

## **Pentair's tax strategy in the UK**

### **Introduction**

The following information is provided in compliance with the requirements of Schedule 19 of the UK Finance Act 2016. The UK tax strategy is being published in accordance with paragraph 19(4). As such, the information listed below is specific to Pentair's UK presence.

The headings below follow the scheme of the legislation and related guidance that has been issued by Her Majesty's Revenue & Customs ('HMRC'), the UK tax authority.

### **Taxes paid by Pentair in the UK**

The Pentair UK Group conducts business activities that generate the reporting and payment of a variety of taxes, including income taxes, employer and employee taxes, as well as indirect taxes such as excise duties and VAT. The taxes the UK Group reports and pays form a significant part of the UK Group's economic contribution to the United Kingdom

### **Pentair Code of Conduct**

It should be noted that Pentair and all its employees operate under a code of conduct, which can be found at the following link:

<https://www.pentair.com/en/about-us/our-approach/code-of-conduct>

As a consequence, all of Pentair's tax affairs are dealt with in line with this code. That is, with the highest business, ethical, moral and civic standards.

### **Approach to risk management and governance arrangements in relation to UK taxation**

Our tax strategy reflects our status as a publicly listed company on the New York Stock Exchange. An exchange listing necessitates strong governance in all areas of operations, including taxation.

Pentair proactively manage tax issues and risks. We maintain internal policies and procedures to support the tax control framework and employ professionals that are experienced in identification and management of tax risk with additional support provided through ongoing training and input of external advisors when appropriate.

### **The attitude of the Group towards tax planning in relation to UK taxation**

Pentair only engages in tax planning to the extent that it supports our business, reflects commercial and economic activity and is in compliance with UK tax rules and regulations.

Pentair UK Group members conduct transactions with other Pentair group companies on an arm's-length basis and in accordance with current OECD principles.

Pentair will not engage in tax planning if the underlying commercial objectives do not support the position, or if the arrangements impact upon the UK Group's reputation, brand, corporate and social responsibilities, or future working relationships with HMRC.

Pentair will not enter into artificial arrangements in order to gain a tax advantage and is committed to paying the correct amount of tax due, at the correct time and in the correct place.

### **The level of risk in relation to UK taxation that the Group is prepared to accept**

Pentair's internal governance does not employ a formulaic prescription of acceptable risk levels. However, as mentioned above, Pentair is listed on the NYSE and ultimately reports to all stakeholders of the Group and as such, acceptable tax risk levels are low.

Pentair accepts that tax laws are complex and may be subject to different interpretation. As a result of this, tax positions may be reviewed and challenged by tax authorities from time to time. Pentair seeks to mitigate this risk by taking appropriate third party professional advice.

Pentair proactively seeks to identify, evaluate, manage and monitor these risks to ensure they remain in line with acceptable risk levels.

### **The approach of the Group towards its dealings with HMRC**

Pentair seeks to build and sustain good relationships with HMRC. Pentair has had, and will continue to have, a constructive and open dialogue with HMRC and will keep HMRC informed of material transactions undertaken within the UK.

The UK Group's strategic aim is to avoid unnecessary disputes with HMRC and thus minimise tax risk, and we will seek to achieve this by continuing to have face-to-face meetings with HMRC to discuss current business initiatives and where appropriate, seeking pre-transaction clearances from HMRC.

Additionally, Pentair will seek to:

- Ensure that any tax filing obligations and any tax payments are made in a timely fashion
- Make fair, accurate and timely disclosure in any correspondence with HMRC
- Seek to resolve issues with HMRC in a timely manner, and where disagreements arise, work with HMRC to resolve issues by agreement where possible.
- Ensure all interactions with HMRC are conducted in an open, transparent and professional manner.