

**PENTAIR PLC**  
**CORPORATE GOVERNANCE PRINCIPLES**

**Selection and Composition of the Board**

**1) Board Membership Criteria**

The Governance Committee is responsible for reviewing with the Board, on an annual basis, the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board. Recognizing that the contribution of the Board will depend not only on the character and capacities of the Directors taken individually, but also on their collective strengths, the Board should be composed of:

- a. Directors chosen with a view to bringing a diversity of skills, qualifications, experiences, perspectives, and backgrounds to the Board;
- b. Directors who will form a central core of business executives with financial expertise;
- c. Directors who have substantial experience outside the business community – in the public, academic or scientific communities, for example;
- d. Directors who will represent the balanced, best interests of the shareholders as a whole rather than special interest groups or constituencies;
- e. At least one Director who has the requisite experience and expertise to be designated as an “audit committee financial expert” as defined by applicable rules of the Securities and Exchange Commission; and
- f. A majority of Directors who are Independent (as defined below).

The Governance Committee and the full Board believe the following minimum qualifications must be met by a Director nominee to be recommended by the Governance Committee to the full Board:

- a. each Director should be an individual of the highest character and integrity and have an inquiring mind, vision and the ability to work well with others;
- b. each Director should be free of any conflict of interest which would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director;
- c. each Director should possess substantial and significant experience which would be of particular importance to the Company in the performance of the duties of a director;
- d. each Director should have sufficient time available to devote to the affairs of the Company in order to carry out the responsibilities of a director; and
- e. each Director should have the capacity and desire to represent the balanced, best interests of the shareholders as a whole and not primarily a special interest group or constituency and be committed to enhancing long-term shareholder value.

**2) Selection and Orientation of New Directors**

The Board itself is responsible for selecting its own members and recommending them for election by the shareholders. The Board delegates the screening process involved to the Governance Committee, which recommends to the Board the names of qualified candidates to be nominated for election or re-election as Directors in accordance with the criteria set forth in these Corporate Governance Principles and the Governance Committee Charter. The Board and the Company have implemented an orientation process for new Directors that includes background material, meetings with senior management and visits to Company facilities.

The Governance Committee will consider persons properly recommended by shareholders to become nominees for election as Directors in accordance with the criteria set forth in these Corporate Governance Principles. Recommendations for consideration by the Governance Committee should be sent to the Secretary of the Company in writing together with appropriate biographical information concerning each proposed nominee as required by the Company's Constitution. The Company's Constitution also sets forth certain requirements for shareholders wishing to nominate director candidates directly for consideration by shareowners.

**3) Extending the Invitation to a Potential Director to Join the Board**

The invitation to join the Board should be extended by the Board itself via the Chairman of the Board, the Chief Executive Officer or the Lead Director, if any.

**Board Leadership**

**4) Selection of Chairman and Chief Executive Officer**

The Constitution does not require that the Chairman of the Board and the Chief Executive Officer be the same or different persons. The Board is free to make this choice in any way that the Board deems to be in the best interests of the Company. Therefore, the Board does not have a policy, one way or the other, on whether the role of the Chairman of the Board and Chief Executive Officer should be separate or combined and, if it is to be separate, whether the Chairman should be an Independent Director.

The Board will annually select a Lead Director who is an Independent Director whenever the Chairman is not an Independent Director. The Lead Director shall chair the Board in the absence of the Chairman of the Board and shall have such other responsibilities as set forth in these Corporate Governance Principles or as requested by the Board.

**Board Composition and Performance**

**5) Size of the Board**

The Board is limited to no less than seven members and no more than eleven members by the Constitution of the Company. The consensus of the Board is that any size in this range is appropriate. Any change to the minimum or maximum number of members of the Board would require shareholder approval.

**6) Majority of Independent Directors**

At least a majority of the Board shall be Independent Directors.

**7) Assessment of Director Independence**

For a Director to qualify as "Independent" for purposes of the Board and its Committees, generally the Board must determine that the Director meets the New York Stock Exchange definition of "independent director." The Board must make an affirmative determination regarding the independence of each director annually, based upon the recommendation of the Governance Committee, and monitor its compliance with New York Stock Exchange rules and other applicable standards, including, as applicable, enhanced independence requirements for members of Board Committees, on an ongoing basis.

**8) Former Chairman/Chief Executive Officer's Board Membership**

When a Chairman of the Board or Chief Executive Officer resigns from that position, he or she shall submit his or her resignation from the Board at the same time. Whether the individual continues to serve on the Board is a matter to be determined by the Governance Committee and the Board. The Board believes this is a matter to be decided in each individual instance.

**9) Directors Who Change Their Present Job Responsibility**

Whenever a Director's principal occupation or business association changes, the Director shall submit an offer to tender a letter of resignation for the Governance Committee to consider. The Committee will review whether the new occupation, or retirement, of the Director is consistent with the needs of the Board at that time. The Committee will recommend to the Board any action to be taken in connection therewith.

#### **10) Director Commitments**

All Directors are encouraged to limit the number of other boards of directors on which they serve, taking into account potential board attendance, participation and effectiveness on these boards of directors. In order to permit more effective participation by every Director, the Board has determined to limit the number of boards of directors on which any Director may sit to (i) in the case of a Director who does not serve as an executive officer of a public company, three public company boards of directors in addition to the Company's Board (for a total of up to four public company boards), or (ii) in the case of a Director who serves as an executive officer of a public company, up to two public company boards of directors, consisting of the director's employer's board and the Company's Board, in each case, unless the Board approves an exception from this policy. All Directors shall advise the Chief Executive Officer, the Chairman of the Board and the Chairman of the Governance Committee in advance of accepting an invitation to serve on another for-profit board or the audit committee of another board. The Company will review any potential conflicts of interest or other matters that may affect the Director's independence and advise the Chairman of the Governance Committee as to the results of the review. The Chairman of the Governance Committee will confirm suitability of the proposed directorship or audit committee membership with the Director prior to his or her acceptance of the position. If a Director desires to accept a position on the Board or the audit committee of another public company, that Director must confirm to the Board of the Company that he or she has the time and the capability, notwithstanding the new position, to fulfill his or her responsibilities as a Director of the Company.

#### **11) Term Limits**

Directors are re-elected annually and the Board does not believe it should establish term limits because Directors who have developed significant insight into the Company's operations can provide an increasing contribution to the Board as a whole. Rather, to ensure the Board continues to generate new ideas and operate effectively, the Governance Committee shall monitor Director performance and contributions, as well as the overall mix of the attributes on the Board.

#### **12) Vacancies in Directorships**

Vacancies in directorships may only be filled by the directors or the shareholders in accordance with the Constitution.

#### **13) Retirement Age**

When a Director reaches the age of 75, the Director shall submit to the Board to consider an offer to tender such Director's resignation effective as of the first annual general meeting of the Company's shareholders after such time. The Governance Committee shall review the Director's continued qualifications and contributions to the Board and recommend to the Board any action to be taken in connection with such offer.

#### **14) Board Compensation and Stock Ownership Guidelines**

It is appropriate for the staff of the Company to report once a year to the Governance Committee the status of the Company's Board compensation in relation to its peers and the targeted comparable companies. As part of a Director's total compensation and to create a direct linkage with corporate performance, the Board believes that a meaningful portion of a Director's compensation should be provided and held in stock options and/or units relating to ordinary shares. Within five years after election, Directors are expected to acquire and hold Company stock or stock equivalents having a value equal to five times the annual retainer for Directors.

Compensation for non-employee Directors and Committee chairpersons shall be consistent with the market practices of other reasonably comparable companies, but shall not be at a level or in a form that would call into question the Board's objectivity. Directors who are employees of the Company will receive no additional compensation for serving as a Director of the Company.

Changes in Board compensation, if any, should come at the suggestion of the Governance Committee, but with full discussion and concurrence by the Board.

#### **15) Executive Sessions of Independent Directors**

The non-employee Directors of the Board will meet in executive session at each regular meeting of the Board and as needed at each special meeting of the Board, which executive sessions will be chaired by

the Chairman of the Board or, if the Chairman is an employee, the Lead Director. If the non-employee Directors include directors who are not Independent Directors, then the Independent Directors will meet at least once a year in executive session including only Independent Directors, which executive sessions will be chaired by the Chairman of the Board or, if the Chairman of the Board is not an Independent Director, the Lead Director.

#### **16) Assessing the Board's Performance**

The Governance Committee is responsible to report annually to the Board an assessment of the Board's performance. In addition, each Committee is responsible to report annually to the Board an assessment of that Committee's performance. These assessments will be discussed with the full Board, which will evaluate whether the Board and its committees are functioning effectively.

These assessments should be of the Board's contribution as a whole and specifically review areas in which the Board and/or the management believes a better contribution could be made in order to increase the effectiveness of the Board.

#### **17) Director Continuing Education**

All Directors are encouraged to attend appropriate director continuing education programs. The fees for one such program per year, including reasonable travel and out-of-pocket expenses, will be paid by the Company to the extent not paid or reimbursed by any other organization. The Company expects Directors serving on other public company boards of directors to seek prorated payment or reimbursement of such fees and expenses from all such companies where the Director serves on the board of directors.

### **Responsibilities of the Board**

#### **18) Responsibilities and Duties**

The primary responsibility of the Board is to oversee the performance of the Company, its plans and prospects, as well as immediate issues facing the Company. Directors are expected to attend all scheduled meetings of the Board and the Committees on which they serve and all meetings of shareholders. In addition to its general oversight of management and its duties set forth in the Company's Constitution, the Board (either directly or through its committees) also performs a number of specific functions, including:

- a. Representing the interests of the Company in maintaining and enhancing the success of the Company's business, including optimizing long-term returns to increase shareholder value;
- b. Selecting, evaluating and compensating a well-qualified Chief Executive Officer of high integrity, and overseeing Chief Executive Officer succession planning;
- c. Providing counsel and oversight on the selection, evaluation, development and compensation of senior management;
- d. Reviewing, approving and interacting with senior management with respect to the Company's fundamental financial and business strategies and major corporate actions, including strategic planning, management development and succession, operating performance and shareholder returns;
- e. Assessing major risks facing the Company and reviewing options for their mitigation;
- f. Ensuring processes are in place for maintaining the integrity of the Company, the integrity of its financial statements, the integrity of its compliance with law and ethics, the integrity of its relationships with customers and suppliers and the integrity of its relationships with other stakeholders; and
- g. Providing general advice and counsel to the Chairman of the Board, Chief Executive Officer and other senior management personnel.

#### **19) Board Access to Independent Advisors**

The Board and each committee are authorized to retain and consult with independent advisors, as is necessary and appropriate, without consulting management.

**20) Shareholder Communications with Directors**

Shareholders and other interested parties may communicate with the full Board, non-employee Directors as a group or individual Directors, including the Chairman of the Board, or the Lead Director, if any, or the Director who chairs executive sessions of the Board, by providing such communication in writing to the Company's Secretary, who will directly provide such communication to the full Board or specified Directors, as the case may be.

**Board Relationship to Senior Management**

**21) Regular Attendance of Non-Directors at Board Meetings**

Senior management non-Board members may attend the meetings of the Board at the Board's discretion. In addition, the Board may request the attendance of other individuals as necessary or appropriate.

**22) Board Access to Senior Management**

Board members have complete access to the Company's management. Board members will use their judgment to be sure that this contact is not distracting to the business operation of the Company. Executive officers other than the Chief Executive Officer currently attend portions of Board meetings on a regular basis even though they are not members of the Board.

Furthermore, the Board encourages the management to, from time to time, bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) are managers with future potential that the senior management believes should be given exposure to the Board.

**Meeting Procedures**

**23) Selection of Agenda Items for Board Meetings**

The Chairman of the Board will establish the agenda for each Board meeting in consultation with the Lead Director, if any. Each Board member is free to request the inclusion of additional items on the agenda.

**24) Board Materials Distributed in Advance**

Information and data that is important to the Board's understanding of the business will be distributed in writing to the Board before the Board meets with reasonable time provided for review.

**25) Board Presentations**

As a general rule, presentations on specific subjects should be sent to the Board members in advance so that Board members are adequately informed and prepared and discussion time focused on questions that the Board has about the material.

**Committee Matters**

**26) Number, Structure and Independence of Committees**

From time to time, the Board may want to form a new committee or disband a current committee depending upon the circumstances. The current three committees are Audit and Finance, Compensation and Governance. The Audit and Finance, Compensation and Governance committees shall be composed solely of Independent Directors that, as applicable, meet enhanced independence requirements for members of Board Committees in compliance with New York Stock Exchange rules and other applicable standards.

**27) Assignment and Rotation of Committee Members**

The Governance Committee is responsible, after consultation with the Chairman of the Board and with consideration of the desires of individual Board members, for the assignment of Board members to various committees, subject to the approval of the Board.

It is the sense of the Board that consideration should be given to rotating Committee members periodically, but the Board does not believe that such a rotation should be mandated as a policy since there may be reasons at a given point in time to maintain an individual Director's committee membership for a longer period.

Any Board member is welcome to attend the meetings of any Committee of the Board, whether or not a member of such Committee.

**28) Frequency and Length of Committee Meetings**

The Committee Chair, in consultation with committee members, will determine the frequency and length of the meetings of the Committee.

**29) Committee Agenda**

The Chair of the Committee, in consultation with the appropriate members of the Committee and management, will develop the Committee's agenda.

**Leadership Development**

**30) Formal Evaluation of the Chief Executive Officer**

The Compensation Committee, with input from the other Independent Directors, shall evaluate the Chief Executive Officer annually, and it should be communicated to the Chief Executive Officer by the Chair of the Compensation Committee and (a) the Chairman of the Board, if the Chief Executive Officer is not the Chairman of the Board, and (b) the Lead Director, if any. The evaluation should be based on objective criteria including performance of the business, accomplishment of long-term strategic objectives, development of management, etc. The evaluation will be used by the Compensation Committee in the course of its deliberations when considering the compensation of the Chief Executive Officer.

**31) Succession Planning**

The Board will be responsible for succession planning. The Chief Executive Officer will provide to the Board an annual report on succession planning.

There should also be available to the Chairman of the Board, if the Chief Executive Officer is not the Chairman of the Board, and the Lead Director, if any, on a continuing basis, the Chief Executive Officer's recommendation as a successor should the Chief Executive Officer be unexpectedly disabled.

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Nothing in these Corporate Governance Principles is intended to expand the fiduciary duty or other legal obligations of Board members or officers of the Company beyond those provided for under applicable law or regulation.