

2021
► Remuneration
Report

uponor



▶ Introduction

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 Remuneration 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 CEO in 2021 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 2021. 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.

The remuneration report has been divided into following sections:

- Letter from the Chair of the Personnel and Remuneration Committee
- Pay-for-performance during the preceding five years
- Remuneration of the Board of Directors for the preceding financial year
- Remuneration of the President and CEO, and Deputy CEO for the preceding financial year

Additional information on company as well as Board and executive remuneration please see: [uponorgroup.com/en-en/investors/remuneration](https://www.uponorgroup.com/en-en/investors/remuneration).



▶ Letter from the Chair of the Personnel and Remuneration Committee

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. In preparing remuneration decisions, the Board has also noted the support by the Annual General Meeting to the Remuneration Policy 2020, and the Remuneration Report 2020. 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. During the financial year 2021, the President and CEO of Uponor changed on 21 August 2021.

In 2021 Uponor achieved record high growth in net sales and managed to keep profitability at a respectable level in a volatile market environment. While demand stayed on a good level, the continuing COVID-19 pandemic caused challenges together with increasing raw material prices, supply

shortages and inflation. Uponor updated the savings target and schedule of its Operational excellence programme in May. The updated annual savings target of the programme is €25 million by the end of the first half of 2022. The estimated one-time costs of the whole programme are around €22 million. The programme is expected to reduce approximately 200 FTEs. By the end of year 2021, the reduction was around 160 FTEs since the beginning of the programme.

Uponor's personnel continued to take all possible measures to ensure health and safety at work, while securing deliveries to our customers. In addition, the company completed the acquisition of Capricorn S. A., a Polish manufacturer of components for heating and sanitary installations. As a result, 377 new employees became Uponorians. At the beginning of the year 2021 the number of people working at Uponor was 3,810 and 4,398 at the year-end. The increase was driven by the Capricorn acquisition as well new hires to support growth in all divisions.

I would like to express my gratitude to all Uponorians for the results we have achieved together in 2021 and for your support in the leadership transition.

Annika Paasikivi

Chair of the Personnel and Remuneration Committee



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 2017 to 2021. 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 uponorgroup.com/en-en/investors/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, which is based primarily on Uponor's EBITDA. The Board closely follows these performance indicators to assess whether our strategy has been implemented successfully. 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 4,398 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 adjacent table for specific values.

Five-year development of remuneration and company performance

	2017	2018	2019	2020	2021
President & CEO Pay					
T€ (Luomakoski, 1 Jan – 20 Aug 2022) including eg. severance payment, prorated STI and LTI payments in 2021	811.9	720.5	783.6	829.3	2,372.4
Change%*	-1.1	-11.3	8.8	5.8	186.1
T€ (Rauterkus, 21 Aug – 31 Dec 2022)	-	-	-	-	208.7
Change%	-	-	-	-	-
Deputy CEO Pay					
T€	386.8	378.5	455.4	417.2	535.2
Change%	10.7	-2.1	20.3	-8.4	28.3
Employee Pay** - Finland					
T€	55.6	53.7	59.2	56.6	60.6
Change%	5.1	-3.4	10.2	-4.4	7.1
Employee Pay** - Global					
T€	46.1	49.1	53.8	54.1	61.8
Change%	-7.8	6.5	9.6	0.7	13.8
Total Board Pay					
T€	330.2	401.7	407.7	383.7	416.1
Change%	-12.8	21.7	1.5	-5.9	8.4
Net sales					
M€	1,170.4	1,196.3	1,103.1	1,136.0	1 313.2
Change%	6.5	2.2	-7.8	3.0	15.6
Intrinsic Value					
M€	895.1	1 034.1	931.3	1376.30	1 522.2
Change%	26.1	15.5	-9.9	47.8	10.6
Comparable Operating Profit					
M€	97.2	99.3	92.7	142.7	160.5
Change%	7.2	2.2	-6.6	53.9	12.5
Comparable OP %					
	8.3	8.3	8.4	12.6	12.22
Total Shareholder Return %					
	4.4	-45.7	41.1	60.4	18.40

*Change% to the previous year

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

▶ Remuneration of the Board of Directors for 2021

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 2021 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 was paid by acquiring Uponor Corporation shares in public trading and/or by conveying Uponor Corporation shares held by the company, and the rest was paid in cash. The yearly Board remuneration was paid within two weeks after the publication of the company’s half-year report for January-June 2021.

Travel expenses related to meetings of the Board were reimbursed according to the company’s travel policy.

Remuneration per each actual Board and committee meeting (excluding decisions without a meeting) were 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 was equal to the remuneration for meetings held in the country of residence of the member.

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

All payments to members of the Board of Directors during the financial year 2021 have been in compliance with the Remuneration Policy.

In the financial year 2021, 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	54,001	1,392	35,999	22,800
Aaltonen-Forsell, Pia	Chair		30,621	788	20,379	12,600
Falk, Johan			27,613	711	18,387	9,000
Lengauer, Markus	Member		30,621	788	20,379	11,400
Lindholm, Casimir		Member	27,613	711	18,387	11,400
Marchi, Michael G.	Member		27,613	711	18,387	13,800
Total			198,081	5,101	131,919	81,000

▶ Remuneration of the President and CEO and the Deputy CEO for 2021

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 the financial year 2021, the President and CEO of Uponor changed: Jyri Luomakoski acted in the role until 20 August 2021 and Michael Rauterkus was appointed into the role as of 21 August 2021. Luomakoski was paid total remuneration of €2,435,344 including base salary and benefits, pension, short-term incentive 2020 and long-term incentive 2018-2020 totally in cash, and a severance payment according to the CEO agreement. The Board has also decided on prorated payments for Luomakoski for the short-term incentive 2021 and ongoing long-term incentives 2019-2021 and 2020-2022, based on time served in Uponor and achieved performance until the end of service. In 2021, Rauterkus was paid total remuneration €250,258, including base salary, benefits and supplementary pension.

The Deputy CEO, Sebastian Bondestam, was paid total remuneration of €560,236. The relative proportion of fixed pay was 50% and variable pay 50%. The different components of the total remuneration 2021 are described in the following table.

Actualised President and CEO and Deputy CEO remuneration for financial year 2021

	FIXED REMUNERATION	VARIABLE REMUNERATION		OTHER			
	Base Salary (including taxable benefits: company car and phone)	Short-term incentive (STI)	Long-term incentive (LTI)	Supplementary Pension	Severance payment		
President and CEO	208,669	-	-	41,589	-	250,258	Total 2021, €
Michael Rauterkus 21 August 2021 -	-	218,342	-	-	-		Accrued 2021, to be paid in 2022, €
President and CEO Jyri Luomakoski - 20 August 2021	342,955	427,181*	1,112,283**	62,925***	490,000	2,435,344	Total 2021, €
Deputy CEO	257,685	150,000	127,552	25,000	-	560,236	Total 2021, €
Sebastian Bondestam	-	142,657	-****	-	-		Accrued 2021, to be paid in 2022, €

*including STI 2020 and prorated STI 2021

**including LTI 2018-2020 and ongoing LTI 2019-2021, 2020-2022 plans

*** including supplementary pension and capitalization agreement

**** outcome has not yet been confirmed by the Board

Performance KPI Actualisation

The following tables present the criteria, weights and achievements of the short-term incentive and the long-term incentive plans paid in 2021, and short-term incentive plan accrued in 2021 to the President and CEO and the Deputy CEO.

Criteria and total outcome of the short-term incentive plan 2020 (paid in 2021)

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

Criteria and total outcome of the long-term incentive plan 2018-2020 (paid in 2021)

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

Criteria and total outcome of the short-term incentive plan 2021 (accrued 2021, paid 2022)

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



Summary of the remuneration of the President and CEO and Deputy CEO for financial year 2021

Remuneration element	President and CEO (Luomakoski)	President and CEO (Rauterkus)	Deputy CEO
Base salary and benefits	The annual base salary was €490,480 including taxable benefits: company car and phone.	The paid base salary was €208,669 including phone benefit.	The annual base salary and benefits is €255,000 including taxable benefits: company car and phone
Short-term incentive (STI)	<p>Performance year 2020 The maximum STI opportunity was 60% of the annual base salary. No changes was made to the STI maximum opportunity in 2020.</p> <p>Performance year 2021 The maximum STI opportunity was 60% of the annual base salary. The prorated STI was paid on the last working day 20 August 2021.</p>	<p>Performance year 2021 and due payment 2022 The maximum STI opportunity was 100% of the annual base salary.</p>	<p>Performance year 2020 The maximum STI opportunity was 60% of the annual base salary. No changes was made to the STI maximum opportunity in 2020.</p> <p>Performance year 2021 and due payment 2022 The maximum STI opportunity was 60% of the annual base salary. No changes have been made to the STI maximum opportunity in 2021.</p>
Long-term incentive (LTI) For additional long-term incentive plan descriptions, please see our website.	<p>Performance year 2020 Payment was made totally in cash: €283,449 in February 2020. The maximum reward for the performance period would have been 39,000 shares.</p> <p>Ongoing plans The LTI 2019-2021 and the LTI 2020-2022 performance periods were prorated based on the days until the last working day 20 August 2021. The payments for the plans were made in February and August 2021, totally €828,834.</p>	<p>Ongoing plans The maximum reward for the ongoing LTI 2020-2022 performance period is 18,720 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2023.</p> <p>The maximum reward for the ongoing LTI 2021-2023 performance period is 28,505 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2024.</p> <p>The maximum reward for the ongoing LTI 2022-2024 performance period is 50,750 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2025.</p>	<p>Performance year 2020 Payment was made partially in shares and cash: €67,013 was paid in March 2021. The share proportion consisted of 3,438 shares. The maximum reward for the performance period would have been 17,550 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward.</p> <p>Performance year 2021 and due payment 2022 The maximum gross reward for the performance period would have been 27,000 shares. The confirmed gross reward is 17 793 shares and it will be paid partly in shares and partly in cash to cover taxes and tax-related costs arising from the reward. The value of the reward in euros will be determined by the share price on the transfer day.</p> <p>Ongoing plans 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. The possible reward is paid in 2023.</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. The possible reward is paid in 2024.</p> <p>The maximum reward for the ongoing LTI 2022-2024 performance period is 14,067 shares and a cash portion intended to cover taxes and the tax-related costs arising from the reward. The possible reward is paid in 2025.</p>
Supplementary pension	The supplementary pension was €31,145. In addition, the President and CEO was entitled to a capitalisation agreement, into which the company paid €31,780 in 2021.	The supplementary pension was defined as 20% of annual base salary. The value of the defined pension plan is 115,000 per annum. The President and CEO may retire at the age of 67.	The supplementary pension was defined as 10% of annual base salary. The value of the defined pension plan was €25,500. The Deputy CEO may retire at the age of 63.
Termination	The termination notice period was 6 months. The President and CEO received a severance pay of 12 months' salary, €490,000.	The mutual termination notice period of 6 months applies to the President and CEO. He is entitled to a severance pay of 12 months' salary in addition to the salary earned during the notice period, in case the company terminates his service.	The mutual termination notice period of 6 months applies to the Deputy CEO. He is entitled to a severance pay of 6 months' salary in addition to the salary earned during the notice period, in case the company terminates his service.

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