



uponor

Remuneration Report 2022

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, 15 March 2022.

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 2022 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 paid remuneration of the President and CEO, the Deputy CEO and the Board during the financial year 2022. It also presents the development of average 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.



Letter from the Chair of the Personnel and Remuneration Committee

Dear Shareholders,

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. 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 programs. To ensure a strong link between the President and CEO's remuneration and financial performance, the short- and long-term incentive plan criteria are largely based on the company's financial performance metrics combined with a smaller weight on sustainability or other non-financial performance metrics.

Uponor's Executive Committee was significantly strengthened during 2022 with several new members. Work on our strategic cornerstones continued throughout the organization and our overall performance was good in 2022 despite the notable external challenges. The war in Ukraine accelerated the already

on-going inflationary development and increased the possibility of raw material and energy constraints. In the final quarter of the year Uponor was subject to a cyber security attack. During the attack, our personnel showed exceptional dedication and resilience by working hard to remediate the situation while securing deliveries to our customers. The swift response and recovery enabled Uponor to stay on track to reaching record-high annual net sales of € 1.4 billion and to sustain the operating profit margin at a reasonable level of 11.1%.

I would like to express my gratitude to all Uponorians for the results we have achieved together in 2022 and for your support in the execution of our value creation strategy.

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 2018 to 2022. 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/remuneration](https://www.uponorgroup.com/en-en/investors/remuneration).

In our short-term incentive plans we have consistently rewarded participants based on the achievement of pre-determined target levels of comparable operating profit and other supporting KPIs. Further, rewards under the long-term incentive plans have been awarded based on intrinsic value, which is based primarily on Uponor's EBITDA, and either cumulative net sales or sustainability depending on plan period in question. 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 4,214 professionals in 27 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. The main factors impacting the development of the average employee pay are typically changes in the employee demography between countries and between employee groups, annual salary increases, as well as the realization of short-term incentive payouts.

See the adjacent table for specific values.

Five-year development of remuneration and company performance

	2018	2019	2020	2021	2022
President & CEO Pay					
T€ (Luomakoski, 1 Jan – 20 Aug 2021) including eg. severance payment, prorated STI and LTI payments in 2021	720.5	783.6	829.3	2,372.4	–
Change%	–11.3	8.8	5.8	186.1	–
T€ (Rauterkus, 21 Aug – 31 Dec 2022)	–	–	–	208.7	908.6
Change%	–	–	–	–	335.4
Deputy CEO Pay					
T€	378.5	455.4	417.2	535.2	782.4
Change%	–2.1	20.3	–8.4	28.3	46.2
Employee Pay* – Global					
T€	52.1	52.0	54.0	56.7	55.9
Change%	3.8	–0.2	3.9	5.1	–1.5
Total Board Pay					
T€	401.7	407.7	383.7	416.1	569.4
Change%	21.7	1.5	–5.9	8.4	36.8
Net sales					
M€	1,196.3	1,103.1	1,136.0	1 313.2	1 386.2
Change%	2.2	–7.8	3.0	15.6	5.6
Intrinsic Value					
M€	1 034.1	931.3	1376.30	1 522.2	1 435.4
Change%	15.5	–9.9	47.8	10.6	–5.7
Comparable Operating Profit					
M€	99.3	92.7	142.7	160.5	153.7
Change%	2.2	–6.6	53.9	12.5	–4.2
Comparable OP %	8.3	8.4	12.6	12.2	11.1
Total Shareholder Return %	–45.7	41.1	60.4	18.40	–17.48

* Average employee salary is calculated by dividing the total paid salaries and bonuses with the average number of employees during the year.

Remuneration of the Board of Directors for 2022

As stated in the Remuneration Policy of the Governing Bodies approved by the Annual General Meeting in 2022, Board remuneration consist of an annual fee and a fee per meeting. 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 2022 Annual General Meeting approved the following fees to be paid to members of the Board of Directors.

- Chair of the Board of Directors: €100,000
- Deputy Chair of the Board of Directors: €58,000
- Chair of the Board's Audit Committee: €58,000
- Chair of the Board's Personnel and Remuneration Committee (only in case she/he is not the Chair of the Board as well): €58,000
- Each other member of the Board: €48,000

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 2022.

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 €800 for meetings held in the country of residence of the member, €1,600 for meetings held elsewhere on the same continent, and €3,000 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.

All payments to members of the Board of Directors during the financial year 2022 have been in compliance with the Remuneration Policy.

In the financial year 2022, the following fees were paid to the members of the Board of Directors:

Board of Directors	Audit Committee	Personnel and Remuneration Committee	Ad Hoc Committee	Remuneration in cash €	Remuneration in shares		Remuneration for Board and committee meetings, total €
					Number of shares	Value €	
Paasikivi, Annika, Chair		Chair	Member	57 829	2,834	41 507	36 800
Aaltonen-Forsell, Pia	Chair		Chair	33 537	1,644	24 078	42 800
Falk, Johan				27 763	1,360	19 919	25 600
Lengauer, Markus	Member		Member	33 537	1,644	24 078	47 200
Lindholm, Casimir (until 15 March 2022)		Member		-	-	-	3 600
Marchi, Michael G.	Member			27 763	1,360	19 919	33 400
Skippari, Susanne (since 15 March 2022)		Member		27 763	1,360	19 919	22 400
Total				208 191	10,202	149 418	211 800

Remuneration of the President and CEO and the Deputy CEO for 2022

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 2022, the variable portion of the remuneration of the President and CEO and the Deputy CEO was increased in line with the increased emphasis on pay-for-performance.

Michael Rauterkus was appointed President and CEO as of August 2021 and was not paid long-term incentive during 2022. Rauterkus was paid total remuneration of €908,642 including base salary and benefits, supplementary pension and short-term incentive 2021. The relative proportion of fixed pay was 76% and variable pay 24%.

The Deputy CEO, Sebastian Bondestam, was paid total remuneration of €782,420. The relative proportion of fixed pay was 37% and variable pay 63%.

The different components of the total remuneration 2022 are described in the following table.

	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						
Michael Rauterkus	575,300	218,342	–	115,000		908,642 Total 2022, €
21 August 2021 –	–	324,818	*	–		Accrued 2022, to be paid in 2023, €
Deputy CEO	265,538	142,657	349,225	25,500		782,420 Total 2022, €
Sebastian Bondestam	–	152,547	*	–		Accrued 2022, to be paid in 2023, €

*The exact value of the reward is determined based on the share price at the time of the payout, and it is not known yet.

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 2022, and short-term incentive plan accrued in 2022 to the President and CEO and the Deputy CEO.

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

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

Criteria and total outcome of the long-term incentive plan 2019–2021 (paid in 2022)

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

Criteria and total outcome of the short-term incentive plan 2022 (accrued 2022, paid 2023)

	Criteria	Weight	Achievement
President and CEO	Uponor Comparable Operating Profit	54%	Between threshold and target
	Uponor Net Sales	36%	Between threshold and target
	Uponor Lost Time Injury Frequency (LTIF)	10%	Below threshold
Deputy CEO	Uponor Comparable Operating Profit	30%	Between threshold and target
	Uponor Infra Comparable Operating Profit	60%	Maximum
	Uponor Infra Lost Time Injury Frequency (LTIF)	10%	Below threshold



Summary of the remuneration of the President and CEO and Deputy CEO for financial year 2022

Remuneration element	President and CEO (Rauterkus)	Deputy CEO
Base salary and benefits	The paid base salary was €575,300 including phone benefit.	The paid base salary and benefits was €265,538 including taxable benefits: company car and phone
Short-term incentive (STI)	<p>Performance year 2021 The maximum STI opportunity was 100% of the annual base salary.</p> <p>Performance year 2022 and due payment 2023 The maximum STI opportunity was increased to 140% of the annual base salary.</p>	<p>Performance year 2021 The maximum STI opportunity was 60% of the annual base salary. No changes was made to the STI maximum opportunity in 2021.</p> <p>Performance year 2022 and due payment 2023 The maximum STI opportunity was increased to 80% of the annual base salary.</p>
Long-term incentive (LTI) For additional long-term incentive plan descriptions, please see our website.	<p>Performance period 2019–2021 (paid in 2022) Michael Rauterkus was appointed President and CEO as of August 2021, and was not eligible for the 2019–2021 long-term incentive performance period.</p> <p>Performance period 2020–2022 and due payment 2023 The maximum gross reward for the performance period would have been 66,938 shares. The confirmed gross reward is 64,327 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 2021–2023 performance period was increased to 60,650 shares including 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 including 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>The maximum reward for the ongoing LTI 2023–2025 performance period is 87 365 shares including 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 period 2019–2021 (paid in 2022) Payment was made partially in shares and cash: €349,225 was paid in March 2022. The share proportion consisted of 8,713 shares.</p> <p>Performance period 2020–2022 and due payment 2023 The maximum gross reward for the performance period would have been 27,000 shares. The confirmed gross reward is 25,947 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 2021–2023 performance period is 19,350 shares including 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> <p>The maximum reward for the ongoing LTI 2023–2025 performance period is 25 601 shares including 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 defined as 20% of annual base salary. The value of the defined pension plan in 2022 was 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 in 2022 was €25,500. The Deputy CEO may retire at the age of 63.
Termination	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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