form prescribed by ITT Human Resources and approved by the ITT Legal Department, describing all former U.S. Government employment and military service and any post-employment restrictions imposed by the applicable U.S. government ethics office.

All former U.S. government employees and military personnel who are hired by ITT are responsible for ensuring that they do not undertake an activity or perform any job function that is prohibited by law or regulation during the applicable limitation periods.

# Subcontractor Code of Ethics

Subcontractors under U.S. Government contracts whose subcontracts are above a specified value are required by law to have and maintain a code of conduct and an ethics and compliance program that includes training, an internal reporting mechanism and discipline for code violations. VCs are required to include in applicable subcontracts a provision requiring the subcontractor to have and maintain a code of conduct provide it to every employee and have an ethics and compliance program.

# Export Restrictions

The U.S. Government has complex and significant restrictions on trade in military and related goods, technology, and services, and trade with certain countries. 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 goods or technology that originated in the U.S.

We are responsible for complying with all export laws, and we must obtain licenses or other U.S. Government approvals prior to exporting products and technology controlled by the Government. ITT's trade compliance program is administered by the ITT Trade Compliance office. We must immediately report any known or suspected trade control violation to our local trade compliance office or ITT's Trade Compliance office.

# Trafficking in Persons and Forced Labor

There are strict laws prohibiting trafficking in persons, procurement of commercial sex acts, and use of forced labor in connection with U.S. Government contracts. Such activities are illegal, incompatible with basic human rights, a violation of our Code and directly contrary to ITT's values established for all of its representatives, agents, and employees.

# Safeguarding of Government Information

We are required by law to protect sensitive Government information and technical data from unauthorized access and disclosure. Uncompromising IT system security and physical security is critical to the success and safety of our Government customers and our nation. Promptly report any potential or known violations of law or improper access or disclosure relating to sensitive U.S. Government information or technical data.

# Consultants

Consultants that perform U.S. Government contracts or subcontracts are required to comply with this Supplement to the Code and VCs are required to include this Supplement in agreements with consultants.



# Frequently Asked Questions



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- ❖ **I would like to get to know a U.S. Government contracting officer better because we are developing a system his agency might be interested in sometime in the future. Can I invite him to play golf if we are not currently competing for a contract with his agency? No. Regardless of whether the contracting officer is in a position to give the company favorable treatment now, we may not give anything of value to a government official because of his or her position, even if the company will not immediately benefit from the gift.**
- ❖ **We recently learned that an Air Force General with whom we have done business is going to retire, and we would like to hire her. She supervised some activities in the Air Force organization we worked with, but contracting activities were supervised by a related command located at another base. Can we hire her? Yes, but she may be subject to post-employment restrictions and we may not have any discussion with her about employment without advising the HR and legal department contacts. If the retired general did not act or advise her agency regarding a federal procurement and did not have access to source selection or bid or proposal information, she will likely not have any post-employment restrictions. She must provide information in a form prescribed by HR concerning her activities while in Government service and she will need to obtain and provide to ITT a letter from the applicable Government ethics office stating whether there are any applicable post-employment restrictions.**
- ❖ **I have a friend who works in the bids and proposals department of one of our competitors. When we had lunch recently, she told me about her company's pricing strategy in an upcoming Army procurement that is extremely important to ITT. Can I share the pricing information with our proposal team? No. We cannot share this information with anyone and we should immediately report this to the business unit counsel or compliance manager. We should always decline to discuss ITT's proposal strategy or pricing with anyone outside our company, and should never solicit this information from competitors.**
- ❖ **During the negotiations for a large contract for non-commercial items with the Navy, we provided cost information to the Government on a type of resin we were going to use in the product. Before price negotiations were completed, one of our engineers found a less expensive resin that met the Government's performance standards and we have decided to use it. Are we required to disclose the price of the new resin to the government even though the negotiating team was not aware of it during price negotiations? Yes. The cost information we disclose to the government during negotiations must be current at the time of the final agreement on price. Even though the negotiators were not aware of the decision to use the less expensive resin, the company's negotiating team was responsible for being aware of any proposed changes in the manufacturing process that would affect the company's costs.**
- ❖ **I am responsible for finding a supplier to produce parts specifically designed for a new defense article that we are manufacturing for the Government. I am having difficulty finding a U.S. supplier, and may have to look abroad. Will I need to obtain an export license to send the specifications to a supplier in a foreign country? Yes. We will need an export license to send the specifications for a defense article to a foreign supplier. We must check the export regulations for each country of export and for the particular commodities we intend to export to identify the specific license requirements.**

# Frequently Asked Questions

- ❖ I am negotiating a contract with a government representative at an off-site facility. To complete negotiations before the end of the fiscal year, we are working into the evening, and take time out for dinner. Can I buy the Government negotiator dinner at a local restaurant and charge these expenses to the company? **No. We may not provide meals to a Government official, except for incidental items such as coffee and doughnuts at a business meeting.**
- ❖ I am testing some products that we will deliver to the government under a Government contract. We make a similar product for the commercial market that works just as well as the one that is specially designed for the Government. Can I provide the commercial product if we run out of the specially made products? **No. We are obligated to provide exactly what the contract specifies. We can inform the Government that we have a similar product at a lower cost that will meet these requirements, but we cannot provide the commercial product unless the government agrees to modify the contract before we provide the commercial product.**
- ❖ I am responsible for signing the certification forms including the Trade Agreements Act certification in our proposal to the Navy for a new navigation project. I have recently learned that some items we will deliver to the Government are being made by a manufacturer in China. How can I be sure of the country of origin of the items we are proposing? **We must take particular care before completing any contract certifications that we have made a good faith effort to discern an offered end product's country of origin. We should detail all end products that will be delivered and where they originated before signing the certificate.**
- ❖ We recently bought some new imaging equipment with Government funds to do work under one of our new Government contracts. Can we also use the new equipment to perform work for one of our commercial customers? **No, unless we obtain permission from the Government under the contract that funded the purchase of the equipment. Items bought with Government funds under a Government contract are the property of the Government and cannot be used for non-Government work unless approved by the Government in writing.**
- ❖ My supervisor has asked me to prepare two claims related to a project for the Air Force that we have recently completed. On reviewing our records, I found no support for one of the claims, but the other is well documented in our records. Can I submit both claims with the goal of using the unsupported claims as a bargaining chip in negotiating a favorable settlement of the well supported claim? **No. We must never submit an unsupported or improper claim to the Government regardless of our purpose. Submitting a false claim to the government may result in civil and criminal liability for the individual and for the company.**

# Raise Concerns

## We Promote an Open-door Policy

Each of us is responsible for acting with integrity at all times, even when it means making difficult choices. If you have a concern about any work-related behavior that appears to violate the law, our Code or a company policy, report it.

By speaking up about issues and concerns, we can work together on solutions that make our company stronger. Together, we nurture an environment where all team members feel free to speak up without fear of retaliation. We do not retaliate against anyone who raises a concern in good faith, even if later it is determined that the concern is unsubstantiated.

## An Ethics Champion is ...

An ITT team member appointed to listen and respond to your concerns about potential violations of the Code of Conduct, a law or regulation, or a company policy and offer guidance or file formal request for investigation, as appropriate.

## Know Where to Turn

If you need advice or wish to raise a concern, start with your manager or supervisor – he or she is in the best position to understand and take appropriate action.

**If something does not seem right, or it appears to conflict with the requirements of the Code of Conduct, this Code Supplement on *Contracting with the U.S. Government*, a policy or the law, you have an obligation to speak up. If you feel uncomfortable speaking with your manager or supervisor, there are other resources available to help you.**

You may contact:

Your local, Value Center or Headquarters Human Resources Leader  
Your Value Center or Headquarters Business Conduct Leader  
Your Value Center or Headquarters Chief Financial Officer or Controller  
Your Value Center or Headquarters Legal Counsel  
Any ITT Ethics Champion  
If applicable, your local Works Council

### The Chief Compliance Officer

Phone: +1 914.641.2138

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### The Vice President, Internal Audit and Chief Risk Officer

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### The ITT Director, Business Conduct

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### ITT Headquarters Ethics Champion

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### ITT Ethics Helpline

Available 24/7 via phone or web in your local language

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