

Remuneration statement 2009

1. Introduction

Uponor is committed to compensating its employees in a competitive, fair and equitable manner, in order to attract and retain employees who contribute to the success of the Company. Uponor's aim is to be consistent in its treatment of positions with similar responsibilities within each location, as well as in comparison to peer companies. However, it aims to do so while allowing the final level of compensation to vary, reflecting the fact that remuneration is dependent on personal performance, experience and knowledge.

In accordance with local market practices, Uponor's compensation package for employees includes a base salary and benefits, as well as a bonus programme. The purpose is to reward employees for an excellent individual or team performance that supports the attainment of Group targets and contributes to achieving the best possible business results. The package for executives can also include other incentives, based on annual targets and long-term incentive schemes that align the interests of executives and shareholders.

This remuneration statement has been drawn up in accordance with Recommendation 47 of the Finnish Corporate Governance Code 2010 issued by the Securities Market Association and entering into force on 1 October 2010.

2. Financial benefits

2.1 Board of directors

The AGM determines the Board of Directors' (Board) remuneration and fees. Based on a decision taken by the AGM in 2010, Board members' remuneration is as follows: Chairman EUR 71,000, Deputy Chairman EUR 49,000 and ordinary Board members EUR 44,000. The AGM further decided that approximately 40 per cent of the annual remuneration be paid in company shares, acquired on behalf and in the name of Board members, and approximately 60 per cent in cash, in compensation for the tax impact.

The AGM decided that remuneration per meeting shall be paid to members of Board committees, amounting to EUR 600 for Finnish residents, EUR 1,200 for persons residing elsewhere in Europe, and EUR 2,400 for non-European members. Per-meeting remuneration shall be paid in cash.

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

The attached table shows the total annual remuneration paid to Board members in 2010:

Board member	Annual emoluments for Board members, EUR	Remuneration per meeting for committee members, total, EUR
Paasikivi, Jari, Chairman	71,000	3 600
Rajahalme, Aimo, Deputy Chairman	49,000	4 200
Eloranta, Jorma	44,000	3 000
Silfverstolpe Nordin, Anne-Christine	44,000	-
Simon, Rainer S.	44,000	-
Total	252,000	10 800

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

The Company has taken out voluntary pension insurance for Board members. Upon retirement, this entitles them to a pension according to the Finnish Employees' Pensions Act (TyEL).

Board members are not covered by the Company's share-based incentive scheme.

2.2 Chief Executive Officer

The Chief Executive Officer's (CEO) compensation system consists of the basic salary, fringe benefits and a profit and performance-based bonus. In addition, the CEO is included in the company's long-term incentive scheme. The main principles of the profit and performance-based bonus, as well as the long-term incentive scheme, are described below under 'Decision-making process and main principles of remuneration'.

In 2009, the remuneration paid to the CEO, Mr Jyri Luomakoski, totalled EUR 411,357.80, including fringe benefits. He also received EUR 35,000 in bonuses, i.e. a total of EUR 446.357,80.

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, the Company must pay the CEO an amount equivalent to the remuneration 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 remuneration for 18 months.

The CEO will retire at the age of 63, with a pension accrued in accordance with the Employees' Pensions Act (TyEL). Furthermore, the Company has taken out defined contribution pension insurance for the CEO, for which the Company pays EUR 40,000.00 on an annual basis.

3. Decision making process and main principles of remuneration

3.1 The decision-making process for the remuneration of the Chief Executive Officer and other executives

The Board determines the CEO's employment terms and conditions and his annual compensation, and approves the Executive Committee (ExCom) members' annual compensation based on the CEO's proposal.

3.2 The main principles for the remuneration of the Chief Executive Officer and other executives

The compensation system consists of basic salary, fringe benefits and an annual profit and performance-based bonus, as well as a long-term incentive scheme.

Members of the ExCom are included in the company's annual bonus system. The Board of Directors determines the system's financial criteria, covering 80% of all targets, separately for each year. The remaining 20% is based on individual targets related to areas of personal responsibility. For the CEO, the maximum bonus may correspond to six months' salary and, for any other member of the ExCom, to five months' salary.

The members of the ExCom (including the CEO) are covered by a long-term incentive scheme. To be eligible for participation in this scheme, an ExCom member must have acquired Uponor shares of a specific total value, as defined under the scheme, by the end of August 2008. The Board has set the maximum total value of shares to be acquired for each member, varying between 10,000 and 100,000 euro, separately. Each member is obliged to keep the shares in his/her possession until the scheme ends on 31 December 2011, and to remain an employee of the company. Two exceptions have been granted: one to a former ExCom member, who will retire during 2011, and another to a former ExCom member whose resignation was announced in the autumn of 2010. Depending on Uponor's cumulative operating profit during 2007-2011, and the number of shares acquired within the scheme, each member is eligible for being awarded Uponor shares in the spring of 2012, at a maximum proportion of 5:1. The Board will decide on the final reward proportion. The value of an individual share granted under the scheme may not exceed 75 euro.

Individuals who joined the ExCom after the establishment of the above mentioned, long-term incentive scheme are not included in the ExCom scheme. However, they are included in the incentive scheme addressed at part of the company's international management. This plan was launched by the Board in October 2008. To be eligible for participation in the scheme, they were obliged to acquire Uponor shares at a specific total value, as defined under the scheme, and with a maximum value of 6,000 euro, by the end of August 2009. Depending on Uponor's cumulative operating profit during 2009-2011, and the number of shares acquired within the scheme, they are eligible for being awarded Uponor shares in the spring of 2012, at a maximum proportion of 8:1. Any individual share granted under the scheme may not exceed 30 euro.

The Company has taken out a defined contribution pension plan for the Deputy Managing Director, Mr Sebastian Bondestam. The Board shall decide separately on the percentage of the defined contribution for each year. In 2010, the contribution was equivalent to 9.61% of the annual base salary, including fringe benefits.

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