



ITT

Water & Wastewater

Honoring life by preserving
the cycle of water



Engineered for life

Engineering a positive global impact

ITT Water & Wastewater manufacture and market a comprehensive range of water and drainage pumps, units for primary, secondary and tertiary treatment, and products for treating water through biological, filtering and disinfection processes. We also maintain the industry's most extensive sales and after-sales organization around the world.

We have a vision at ITT Water & Wastewater: to do essential things in extraordinary ways. This leads us to innovate and achieve highly practical, sustainable solutions to global water issues. To this end, we are empowered with breakthrough technologies, talented people with commitment and deep application expertise. Our goal? To serve the communities around

the world with solutions that deliver substantial energy savings, reduced ownership costs, reliable operations and minimum maintenance. And to help enable the continuous supply of safe, life sustaining water for all.

This report is designed to help you understand how ITT Water & Wastewater work on a daily basis to achieve real results for the world we live and work in. It is our aim to clearly demonstrate how we minimize our environmental impact, at the same time as we strive to maximize our corporate social responsibilities and performance around the world.

Statement by the President and CEO

Water is the most essential element and the foundation of all life on our planet. At the same time, the quality of consumable water is of extreme importance since safe water is directly related to the sustenance of life itself. Since water is a basic human need, it is therefore a fundamental human right to be able to access safe water.

We at ITT Water & Wastewater consider it our human responsibility to ensure the use, and reuse of water. As an industry leader, we are committed to developing technological solutions that enable the wise and sustainable use of water resources. This, at the same time, makes for good business. A fundamental driver for us is that our engineering excellence delivers economic, environmental and social benefits to our stakeholders as well as societies around the world.

AFFORDABLE ACCESS TO SAFE WATER

Increased population, industrial wastes and agricultural chemicals are contaminating our water sources. There are regions of the world where water resources are scarce or depleted due to climate changes and geographical terrain. We believe that recycling is the solution whereby technology enables water to be made so safe that it can be used for irrigation purposes and for drinking. Governments are beginning to understand the potential in recycling. The world's largest water reclamation and reuse center is housed in Kuwait. Singapore recycles water for drinking, and in Madrid, water is recycled and used to irrigate farmlands.

INNOVATING TO MEET THE CLIMATE CHALLENGE

As the leaders in our industry, we are using our strengths to meet environmental challenges in two fundamental ways. Firstly, solutions to the way we minimize energy usage in all our products. From blueprint to production, distribution, installation and use, we ensure that our environmental footprint is as minimal as possible. And secondly, innovations that deliver practical solutions to meet global water-related challenges. Like the cycle of water, the elements in our business are all also linked together. So when we develop solutions that will benefit the environment through reduced carbon emissions, our customers will also benefit through savings in energy costs.

CELEBRATING 60 YEARS

2008 marked the 60th anniversary of the Universal Declaration of Human Rights. I would like to use this anniversary to reinforce awareness of the relationship between human rights and water: that access to safe water is a basic human right.

I hope you find this report and all the achievements of the people at ITT Water & Wastewater as interesting and inspiring as I do. Yet this is only the beginning. We have aspirations for developing new practices and technologies that will make a real difference to our customers. And a sustainable difference to business now and in the future.

In honor of life and the cycle of water,



John P. Williamson

John P. Williamson
CEO, ITT Water & Wastewater

Working to keep our most precious elements safe

> A mere 2.5 percent of the world's total water supply is fresh water. Of this, 70 percent is contained in glaciers, and 29 percent is held in underground aquifers. Freshwater lakes, rivers and streams make up one percent of that 2.5 percent.

As water issues emerge and challenge the world, ITT Water & Wastewater find it even more crucial to be focused on our goal: enabling all people in all communities of the world to have convenient and affordable access to safe water at all times. This goal shapes our environmental strategy, initiatives and corporate responsibility program.

ENABLING ACCESS TO SAFE WATER

Our focus is on providing innovative equipment, systems and applications knowledge to users of water throughout the water cycle. We are also dedicated to preserving the environment and nurturing knowledge and awareness of the world's water issues.

The fact that we have been in business for decades means that we have built a global wealth of competence and resources that we can draw to achieve our environmental objectives. And we make this evident by consistently developing new products and solutions that deliver superior performance even as they are environmentally sound throughout their life cycle.

WATER TREATMENT IN THE WATER CYCLE

It has been predicted that by 2025, two thirds of the world's population will live in areas facing moderate to severe water stress, while a third of us will not have adequate drinking water. Water demand is doubling every 20 years, which is more than twice the rate of population growth. The solution? To find unused sources and convert these into safe water in order to preserve our way of life.

ITT Water & Wastewater media filtration and clarification systems treat the water that our pumps draw from lakes, rivers and seas. Our membrane filtration systems desalinate and purify the water, and our UV and ozone systems make this water safe to drink and able to sustain farmlands.

WASTEWATER TREATMENT IN THE WATER CYCLE

It is really hard to believe that roughly 2.6 billion people, or 42 percent of the world's population lack access to basic sanitation. While 1.1 billion people, or 18 percent lack access to safe drinking water. Almost impossible to believe actually, considering that this is the 21st century.



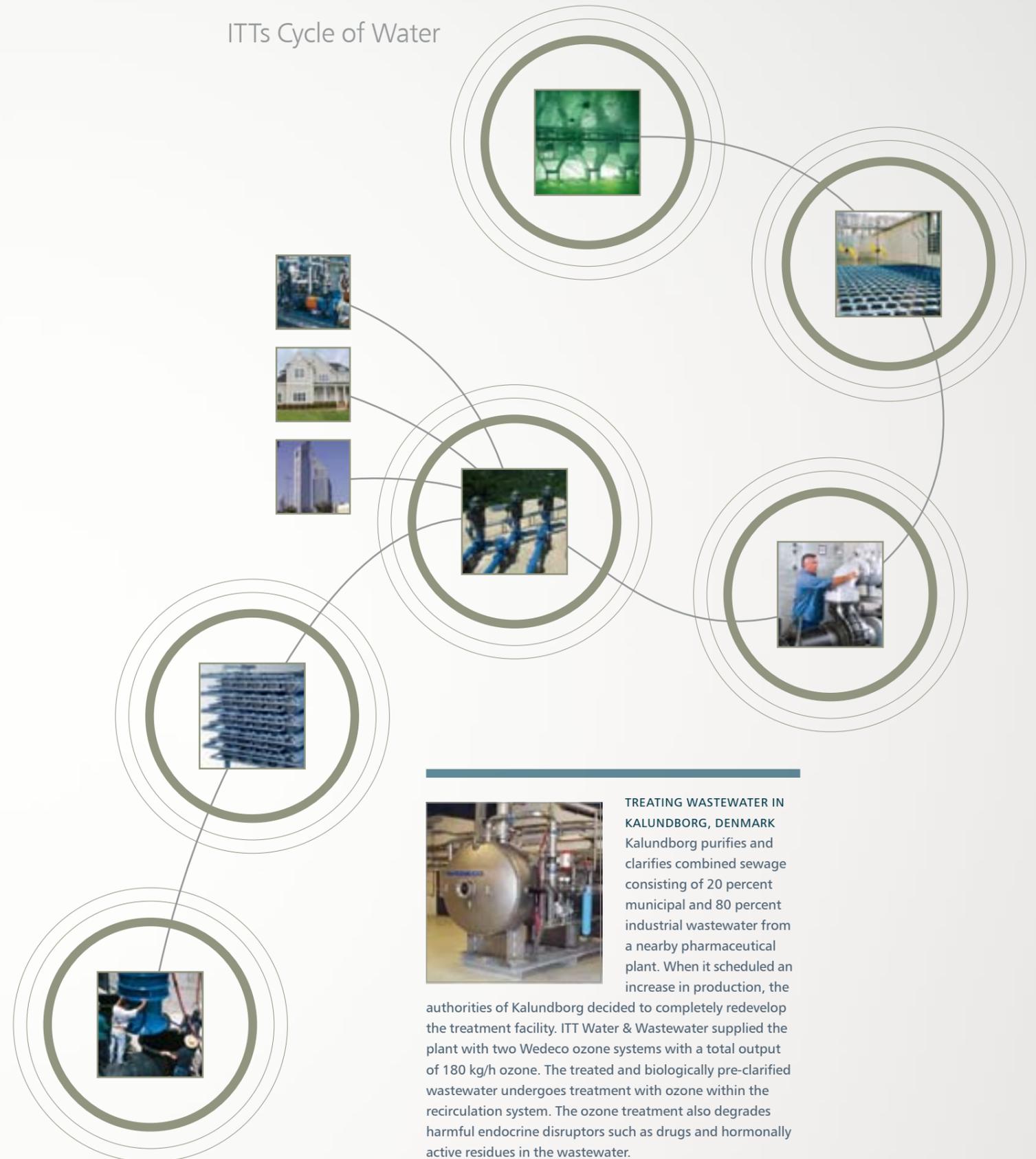
WEDECO UV DISINFECTION SYSTEM SELECTED FOR LARGEST FILTRATION PLANT IN CANADA

Metro Vancouver is a confederation of 22 municipalities that provides utility services, including drinking water, as well as planning and leadership

on behalf of the region's 2.3 million residents. When Metro Vancouver decided to build the plant it selected UV as the primary disinfection and Wedeco products from ITT Water & Wastewater as its brand of choice. The system was selected because it offered the plant significant advantages in operating and maintenance costs and, also provided the

lowest cost of ownership over the 20 year projected lifetime of the equipment. Energy savings were key, as Wedeco UV systems required three to four times less energy to deliver the same disinfection capacity into the same water flow as competing systems with medium pressure lamp technology. The implementation of the Wedeco UV system also ensured compliance with Environmental Protection Agency (EPA) regulations for surface water treatment. The newly constructed Seymour-Capilano filtration plant occupies approximately nine hectares and has a design capacity of 1.8 million liters of water a day. It is the largest filtration plant in Canada and the largest UV disinfection plant in North America featuring a total capacity of 93,000 m³/h. The third watershed, Coquitlam uses Wedeco's Ozone system as the primary disinfection method.

ITTs Cycle of Water



TREATING WASTEWATER IN KALUNDBORG, DENMARK

Kalunborg purifies and clarifies combined sewage consisting of 20 percent municipal and 80 percent industrial wastewater from a nearby pharmaceutical plant. When it scheduled an increase in production, the

authorities of Kalunborg decided to completely redevelop the treatment facility. ITT Water & Wastewater supplied the plant with two Wedeco ozone systems with a total output of 180 kg/h ozone. The treated and biologically pre-clarified wastewater undergoes treatment with ozone within the recirculation system. The ozone treatment also degrades harmful endocrine disruptors such as drugs and hormonally active residues in the wastewater.

> The lack of safe water has resulted in substantial portions of the world's population in a perpetual state of illness and disease. This in turn has crippled efforts to modernize, enhance productivity, energize economies and enrich quality of life.

> Sustainable development as defined by the World Commission on Environment and Development (Bruntland Commission) is 'the capacity to meet the needs of the present without compromising the ability of future generations to meet their own needs.'

Preserving the water cycle is so essential to us because wise and sustainable development and utilization of the world's water resources is critical to sustainability. An effective means of safeguarding the environment is to ecologically convert wastewater into safe water that can then be handed back to nature.

ITT Water & Wastewater employ advanced aeration systems, sequence batch reactors and treatment systems to biologically break down and remove contaminants and toxics from used water. Ozone and UV disinfection systems from ITT Water & Wastewater ensure that the water is absolutely free from harmful content. And tertiary treatment by media filtration and membrane systems from ITT Water & Wastewater enables safe reuse of the treated water.

WATER AND WASTEWATER TRANSPORT IN THE WATER CYCLE

It is important that water is transported safely from a location. And delivered securely to the location where it is needed,

like households and treatment plants. Effective transport of water and wastewater ensure that sensitive areas are protected from flooding, that there is no leakage or even contamination of safe water.

ITT Water & Wastewater have transport solutions that encompass all areas of water and wastewater handling. Pump stations from ITT Water & Wastewater can move water and wastewater from one location to another through complex water distribution and wastewater collection networks.

ENERGY EFFICIENCY AND LIFE CYCLE ASSESSMENT

Life Cycle Assessment (LCA) is integral to the way we work at ITT Water & Wastewater. We strive to develop products of high efficiency, quality and reliability and which go hand in hand with sound, long-term environmental performance. By using the LCA methodology we have established that our efforts achieve concrete results. The grounding policy to our LCA is that a new product should deliver better environmental performance than the one it is replacing.

Our LCAs have brought to light the fact that approximately 90 percent of the environmental impact of our products and solutions occur in the user phase. This information has been key in our efforts to increase energy efficiency. ITT Water & Wastewater has always had a keen focus on developing high quality products that are both robust and highly efficient. The overriding objective is to offer our customers solutions that achieve low costs levels over the entire product life cycle (i.e., Life Cycle Costs), along with low maintenance needs; this has consequently resulted in products that are environmentally friendly since the inter-relation between environmental performance and Life Cycle Costs for our products is very strong.

When technically feasible alternatives exist, we do not wait for legislative requirements, but rather are proactive in making changes. For example, we have voluntarily adopted the European directive RoHS, that forbids the use of certain substances in electronic equipment.

REDUCING OUR CARBON FOOTPRINT

We will, over the course of 2009, be studying the possibility of transporting a larger mass of products to France by railway, instead of the traditional trucks. By the same token, we will also begin to transport a portion of our products domestically in Sweden by rail, instead of trucks.

It is freight companies that mainly transport our products and the raw material we use. As we have standing agreements with these companies, the possibility exists to set demands on these transporters with regard to the environment. For example, we demand that they are certified according to ISO 9001 and ISO 14001. We also receive environmental reports from our transporters on a quarterly or semi-annual basis, and in this way we are able to measure or environmental impact and act accordingly. We have set a goal to reduce the weight of our airfreight by 20 percent in favour of sea transport.

> A borehole thermal energy storage was designed to make waste heat recovery from the foundry in Emmaboda more efficient. The system consists of 140 boreholes at a depth of 150 m acting as a heat exchanger. The waste heat will be stored over summer to about +60°C and recovered in the winter at around +40°C. This will replace about 4,800 MWh of purchased district heat annually. Green electricity will be used to run the system without any emissions of CO₂ or other environmentally harmful substances. CO₂ emissions will be reduced by 1,500 tons annually if it could replace the use of oil elsewhere in the Emmaboda community.



HONG KONG'S FIRST TERTIARY TREATMENT FACILITY PROTECTS NATURE PRESERVE

The Ngong Ping wastewater facility treats and then reuses all of the wastewater generated in the Ngong Ping tourist area, situated in the watershed for the Shek Pik Reservoir. Since the

plant began operating two years ago, the levels of effluent biochemical oxygen demand and total suspended solids have been consistently less than 5 mg/l, an achievement that helps to maintain high water quality in this environmentally sensitive area. The treatment system reduces organic pollutants, suspended solids, nutrients and pathological organisms to very low levels. All of the effluent water is reused to irrigate gardens and planted areas and for toilet flushing in the public restrooms in the tourist area.



PUMPING NEW ORLEANS FREE OF FLOODWATER

Flygt pumps and systems from ITT Water & Wastewater helped keep the New Orleans area free of floodwater during the onslaught of Hurricane Gustav in the fall of 2008. Positioned at 25 different

pumping stations in Jefferson, St. Charles, St. Bernard and New Orleans parishes, Flygt pumps have a total pumping capacity of 75,700 m³ of water per minute. The pumps serve as additional capacity to the city's existing floodwater infrastructure to manage water levels in the event of natural disasters such as Gustav. Flygt pumps are part of a sophisticated system that serves the east bank of New Orleans by draining storm run-out to prevent flooding. When the city lost electricity during the storm, diesel fuel and standby generators powered the pumps to keep pace as the storm surge moved through the canals.



ENABLING VITAL CROPLANDS TO BE IRRIGATED IN PERU

ITT Water & Wastewater helped the city of Lima, Peru to design and install one of the most technologically advanced plants for the reuse of water. Reuse of water is especially important here since Lima is situated in

a desert. The treatment plant is located in one of the poorer neighborhoods of Lima, and is helping to improve the quality of life. Previously, sewage was simply collected and dumped into a river. However, thanks to the plant, the river water is now treated and used to irrigate the land where vital crops are grown for the region.



TRANSPORTING WASTEWATER IN THE BALTIC REGION

The Sestretsk Wastewater sewage treatment plant was reconstructed and modernized by ITT Water & Wastewater within the course of a year, without operations ever having to come to a halt. The project

was a joint cooperation between Saint Petersburg, Finland and Sweden to field off ecological problems that were arising in the region. The plant was designed to cater to a population of 34,000 with a capacity of 17,000 m³ per day. If the pumps demonstrate 98-100 percent self-cleaning efficacy, they will then achieve an efficiency level of 80 percent.

Honoring the rights of every human

> We will continue to explore the many ways in which our business can enable human rights like the right to life, the right to liberty and security, the right to equality, and the right to an education.

> ITT partners with Water For People and with Mercy Corps for Emergency Response to secure safe water in times of emergency.

> We have established a Supplier Ombudsperson Program to help our suppliers achieve the highest ethical standards when conducting business with us. This program allows our suppliers to report concerns and issues they might have regarding our ethical and compliance behavior when dealing with them.

ITT Water & Wastewater are committed to adding value to society through our core business. We actively support the United Nations Global Compact whose ten principles reflect our own values. We are convinced that business has a pivotal role in supporting human rights.

We have conducted various projects around the world over the course of the year to help stimulate social and economic development. And we will continue to work with governments, regulators, the United Nations and non-governmental organizations (NGOs) to facilitate community service and goodwill. The best demonstration of this value is ultimately through real projects in action. For example we are, together with our owners, the proud sponsors of the Stockholm Water Prize and the Junior Water Prize.

THE ETHICAL AND COMPLIANCE PROGRAM
The program was launched in 2008 in order to develop and sustain a well-entrenched ethical and compliance culture within ITT Water & Wastewater. An Ethics and Compliance Review Board was established in 2007 to act on complaints of a significant nature, with follow-through on a local level by way of specially appointed ombudspersons. It is mandatory for all employees to adhere to our Code of Conduct. Training programs are conducted regularly for employees in order to secure a high level of knowledge in the ethics and compliance area.

ITT WATERMARK
ITT Watermark is our new philanthropy

program to make a sustainable mark in the world by providing safe water to children and families in need. We are committed to ensuring safe water, sanitation and hygiene education to 300 schools in water-stressed regions of the developing world. Employees of ITT are encouraged to partake in voluntary trips or emergency training, to contribute with monetary donations, as well as to participate in local activities involving informing people about the water issues.

THE INCLUSION AND DIVERSITY PROGRAM
We have continued our efforts at achieving the goals defined in the program to make the company culture as diverse, inclusive, collaborative and productive as possible. We are driving a global initiative to employ a broad base of competent women at all levels within the company. For 2008 the percentage of females employed varies from 17 percent to 28 percent which is a wider spread than in 2007.

CODE OF CONDUCT
We have communicated our Code of Conduct to our suppliers over the course of 2008, which basically sets demands on their dealings with us as a customer. Over 2009, we will add social and ethical parameters to our Supplier Assessment and Auditing tools. This will enable us to systematically assess all potentially new suppliers with regard to compliance from a social and ethical point of view even before forming a business relationship with them.



SUPPORTING EARTHQUAKE DEVASTATED AREAS OF CHINA
The water supply systems of more than 20 cities and town in the Sichuan Province of China had suffered critical damage due to devastating earthquakes. More than one million people were left without any reliable source

of safe drinking water. ITT Water & Wastewater responded immediately by donating eight sets of water purification equipment and consumables. ITT Water & Wastewater experts and technicians flew in to the area to set up the equipment and to train the locals to operate the systems. The units have the capability of producing safe drinking water from surface water sources in emergency situations.



SAFETY ACCOUNTABILITY IN EMMABODA, SWEDEN
Occupational injuries must never be accepted as part of our operations. At the Emmaboda plant we focus on preventive and corrective actions to eliminate or reduce risks for incidents and accidents. A new tool for Job

Safety Analysis was introduced in 2008. We have improved the procedure for reporting and acting on near misses and accidents. All supervisors, managers and safety representatives have been trained. During 2008, we incurred 2.16 injuries per 100 employees. It is our goal to minimize injury frequency over 2009 to 1.0. An injury frequency <1 is world class.



WORKING TO HELP THE PEOPLE OF MYANMAR
ITT Water & Wastewater donated both financially and with water treatment units to Myanmar after cyclones crippled the country in May 2008. We were also there for the people of Myanmar after the

country was ravaged by the Indian Ocean tsunami in 2004, when we donated 60 portable STI treatment units along with a sizeable financial contribution for recovery efforts.



ENABLING MEDICAL AID TO VIETNAM
The employees of ITT Water & Wastewater, Australia are part of an organized team of philanthropists. These people come together annually to offer much needed medical services to Vietnamese living in remote

villages and farming communities. Doctors, optometrists, nurses and administration staff are all part of the team. They provide everything from routine examinations to surgery, performed in makeshift clinics equipped with instruments, microscopes and medical supplies that have been flown over from Australia to Ho Chi Minh City and then transported through the rivers and jungles of Vietnam.



HELPING THE UNDERPRIVILEGED IN SOUTH AFRICA
ITT Water & Wastewater donate money and IT equipment to the African Community Trust (ACT) as a way of assisting with the funding of various needy charities in South Africa, the contributions of ITT

Water & Wastewater go towards supporting six different projects. These are the Othandweni Feeding Scheme, the Alberton pensioner refreshments scheme, the Alberton Boys Home, two separate nursery schools, and the Alberton SAPS Trauma Centre.



REACHING OUT TO STUDENTS IN CHINA
In September 2008, ITT Water & Wastewater donated 229,199 RMB to the Toutai Primary School in Yi County, China. The donation was to enable the school to build 20 classrooms, as well as

purchase gym equipment, desks, chairs and computers for the students.

Achieving sustainability through innovation

> With the product efficiency index we calculate the average energy consumption of all our sold pumps during one year. Estimates indicate that it would be equivalent with the country of Sweden's yearly consumption (150 TWh).

Enabling safe water for everyone is a goal that is filled with dynamic challenges that occur with factors like climate change and population growth. Our greatest asset at ITT Water & Wastewater is our ability to innovate and create solutions that meet emerging demands. And in this way, we have always pushed back the frontiers of engineering excellence.

Since the use of energy from our products is the company's most significant environmental aspect it is important for us to measure it. The result is the Product Efficiency Index where we keep track of the energy efficiency of every sold product from our biggest manufacturing plant. The Product efficiency Index measures how well we develop products with high efficiency but also how well the sales companies sell the alternative with the highest efficiency to our customers.

THE HIGHEST PRODUCT SAFETY

We have a design, manufacturing and supply philosophy that sees product safety considerations as an integral part of our

operations. Issues of safety include not only the physical characteristics of the product, but also an understanding of how the product will be used and other factors which affect its safe use. The ITT Water & Wastewater product safety board implemented a safety policy in 2008. This policy applies throughout the organization with emphasis on education and risk assessments for all legacy products sold by ITT Water & Wastewater.

ENVIRONMENTAL PRODUCT DECLARATIONS

The energy consumption for individual products is to be found in our Environmental Product Declarations (EPDs). We have established EPDs for five of our high volume products: 3085, 3153, 3171, 3202 and 3301. We developed a further six EPDs over the course of 2008. These have been verified by De Norske Veritas according to ISO 14025 and will be furnished in 2009.

SERVICES THAT MAKE FOR SUSTAINABLE SOLUTIONS

Our approach is to deliver the most lean



THE GROUNDBREAKING WAHTER STUDY

The Marshfield Clinic is a research hospital located in a small town in central Wisconsin. Seventeen ITT Wedeco Ultraviolet (UV) Disinfection Systems were purchased by the clinic as part of an EPA funded

groundbreaking study on the effects of UV Disinfection with groundwater sourced drinking water supply. The study is called the Wisconsin WAHTER (Water and Health Trial for Enteric Risk). The demands by the Marshfield Clinic for the study put our innovative skills and expertise to the test. Firstly the UV systems were to be manufactured and shipped within three months. There were in total seven different sized systems from our B and BX series for the treatment of water flows ranging from 560 liters per minute to

5,670 liters per minute. The systems were also required to deliver a 50 mJ/cm² dose of UV-C radiation. Moreover, right up till that point in time, the UV systems were validated using a dose of 40mJ/cm² as per German and Austrian standards there are widely accepted in the USA. ITT Water & Wastewater Herford interpolated the validation data to deliver new curves with the required 50 mJ/cm² dose. The R&D was based on given flow rates and Ultraviolet Transmissivity obtained from water samples taken at each well site. The Center for Disease Control report that 50 percent of waterborne disease outbreaks in the US are related to groundwater consumption. Half of these outbreaks are due to viruses. Approximately one-third of the municipal wells in the USA are contaminated with human viruses. The WAHTER study will provide the most comprehensive assessment of groundwater related disease transmission ever conducted. ITT Water & Wastewater is proud to be a part of this important project.

and efficient water transportation and treatment solutions to customers, no matter where they are in the world. It begins with methodical system integration: one supplier to design, build, package, distribute and install systems to ensure that the product is smoothly and transparently optimized.

In this way, service is integral to the entire offering. ITT Water & Wastewater have some 125 global service outlets. We have a sound ESH program in place that includes training, audit and impact assessments. We conduct soil and groundwater investigations to analyze the environmental impact of our ongoing activities. This enables us to be proactive to changing conditions, and solve any emerging issues before they become costly.

STRICT HEALTH AND SAFETY STANDARDS

Health and safety considerations are well ingrained in all of us at

ITT Water & Wastewater. A safe workplace is of primary importance with regard to our employees, our customers and other stakeholders.

Our service technicians are well versed in equipment checking, and conduct special procedures for ensuring electrical safety, entering confined spaces. They work to the highest levels of cleanliness and remove all waste and chemicals from the site.

We have also implemented a voluntary certification process for workshops that belong to our worldwide chain of distributors and joint venture partners. This certificate is based in part on ESH requirements.

> During 2008 more than 30 site environmental assessments including phase 1 and 2 have been done when entering or leaving a site.



DESALINATING WATER FROM THE ARABIAN SEA

Dubai is now home to one of the world's ten largest seawater reverse osmosis desalination plants. Each day it transforms salt water from the Arabian Sea into 113,000 m³/day of drinking water. ITT Water &

Wastewater was issued the contract in 2004 from PAL Technologies, the local engineer, procurer and contractor that supplied the turnkey package. The company designed, manufactured, supplied and installed all products for the plant, taking responsibility for the entire desalination process: from intake pump station, pre-filtration, through to the Reverse Osmosis membranes and the distribution pump station, including instrumentation and controls. Other responsibilities included the facilities layout plan, civil contractor supervision, commissioning, training and performance guarantees. Reverse osmosis technology has existed for decades, but the drawback has always been high-energy requirements. The more salty the water, the more energy or pressure it takes to push the water through the membranes. To address this challenge, the innovative solution of ITT Water & Wastewater includes energy recovery turbines that generate their own energy. This has cut external energy requirements by 45 percent compared to older desalination plants. The project offered several unique challenges, all of which ITT successfully resolved, making reliable and affordable drinking water available to the rapidly expanding population of this region.



SIMPLICITY, AFFORDABILITY AND RELIABILITY WHERE NEEDED MOST

ITT Water & Wastewater have designed and developed a series of pumps especially for the unique needs of emerging markets. The demand for handling wastewater is often crucial

to developing countries. At the same time, it is often here that financial constraints override quality and efficiency. The Flygt Steady series of quality pumps from ITT Water & Wastewater will deliver sustained energy efficiency and reliability. The pumps are built in China, thereby enabling the creation of new jobs and utilization of local resources. The concept behind Flygt Steady makes sound business sense, as we can capitalize on producing value engineered pumps built specifically for the needs of a broader market. We also claim leadership in these new economies and differentiate ourselves against the competition. And we deliver affordable quality where it is needed most. Flygt Steady is sold by way of a distributor network in order to keep costs to a minimum. This will also enable effective penetration of second and third tier cities in developing countries.

Ethical grounds for our financial reporting

As an American-owned, Swedish-based company, ITT Water & Wastewater is in compliance with not only national laws and regulation, but also some specific US laws like SOA (Sarbanes and Oxley Act) and FCPA (Foreign Corrupt Practices Act). There are also a number of legal requirements like the financial reporting, which is based on the ethical foundation described in Code of Conduct, as well as corporate guidelines like the Anti Corruption Manual, which delimits ethical behaviour.

All managers and employees who are related to finance, sales and logistics receive FCPA training. The participation rate of those trainings are measured and followed up by top management.

External and internal audits are operational tools to assess the observance of the laws and regulations. Internal audits are preceded by a risk assessment,

used for prioritizing and planning, which includes all subsidiaries globally in ITT Water & Wastewater. The overall risk factor considers several areas like volume and other key metrics, systems, industry and markets, fraud and legal risk, etc. Internal audits include SOA, FCPA, Fraud and Balance Sheet reviews. Balance Sheet reviews are established on a regular basis, both as an internal control and as an exchange of experience between the subsidiaries within the financial organization.

GLOBAL REPORTING INITIATIVE (GRI)
The GRI guidelines are designed to provide a uniform method of benchmarking sustainability reporting among companies worldwide. We have used the guidelines according to level B. Some indicators are presented in the following pages. Additional indicators can be found at www.ittwww.com/sustainability

In pursuit of a sustainable future

STAKEHOLDER ENGAGEMENT

We believe we have come a long way in efforts at honoring life by preserving the cycle of water. Our dialogue with our stakeholders is an ongoing process and will define the way we relate to the communities and societies with which we are involved. And yet there is so much to do in order to do our part in creating a sustainable future for generations to come.

> We will continue to minimize our ecological footprint wherever we are in the world. We will take on the issues related to climate change, and seek to improve quality of life for all through our core business.

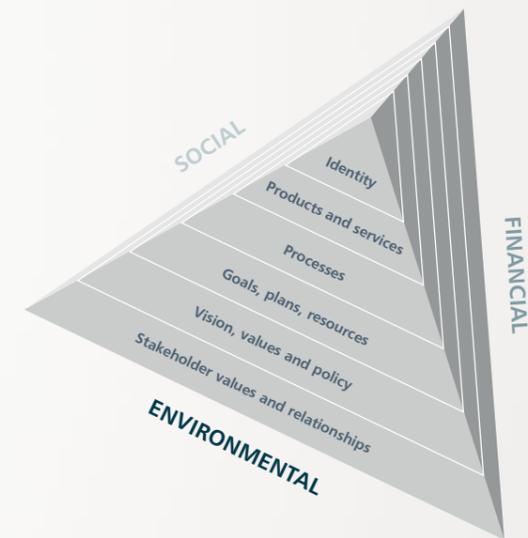
> We will always work to enable human rights by promoting social and economic development wherever we are in the world. To this end, we will seek to achieve new heights with our global initiatives like the ITT Watermark.

> We are committed to running an ethical, responsible business. Transparent and accountable governance and management are the pillars of corporate responsibility. And we keep working to

implement and uphold the highest ethical standards within the company and with our suppliers.

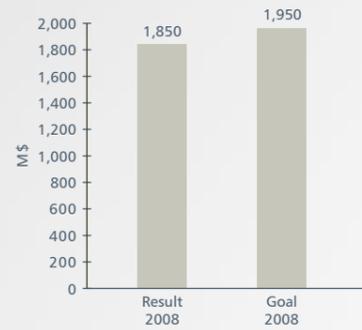
> We are now, and we will continue to be, in a cost-saving mode of operations, even as we maximize on our sales efforts to align ourselves with the financial challenges that the world faces.

Sustainability pervades all of our operations at ITT Water & Wastewater. All our strategies, activities and initiatives springboard from a platform that encompasses three dimensions: financial, social and environmental. It is best described by way of a pyramid, where all three aspects are of equal importance and in balance with one another.



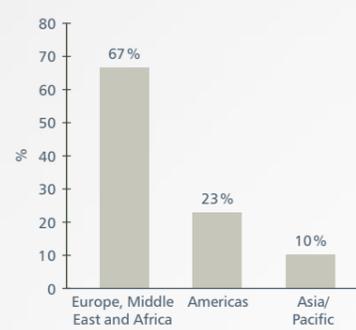
FINANCIAL

Sales



LABOUR AND DECENT WORK

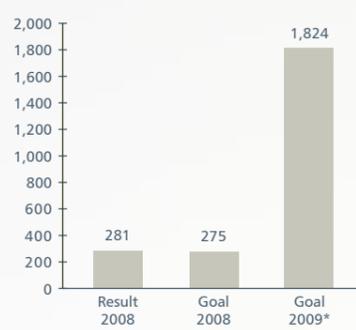
Number of employees per region 2008



Total number of employees: 5,787.

SOCIETY

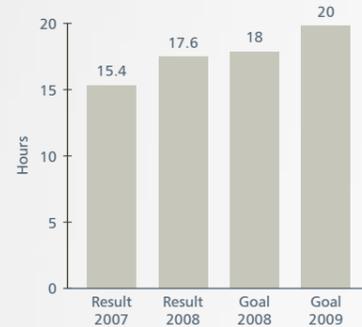
Number of employees trained in anticorruption



* Extended target group through web training.

HUMAN RIGHTS

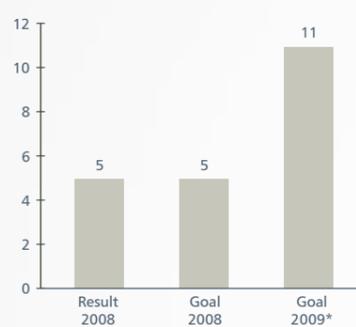
Number of training hours/employee



It is mandatory for all employees to do the Code of Conduct training. In 2008 5,505 out of total 5,540 W&WW employees completed the training.

PRODUCT RESPONSIBILITY

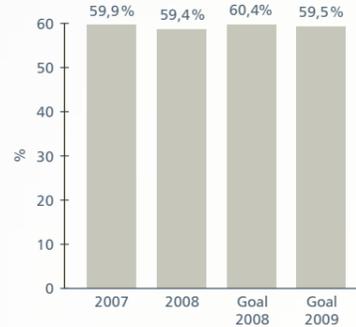
Number of certified product declarations



All new products go through life cycle assessments. The scope of the LCA starts with the extraction of raw material to the product and ends with the recycling of the product when it's taken out of service. The following products have EPD's: 3085.183, 3153.181, 3171.181, 3202.180, 3301.180. According to ISO 14025.

ENVIRONMENTAL

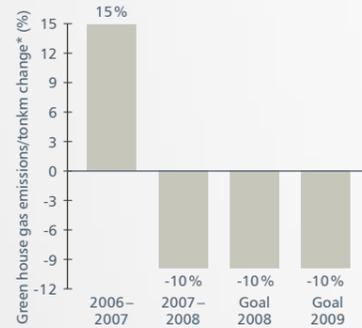
Product efficiency rate; average energy consumption of all our sold pumps during one year.



The annual improvement goal is 0,5%. 2007: Only products manufactured in Emmaboda and Shenyang. 2008: A product line with half the efficiency rate were included in the monitoring when the production was moved to Emmaboda and had a negative impact on the product efficiency result 2008. The goal for 2009 is adjusted to these circumstances. Anticipated energy consumption during the whole lifecycle of the sold pumps (GWh) for 2007 was 69,624 and for 2008 73,857.

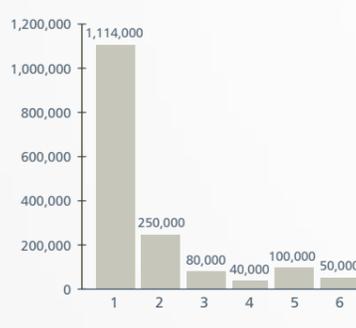
ENVIRONMENTAL continued

Energy saved through efficiency improvements in transportation



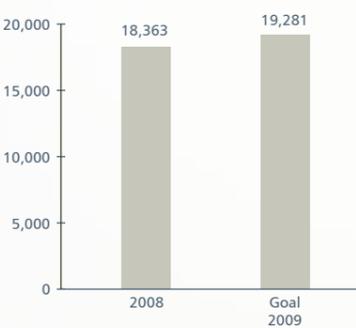
* CO₂ emissions from the plant in Sweden to and from China, and to the two distribution centers and from the two plants direct to sales companies.

Energy savings at the Emmaboda factory 2008 (kWh)



1: District heating.
2: Recovery of waste heat from the hardening furnace.
3: Heat recovery from pump testing to using a heat pump.
4: Heat recovery from an air compressor.
5: Control of lighting by detectors.
6: Optimization of ventilation in the foundry.

Total reported energy savings (GJ)



The annual reduction goal is 5%. Emmaboda plant saved 1,634,000 kWh 2008. Two other major projects that resulted in energy savings were; Shenyang: Relocation of the factory and moving from coal heating to district steam heating 3,310,000 kWh. UK: Renovation of the HQ facility, decreasing the electricity consumption 157,056 kWh.

INDICATORS TO BE FOUND ON OUR WEBSITE WWW.ITT.WWW/SUSTAINABILITY

Financial

PERFORMANCE INDICATOR	DESCRIPTION
EC1	Sales
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.

Social: Labour and decent work

PERFORMANCE INDICATOR	DESCRIPTION
LA1	Total workforce by employment type, employment contract, and region.
LA2	Total number and rate of employee turnover by age group, gender, and region.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.
LA10	Average hours of training per year per employee by employee category.
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.

Social: Society

PERFORMANCE INDICATOR	DESCRIPTION
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.
SO2	Percentage and total number of business units analyzed for risks related to corruption.
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.
SO4	Actions taken in response to incidents of corruption.

Social: Human rights

PERFORMANCE INDICATOR	DESCRIPTION
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.

Social: Product responsibility

PERFORMANCE INDICATOR	DESCRIPTION
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.

Environmental

PERFORMANCE INDICATOR	DESCRIPTION
EN1	Materials used by weight or volume.
EN2	Percentage of materials used that are recycled input materials.
EN3	Direct energy consumption by primary energy source.
EN4	Indirect energy consumption by primary source.
EN5	Energy saved due to conservation and efficiency improvements.
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.
EN8	Total water withdrawal by source.
EN16	Total direct and indirect greenhouse gas emissions by weight.
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.
EN22	Total weight of waste by type and disposal method.
EN23	Total number and volume of significant spills.
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.



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What can ITT Water & Wastewater do for you?

Integrated solutions for fluid handling are offered by ITT Water & Wastewater as a world leader in transport and treatment of water and wastewater. We provide a complete range of water, wastewater and drainage pumps, equipment for monitoring and control, units for primary and secondary biological treatment, products for filtration and disinfection, and related services. ITT Water & Wastewater, headquartered in Sweden, operates in some 140 countries across the world, with own plants in Europe, China and North and South America. The company is wholly owned by the ITT Corporation of White Plains, New York, supplier of advanced technology products and services.

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