

Remuneration Report 2020

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1. Introduction

1.1 Letter from the Chair of the Personnel and Remuneration Committee

As Chair of the Personnel and Remuneration Committee, I am presenting Uponor's Remuneration Report for the financial year 2020. The report has been approved by the Board of Directors. The Remuneration Report describes the remuneration for Uponor's Governing Bodies as required by the Finnish Securities Market Act, the Finnish Limited Liability Companies Act and the Finnish Corporate Governance Code 2020 (the "Governance Code") issued by the Securities Markets Association. The Remuneration Policy of the Governing Bodies was approved at the Annual General Meeting, 16 March 2020 without any advisory votes.

The Policy provides a framework of the remuneration principles and practices of the Board of Directors (the "Board"), the President and CEO, and the Deputy CEO of Uponor. The remuneration of the Board and the President and CEO in 2020 follows the Remuneration Policy framework and principles, and no deviations to the Policy have been made, nor have any clawbacks of remunerations taken place. The Remuneration Report presents information on the remuneration of the President and CEO, the Deputy CEO and the Board during the financial year 2020. It also presents the development of median employee remuneration and company performance over the past five financial years in comparison to President and CEO, Deputy CEO and Board remuneration. Additional information on company, Board and executive remuneration please see investors.uponor.com/governance/remuneration.

Uponor follows a total remuneration approach built on the principles of fair, competitive, and performance-based remuneration, to ensure long-term business performance and value creation and to attract and retain the most competent personnel. The remuneration of both the President and CEO, and the Deputy CEO is aligned with these principles and follows the guidelines set forth in the Remuneration Policy of The Governing Bodies. A notable portion of the President and CEO's remuneration is based on variable pay, in the form of short-term and long-term incentive programmes. To ensure a strong link between the President and CEO's remuneration and financial performance, the short- and long-term incentive plan criteria are based on the company's financial performance metrics.

In 2020, the COVID-19 pandemic restrictions and the related economic uncertainties affected Uponor's operating environment. However, tight cost control, favourable input costs as well as the on-going operational excellence programme supported the company's favourable development, reflected in the outcomes of the 2020 short-and long-term incentive plans. The remuneration from the short-and long-term incentive plans based on the 2020 financial year will be paid in March 2021 and are thus reported in this Remuneration Report as accrued outcomes.

During 2020, Uponor advanced its operational excellence programme. The main initiatives of the programme are related to the Building Solutions – Europe segment and Group functions, aiming to improve efficiency through reducing complexity and harmonising processes. The programme will have an impact on our personnel, and we estimate that approximately 200 Full Time Employee's will be reduced as a result of the programme by the end of 2021. At the beginning of the year 2020 the number of people working at Uponor was 3,708 (FTE) and 3,658 (FTE) at the year-end. The reduction was mainly due to the operational excellence programme. Uponor's short-and long-term incentive plans are tied to long-term strategic targets. Uponor will continue to follow its principles of pay-for-performance, and market driven and clearly communicated remuneration practices.

The year 2020 will be remembered as the year when we all had to learn new ways of working with the threat of a severe pandemic constantly being present. Uponor is an industrial manufacturing company and large part of our work takes place in our manufacturing sites, where remote work is not an option. I would like to express my deepest gratitude to all Uponorians for their resilience in keeping the company efficiently running during the uncertain times - whether it has been from the home office, or at site.

Annika Paasikivi

Chair of the Personnel and Remuneration Committee

1.2 Pay-for-performance during the preceding five years

The following section presents a comparison between the remuneration of the President and CEO, the Deputy CEO and the Board, the average employee remuneration and company performance for the financial years 2016 to 2020. We have awarded both our employees and executives with well-earned incentives during these years. For further information regarding remuneration and to read our Remuneration Policy of the Governing Bodies, please visit our website at investors.uponor.com/governance/corporate-governance

In our short-term incentive plans we have consistently rewarded participants based on the achievement of pre-determined target levels of comparable operating profit. Further, rewards under the long-term incentive plans have been awarded based on cumulative net sales and intrinsic value. The Board closely follows these performance indicators to assess whether our strategy has been implemented successfully and the Personnel and Remuneration Committee ascertains that it is appropriate to reward employees for attaining targets linked to these performance measures. By meticulously aligning our incentive plans with the goals of Uponor, we ensure that remuneration drives the best interest of the company.

As Uponor is a global company that employs 3,658 professionals in 26 countries in Europe and North America, the remuneration levels vary between these countries. According to the Remuneration Policy of the Governing Bodies, the variable portion of the remuneration of the President and CEO and the Deputy CEO represents a notable part of their remuneration at the target level, whereas employee remuneration is less volatile as a smaller portion of their total remuneration is made up of variable remuneration. The Board members do not participate in any incentive plans, thus the remuneration of the Board is more stable in nature. During the last five years, the remuneration for the President and CEO and the Deputy CEO has been aligned with financial performance and this also applies to the employees of Uponor.

See the table on the next page for specific values.

Five-year development of remuneration and company performance

	2016	2017	2018	2019	2020
President and CEO Pay					
T€	820.9	811.9	720.5	783.6	829.3
Change%*	-	-1.1	-11.3	8.8	5.8
Deputy CEO Pay					
T€	349.3	386.8	378.5	455.4	417.2
Change%	-	10.7	-2.1	20.3	-8.4
Employee Pay** - Finland					
T€	52.9	55.6	53.7	59.2	56.6
Change%	-	5.1	-3.4	10,2	-4.4
Employee Pay** - Global					
T€	50.1	46.1	49.1	53.8	54.1
Change%	-	-7.8	6.5	9.6	0.7
Total Board Pay					
T€	378.6	330.2	401.7	407.7	383.7
Change%	-	-12.8	21.7	1.5	-5.9
Net sales					
M€	1,099.4	1,170.4	1,196.3	1,103.1	1,136.0
Change%	-	6.5	2.2	-7.8	3.0
Intrinsic Value (M€)					
M€	709.7	895.1	1 034.1	931.3	1376.30
Change%	-	26.1	15.5	-9.9	47.8
Comparable Operating Profit					
M€	90.7	97.2	99.3	92.7	142.7
Change%	-	7.2	2.2	-6.6	53.9
Comparable OP %	8.2	8.3	8.3	8.4	12.6
Total Shareholder Return %	24.6	4.4	-45.7	41.1	60.4

*Change% to the previous year

**Employee pay is the average total employee pay including all earned salaries, benefits and bonuses.

2. Remuneration of the Board of Directors for the preceding financial year

As stated in the Remuneration Policy of the Governing Bodies approved by the Annual General Meeting in 2020, Board remuneration consist of annual fees for Board members, Chair of the Board, Chairs of the Board Committees and for the Deputy Chair. The members of the Board of Directors are not employees of Uponor and do not participate in any Uponor incentive scheme or pension arrangement.

The 2020 Annual General Meeting approved the following fees to be paid to members of the Board of Directors.

- Chair of the Board of Directors: €90,000
- Deputy Chair of the Board of Directors: €51,000
- Chair of the Board's Audit Committee: €51,000
- Each other member of the Board: €46,000

Approximately 40% of this yearly remuneration shall be paid by acquiring Uponor Corporation shares in public trading and/or by conveying Uponor Corporation shares held by the company, and the rest shall be paid in cash or, alternatively, by paying the full remuneration in cash and obligating the Board member to use approximately 40% of the remuneration paid in cash to acquire Uponor Corporation shares in public trading. The yearly Board remuneration was paid within two weeks after the publication of the company's half-year report for January-June 2020. In the case, where the full remuneration was paid in cash, a Board member purchased shares within two weeks after the publication of the company's interim report for January-September 2020.

Travel expenses related to meetings of the Board are to be reimbursed according to the company's travel policy.

Remuneration per each actual Board and committee meeting (excluding decisions without a meeting) shall be paid to the members of the Board of Directors in the amount of €600€ for meetings held in the country of residence of the member, €1,200 for meetings held elsewhere on the same continent, and €2,400 for meetings held on another continent. The remuneration for telephone meetings shall be equal to the remuneration for meetings held in the country of residence of the member.

In addition, remuneration of €600 shall be paid to the Chair of the Board for each Board meeting and to the Chairs of the Board committees for each respective committee meeting.

The practice of taking out insurance under the Employees Pensions Act for the members of the Board acting as persons in a position of trust was discontinued.

All payments to members of the Board of Directors during the financial year 2020 have been in compliance with the Remuneration Policy.

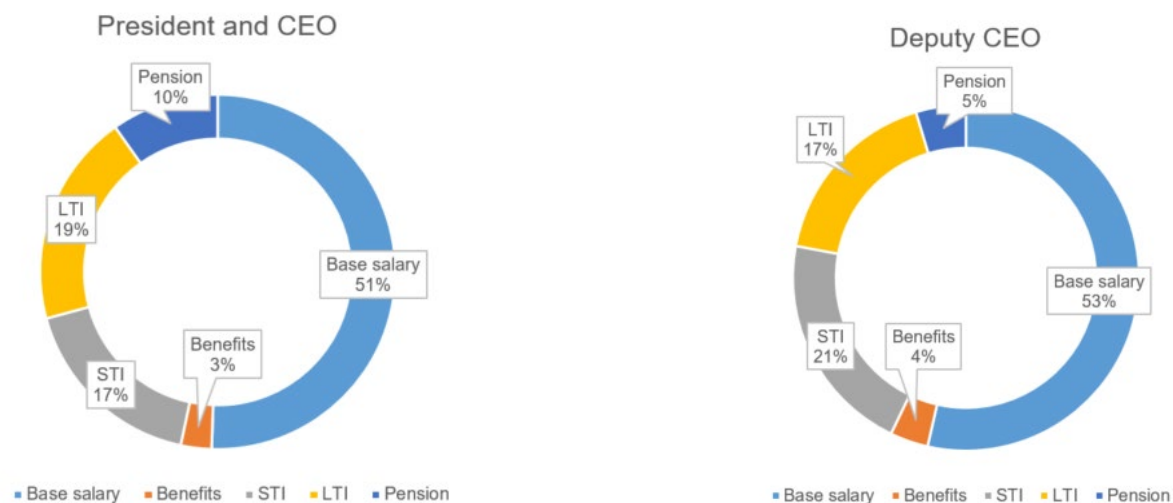
In the financial year 2020, the following fees were paid to the members of the Board of Directors.

Board of Directors	Audit Committee	Personnel and Remuneration Committee	Remuneration in cash €	Remuneration in shares		Remuneration for Board and committee meetings Total €
				Number of shares	Value €	
Paasikivi, Annika, Chair		Chair	53,432	2,352	35,992	15,600
Aaltonen-Forsell, Pia	Chair		30,275	1,333	20,399	10,200
Falk, Johan	Member until 16 March		27,312	1,202	18,394	7,200
Lengauer, Markus	Member		30,275	1,333	20,399	7,800
Lindholm, Casimir		Member	27,312	1,202	18,394	7,800
Marchi, Michael G.	Member as of 16 March		27,312	1,202	18,394	5,400
Nygren, Eva, member until 16 March			-	-	-	1,800
Total			195,918	8,624	131,971	55,800

3. Remuneration of the President and CEO and the Deputy CEO for the preceding financial year

Remuneration of the President and CEO and the Deputy CEO comprises a base salary, benefits and performance-based incentive plans. The incentive plans consist of an annual short-term incentive plan and long-term share incentive plans. In 2020, the President and CEO of Uponor, Jyri Luomakoski, was paid total remuneration of €919,375. The relative proportion of fixed pay was 63% and variable pay 37%. The Deputy CEO, Sebastian Bondestam, was paid total remuneration of €437,612. The relative proportion of fixed pay was 62% and variable pay 38%. The different components are described below.

Actualised President and CEO and Deputy CEO remuneration for financial year 2020



	FIXED REMUNERATION	VARIABLE REMUNERATION		OTHER			
	Base Salary (including taxable benefits: company car and phone)	Short-term incentive (STI)	Long-term incentive (LTI)	Pension / supplementary	Pension / capitalisation agreement		
President and CEO Jyri Luomakoski	490,480	160,132	178,763	40,000	50,000	919,375	TOTAL 2020, €
	-	294,000	n/a	-	-	-	Accrued 2020, to be paid 2021, €
Deputy CEO Sebastian Bondestam	250,000	91,120	76,092	20,400	n/a	437,612	TOTAL 2020, €
	-	150,000	n/a	-	-	-	Accrued 2020, to be paid 2021, €

Performance KPI Actualisation 2020

The following tables present the criteria, weights and achievements of the short-term and the long-term incentive plans paid in 2020 to the President and CEO and the Deputy CEO.

Criteria and total outcome of the short-term incentive plan

	Criteria	Weight	Achievement
President and CEO	Uponor Comparable Operating Profit	100%	Between threshold and target
Deputy CEO	Uponor Comparable Operating Profit	40%	Between threshold and target
	Uponor Infra Comparable Operating Profit	60%	Between threshold and target

Criteria and total outcome of the long-term incentive plan. Performance period LTI 2017-2019 (paid in 2020)

	Criteria	Weight	Achievement
President and CEO	Intrinsic Value	60%	Between threshold and target
	Net Sales	40%	Target level
Deputy CEO	Intrinsic Value	60%	Between threshold and target
	Net Sales	40%	Target level

Summary of the remuneration of The President and CEO and Deputy CEO for financial year 2020

Element	Remuneration Description	
	President and CEO	Deputy CEO
FIXED / Base salary and benefits	The annual base salary and benefits is €490,480 including taxable benefits: company car and phone	The annual base salary and benefits is €265,000 including taxable benefits: company car and phone
VARIABLE / Short-term incentive (STI)	<p>Performance year 2019 The maximum STI opportunity is 60% of the annual base salary. No changes was made to the STI maximum opportunity in 2019.</p> <p>Performance year 2020 (paid in 2021) The maximum STI opportunity is 60% of the annual base salary. No changes have been made to the STI maximum opportunity in 2020.</p>	<p>Performance year 2019 The maximum STI opportunity is 60% of the annual base salary. No changes was made to the STI maximum opportunity in 2019.</p> <p>Performance year 2020 (paid in 2021) The maximum STI opportunity is 60% of the annual base salary. No changes have been made to the STI maximum opportunity in 2020.</p>
<p>VARIABLE / Long-term incentive (LTI)</p> <p><i>For additional long-term incentive plan descriptions, please see our website.</i></p>	<p>Performance year 2019, paid in 2020: Payment was made partially in shares and cash: €178,763 was paid in February 2020. The share proportion consisted of 6,360 shares. The maximum reward for the performance period would have been 37,000 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward.</p> <p>Performance year 2020 (paid in 2021) The maximum reward for the performance period would have been 39,000 shares. The reward will be 6,704 shares to be transferred to his book-entry account, in connection with the cash portion intended to cover taxes and the tax-related costs arising from the reward, which corresponds to the value of 6,985 shares. The value of the reward in euros will be based on the share price on the transfer day.</p> <p>Ongoing plans The maximum reward for the ongoing LTI 2019-2021 performance period is 60 000 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward.</p> <p>The maximum reward for the ongoing LTI 2020-2022 performance period is 60 000 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward.</p> <p>The maximum reward for the ongoing LTI 2021-2023 performance period is 43 000 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward.</p>	<p>Performance year 2019, paid in 2020: Payment was made partially in shares and cash: €76,092 was paid in February 2020. The share proportion consisted of 2 707 shares. The maximum reward for the performance period would have been 15,750 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward.</p> <p>Performance year 2020 (paid in 2021) The maximum reward for the performance period would have been 17,550 shares. The reward will be 3,017 shares to be transferred to his book-entry account, in connection with the cash portion intended to cover taxes and the tax-related costs arising from the reward, which corresponds to the value of 3,145 shares. The value of the reward in euros will be based on the share price on the transfer day.</p> <p>Ongoing plans The maximum reward for the ongoing LTI 2019-2021 performance period is 27 000 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward.</p> <p>The maximum reward for the ongoing LTI 2020-2022 performance period is 27 000 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward.</p> <p>The maximum reward for the ongoing LTI 2021-2023 performance period is 19 350 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward.</p>
OTHER / Pensions	The President and CEO participates in a non-statutory defined contribution pension plan. The annual employer contribution is €40,000. The CEO may retire at the age of 63. The Company has further concluded a pension arrangement based on a capitalisation agreement for the benefit of the President and CEO, into which the company paid €50,000 in 2020.	The Deputy CEO participates in a non-statutory defined contribution pension plan. The annual employer contribution is €20,400. The Deputy CEO may retire at the age of 63.