

A photograph of a woman with blonde hair, smiling and looking towards the left. She is wearing a white button-down shirt and a black lanyard. The background is slightly blurred, showing green foliage and a building. A dark blue banner is overlaid on the bottom left of the image.

**uponor**

**Annual Review**  
**2020**

# Contents

Uponor's Annual Report for 2020 consists of an Annual Review and a Financial Review, which are published as separate PDF documents and can be found on our website.

You are now reading the Annual Review 2020, which covers the key topics of Uponor's business and sustainability in 2020. The Financial Review consists of the Report by the Board of Directors, Financial Statements for 2020 and Auditor's report. Corporate Governance Statement and Remuneration Report are published as separate PDF documents on our website.

[investors.uponor.com](https://investors.uponor.com)

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# Uponor in brief

We are rethinking water for future generations. Our offering, including safe drinking water delivery, energy-efficient radiant heating and cooling and reliable infrastructure, enables a more sustainable living environment.

Our key customer segments



Residential



Commercial



Municipalities and utilities



Industrial



**3,700**

employees on average in 2020

**€1.1**

billion in net sales in 2020

**78**

countries where our products are sold

# Exceptional year 2020

During this exceptional year, the top priorities were employees' safety and well-being, supporting the adaption of new ways of working and running our daily business. Uponsorians continued to work efficiently despite the challenging and changing circumstances. We were able to keep all our manufacturing facilities open and running, but remote work became a new normal for many. This shows the great passion and attitude Uponsorians have for their work.



## 12.6%

Our comparable operating margin was above our long-term financial target

### Ultra Rib 2 sewer system

Ultra Rib 2 sewer system has always outperformed the demands of the market, but in 2020 it became even better and stronger. The system's reliability was further improved by the construction of an in-line socket, ensuring easy installation, smooth flow and maintenance, as well as minimising the risk of leakage.



## 7.5

Our lost time incident frequency, LTIF, decreased



### PP-RCT offering

Building Solutions – North America started a phased rollout of PP-RCT pipe and fittings offering, made exclusively for Uponsor via a partnership with Pestan North America. The partnership was announced in September 2019.

### Employee engagement survey

In these exceptional circumstances, it was important to ask how Uponorians were feeling and coping at work. In October, we conducted an employee engagement survey. The response rate was an outstanding 85% and the record amount of written feedback that we received will now turn into action points.



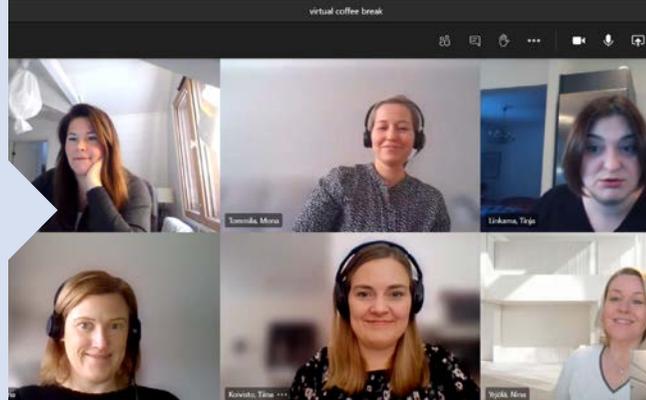
# M€142.7

Our comparable operating profit increased

We reached our climate related goal to reduce direct and indirect scope 1 and 2 GHG emissions by 20% per net sales by 2020, from the 2015 levels

### Digital leap

Digital ways of working took big leaps forward at Uponor in 2020. We took in use new digital tools to help us continue working efficiently remotely when needed. We learned a lot and found new ways of working, cooperating and sharing. Many teams started to organise virtual coffee breaks to catch up with teammates.



# Moving > Forward

### Climate roadmap

In the fight against climate change, we committed to the Science Based Targets initiative and pursue actions, which limit the global temperature rise to 1.5°C.

In 2021, we will continue our digital leap with virtual product launches. We will also continue the implementation of our refreshed brand, which is already visible in this Annual Review.



# We made progress on all four strategy pillars

Climate change, scarcity of resources, urbanisation and digitalisation continue to bring new opportunities and also requirements for the construction industry. Our vision is to become a recognised leader in sustainable building and infrastructure solutions. Our purpose statement – rethinking water for future generations – highlights that water is the heart of our operations.

We build on our strong market position in plumbing and indoor climate solutions and we continue to expand in the commercial building solutions segment. On the infrastructure side, we continue to grow our sales of designed solutions to industrial customers. Our strategy is based on four pillars, and we made progress in each of them during 2020.



## **EMPLOYEES:**

We supported the safety and wellbeing of our employees during the global pandemic by adapting rapidly to the new requirements and enabling remote working where possible.

## **CUSTOMERS:**

We ensured the continuous supply of our products and services and developed new digital ways to interact with our customers.

## **INNOVATIONS:**

We continued the development of both the S-Press PLUS fitting family and various prefabricated solutions in Europe. In North America, we introduced a total polymer solution with large dimension PP-RCT pipes to commercial markets. Uponor Infra expanded in marine construction services with the acquisition of a small Finnish engineering company, Insinööritoimisto Sukellus-Kotka.

## **OPERATIONAL EXCELLENCE:**

We launched a programme aiming to deliver cost improvements of €20 million whose full effects will be realised by the end of 2021. During 2020, we executed this programme as planned and generated savings of approximately €8 million.



The results show that our strengths lie in working environment and equality.



## Engagement survey provides valuable feedback on how we can improve

At Uponor, we seek to develop and improve our organisation constantly, and one of the most effective ways to do it is through employee feedback. Engagement surveys give us valuable information regarding employee satisfaction and engagement and show us the direction we need to take in order to improve.

During the exceptional year 2020, the engagement survey had a particularly important role. The response rate was an outstanding 85%, with the blue-collar response rate at 75%.

“The results show that our strengths lie in working environment and equality – our results in these topic areas were significantly above the industry benchmark. Employees feel that they have the right working environment and equipment to do their job, and consider that everyone is treated equally

at Uponor. Employees also sense a strong connection to the company values, and feel that they correspond well to their personal values,” says **Kati Pursiainen**, Head of Group HR. “On the other hand, the results suggest that we can still improve our remote work possibilities and communicate our strategy and progress better.”

In 2020, a record amount of open-ended feedback was gathered through the survey, which provides valuable additional information on the responses and allows us to construct more precise plans for future improvement. All teams organised team discussions to create action plans. Here employees had the chance to have a further impact and elaborate on their opinions and ideas. These team discussions were highly valuable in further engaging employees in the actions and future direction of the team.

# CEO review

**Dear reader,**

The year 2020 will be remembered in world history books as the year of the COVID-19 pandemic. For Uponor, it will go down in our history as the year in which we broke financial performance records in the post global financial crisis era. Year 2020 is also a testimonial that our strategy and its execution bears fruit.

Reflecting back on 2020, in the early months we were happy with how the year had started. However, this first quarter tailwind rapidly turned into a crosswind when it became evident that COVID-19 is a pandemic that will have an impact on the lives of people in all geographies. Our focus shifted from our normal modus operandi to efforts to safeguard the health and safety of our employees. After this was achieved, we secured our ability to serve our customers, many of whom were, like us, busy safeguarding their people and operations. After a confusing period in April and May, our end markets calmed down somewhat. Construction was deemed an essential industry in most of our geographies and the fundamental needs in society for new or renovated buildings and infrastructure were recognised. From June onwards, we saw stable growth in most of our markets, which carried us through the remainder of the year.

Both we at Uponor and our customers have continued to safeguard the health and safety of employees. This has



In 2020, we broke financial performance records in the post global financial crisis era.

significantly changed the ways of working and interacting. Working from home whenever possible, avoiding physical meetings and especially any bigger gatherings has been a key ingredient of the new normal. A giant leap in digital technologies has facilitated keeping businesses running and enabled people to interact while respecting physical distancing. We have created new ways of maintaining and fostering customer contact, set up virtual curricula for our training programmes, and developed digital product launch events.

In late 2019, we announced the launch of an operational excellence programme. Even though at that time we could not predict what was coming in 2020, it was clear to us that ways of working are continuing to change, there are greater opportunities to utilise the benefits of digitalisation, and customer expectations are continuing to evolve, also in line with our strategic shifts towards the commercial segment. Execution of the operational excellence programme commenced in late spring 2020 and the programme has advanced in line with our earlier laid out plans, improving the agility and efficiency of our business operations.

Business travel has seen its worst crisis due to the pandemic. The flip side of that coin is abundantly evident in the steep decline in the travel-related emissions, and I strongly

believe that the post-pandemic times will demonstrate our and other businesses' ability to operate with lower emissions, certainly not only with respect to travel. In 2020, we worked hard on climate change related issues and after reaching the targets set in 2015, we signed the UN Global Compact Business Ambition for 1.5°C Commitment with science-based emissions reduction targets.

Our purpose statement states that we are "Rethinking water for future generations" – like water, but also success in fighting climate change are prerequisites for enabling future generations to live their lives sustainably on planet Earth. Hence, we see it as our duty to do our utmost as a business to fight climate change.

In 2020, we also worked on a refresh of the Uponor brand – a logical continuation of our work in 2019, when we revisited our purpose and vision statements. In our refreshed brand, we have tried to capture the true colours of Uponor: passion, performance, smart and care. We want to provide our customers quality solutions and set the new standards without compromising what is good for the planet. That is why we are "Moving Forward". Our new brand slogan aptly summarises 2020 for me – despite the challenges posed by the pandemic, we worked hard to deliver on the confidence that our custom-

ers have made the right decision, for today and tomorrow. This is also relevant to our shareholders, to whom I promised at the Annual General Meeting in March 2020 that we would take the best care of their company during the pandemic. Thank you for your confidence.

In these exceptional times, I would like to extend my warmest gratitude to our employees for all their hard work and dedication to deliver that confidence and advance us on our journey towards our vision of being the recognised leader in sustainable building and infrastructure solutions.

Our brand slogan "Moving Forward" will be relevant also for me. My career of some 25 years with Uponor, of which last twelve years as CEO, will end later this year. I would like to thank all our stakeholders for their trust in us during these years.

**Jyri Luomakoski**  
President and CEO

# How we create value

Megatrends, especially climate change and scarcity of resources, urbanisation and digitalisation create opportunities as well as requirements for our operations.

Operating in an industry with a strong influence on sustainable living, our purpose is to rethink water for future generations. We offer high-quality indoor climate, plumbing and infrastructure solutions, which enhance the wellbeing of our customers and the communities we all live and work in. Through innovation and partnerships, we are committed to long-term value creation and to creating a more sustainable world.

## Inputs

### Financial

- Total equity €421.9 million
- Net interest-bearing debt €15.1 million
- Cash and cash equivalents €138.0 million

### Natural resources

- Total energy consumption 208,500 MWh
- Electricity purchased 166,400 MWh
  - Of which, certified green electricity 136,600 MWh
- Raw materials used 157,100 tonnes
- Water consumption 139,300 m<sup>3</sup>

### Manufacturing & innovation

- 16 manufacturing facilities in 8 countries
- Research & development, innovations and patents

### People

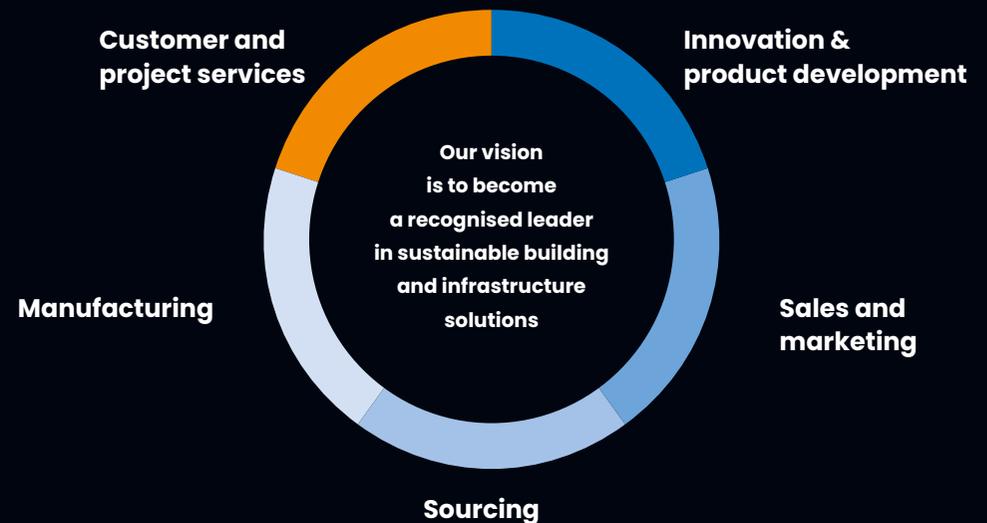
- 3,658 employees in 26 countries
  - 55% white collars and
  - 43% blue collars
- Investment in occupational health and safety
- Training opportunities for all employees

### Partnering

- Partner network
- Co-operation with industry, trade organisation and authorities
- Collaboration with universities and education institutions

### Uponor brand

## Business model



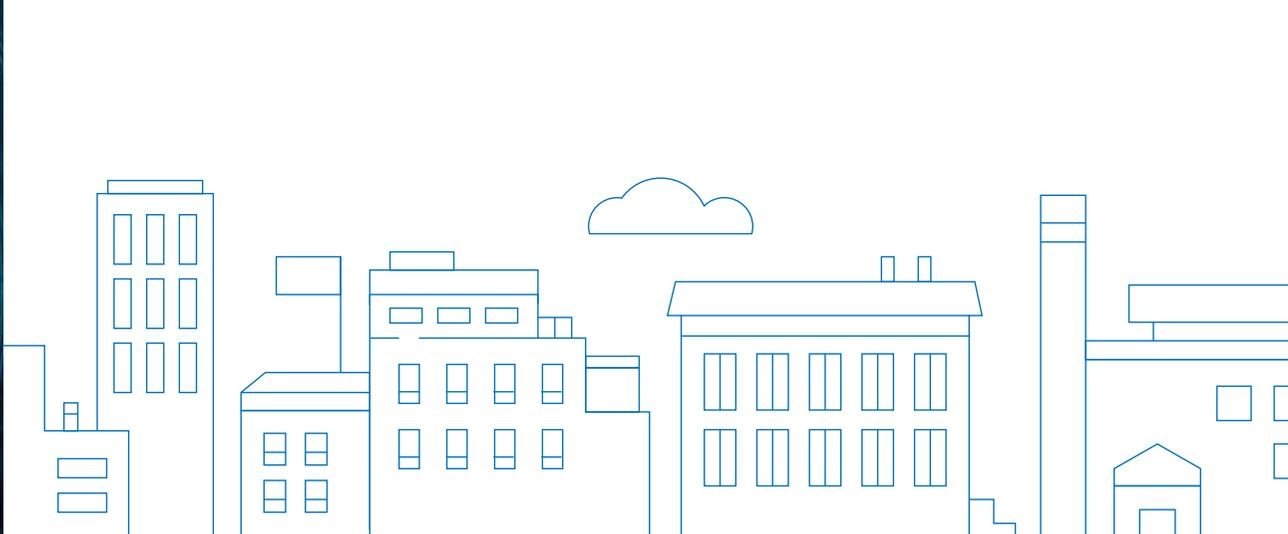
## Strategic pillars

Empowered and engaged employees

Customer experience

Innovative products and services

Operational excellence



## Outputs

### Sustainable solutions

- Products and services that reduce the use of scarce resources and improve efficiency
  - Energy-efficient radiant heating and cooling
  - Safe drinking water delivery systems
  - Reliable infrastructure solutions

### Emissions and waste

- Total waste 15,900 tonnes
  - Waste recycled 97.0%
  - Waste to landfills 3.0%
- Share of hazardous waste 1.3%
- Total greenhouse gas emissions (Scope 1) 6,700 tonnes
- Total greenhouse gas emissions (Scope 2) 14,400 tonnes
- 49 workforce accidents
- Incident rate (LTIF) 7.5 per million work hours

## Value created

### Environment

- Products that save energy, improve health and increase comfort
- 15 manufacturing facilities are ISO 14001 certified
- 9 manufacturing facilities are ISO 50001 certified

### Society

- Taxes and social costs €62.8 million

### Customers, partners and suppliers

- Product and service suppliers purchases €723.0 million
- Focus on customer satisfaction
- Safe and reliable products with a long lifespan

### Employees

- Increased experience and knowhow
- Salaries and remunerations €220.8 million
- eNPS score at 36, which is among the top 10% in the manufacturing industry

### Shareholders

- Dividends €40.0 million
- Return on Equity 24.3%

# Sustainable building and infrastructure solutions

We help our customers in residential and commercial construction, municipalities, and utilities as well as in different industries to work faster and smarter, while end-users can enjoy ease and comfort.

## Digital offering

Our digital offering includes modern room temperature control systems, such as Uponor Smatrix, which offers compatibility with various voice assistants. We also offer smart solutions that help conserve water and protect homes from leakage, for example the Phyn Plus smart water assistant.

## Plumbing & heat interface units

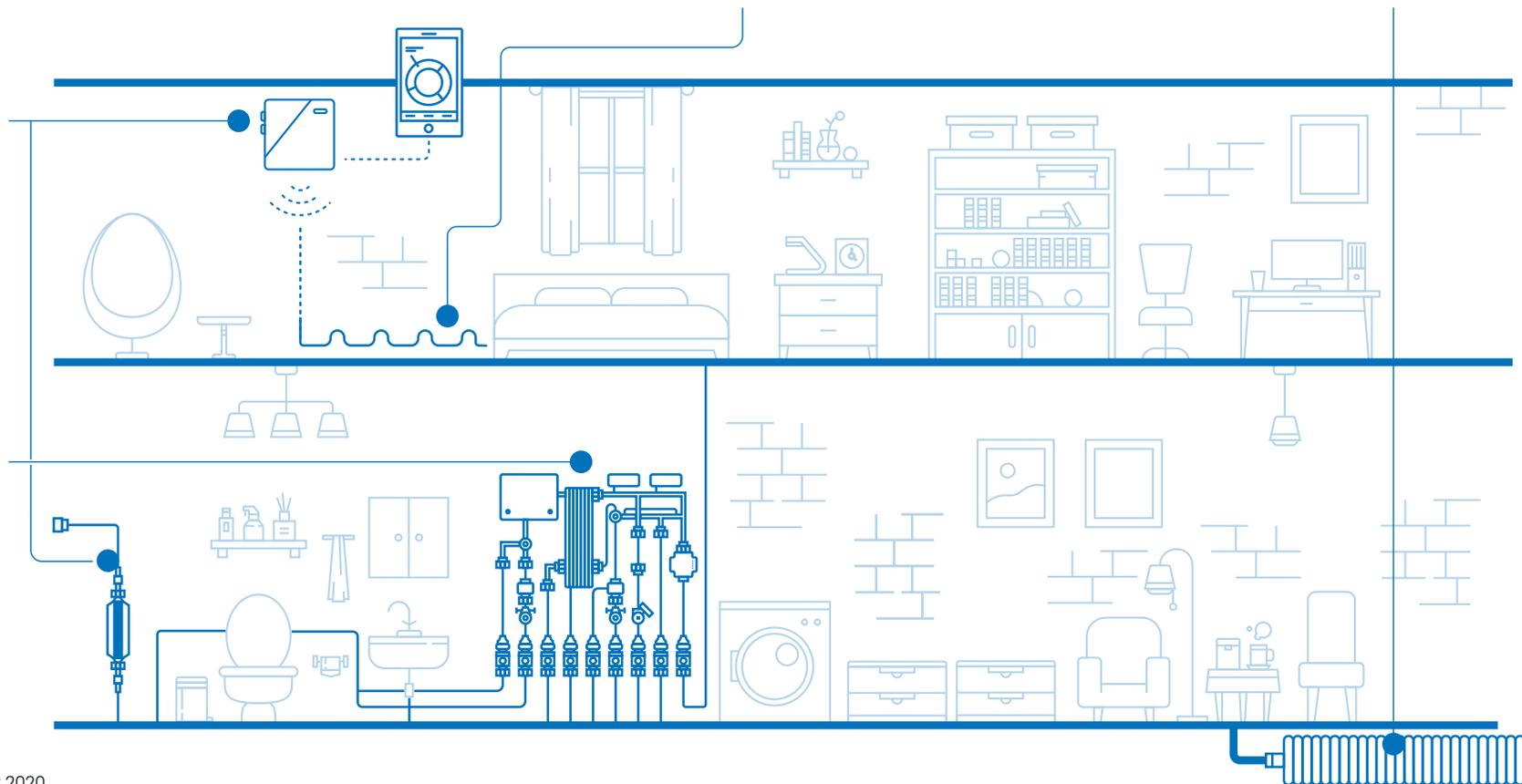
Our plumbing installations for residential and commercial spaces ensure hygienic drinking water delivery with plastic pipes and fittings that are quick and easy to install. We also offer prefabricated heat interface units that supply energy-efficient heating and cooling and hygienic hot water.

## Energy transfer

Our energy-efficient heating and cooling systems for residential and commercial spaces distribute heat evenly, ensuring comfortable temperature all year round. In addition to interior comfort, our solutions can bring safety to exterior surfaces with our turf conditioning or snow and ice melting systems.

## Local heat distribution

Our modern solutions for local heat distribution meet the strictest requirements with regard to safety, reliability, durability, and efficiency. Our Ecoflex pre-insulated pipes can be used for residential house connections and district heating and cooling networks, as well as for cold and warm tap water distribution.



### Sewer & storm

Our stormwater systems for municipal, residential, and commercial construction, roads, and agriculture provide varied solutions for managing stormwater and preventing floods, providing one of the market's most complete sewer network product offering.

### Pressure pipe systems

Made for water, gas, and wastewater transportation, our polyethylene pressure pipes are flexible and durable. Including a barrier pipe with a polymer protection layer that can withstand the toughest toxins, it allows drinking water distribution through polluted soils.

### Water monitoring services

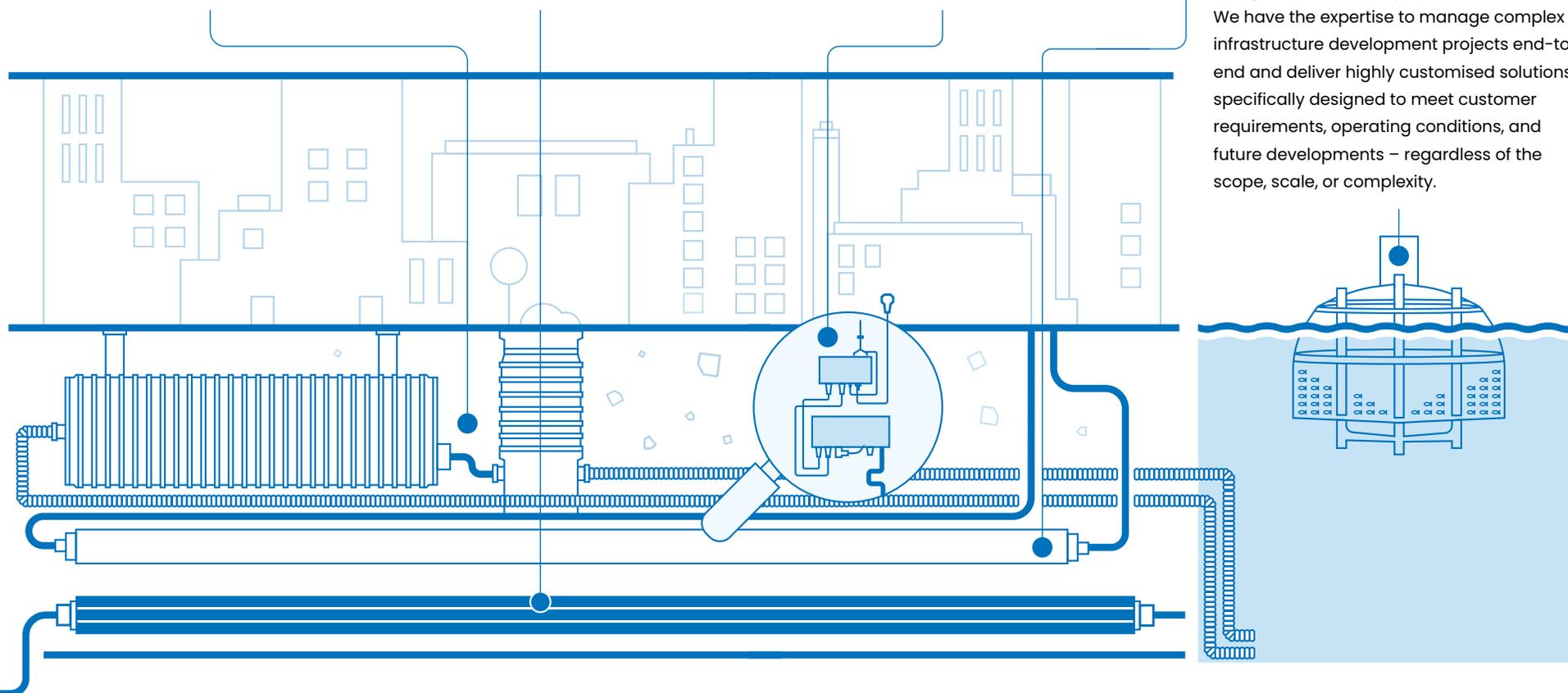
Using the latest artificial intelligence technology, we continuously monitor water quality in municipal drinking water networks. Acting as an early-warning system for possible leakages and contamination, the solution reduces the risk of spreading diseases and helps minimise water loss.

### District energy

We offer ecological and cost-efficient energy solutions with preinsulated pipe systems for district heating and cooling; geothermal collectors and vaults and power plant intake and outfall pipes.

### Designed solutions & project services

We have the expertise to manage complex infrastructure development projects end-to-end and deliver highly customised solutions, specifically designed to meet customer requirements, operating conditions, and future developments – regardless of the scope, scale, or complexity.





This method includes a lot of structural benefits that save time and resources in renovation projects.

## Prefabricated Riser Port brings speed and security to pipeline installations

Builders are increasingly looking for cost-effective building solutions that are not only quick and easy to install, but also to maintain going forward. One such solution is Uponor's Riser Port – a modular prefabricated riser solution that speeds up the installation of various pipe systems.

Built in 1952, *Käärmatalo* ("Serpentine House") in Helsinki, Finland was in need of a basic renovation, including the renovation of its HVAC system and bathrooms. Prefabricated, lightweight Riser Port seemed like the perfect solution for this. As the prefabrication level of the Riser Port is high, the amount of manual installation work at site was reduced, which saved a lot of time and resources. As the structure can easily be opened, the pipe systems within it are easy to maintain going forward. Another significant advantage of the solution is that it is leak safe: during possible leakages, the water is directed to

the bathroom floor drain, which reduces the risk of the leakage spreading during and after the renovation or building project.

The whole renovation project of this 287-metre-long building was finished on budget and almost a year ahead of schedule. Builders saw that Uponor's Riser Port was an excellent choice for this project and brought speed and security to the pipeline installations.

"With the Riser Port solution, we can bring vertical water pipes to the bathrooms instead of the staircases, where they are alternatively located. This way pipelines are near the bathroom and the kitchen, reducing the need for horizontal piping. This has a lot of structural benefits that save time and resources in renovation projects," says **Perttu Havulehto**, Uponor's Building Project Manager.

## ➤ Case



### Flexible and reliable Infra Culvert saves time, money and the environment

The municipality of Sollentuna near Stockholm, Sweden became convinced of the merits of our unique, prefabricated Infra Culvert solution when a trial installation of 50 metres was carried out in an urban environment. The project had started with a more traditional approach: the installation work on the sheet-piled cofferdam was expensive, slow and disruptive for local residents. Sheet pile installation generated a lot of noise and the ground had to be dug up several times.

With the conventional approach, the estimated rate of advance was 0.6 to 1 metre per day. However, when we got involved, installing the new section using Uponor's Infra Culvert solution, the rate surged to 12 metres per day. Our solution proved to be both cheaper and faster than traditional construction techniques. In addition, it has lower operating and maintenance costs.

The Infra Culvert used in this project was a Weholite pipe with an internal dimension of 2,200 mm. Infra Culvert is a sustainable solution with a far lower environmental impact than traditional concrete installations. All the pipes needed for e.g. drinking water, sewage and telecommunications can be placed inside the same culvert. It is also possible to expand the network without any excavation that would disturb both people and traffic.

"The approach reduces the carbon footprint and eliminates leakages of, for example, polluted water into the environment. This is a very important consideration in the case of installations close to industrial facilities. An Infra Culvert installation has enormous potential in future infrastructure projects," says **Jonas Tjernberg**, consultant for Sollentuna Energy & Environment.

## ➤ Case



### A safe path with snow-melt installation

A snow-melt installation on top of a 300-metre pedestrian bridge, suspended over a busy U.S. interstate highway and railroad tracks, became the first large-scale use of Uponor PP-RCT in North America. The bridge provides a safe pathway to thousands daily and combines the two sides of Utah's largest public university in Orem.

The ability to melt snow on the upper landings and the walkway is a critical element for safety, to both walkers and the vehicles below, as Orem receives, on average, more than a metre of snow annually. The bridge has a "hybrid" snow-melt installation as it involved both PP-RCT polymer pipe, shorthand for polypropylene, random copolymer, with modified crystallinity and temperature resistance, and crosslinked polyethylene polymer plastic pipe, better known as PEX-a. This special project required approximately 600 metres of PP-RCT through bridgework to feed almost 11 kilometres of PEX for the snow-melt system.

On the recommendation of the project's engineering company, the original specification calling for large diameter steel pipe for the hydronic-distribution piping was changed to PP-RCT. One motive was that the steel pipes would have been a lot heavier than PP-RCT, making the build more complicated, and the work would have involved welding. Another reason was that a non-corrosive plastic polymer would be better able to withstand the salt and magnesium chloride Utah uses for snow and ice melting. As PP-RCT is also far easier to handle, it is less labour-intensive to install.

The snow-melt portion of the job went smoothly, and installations were done without any problems, as PEX for snow melt was a known entity for the engineers.

# Committed to becoming a recognised leader in sustainable building and infrastructure solutions

Sustainability is a megatrend that continues to gain momentum and guides our path forward. We have a long history of industry-changing innovations – and we continue to engage in diligent research and development to launch new solutions that help our customers become more efficient and sustainable.

Sustainability is a core attribute of our purpose and vision. Our purpose statement – rethinking water for future generations – describes how water, longevity and sustainability are at the heart of our operations and actions. Our vision – to become a recognised leader in sustainable building and infrastructure solutions – states our aspiration and commitment to achieving a sustainable future. We have a passion for innovation, engineering and technology, and we strive to safeguard water, a scarce natural resource, for future generations.

## Plastic as a primary raw material

Plastic is our primary raw material. It is often produced using fossil fuel, i.e. crude oil. We are fully aware of the implications this carries, and especially for this reason, it is extremely important that we take sustainability seriously and act respon-

sibly. We are actively exploring ways to increase the recycling of plastic products and the use of recycled plastic in production. Currently, the legislation in the markets we operate in forbids the use of recycled materials in certain types of pipes, such as drinking water pipes. We also participate in several R&D initiatives that investigate alternatives to oil-based resins. We avoid excess use of materials thanks to our strong focus on and expertise in high-quality production processes.

While plastic undoubtedly does great harm if it finds its way into the environment, it does have significant benefits over other materials when used in durable products. Compared to other alternatives, plastic pipes require less energy to produce and are lighter to transport – what's more, they are easy to install, leak-free and have no corrosion issues. In addition, plastic pipes have an expected lifetime of over 100 years.



In 2020, we made progress in several areas of sustainability, but our work is not done yet.



### **Sustainability embedded in daily operations**

Our sustainability agenda is built on the United Nations' 17 Sustainable Development Goals (SDG), with a focus on four of them: clean water and sanitation, decent work and economic growth, responsible consumption and production as well as climate action. We feel that these four SDGs enable us to truly contribute and make a difference. Furthermore, these four SDGs are aligned with our four strategic pillars: employees, customer experience, products and services and operational excellence. Our sustainability agenda supports our strategy implementation.

We renewed our internal sustainability operating model in 2020. The Executive Committee and the Board of Directors together continue to oversee the sustainability agenda. The Executive Committee approves any updates to the sustain-

ability agenda and targets. A sustainability leadership team was established to engage all relevant stakeholders in leading and executing sustainability topics. This team is responsible for developing our sustainability agenda and target setting, common development projects, as well as function-level annual planning and budgeting. The Group steers and coordinates sustainability work, while the segments are responsible for executing different actions.

In 2020, we made progress in several areas of sustainability, but our work is not done yet. We will continue to work hard to realise our vision of becoming a recognised leader in sustainable building and infrastructure solutions.

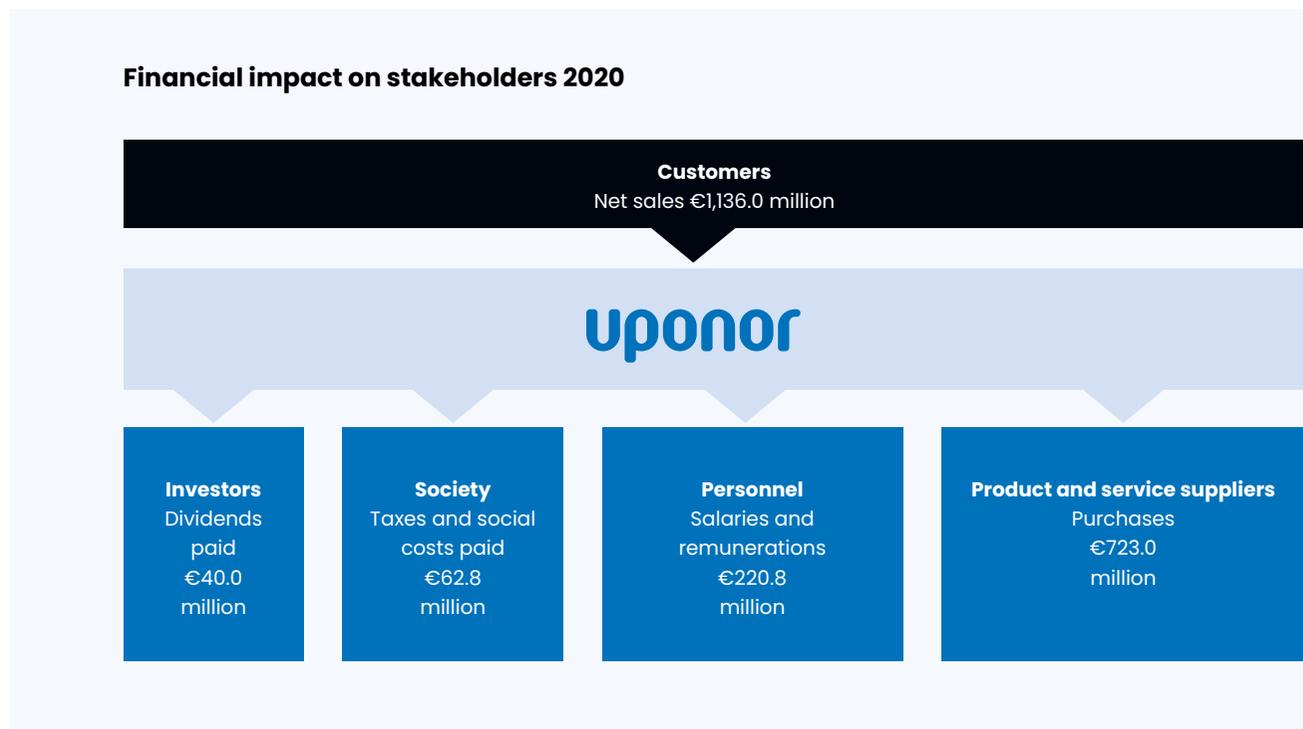
# Value creation for all stakeholders

Our operations have significant financial impacts on many stakeholders. We create value for our customers, shareholders, employees and society by purchasing and producing goods and services and paying tax, salaries, dividends, and financial expenses.

When we operate profitably and competitively, we can address the needs of our stakeholders. We ensure that we are a profitable investment for our shareholders by increasing the value of their investment and paying dividends. We are a trustworthy employer, and the salaries we pay to our employees in various locations benefit local services and service providers in many communities around the world. We are a reliable partner that takes care of agreed obligations and prefers long-term business relationships.

### Steps taken to increase transparency of taxes

Taxes and tax-like charges paid, collected and remitted by us support the maintenance of society and its services. During 2020, we took steps to harmonise our tax processes to improve visibility on our taxes. Our Tax Policy was approved by Board of Directors in 2020. We build and maintain an open, constructive



and cooperative relationship with the tax authorities, based on mutual trust and respect. We are committed to ensuring that the information we publish in our tax reporting is substantive and correct.

### Healthy financial status: an enabling factor

Financial responsibility means that we have the capability to take care of our environmental and social responsibilities.

Well-managed finances enable the upkeep of modern manufacturing facilities and make it possible to invest in even more environmentally friendly production engineering. In this way, we will be able to minimise the environmental impacts of our manufacturing in the future, too.

More details on our financial performance can be found in the Financial Review.

## Environmental responsibility

# Towards carbon neutral production

For us, environmental responsibility means that our offering of innovative, smart and efficient solutions enables a more sustainable living environment. It also means that we operate in a responsible manner and continuously seek ways to reduce the overall environmental impact of our business operations and increase our energy efficiency.

### Solutions that make a difference

Drinking water is the most important element of life. Our holistic water delivery solutions, such as Aqua Port & Combi Port and Riser installations, ensure good drinking water quality and efficiency. Our hygienic flushing system, Smatrix Aqua Plus, provides stagnation-free operations with its compact rinsing station replacing the water in the conduits based on temperature or time. It is important that the water within an entire conduit system is regularly replaced and that the temperatures in both the hot and cold water pipes are correct in order to reduce the risk of contamination and spread of legionella causing pneumonia.

We also want to do our part in decreasing the percentage of water being wasted due to leaks in water supply and pushing smart solutions in our industry. For instance, we continuously invest in the development of new technologies such as Phyn Plus that help reduce the waste of water by detecting leaks, thereby enabling the responsible use of water.





We have committed to the UN Global Compact's Business Ambition for 1.5°C initiative.

Our indoor climate solutions enable efficient use of energy in buildings, which also reduces CO<sub>2</sub> emissions. Single-family homes can reduce their energy consumption by 15% with our smart controls and auto-balancing of underfloor heating. Industrial buildings can consume 40% less primary energy with our radiant heating solutions instead of gas radiators. Replacing fan coils with radiant heating and cooling in hotel rooms enables a 40% decrease in primary energy use. Our radiant heating and cooling solutions are more efficient as they utilise wide surfaces for heat transmission. This makes it possible to use substantially lower temperatures for heating and higher temperatures for cooling compared to radiators and fan coils. Therefore, our solutions play an important role in more environmentally friendly construction.

Good and reliable infrastructure solutions are core elements in drinking water delivery and protecting the environment. Our Barrier PLUS, a fully plastic barrier pipe system, can protect

drinking water from toxic chemicals anywhere, even if the land is a former industrial site with busy traffic. Barrier PLUS pipes have an expected lifespan of more than 100 years.

Our stormwater systems prevent waterborne pollutants from ending up in bodies of water. This is crucial as climate change has increased heavy rainfalls, and urbanisation has led to growth of areas covered by impermeable surfaces. In many places, underground pipes do not have enough capacity to filter all stormwater, causing flooding and even the emission of pollutants into water bodies.

### **Product lifecycle impacts presented in Environmental Product Declarations**

To increase the transparency of the lifecycle impacts of our products, we have embarked on a programme for setting up a product transparency and Environmental Product Declaration (EPD) platform and have created the first pilot EPDs. The pilot

projects covered product lines from all our business segments, and the first results were available in 2020. As an endorser of the World Green Building Council's call for action on Bringing Embodied Carbon Upfront, we are committed to having product-specific EPDs covering the top 40% of our product portfolio by 2025 at the latest and declaring the environmental impact of our entire product portfolio via product-specific EPDs no later than in 2030.

### **Towards carbon neutral production**

The main emissions from our production are greenhouse gases. Our production does not generate any SO<sub>x</sub> or NO<sub>x</sub> emissions, and the amount of VOC emissions is not material. Since 2016, we have pursued the climate-related goal of reducing our direct and indirect (scope 1 and 2) greenhouse gas emissions by 20% per net sales by 2020 from the 2015 levels. We reached that goal and therefore we have been

## Environmental key figures

	Measurement	2020	2019	2018
<b>Total energy consumption</b>	1,000 MWh	208.5	218.0	226.0
- Electricity purchased	1,000 MWh	166.4	169.7	179.8
of which, certified green electricity	%	82.1	19.1	18.4
- Self-generated electricity	1,000 MWh	0.1	0.1	0.0
- Fossil fuels	1,000 MWh	42.2	48.3	46.2
- Heating	1,000 MWh	30.2	33.2	30.5
of which renewable	%	12.5	11.9	14.1
- Own fleet vehicles (including leasing)	1,000 MWh	12.0	15.0	15.8
<b>Total GHG emissions (Scope 1)</b>	1,000 tonnes	6.7	8.4	8.5
<b>Total GHG emissions (Scope 2)</b>	1,000 tonnes	14.4	27.0	30.8
Water consumption	1,000 m <sup>3</sup>	139.3	154.1	206.2
Raw materials used	1,000 tonnes	157.1	146.2	151.2
Efficiency: Percentage of recycled input materials used to manufacture Uponor's primary products and services.*	%	4.4	4.5	3.2
<b>Total waste</b>	1,000 tonnes	15.9	18.1	20.2
- Waste recycled	%	97.0	98.0	97.6
- Waste to landfills	%	3.0	2.0	2.4
Hazardous waste, of total waste	%	1.3	1.0	1.4

\* An estimate. We are in process of developing the data quality.



working on our new, even more ambitious climate action road map for 2021–2030.

We have committed to the UN Global Compact's Business Ambition for 1.5°C and the Science Based Targets initiatives, promising to pursue actions that limit the global temperature rise to 1.5°C. We expect that the Science Based Targets initiative will approve our new greenhouse gas emission reduction targets during the first half of 2021.

In addition to science-based targets, Uponor aims to source 100% renewable electricity by 2025. As of 2020, all seven of our Nordic manufacturing facilities use green electricity. With this change, the carbon dioxide emissions of our manufacturing facilities have decreased notably. These Nordic manufacturing facilities account for approximately half of the total electricity consumption of all our manufacturing facilities. Our U.S. manufacturing facilities and distribution center moved to 100%

Finding a solution for recycling PEX waste is on our agenda.



green electricity during 2020. In Germany, our manufacturing facilities have already previously switched to green electricity.

### Less waste, more recycle and reuse

The typical waste from our manufacturing facilities involves either plastic or metals. We aim to recycle all metal and plastic waste and strive to reduce the amount of waste with the target of zero waste to landfill. A substantial part of the PEX, main raw material in plumbing, waste that cannot yet be recycled goes to waste incineration to produce energy. In 2020, we were able to decrease the amount of waste from production. Uponor Infra in particular has already taken big steps in reusing and minimising waste. The segment reuses all scrap generated during production in line with the appropriate standards.

Finding a solution for recycling PEX waste is on our agenda. We now have a number of promising options to recycle PEX either mechanically or chemically. These technologies are currently being evaluated and their commercial implementation schedule is still open.

We are committed to Operation Clean Sweep (OCS), which is an initiative to ensure that plastic pellets, flakes and powders

that pass through manufacturing are handled with care and do not end up in the environment. During 2020, our manufacturing facilities in the U.S. and Germany became OCS compliant and other manufacturing facilities made good progress in OCS matters. We have identified spill areas, such as loading and unloading of trucks, and have improved locking systems and strainers to collect pellets, flakes and powder. Training of employees and preventive measures, such as cleaning, have also started. OCS will be implemented in all our manufacturing facilities by the end of 2021.

### ISO management systems ensure systematic approach

We pursue an environmental management system in line with ISO 14001 and an energy-management system compliant with ISO 50001 in order to reach its environmental and energy targets systematically. In 2020, 15 manufacturing facilities were ISO 14001 certified and 9 ISO 50001 certified.

### GHG emissions relative to target

- GHG emissions [Scope 1+2/net sales]
- Linear
- Target





Thermally Active Building Systems (TABS) enabled minimising the building's energy use.

## Net-zero emission office building combines Uponor technology and science

Opened in July 2020 and covering a total area of 1,500 square metres, Greenspace PCTG in Asturias, Spain is an example of truly sustainable construction. The building aligns with the goals of the European Circular Economy Action Plan and places energy efficiency measures as well as the use of renewable energy, healthy architecture and low-emission materials at the core. Our Thermally Active Building Systems (TABS) played an important role in this project, as it enabled minimising the building's energy use and creating net-zero heating and cooling.

Greenspace is the first net-zero energy office building in the region and one of the few of its kind in Spain. The building generates more power than it uses, thanks to highly efficient active and passive energy systems. Our TABS solution for heating and cooling minimises the building's energy use. The solution uses the thermal inertia of the building's concrete structures.

"The decision to implement TABS came down to the fact that the very low voltage of the power generators, together with the huge thermal inertia in the building's structures, allowed a heating and cooling solution with minimal energy consumption," says **José Manuel Santiago**, Business Development Manager, Building Solutions – Europe.

In order to harness the thermal inertia, a network of pipes was built into the structure of the building, using concrete core activation to store and release both heat and cold. These pipes carry water for the building's heating and cooling systems and provide comfortable temperatures all year round. As the TABS solution is compatible with aerothermal and geothermal heat pumps – or with any other renewable energy systems – it can reduce both the building's power consumption and its CO<sub>2</sub> emissions.

## Social responsibility

# Health and safety measures in focus

In 2020, many workplaces focused on social responsibility and this is true for Uponor as well. Employee safety and well-being have always been high on our management's agenda, but COVID-19 made this even timelier. We prioritised taking care of our employees' health and supporting the adoption of new ways of working and running our daily business uninterrupted.



### **Adapting to the new normal**

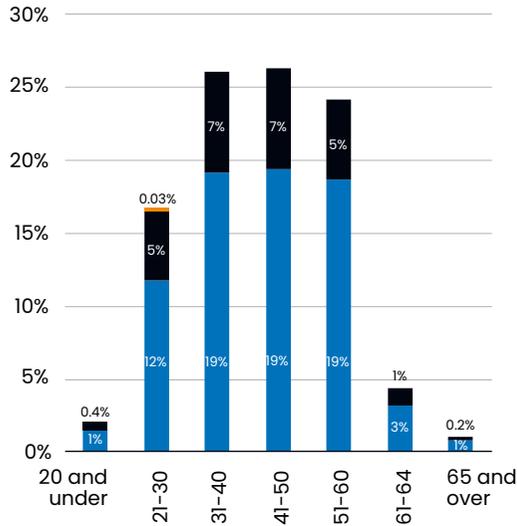
When the COVID-19 pandemic started to have an impact on countries where we operate, we reacted quickly. Our main priority was, and still is, to protect our employees' health while continuing to work as normally as possible. We established a COVID-19 coordination group to coordinate our actions. In addition to our own measures, employees were instructed to follow local guidelines. We introduced remote work mode for those employees who can do so. Remote work taught us new ways of working and speeded up our digital leap. During 2020, we deployed several new digital tools and realised that we can continue working efficiently even in these exceptional circumstances. Work continued in our manufacturing facilities, but extra attention was paid to safe working procedures and hygiene.

### **Never compromise on safety**

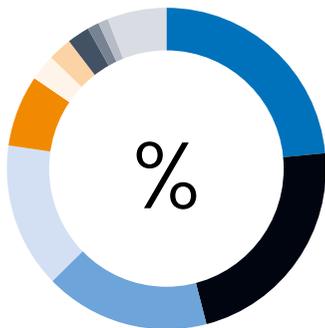
We are striving towards zero accidents by 2025. To support the progress towards this, we have comprehensive safety guidelines in place and our employees are encouraged to

## Headcount by age group and gender

- Not declared
- Female
- Male



## Employees by country



- Germany 23%
- USA 23%
- Finland 16%
- Sweden 15%
- Poland 7%
- Denmark 3%
- Russia 2%
- Canada 1%
- France 1%
- Spain 3%
- Others 6%



provide near miss reports so that we can learn and develop our processes. In 2020, we made safety even more visible to all employees with “Never compromise on safety” materials including video, posters and training. Our safety efforts continue to reach our target of reducing the lost-time injury frequency (LTIF) yearly by 30%. In 2020, our LTIF was 7.5 (2019: 11.9) and there were no fatal injuries (2019: 0).

### Valuable insight from our employee engagement survey

We want to be an employer and a workplace where employees thrive, feel comfortable and develop their expertise. In October 2020, we conducted a company-wide employee engagement survey. The response rate for the survey was 85%, which was a very satisfying figure and an increase from the previous survey. We are happy that our eNPS (employee Net Promoter Score) was among the top 10% in the manufacturing industry, and especially satisfied that employees took time to provide written

feedback. The responses give us valuable insight on how to develop Uponor as a workplace going forward.

### Equal and diverse experts

We are committed to equal opportunities and strive to provide an environment where every employee and customer feels respected and valued, regardless of race, colour, religion, sex, language, political or other opinions, national or social origin or other status. We respect human rights and follow the guidelines of the United Nations’ Universal Declaration of Human Rights. All Uponorians are obligated to work in an ethical manner according to our Code of Conduct. To keep the Code of Conduct fresh in mind, Uponorians complete Code of Conduct e-learning bi-annually. In 2020, 95% of white collars had completed the training.

Developing as a professional is an important part of a good employee experience. Training gives employees new insights that benefit not only the employee, but also the company. We

## Personnel figures

	In total 2020 (2019)	Female 2020 (2019)	Male 2020 (2019)	Not declared 2020 (2019)
<b>Employment type</b>				
> Regular	97% (95)	25% (25)	75% (75)	- (-)
> Temporary	2% (4)	37% (29)	62% (71)	1% (-)
> Intern	1% (0.4)	25% (43)	75% (57)	- (-)
<b>Contract type</b>				
> Full-time	95% (95)	23% (22)	77% (78)	- (-)
> Part-time	5% (5)	76% (76)	24% (24)	0.5% (-)
<b>Turnover</b>	7% (10)	7% (10)	5% (11)	100% (-)
<b>Average length of employment</b>	10.1 years (9.8)	10.2 years (10.0)	10.0 years (9.7)	- (-)
<b>Employees in total</b>	3,837 (3,861)	984 (962)	2,852 (2,899)	1 (-)



offer a wide range of employee and management training for Uponsorians. In 2020, COVID-19 affected some of the scheduled training sessions, as classroom training was not deemed to be a safe option. We investigated alternative options for classroom trainings, when possible, in order to continue the development of Uponsorians even during these exceptional times.

### Ethical standards for suppliers

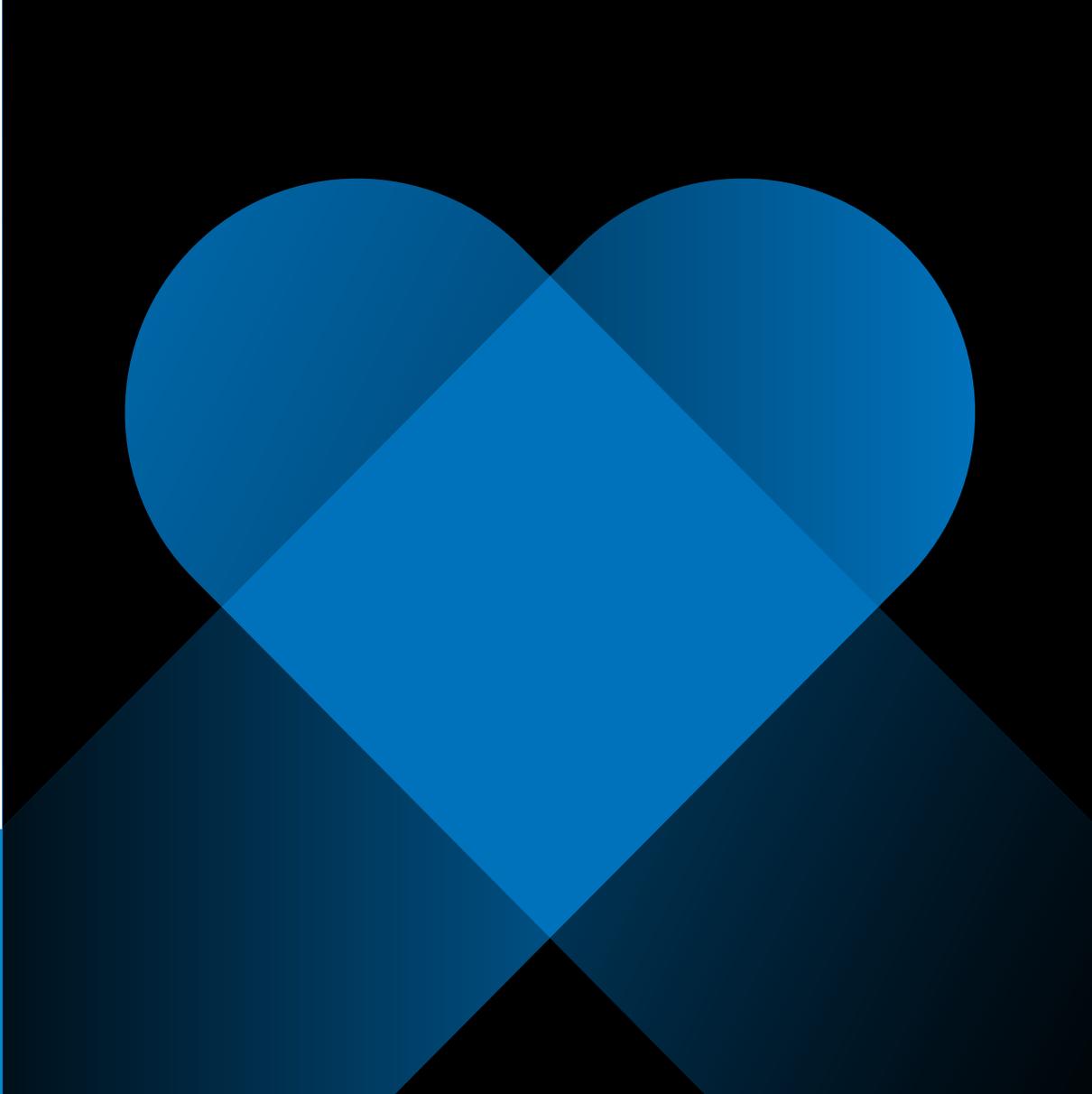
We expect our suppliers to meet our ethical, social, environmental and quality standards. In 2020, we conducted a Sustainability Report Card questionnaire for the fourth consecutive year for our suppliers in North America. The Sustainability Report Card questionnaire is conducted to encourage suppliers to embrace sustainability improvements. The questionnaire covered approximately 86% of our spend

in North America. The 2020 results showed that 79% of those surveyed increased their overall score.

### An active, responsible actor

We work in industry and trade organisations to influence national and regional policymakers on issues related especially to water, plastics and sustainable built environment. Such organisations include TEPPFA (The European Plastic Pipes and Fittings Association), REHVA (Federation of European Heating, Ventilation and Air Conditioning Associations), National Association of Home Builders (NAHB) and World Green Building Council, to name a few. Through these organisations, we aim to impact policymakers such as the European Commission in developing and implementing policies and programmes that reduce the energy consumption of buildings and decarbonise the heating sector.

Our Code of Conduct states that we do not participate in politics and do not support political parties or groups financially or otherwise. We prohibit all bribery and refrain from taking part in any money laundering and have several internal policies and guidelines to support the prevention of corruption. No incidents involving corruption or bribery were detected in our daily management processes and internal audit investigations or reported through our whistle-blower channel in 2020.



uponor

Moving  
> Forward



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