

Remuneration statement 2019

Letter from the Chair of the Personnel and Remuneration Committee

Dear shareholders,

At the beginning of the year 2019 the number of people working at Uponor was 3,928 (FTE) and 3,708 (FTE) at year-end. The decrease was mainly caused by Uponor's decision to cease operations in Asia during 2019. This includes operations in China, as well as sales offices in South Korea, Hong Kong and Malaysia. In addition, the number of employees was decreased due to the Uponor Infra's divestment in the Czech Republic.

On 25 October 2019, Uponor announced the start of an operational excellence programme, which aims for annual cost improvements of around €20 million by the end of 2021. As part of the programme, the company decided to renew its management system and reorganise the composition of its Executive Committee. As of 15 November 2019, Uponor's Executive Committee consist of the following members:

Jyri Luomakoski, President and CEO
Sebastian Bondestam, President, Uponor Infra
Bill Gray, President, Building Solutions – North America
Karsten Hoppe, President, Building Solutions – Europe
Minna Yrjönmäki, CFO

Minna Blomqvist, EVP HR and a member of Executive Committee, and Richard Windischhofer, EVP Corporate Development and Technology and a member of Executive Committee, left their positions in the Executive Committee as of 15 November 2019 and Uponor during November.

In 2019, we continued the harmonisation of our people practices across geographies and business segments, with the target to increase efficiency and simplicity. This included further alignment of the Group short-term incentive (STI) plan, which places a stronger focus on rewards in return for achieving the strategic financial targets. The Uponor Sales Incentive plan was implementation was continued and is now in place throughout most of the sales organisation.

We continued the Uponor reward structure with a share-based, long-term incentive (LTI) plan. We introduced our LTI 2019–2021 plan as a continuation of our current rewards offering to a wider group of key leaders.

As we continue our pursuit for increasing value creation, the demand for competence and values-driven behaviour has become ever more important. Uponor strives to keep up and develop the kind of company culture, which attracts top talent.

For this remuneration statement, we will continue with the structure we introduced in previous years. The statement includes:

- A letter from the Chair of the Personnel and Remuneration Committee
- A report on Uponor's remuneration practices
- A remuneration report by the Executive Committee and the Board of Directors

At Uponor, we have followed closely during 2019 how the Shareholders' Rights Directive (2007/36/EC) has created disclosure requirement changes on the Finnish Corporate Governance Code 2020, which became valid in January 2020. Due to these changes, we have prepared the Remuneration Policy for Governing Bodies at Uponor during 2019. The outcome of the remuneration of 2020 will be reported based on the Code requirements in 2021.

Annika Paasikivi
Chair of the Personnel and Remuneration Committee

Report of Uponor remuneration practices

Uponor's remuneration philosophy is based on committing employees to the company's goals and values. Remuneration programmes are designed to motivate all employees to contribute to the success of the company. Their purpose is also to encourage the management to perform well, and to lead the organisation in alignment with the company's strategy and annual business plans. Remuneration is aligned with the company's financial performance, the interests of key stakeholders, and external benchmarks.

Uponor's guiding principle is that remuneration and other terms of employment shall be fair, competitive and performance-based, in order to ensure the company is successful in terms of its business performance and attracts and retains competent employees.

In accordance with local market practices, Uponor's compensation package for senior management includes a base salary and benefits, as well as short and long-term incentive plans. The purpose of these is to reward management for an excellent performance that supports the attainment of Group targets and contributes to achieving the best possible business results, while enabling flexibility based on the company's performance and financial position.

Remuneration for the Executive Committee ("the ExCom") includes:

- base salary
- annual short-term incentive plan (STI)
- long-term incentive plan (LTI)
- pension
- other benefits

The compensation package for the ExCom is designed to support the achievement of Group targets, reinforce performance and align the interests of ExCom members and shareholders. An ExCom member's compensation package is benchmarked annually against the compensation packages of peer companies in their respective countries.

The Personnel and Remuneration Committee acts as part of Uponor's governance model, preparing proposals for decisions for the Board. The composition and duties of the Personnel and Remuneration Committee have been described in detail in the Corporate Governance Statement. The Personnel and Remuneration Committee has evaluated the levels and structure of management remuneration.

This remuneration statement has been drawn up in accordance with Remuneration Reporting requirements of the Finnish Corporate Governance Code 2015 issued by the Securities Market Association.

Decision-making process and main principles of remuneration

Decision-making process on the remuneration of the President and Chief Executive Officer and other executives

The Board determines the President and CEO's employment terms and conditions and his annual compensation, and approves the ExCom members' annual compensation based on the President and CEO's proposal. The Personnel and Remuneration Committee evaluates and prepares compensation matters for consideration by the Board, and prepares the related proposals for the Board.

The main principles underlying the remuneration of the President and Chief Executive Officer and other executives

The remuneration system consists of the base salary, benefits and an annually defined short-term incentive plan, as well as a long-term incentive plan.

Group employees are not entitled to a separate fee for membership of boards of Group companies.

Short-term incentives

Members of the ExCom are included in the company's annual short-term incentive plan (STI). The Board determines the system's financial criteria separately for each year, covering 100% of all targets for the year 2019. In 2019, the target earning opportunity for the President and CEO and ExCom members corresponds to 40% of the annual salary, including benefits.

The outcome of the annual short-term incentive plan is subject to a decision by the Personnel and Remuneration Committee, with the Board making the final decision. The objective of the plan is to reward all participants in line with performance measures based on clearly measurable key performance indicators (KPI's) and to help all participants to focus on these key business priorities. It is recommended that the number of targets to be a maximum of three for each individual, in order to ensure a clear focus.

Long-term incentives

LTI Plan 2015–2017

In December 2014, the Board of Directors of Uponor Corporation approved a new Performance Share Plan to be offered to a maximum of 25 key managers of the Group, including the members of the Executive Committee. The purpose of the plan is the same as in the LTI 2013–2015 plan.

The plan is valid for one performance period at a time, covering the calendar years 2015–2017. A new plan can be launched on the initiative of Board of Directors only. The plan offers participants an opportunity to earn Uponor shares as a reward for achieving performance targets, which the Board has established for the 3-year performance period, based on consolidated three-year cumulative turnover and its three-year EBITDA or EBITDA-based intrinsic value.

The potential reward based on the plan was paid in 2018, partly in company shares and partly in cash. The cash proportion is intended to cover the taxes and tax-related costs which the recipient incurs due to the reward. No reward will be paid if the participant's employment or service ends before the reward payment. Should the performance targets be attained in full, the earned reward will correspond to a maximum total of 350,000 Uponor Corporation shares, including the proportion to be paid in cash.

The reward from the plan was capped if the limits set by the Board of Directors for the share price were reached. The Board recommends that participants continue to hold a considerable portion, a minimum of 50 per cent, of the shares received on the basis of the plan until the value of a participant's shareholding in Uponor reaches the target level set by the Board.

The outcome of the long-term incentive plans will be prepared by the Personnel and Remuneration Committee, with the Board of Directors making the final decision as outlined in the plans.

As per the decision of the Board of Directors on 15 February 2018, a total of 14,365 shares based on the LTI plan 2015–2017 were transferred to the participants' book-entry accounts, in connection with which money transfers were made to the tax authorities, corresponding to a value of 16,503 shares as income taxes and asset transfer taxes.

The plan ended in March 2019 when the final lock up period ended.

LTI Plan 2016–2018

On 11 December 2015, the Board of Directors of Uponor Corporation approved a new Performance Share Plan to be offered to a maximum of 26 key managers of the Group, including the members of the Executive Committee. The purpose of the new plan is the same as in the LTI 2013–2015 plan.

The plan is valid for one performance period at a time, covering the calendar years 2016–2018. A new plan can be launched on the initiative of Board of Directors only. The plan offers participants an opportunity to earn Uponor shares as a reward for achieving performance targets, which the Board has established for the 3-year performance period, based on consolidated three-year cumulative turnover and its three-year EBITDA or EBITDA-based intrinsic value.

The potential reward based on the plan was paid in 2019, partly in company shares and partly in cash. The cash proportion is intended to cover the taxes and tax-related costs which the recipient incurs due to the reward. No reward will be paid if the participant's employment or service ends before the reward payment. Should the

performance targets be attained in full, the earned reward will correspond to a maximum total of 300,000 Uponor Corporation shares, including the proportion to be paid in cash.

The reward from the plan will be capped if the limits set by the Board of Directors for the share price are reached. The Board recommends that participants continue to hold a considerable portion, a minimum of 50 per cent, of the shares received on the basis of the plan until the value of a participant's shareholding in Uponor reaches the target level set by the Board.

The outcome of the long-term incentive plans will be prepared by the Personnel and Remuneration Committee, with the Board of Directors making the final decision as outlined in the plans.

As per the decision of the Board of Directors on 13 February 2019, a total of 25,229 shares based on the LTI plan 2016–2018 will be transferred to the participants' book-entry accounts, in connection with which money transfers were made to the tax authorities, corresponding to a value of 27,036 shares as income taxes and asset transfer taxes.

LTI Plan 2017–2019

On 12 December 2016, the Board of Directors of Uponor Corporation approved a new Performance Share Plan to be offered to a maximum of 29 key managers of the Group, including the members of the Executive Committee. The purpose of the new plan is the same as in the LTI 2013–2015 plan.

The plan is valid for one performance period at a time, covering the calendar years 2017–2019. A new plan can be launched on the initiative of Board of Directors only. The plan offers participants an opportunity to earn Uponor shares as a reward for achieving performance targets, which the Board has established for the 3-year performance period, based on the consolidated three-year cumulative turnover and its three-year EBITDA or EBITDA-based intrinsic value.

The potential reward based on the plan will be paid in 2020, partly in company shares and partly in cash. The cash proportion is intended to cover the taxes and tax-related costs which the recipient incurs due to the reward. No reward will be paid if the participant's employment or service ends before the reward payment. Should the performance targets be attained in full, the earned reward will correspond to a maximum total of 300,000 Uponor Corporation shares, including the proportion to be paid in cash.

The reward from the plan will be capped if the limits set by the Board of Directors for the share price are reached. The Board recommends that participants continue to hold a considerable portion, a minimum of 50 per cent, of the shares received on the basis of the plan until the value of the participant's shareholding in Uponor reaches the target level set by the Board.

The outcome of the long-term incentive plans will be prepared by the Personnel and Remuneration Committee, with the Board of Directors making the final decision as outlined in the plans.

As per the decision of the Board of Directors on 11 February 2020, a total of 34,561 shares based on the LTI plan 2017–2019 will be transferred to the participants' book-entry accounts, in connection with which money transfers were made to the tax authorities, corresponding to a value of 35,752 shares as income taxes and asset transfer taxes.

LTI Plan 2018–2020

On 13 December 2017, the Board of Directors of Uponor Corporation approved a continuation to the Performance Share Plan to be offered to a maximum of 50 key managers of the Group, including the members of the Executive Committee. The purpose of the new plan the same as in the LTI 2013–2015 plan.

The plan is valid for one performance period at a time, covering the calendar years 2018–2020. The plan offers participants an opportunity to earn Uponor shares as a reward for achieving performance targets, which the Board has established for the 3-year performance period, based on consolidated three-year cumulative Net Sales and three-year EBITDA or EBITDA-based intrinsic value.

The potential reward based on the plan will be paid in 2021, partly in company shares and partly in cash. The cash proportion is intended to cover the taxes and tax-related costs which the recipient incurs due to the reward. No reward will be paid if the participant's employment or service ends before the reward payment. Should the performance targets be attained in full, the earned reward will correspond to a maximum total of 400,000 Uponor Corporation shares, including the proportion to be paid in cash.

The reward from the plan will be capped if the limits set by the Board of Directors for the share price are reached. The Board recommends that participants continue to hold a considerable portion, a minimum of 50 per cent, of the shares received on the basis of the plan until the value of the participant's shareholding in Uponor reaches the target level set by the Board.

The outcome of the long-term incentive plans will be prepared by the Personnel and Remuneration Committee, with the Board of Directors making the final decision as outlined in the plans.

LTI Plan 2019–2021

On 19 December 2018, the Board of Directors of Uponor Corporation approved a continuation to the Performance Share Plan to be offered to a maximum of 50 key managers of the Group, including the members of the Executive Committee. The purpose of the new plan the same as in the LTI 2013–2015 plan.

The plan is valid for one performance period at a time, covering the calendar years 2019–2021. The plan offers participants an opportunity to earn Uponor shares as a reward for achieving performance targets, which the Board has established for the 3-year performance period, based on consolidated three-year cumulative Net Sales and three-year EBITDA or EBITDA-based intrinsic value.

The potential reward based on the plan will be paid in 2022, partly in company shares and partly in cash. The cash proportion is intended to cover the taxes and tax-related costs which the recipient incurs due to the reward. No reward will be paid if the participant's employment or service ends before the reward payment. Should the performance targets be attained in full, the earned reward will correspond to a maximum total of 600,000 Uponor Corporation shares, including the proportion to be paid in cash.

The reward from the plan will be capped if the limits set by the Board of Directors for the share price are reached. The Board recommends that participants continue to hold a considerable portion, a minimum of 50 per cent, of the shares received on the basis of the plan until the value of the participant's shareholding in Uponor reaches the target level set by the Board.

The outcome of the long-term incentive plans will be prepared by the Personnel and Remuneration Committee, with the Board of Directors making the final decision as outlined in the plans.

LTI Plan 2020–2022

On 16 December 2019, the Board of Directors of Uponor Corporation approved a continuation to the Performance Share Plan to be offered to a maximum of 50 key managers of the Group, including the members of the Executive Committee. The purpose of the new plan the same as in the LTI 2013–2015 plan.

The plan is valid for one performance period at a time, covering the calendar years 2020–2022. The plan offers participants an opportunity to earn Uponor shares as a reward for achieving performance targets, which the Board has established for the 3-year performance period, based on consolidated three-year cumulative Net Sales and three-year EBITDA or EBITDA-based intrinsic value.

The potential reward based on the plan will be paid in 2023, partly in company shares and partly in cash. The cash proportion is intended to cover the taxes and tax-related costs which the recipient incurs due to the reward. No reward will be paid if the participant's employment or service ends before the reward payment. Should the performance targets be attained in full, the earned reward will correspond to a maximum total of 600,000 Uponor Corporation shares, including the proportion to be paid in cash.

The reward from the plan will be capped if the limits set by the Board of Directors for the share price are reached. The Board recommends that participants continue to hold a considerable portion, a minimum of 50 per cent, of the shares received on the basis of the plan until the value of the participant's shareholding in Uponor reaches the target level set by the Board.

The outcome of the long-term incentive plans will be prepared by the Personnel and Remuneration Committee, with the Board of Directors making the final decision as outlined in the plans.

The remuneration report of the Board of Directors and Executive Committee

Board of Directors

The Annual General Meeting ("AGM") determines the Board of Directors' (Board) remuneration and fees. Based on a decision taken by the AGM in 2019, the Board members' yearly remuneration is as follows: Chair €90,000, Deputy Chair €51,000, Chair of the Audit Committee €51,000 and ordinary Board members €46,000. The AGM further decided that approximately 40 per cent of the annual remuneration be paid in company shares, acquired in public trading on behalf and in the name of Board members, and approximately 60 per cent in cash, in compensation for the tax impact.

The AGM further decided that a remuneration per Board and committee meeting (excluding decisions made without a meeting) shall be paid to the Board members, amounting to €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 equals the remuneration for meetings held in the country of residence of the member in question. The AGM also decided, that in addition a 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 per-meeting remuneration shall be paid in cash.

Travel expenses are compensated for in accordance with the Uponor travel policy.

The AGM also decided that, in accordance with earlier practice, the company takes out voluntary pension insurance for Board members. Upon retirement, this entitles them to pension according to the Finnish Employees' Pensions Act (TyEL).

The table below shows the total annual remuneration paid to the Board members in 2019:

Board	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	Member until 18.3	Chair	53,433	3,665	35,991	19,800
Aaltonen-Forsell, Pia	Chair		30,277	2,077	20,397	13,200
Falk, Johan	Member as of 18.3		27,312	1,873	18,393	13,200
Lengauer, Markus	Member		30,277	2,077	20,397	14,400
Lindholm, Casimir		Member	27,312	1,873	18,393	9,000
Nygren, Eva			27,312	1,873	18,393	10,200
In Total			195,923	13,438	131,965	79,800

In accordance with Uponor's policy, remuneration and fees are paid only to non-executive Board members. All current Board members are non-executive.

Board members are not included in the Company's share-based incentive plan.

President and Chief Executive Officer

The President and Chief Executive Officer's (CEO) remuneration system consists of the base salary, benefits as well as short-term and long-term incentive plans. The main principles of the incentive plans are described above under 'Decision-making process and main principles of remuneration'.

In 2019, the base salary paid to the CEO Mr Jyri Luomakoski totalled €464,680 in cash and €27,250 as benefits, in total €491,930. The Company paid the CEO a reward based on the short-term incentive plan, amounting to €177,593 for the year 2018. In addition, the Company paid the CEO a reward based on the long-term incentive plan 2016–2018, amounting to €114,083. Based on a decision of the Board of Directors taken on 11 February 2020 the CEO will be paid a reward of €160,132 based on the short-term incentive plan based on his

performance in 2019. Based on the long-term incentive plan 2016–2018 described earlier in this document, he was awarded 4,913 shares that were transferred to his book-entry account, in connection with which a money transfer was made to the tax authority, which corresponds to the value of 5,408 shares as income tax and asset transfer tax.

Under the terms of the CEO's written service contract, the contract may be terminated at six months' notice, either by the CEO or the Company. If the Company terminates the contract, in addition to statutory compensation for the notice period it must pay the CEO an amount equivalent to the fixed total salary paid for the 12 months preceding the termination. The Company may also terminate the agreement with immediate effect, by paying an indemnification equivalent to the CEO's fixed total salary for 18 months.

The retirement age of the CEO will be determined in accordance with the Employees' Pensions Act (TyEL), however both the Company and the CEO may agree that the CEO will retire at the age of 63 years. The company has also taken out a defined contribution pension insurance for the CEO, into which the company paid €40,000 in 2019. The Company has further concluded a pension arrangement based on a capitalisation agreement for the benefit of the CEO, into which the company paid €50,000 in 2019.

Other executives

The remuneration of Mr Sebastian Bondestam, deputy to the parent company's managing director, amounted to € 455,367 in 2019. The Company has taken out a defined contribution pension plan for the deputy to the managing director. The Board shall decide separately on the percentage of the defined contribution for each year. In 2019, the contribution was equivalent to 8.16% of the annual base salary, including fringe benefits.

In 2019, the total remuneration, including taxable value of benefits, paid to the members of the Executive Committee (incl. CEO and Deputy CEO) amounted to € 3,079,044, including short-term and long-term incentives. The total remuneration also includes those ExCom members who were members for only part of 2019.