

ITT's Values

**An Interview with Steve Loranger,
Chief Executive Officer, Chairman of the Board,
and President, ITT Corporation**



EDITORS' NOTE Steve Loranger was appointed President and Chief Executive Officer and elected a Director of ITT Corporation in June 2004. He was elected Chairman of the Board of Directors in December 2004. Loranger previously served as Executive Vice President and Chief Operating Officer of Textron Inc. from 2002 to 2004. From 1981 to 2002, Loranger held executive positions at Honeywell International Inc. and its predecessor company,



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including serving as President and Chief Executive Officer of its Engines, Systems, and Services businesses. Loranger is a member of the Business Roundtable and serves on the boards of the National Air and Space Museum and the Congressional Medal of Honor Foundation. Loranger received bachelor's and master's degrees in science from the University of Colorado. He is also a Director of the FedEx Corporation.

COMPANY BRIEF Based in White Plains, New York, ITT Corporation (www.itt.com) is a global engineering and manufacturing company. Its approximately 40,000 employees worldwide provide solutions in three business segments: Defense Electronics and Services, which develops, manufactures, and supports electronic and communications systems and applied engineering for worldwide defense and commercial markets; Fluid Technology, a global provider of fluid systems and solutions for the water, wastewater treatment, building trades, and industrial process markets; and Motion and Flow Control, operating in the marine, transportation, and aerospace market segments. In 2008, ITT unveiled ITT Watermark, its new corporate philanthropy initiative focused exclusively on the provision of safe water and sanitation to children and families in need.

Much importance today is placed on corporate social responsibility [CSR]. How have you made that a critical focus for ITT?

First, I want to validate your assumption about the role of corporate social responsibility. There is no question that it is an emerging and prominent trend in terms of corporate business management. While we enjoy the benefits of creating value for our communities, we also recognize that it is an expected obligation that

companies give back in a responsible way, whether in economic, social, or environmental ways.

Second, I want to recognize that this is a real inspiration for our employees. Our employees want to give back, which we know is a very positive overall contributor to our employees' job satisfaction.

Recognizing this, we aligned our corporate strategy and our vision about 18 months ago. Our vision today is to create value by "doing essential things in extraordinary ways" and to do it with

the right values, including having respect for, and recognizing our responsibility to, our communities and the environment. So we have put this front and center in the vision of the company, and I am thrilled with the positive employee reaction with respect to this concept.

Your business is worldwide. Do you develop your CSR efforts globally?

Because we are a global leader in water equipment, we felt we could make the biggest difference by addressing the very serious water issues facing our world. After a great deal of research, we decided to focus ITT Watermark, our new philanthropy program, in two areas: with our development partner, Water For People, we are providing safe water, sanitation, and hygiene education to schools in water-stressed regions where the lack of these things is prohibiting growth and development. We have committed \$3 million over the next three years to do this important work in 300 schools in several countries in Latin America and Asia.

The second component of ITT Watermark is emergency response. Evidenced by our work in Sri Lanka, Myanmar, China, and elsewhere where natural disasters have created a grave need for safe water, ITT is well positioned to provide emergency relief. To that end, we have earmarked another \$1 million over the next three years to support emergency relief and recovery efforts. Working in partnership with Mercy Corps, we'll leverage our technology and our dedicated people to provide needed relief immediately following disasters impacting safe water supplies, and support the long-term recovery of these affected areas.

Is it challenging to have metrics in place to evaluate the impact of your efforts?

We are always going to measure our results one way or another. ITT is a disciplined,

process-oriented company, and it is important for us to have metrics. Of course, the first metric for a program like ITT Watermark is a smiling child whose life has been fulfilled and enriched because of our work, and I'm pleased to say that we're already in 55 schools and have directly impacted 35,000 people by our efforts. At the end of the day, we're going to make sure that our money and our employees' energy are going to a good purpose, and we feel like we're getting the right results in the community. Our key here was to select development partners who shared our results-driven culture and where measurement was inherent in their approach well before our engagement began.

Do shareholders, customers, and new hires understand the importance of making these investments?

There are empirical studies out there stating that corporations that are viewed as being environmentally responsible and social contributors, as well as having good management practices, ultimately correlate to valuation. So even though there are explicit conversations with the various constituents about the amount of resources we designate for this work, it's my belief that our contributions are positively perceived. In light of the sometimes unfortunate social perspectives with respect to corporations, it's nice to reaffirm to the world that the majority of our corporations and our leaders are really trying to make the world a better place. When people see these kinds of governance and social responsibility activities, they recognize that corporations are stepping up to a broader position in the community.

Is it frustrating that the message doesn't always seem to get out there about the good that companies are doing?

It's easy to get weathered down with respect to some perceptions out there, but a good offense is the way to go. We're very proactive in publishing a corporate social responsibility report – in fact, it's the document that I lead with when I talk to customers, employees, and shareholders. I pass out more copies of this than the annual report. So even though I understand various negative perceptions, we're too good of a company to let it get us down. I rest well at night, because I know we are running the businesses the right way. ●

ITT and Water For People help improve sanitation and access to safe water for schools like the one above in West Bengal, India.