



uponor

Corporate governance statement 2022

1. Introduction

Uponor Corporation ("Company") complies with the Finnish Corporate Governance Code 2020, issued by the Securities Market Association. The Finnish Corporate Governance Code is available on the website www.cgfinland.fi. Company deviates from recommendation 15 according to which the committees should have at least three members each. The Personnel and Remuneration Committee has, however, two members instead of three members as stated in the recommendation as resolved by the Board of Directors of the Company. Uponor considers that sufficient expertise for the Personnel and Remuneration Committee is secured with two members, and the Committee may also obtain views from outside of the Committee. The Committee acts as a preparatory and assisting body for the Board of Directors, and all essential matters relating to remuneration shall be dealt by the Board of Directors.

This corporate governance statement has been drawn up in accordance with the reporting section of the Finnish Corporate Governance Code 2020 issued by the Securities Market Association. This statement is presented as a separate report from the Review by the Board of Directors. The Company's Audit Committee has reviewed the statement in its meeting on 13 February 2023.

The Company has separately issued a Remuneration Report for Governing Bodies for 2022 on its website, in accordance with the reporting section of the Finnish Corporate Governance Code 2020, which will also be presented to the Annual General Meeting to be held on 17 March 2023. Revised version of the Remuneration Policy for Governing Bodies was approved by the Board of Directors on 9 February 2022 and adopted by the Annual General Meeting on 15 March 2022. The Remuneration Policy for Governing Bodies shall be presented to the general meeting at least every four years and whenever substantial changes have been made to it.



2. Descriptions concerning corporate governance

2.1 General Meeting of Shareholders

Shareholders exercise their rights at the shareholders' meeting, which constitutes the corporation's highest decision-making body. In accordance with Uponor Corporation's Articles of Association, the Annual General Meeting (AGM) shall be held by the end of June. Extraordinary General Meetings can be held when Board of Directors deems it necessary or when required by legislation.

The decisions made by general meetings of shareholders include:

- Amendments to the Articles of Association;
- Adoption of the annual accounts;
- Dividend distribution;
- Share issues;
- Buyback and disposal of the Company's shares;
- Share and stock option plans;
- Election of members of the Board and decision on their emoluments; and
- Election of the Company's auditor and decision on audit fees.

Annual General Meeting 2022

Annual General Meeting was held in Helsinki, Finland on 15 March 2022. A total of 396 shareholders representing around 48 300 034 of the company's shares and votes had participated in the advance voting. The AGM adopted the financial statements and the consolidated financial statements for 2021 and released the Board members and the President and CEO from liability. Further details regarding the Annual General Meeting are available at uponorgroup.com/en-en/investors/governance/agm-2022



2.2 The Board of Directors

Pursuant to the Articles of Association, the Board comprises a minimum of five and a maximum of seven members, elected for a one-year term starting at closing of the Annual General Meeting (AGM) at which they were elected and expiring at closing of the following AGM. Board members may be elected or removed only by a resolution adopted by the shareholders in a general meeting. The number of terms a Board member may serve is not limited, nor is there any defined retirement age. The AGM shall elect the Chair of the Board and the Board elects the Deputy Chair for one year at a time from amongst its members.

Duties

In accordance with the Finnish Companies Act, the Board of Directors is responsible for the management of the Company and the proper organisation of its activities. The Board's main duty is to direct the Group's strategy in such a way that enables, in the long run, the Group to meet the set financial targets and the return to shareholders is secured, while simultaneously taking the expectations of various stakeholders into account. In addition to the statutory duties, the Board takes decisions on all other significant issues.

According to the charter of the Board of Directors, the Board shall, among other things:

- a. annually review and determine the rules of procedure of the Board and the Executive Committee ('ExCom');
- b. approve the Group's values and monitor their implementation;
- c. approve the Group's basic strategy and monitor its implementation and updating;
- d. determine the dividend policy;
- e. make a proposal to the general meeting of shareholders on the payment of the dividend, including the amount and time of payment;
- f. approve the annual operational plan and budget based on the strategy, as well as monitor their implementation;
- g. annually approve the total amount of investments as well as any investments that exceed the approved total annual investment limit;
- h. approve investments and leasing arrangements whose net present value exceeds the limit specified in the Signing and Authorisation Policy;
- i. approve acquisitions, joint ventures, partnerships, licensing arrangements and asset divestments that exceed the limits specified in the Signing and Authorisation Policy;
- j. approve the Group's general organisational structure;
- k. appoint and dismiss the President and CEO and determine the terms of his/her service contract;
- l. prepare and approve the President and CEO's annual compensation;
- m. approve the appointment and dismissal of members of ExCom;
- n. approve annual compensation for the members of ExCom;
- o. prepare and approve a succession plan for the President and CEO;
- p. approve succession plans for members of ExCom;
- q. approve the interim reports, the half year financial report, the annual report and the annual financial statements;
- r. meet the external auditor at least once a year in a closed session without the management;
- s. prepare the proposals for general meetings of shareholders;
- t. annually evaluate the performance of the President and CEO and members of the Board as well as that of the Chair;
- u. approve far-reaching key Group policies, policies relating to Uponor values and as required by respective regulation;
- v. deal with other issues raised by the Chair or the President and CEO.

The Board meets on average 10 times a year. Some meetings may be held as teleconferences or other type of remote meetings. Two of the meetings should take place at a business unit, a different one each time. The Board may also meet at any time without the presence of the management and make decisions without holding a meeting. Minutes of a meeting are taken in English for each meeting.

Board of Directors in 2022

In March 2022, the AGM elected the following six members to the Board:

- Ms Pia Aaltonen-Forsell, born 1974, M. Soc. Sc.(Econ.), MBA, CFO, Outokumpu Oyj, member of the Uponor Board since 2017
- Mr Johan Falk, born 1971, M.Sc. (Eng.), MBA, CEO, Asker Healthcare Group, member of the Uponor Board since 2018
- Mr Markus Lengauer, born 1965, M.Sc. (Eng.), Doctorate in Mechanical Engineering, Chair of the Board, Oras Group, member of the Uponor Board since 2015
- Mr Michael G. Marchi, born 1959, B.S. (Marketing and Economics), MBA, CEO, MGM Executive Consulting, member of the Uponor Board since 2020
- Ms Annika Paasikivi, born 1975, B.A, M.Sc. (Global politics), President and CEO, Oras Invest Ltd and CEO, Finow Ltd, member of the Uponor Board since 2014
- Ms Susanne Skippari, born 1974, M.Sc. (Econ.), Executive Vice President, Human Resources, KONE Corporation, member of the Uponor Board since 2022.

Ms Annika Paasikivi was elected Chair of the Board and Mr Markus Lengauer Deputy Chair of the Board. Based on the evaluation of the Board, all the current Board members are independent of the Company and all the current Board members, with the exception of Ms Annika Paasikivi, are independent of major shareholders. Ms Annika Paasikivi is not independent of Oras Invest Oy, which is a major shareholder of the Company, since she acts as the President and CEO of Oras Invest Oy.

During 2022, the Board held twenty-eight meetings in total. COVID-19 pandemic and related travel restrictions still impacted the practical arrangements of the Board meetings. Seven

meetings were held as physical meetings and the remaining twenty-one meetings were organised fully remotely by using Microsoft Teams. One meeting in 2022 was arranged at a business unit. Five non-attendances were recorded (1 for Markus Lengauer, 1 for Michael Marchi and 3 for Susanne Skippari). Further, the Board made seven decisions without having a meeting.

In 2022, in addition to the normal duties based on regulation, good governance and the Board charter, the Board of Directors focused on the follow up of the new strategy and the potential and required changes to it due to rapid variations in macro-economic conditions (e.g. exit from Russia, potential raw material and energy constraints). Considerable board attention was also given to management succession planning, as the company welcomed 4 new members to the Executive Committee. Towards the end of the year, the board's focus was on supporting the management of and recovery from the cyberattack.

Board diversity principles

When designing the composition of the Board of Directors, the Nomination Board of the company assesses the Board composition from the viewpoint of the company's current and future business needs, while taking into account the diversity of the Board.

The diversity of the Board of Directors will be assessed from various viewpoints. The members of Uponor's Board of Directors shall have sufficient and complementary experience and expertise in the key industries and markets relevant to Uponor's business. In addition, an essential element is the personal characteristics of the members and their diversity.

Expertise

- Knowledge on the company's value creation drivers
- Industry
- Relevant markets and technologies
- Accounting and finance
- Governance

Personal characteristics

- Professional experience
- Education
- Gender
- Age
- Personality

Objective:

The company's aim is that the Board of Directors represents diverse expertise in different industries and markets, diverse professional and educational background, diverse age distribution and both genders. Concerning gender diversity the objective is that both genders are represented in the Board by at least two members. The objective was well achieved in 2022.

The realisation of the diversity principles is monitored and reported in the company's Corporate Governance Statement.

2.3 Board Committees

2.3.1 Audit Committee

According to the charter of the Audit Committee it shall have the following duties:

- to monitor the reporting process of financial statements and assuring that the reporting process generates correct information, to deal with any exceptional and material items and their handling and to approve important accounting principles;
- to review and oversee the quality and integrity of the annual report and the annual financial statements as well as the interim reports and the half year financial report;
- to monitor the financial and liquidity position of the company and prepare matters and proposals to the Board on a need-to-know basis;
- to monitor the efficiency, plans and processes of the Group's internal control, internal audit and risk management systems;
- to review the Company's corporate governance statement including the description of the main features of the internal control and risk management systems pertaining to the financial reporting process;
- to approve the annual plan and budget, to issue instructions on and to review and monitor the operations, plans and reports of the internal audit function, to receive status reports of the internal audit function in every meeting and to meet with the internal auditor at least twice a year;
- to review the external audit plan and to monitor the statutory audit of the financial statements and consolidated financial statements, to approve the budget of the external audit as well as new assignment above the limit set by the Audit Committee;

- to meet with the external auditor quarterly and to review all material reports from the auditor;
- to evaluate the independence of the statutory auditor or audit firm, particularly the provision of related services to the company to be audited;
- to prepare the proposal for a resolution on the election of the auditor;
- to monitor the Company's compliance with legal and regulatory requirements, including the performance of its ethics and compliance programme and
- to meet with the management of the company, particularly the President and CEO and the CFO, but also others responsible for internal control and risk management.

The invitation and materials of the Audit Committee meetings shall be sent to the Board members, who all have the right to attend the meetings.

Audit Committee in 2022

The Board decided to re-establish the Audit Committee in March 2022, with the same charter as earlier. The appointed members of the Audit Committee are Pia Aaltonen-Forsell, Markus Lengauer and Michael G. Marchi. Pia Aaltonen-Forsell was elected as the committee chair.

During 2022, the Committee held five meetings, two of which were held as physical meetings and three remotely via Microsoft Teams. No non-attendance was recorded.



2.3.2 Personnel and Remuneration Committee

According to the charter of the Personnel and Remuneration Committee, it shall have the following duties:

- preparing the appointments of the President and CEO and the members of the Executive Committee, and the terms and conditions of their employment
- preparing matters to be brought to the Board relating to personnel, evaluation of top management and succession planning as needed
- to prepare matters pertaining to the remuneration and other financial benefits of the managing director and other executives;
- to prepare matters pertaining to the remuneration schemes of the company;
- to evaluate the remuneration of the managing director and the other executives as well as to see that the remuneration schemes are appropriate;
- to review the remuneration statement;
- to answer questions related to the remuneration statement at the general meeting.

Personnel and Remuneration Committee in 2022

The Board decided to re-establish the Personnel and Remuneration Committee in March 2022, with the same charter as earlier. The appointed members of the Personnel and Remuneration Committee are Annika Paasikivi (chair) and Susanna Skippari. The Personnel and Remuneration Committee held seven meetings in 2022, with zero non-attendances. One meeting was held as a physical meeting and the rest remotely via Microsoft Teams.

2.3.3. Temporary Committee

From time to time, the Board may establish temporary working committees to further enhance the efficiency of board work. During 2022, the Board established a temporary committee to prepare strategic matters for board assessment. The temporary committee has been terminated during 2022.

The appointed members of the temporary committee were Pia Aaltonen-Forsell (chair), Markus Lengauer and Annika Paasikivi. The temporary committee held in total 19 meetings, all of which were held remotely. Fees paid for committee work have been reported in the remuneration report.

2.4 Nomination Board

In March 2012, the AGM established a permanent Nomination Board, comprising shareholders or representatives of shareholders, for the preparation of proposals for the election and remuneration of members of the Board of Directors.

The duties of the Nomination Board shall be:

- to prepare the proposal for the appointment of members of the Board of Directors, for presentation to the general meeting;
- to prepare the proposal to the general meeting on matters pertaining to the remuneration of members of the Board of Directors;
- to prepare the proposal to the general meeting for the appointment of the Chair of the Board of Directors
- to seek prospective successors to members of the Board of Directors;
- to present the proposal on members of the Board of Directors and members' remuneration to the general meeting.

The Nomination Board shall comprise the three largest shareholders or shareholders' representatives. In addition, the chair of the Board of Directors shall act as an expert member. The right to appoint members representing shareholders lay with the three shareholders who on 30 April 2022 were registered in the shareholders' register of the corporation, held by Euroclear Finland Ltd, and who, according to the shareholders' register, held the greatest share of votes appertaining to all shares. The holdings of a shareholder, held in several funds or registers, who according to the Securities Market Act has an obligation to disclose changes in ownership (notified shareholdings), will be calculated together when counting the voting rights, if the shareholder so requests in writing to the Board of Directors, at the latest on 29 April preceding

the general meeting. In case two of the largest shareholders have an equal number of shares and votes and the representatives of both such shareholders cannot be appointed to the Nomination Board, the decision between them shall be made by drawing lots. If a shareholder does not wish to use the right to appoint a member, the right shall pass on to the next biggest shareholder in the shareholders' register, who otherwise would not have a right to appoint a member.

The Nomination Board shall constitute a quorum when a majority of the members are present. Decisions of the Nomination Board shall be made unanimously.

The Nomination Board is for the first time convened by the chair of the Board of Directors. Members of the Nomination Board elect a chair from amongst themselves.

Nomination Board in 2022

The members of the Nomination Board appointed in May 2022 are Ville Kivelä (Oras Invest Oy), Henrika Vikman (Nordea Funds Oy) and Hanna Kaskela (Varma Mutual Pension Insurance Company), as well as Chair of the Board Annika Paasikivi (expert member), who in turn elected Ville Kivelä as Chair of the Nomination Board. The members of the Nomination Board appointed in May 2021 (Ville Kivelä (Oras Invest Oy), Henrika Vikman (Nordea Funds Oy) and Reima Rytsölä (Varma Mutual Pension Insurance Company) continued their work until end of January 2022.

The Nomination Board held one meeting remotely via Microsoft Teams and made one decision without having a meeting among the previous composition of the Nomination Board (Ville Kivelä,

Henrika Vikman and Reima Rytsölä) in January 2022. During 2022 the Nomination Board held four additional meetings with the new composition (Ville Kivelä, Henrika Vikman and Hanna Kaskela), three of which were held remotely via Microsoft Teams and one as a physical meeting. Three non-attendances were recorded (2 for Ville Kivelä and 1 for Henrika Vikman).

2.5 Chief Executive Officer

Assisted by the Executive Committee, the President and CEO is in charge of the Group's day-to-day management in accordance with the orders and instructions issued by the Board. It is the President and CEO's duty to ensure that the Group's accounting procedures comply with the applicable legislation and that the financial management is conducted in a reliable manner.

The President and CEO is also the Chair of the Executive Committee.

President and CEO in 2022

Mr Michael Rauterkus, M.Sc. (BA), born 1966, acted as the President and CEO of the Company during 2022.

Mr Sebastian Bondestam, M.Sc. (Eng.), born 1962, acted as the deputy to the Company's managing director during 2022.

2.6 Executive Committee (“ExCom”)

The ExCom is mainly responsible for formulating and implementing the Group’s strategy. It also discusses and decides on significant operational issues, while each of its members is responsible for the Group’s day-to-day management with respect to his/her field of responsibility.

The ExCom shall, among other things, attend to the following:

- a. the Group’s strategy and its implementation throughout the Group;
- b. budgets, business plans and their implementation;
- c. significant organisational changes and any changes in employment conditions affecting large numbers of employees such as:
 - the composition of area/regional management teams,
 - major structural changes within the organisation,
 - all major redundancy programmes,
- d. the appointment or removal of Senior Officers and Unit Managers belonging to the reporting chain of any ExCom member;
- e. annual salary and incentive structures of the management (excluding those of ExCom members);
- f. investments and leasing arrangements with net present value of leases being in the limits specified in the Signing and Authorisation Policy of the Group;
- g. acquisitions, joint ventures, partnerships and licensing arrangements and, should these exceed the limit specified in the Signing and Authorisation Policy of the Group, the ExCom shall submit a proposal to the Board;
- h. incorporation or dissolution of legal entities;
- i. asset divestments – including real estate, legal units and shares in the limits specified in the Signing and Authorisation Policy of the Group;

- j. performance by region/unit including analysis of market trends and the competitive environment, as well as significant corrective actions (to be discussed in each meeting);
- k. R&D and new business development priorities and resources;
- l. items related to the Group’s brand architecture;
- m. legal disputes and claims of a significant nature including matters at regional/unit level;
- n. approval of all key operational policies and
- o. any other matters, upon the Board’s request.

ExCom prepares proposals to the Board on matters which require a resolution of the Board.

The ExCom meets 8-12 times a year, with informal records being kept of its meetings.

The target is to achieve a unanimous view among the members of the ExCom on the issues under discussion. The decisions shall be confirmed by the Chair.

Members of the Executive Committee and meetings of ExCom in 2022

The ExCom comprises of the President and CEO and the following executives determined by the Board:

- Mr Sebastian Bondestam, born 1962, M.Sc. (Eng.), President, Uponor Infra
- Mr Markus Melkko, born 1975, M.Sc. (Tech.), B.Sc. (Econ.), Chief Financial Officer from 1 January 2022
- Ms Jennifer Hauschildt, born 1969, BA (Mathematics), MBA, Chief Human Resources Officer from 1 April 2022

- Mr Bill Gray, born 1965, B.Com. (Finance and Marketing) & B.A., President, Building Solutions – North America and member of ExCom until 10 January 2022
- Mr John Reutter, interim President, Building Solutions – North America and interim member of ExCom from 10 January until 24 July 2022
- Mr Andres Caballero, born 1974, M.Sc. (Engineering), President, Building Solutions – North America from 25 July 2022
- Mr Karsten Hoppe, born 1971, M.Sc. (Industrial Engineering), MBA, Ph.D. (Business), President, Building Solutions – Europe until 30 September 2022
- Mr Thomas Fuhr, born 1965, German citizen, M.Sc. (Mech. Eng.), Chief Technology Officer from 1 October 2022.

In 2022, the ExCom held eight official meetings in addition to which the ExCom convened with a broader group on a weekly basis (in total 39 times).

2.7 Shares of each Board member, President and CEO and ExCom member and corporations over which he/ she exercises control

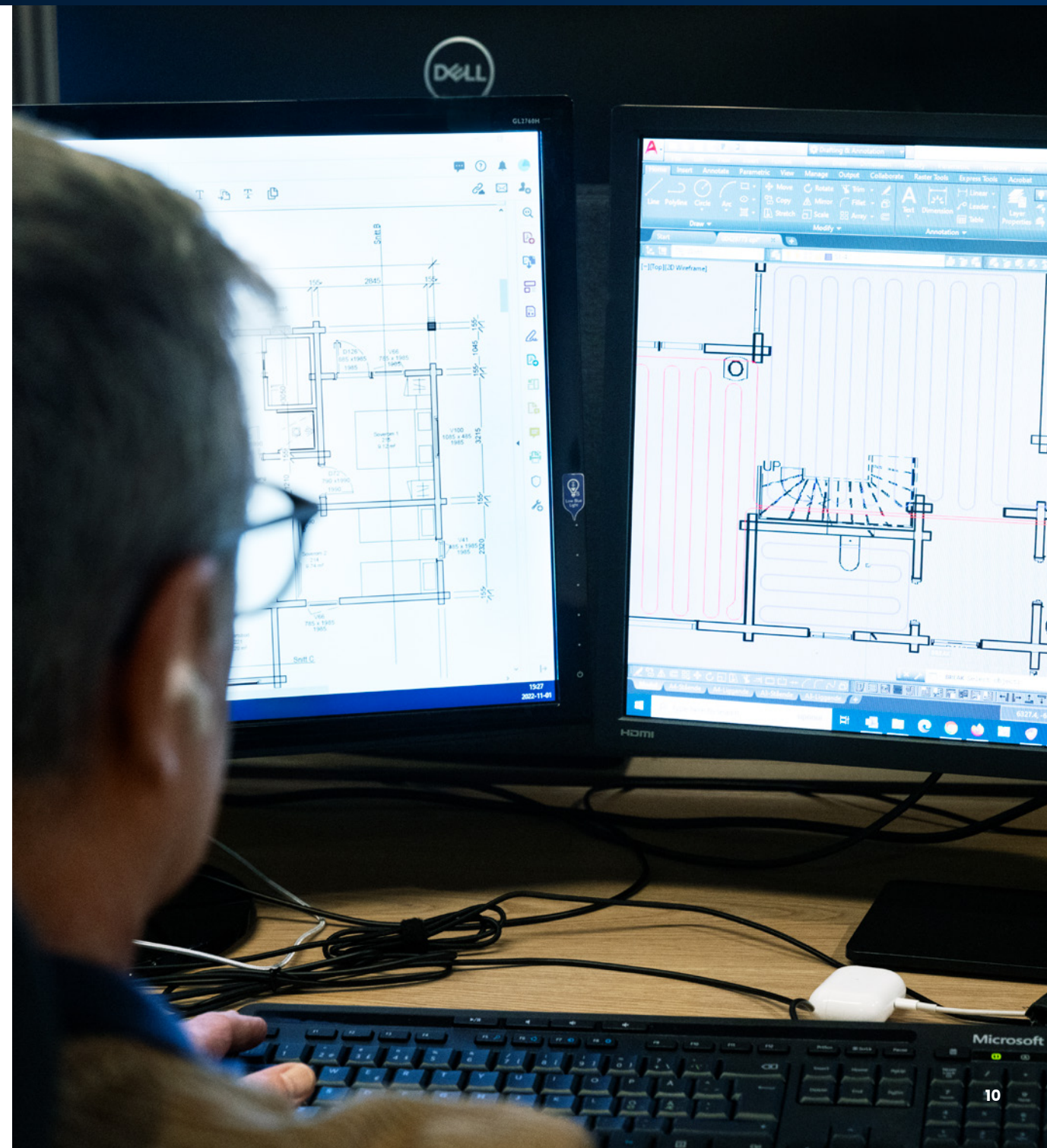
Shares held by management in 2022

The Board of Directors

Name	Position	Date	Shares
Aaltonen-Forsell, Pia	Board member	1 Jan	6,674
		31 Dec	8,318
Falk, Johan	Board member	1 Jan	5,063
		31 Dec	6,423
Lengauer, Markus	Board member	1 Jan	9,026
		31 Dec	10,670
Lindholm Casimir	Board member (until 15 March 2022)	1 Jan	5,063
		15 Mar	5,063
Marchi, Michael G.	Board member	1 Jan	1,913
		31 Dec	3,273
Paasikivi, Annika	Chair of the Board	1 Jan	49,284
		31 Dec	52,118
Skippari, Susanne	Board member (from 15 March 2022)	15 Mar	0
		31 Dec	1,360

The Executive Committee

Name	Position	Date	Shares
Bondestam, Sebastian	ExCom member	1 Jan	18,702
		31 Dec	27,415
Caballero, Andres	ExCom member (from 25 July 2022)	25 Jul	0
		31 Dec	0
Fuhr, Thomas	ExCom member (from 1 October 2022)	1 Oct	0
		31 Dec	0
Gray, Bill	ExCom member (until 10 January 2022)	1 Jan	14,491
		10 Jan	14,491
Hauschildt, Jennifer	ExCom member (from 1 April 2022)	1 Apr	3,941
		31 Dec	3,941
Hoppe, Karsten	ExCom member (until 30 September 2022)	1 Jan	9,150
		30 Sep	20,469
Melkko, Markus	ExCom member	1 Jan	3,052
		31 Dec	3,052
Rauterkus, Michael	President and CEO	1 Jan	12,300
		31 Dec	12,300
Reutter, John	Interim ExCom member (10 January – 24 July 2022)	10 Jan	0
		24 Jul	4,003



3. Descriptions of internal control procedures and the main features of risk management systems

3.1 Overview of the internal control

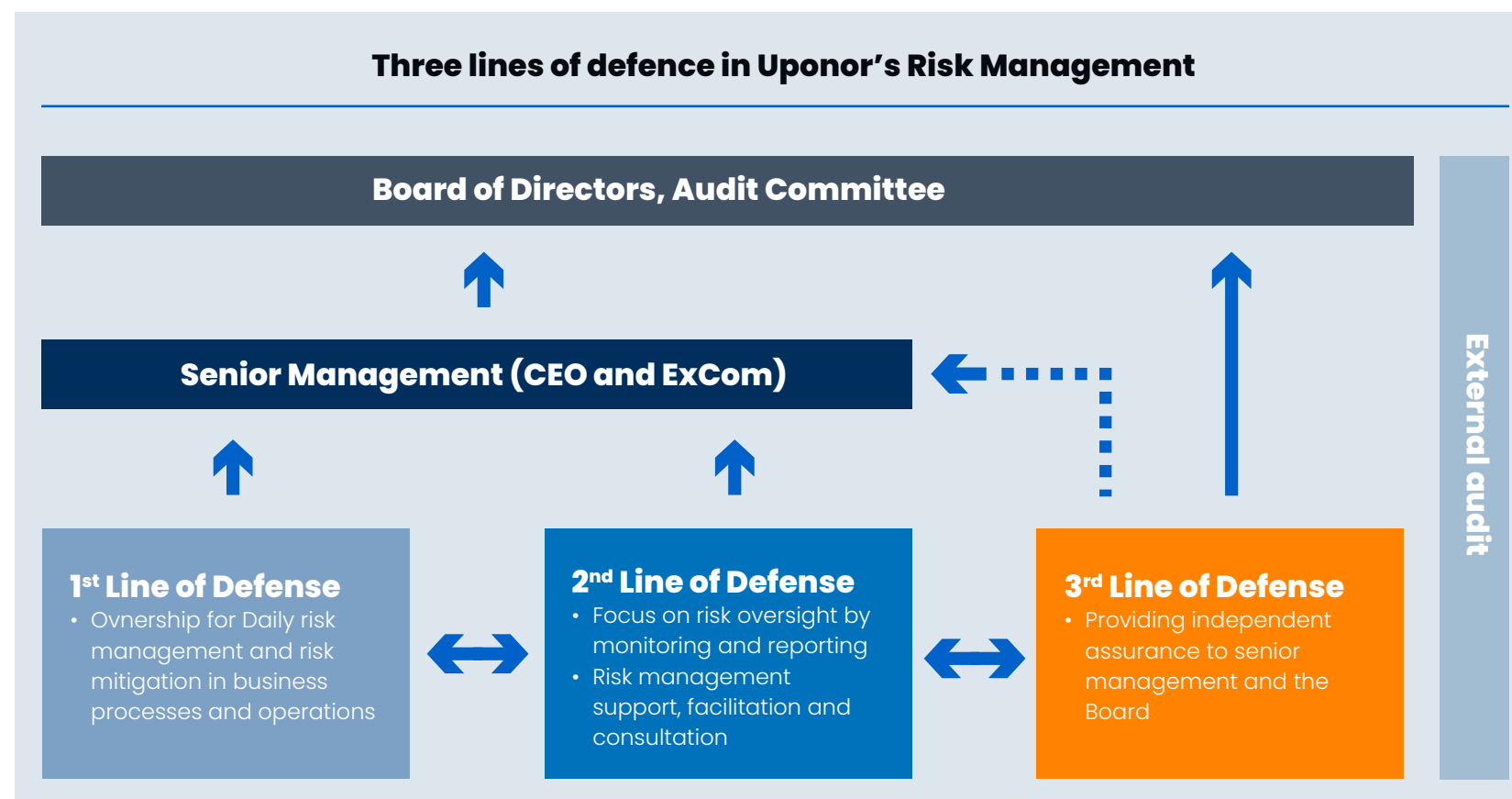
Internal control process aims to ensure that Uponor's objectives are achieved and aligned with the strategy in the following categories:

- Operational efficiency
- Reliability of financial statements
- Compliance with Uponor's internal policies and processes in addition to applicable laws and regulations.

The Group's internal control framework strives to balance the business needs and the control perspective. Uponor's internal control environment is defined through group policies and standards, which act as a basis for effective internal control. They also describe relevant control activities to mitigate risks that may affect Uponor's ability to achieve its objectives. All Uponorians are expected to act ethically, follow Uponor's policies and Code of Conduct and perform the control activities related to their position.

Uponor's Internal Control approach is based on the Three Lines of Defense model, where:

- The 1st line owns and manages daily risks in business processes and operations
- The 2nd line supports, facilitates, and provides consultation on risk management led by internal controls and risk management
- The 3rd line provides independent assurance by internal audit on whether risk management is on an appropriate level.



Internal control over the financial reporting process is part of the overall internal control system in the Group. The objective of internal control over financial reporting is to ensure that the financial reporting information is reliable, comprehensive and timely, and that the financial statements are prepared in accordance with applicable laws and regulations, generally accepted accounting principles and other requirements for listed companies.

The Company's consolidated financial statements are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Community. The financial statements also include additional information as required by the Finnish Accounting Act and the Companies Act. The Company's financial statements have been prepared according to generally accepted accounting principles in Finland.

3.1.1 Control environment

The control environment serves as the foundation for all other components of internal control. Group level policies and internal control principles serve as binding guidelines for operating units.

The Group Finance function co-ordinates the business units and functions finance processes by establishing adequate control activities in financial reporting in co-operation with the local finance representatives. It also provides management and regulatory authorities reporting as well as co-ordinates process level internal control implementation and follow-up in Group reporting process. The Group Finance function is also responsible of the interpretation and application of accounting standards in the Group.

The Audit Committee's duties include monitoring and supervising the financial reporting process and the efficiency, plans and processes of the internal control, internal audit and risk management systems. Furthermore the Audit Committee shall review and oversee the quality and integrity of the financial statements, annual report, the half year financial report and interim reports and monitors the financial position of the company. The Audit Committee also monitors the statutory audits of the financial statements and consolidated financial statements, evaluates the independence of the statutory auditor or audit firm, and prepares the proposal for resolution on the election of the auditor. Audit Committee additionally reviews and monitors the operations, audit schedules and reports of the internal audit function and meets with the internal auditor, the external auditor and the management of the company on agreed intervals.

The President and CEO's duty is to ensure that the Group's accounting procedures comply with the applicable legislation and that the financial management is conducted in a reliable manner.

The CFO is responsible for the monitoring of the process-level internal control implementation and follow-up of the financial processes.

Internal Audit supports the Board and the management in following up the effectiveness of internal control and corporate governance. It carries out independent audits of business units and subsidiaries, process reviews, and targeted audits on specific areas to ensure compliance with internal company policies, guidelines and laws and regulations.

3.1.2 Control activities, reporting and monitoring

The Group aims to embed control in the daily operations. Control activities include for example four-eye principle, segregation of duties, authority limits and group policies. Control activities are continuously improved to ensure that risk mitigation is effective. In addition, Internal Audit evaluates control effectiveness as part of their audit engagements.

The Group's Finance Manual sets the standards and guidelines for financial reporting and describes the accounting policies to be applied within the Group. The purpose of the manual is to ensure the relevance and reliability as well as comparability of each entity's financial statements.

The Company has a common Group wide control framework for external financial reporting, management reporting and treasury processes. The internal control points are built in the business processes as well as into the management's supervision and monitoring. These key controls aim to address the risks related to the achievement of the financial reporting objectives. The control activities are designed to provide reasonable assurance of the accuracy, timeliness and completeness of the financial reporting information and they are applied at all levels of the organisation.

Uponor has a global enterprise resource planning (ERP) system that supports harmonized processes and controls across the Group. Ongoing monitoring of the financial reporting process occurs locally in each unit as part of the daily operations. On Group level, the responsibility lies within the Group Finance function. Internal control deficiencies shall be reported upstream, with any serious matters to be reported to the ExCom and to the Audit Committee. Audit Committee has the responsibility for monitoring Uponor's internal controls.

3.2 Overview of the risk management systems

Risk management is a systematic way of protecting business assets and income against losses in order to achieve the Company's targets without unnecessary interruption. Risk management also includes risk-taking. That means utilisation of opportunities, taking into account the risk-reward ratio and expectations in each case.

The objective of risk management is to enable the Company to implement its strategy, to ensure it achieves its financial targets and to protect it from operative incidents, which might prevent it from achieving its targets. A further objective is to ensure the continuity of the operations even in an exceptional business environment.

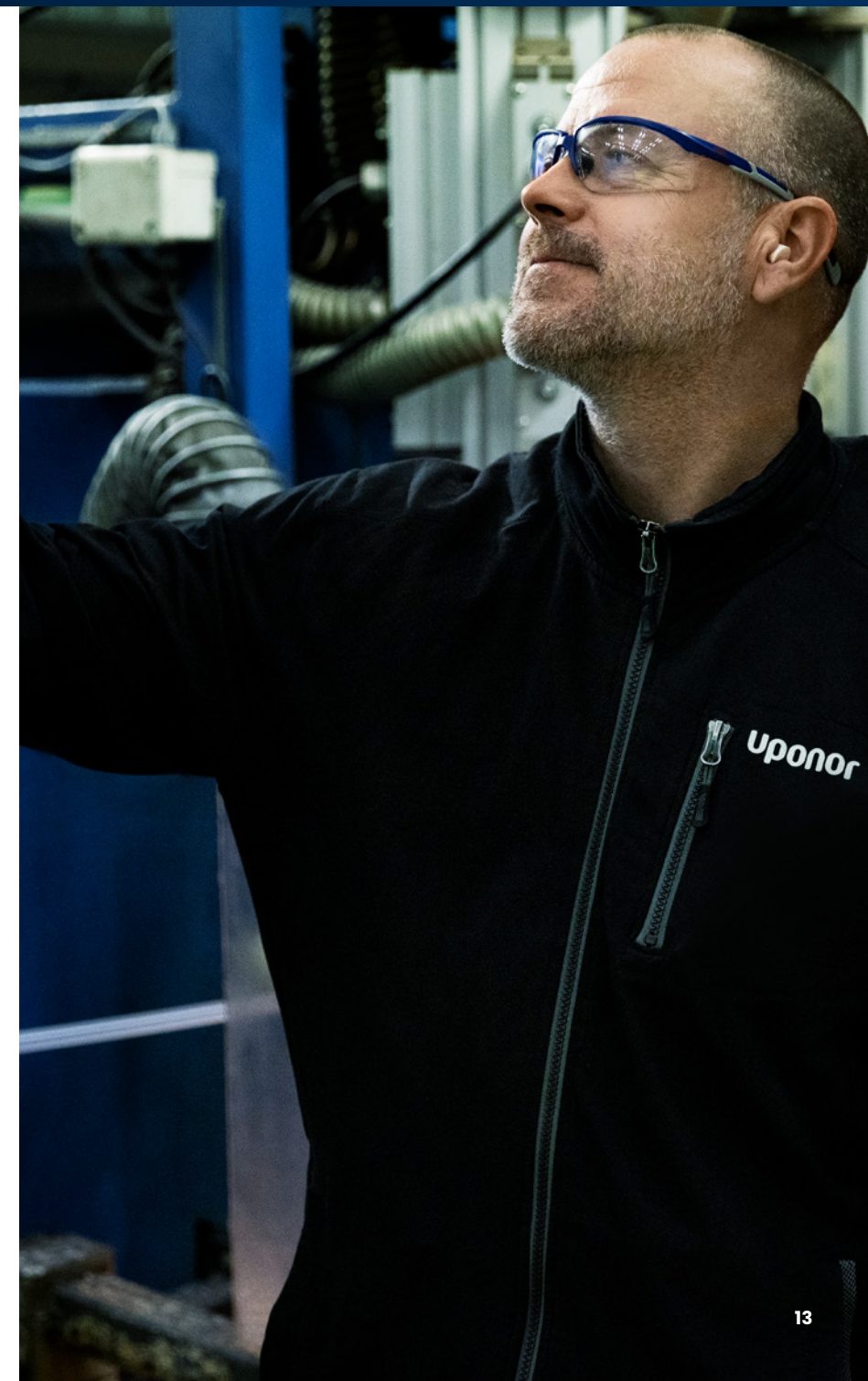
The main risk areas of the Company have been identified and assessed. Group risk identification and assessment process is conducted twice a year, during second and fourth quarters. Company applies risk identification and assessment process covering all Business Divisions and selected functions. Risks are identified based on each divisional or functional management team's knowledge of its business and area of responsibility. The main principle is to manage risks at their source within the business unit, plant or function where risks may occur. Risk ownership including the monitoring actions for the assessed risks are defined and carried out by the appropriate management at different levels of the Company. Vice President, Treasury is responsible for the overall process and consolidates the results at Group level.

Vice President, Treasury is responsible for providing support to the ExCom in developing risk policies and guidelines, as well as for establishing assessment, monitoring and reporting procedures. He/she provides support to the Business Divisions, units and functions by providing assistance and training. He/she is also responsible for establishing and maintaining the company's global commercial insurance programs.

Assessment of risks regarding financial reporting is part of the Group's overall internal control and risk management framework. The risk assessment procedure which relates to the financial reporting process includes:

- a. ensuring, that objectives for financial reporting have been set up.
- b. identifying and mitigating risks that might hinder the achievement of set objectives.

The objectives are set both in the business units and in Group level operations. The risks are analysed in order to determine how the risks should be managed. The risk assessment process also considers the potential for material misstatement due to fraud.





4. Other information

4.1 Internal audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value to and improve Uponor's operations. Internal audit is an integrated part of Uponor's internal control framework.

The purpose of Uponor's internal audit is to support the Board and management in monitoring the effectiveness of internal control, risk management and corporate governance. Internal audit achieves the purpose by having a systematic, disciplined approach to evaluate and improve the aforementioned areas. The purpose of internal audit is also to share leading practices within Uponor. In addition to the existing channels within Uponor, internal audit will also serve as a channel through which subsidiaries can notify Uponor's management about possible wrongdoing/fraud.

The CFO has overall administrative responsibility for the functioning of the internal audit function. As of 1 January 2014, Uponor has outsourced its internal audit function to Ernst & Young Oy.

The operating principles for internal audit are:

- Internal audit plan is prepared for approval by the Audit Committee under supervision of the CFO. Internal audit plan is approved for the period of 12 months. The ExCom may make changes to the audit plan and is obliged to keep the Audit Committee informed of them.
- Written audit reports are issued for each individual audit project. These reports are delivered to the President and CEO and the CFO and, depending on audit target, to other ExCom members. Further, also executives and managers of audited Group companies or functions will receive a copy. A copy of a report will also be sent to external auditors.
- Summary reports are presented to the Audit Committee regarding most significant internal audit findings, related risks and management actions.
- Internal auditors meet the Audit Committee once a year in person with no Uponor management present.
- Internal audit work is coordinated with Uponor's external auditors. In practice, there are bi-annual meetings between internal and external auditors, in which the internal audit plans and results are discussed and shared.
- In 2022, internal audit focused on auditing subsidiaries as well as conducting Group-wide process audits.

4.2 Compliance

At Uponor, compliance has always been of top priority; Uponor strives to maintain and promote the highest legal and ethical standards in its business practices and conduct. Uponor's Code of Conduct sets out the required norms for business behaviour. In parallel it provides guidelines for a common way of working with the aim of ensuring that all Uponor employees, managers, officers and directors live up to the ethical standards needed also for sustainable business.

In addition to other channels, all stakeholders are able to report anonymously of any kind of suspicions of Code of Conduct violations or of other potential misconduct through whistleblowing channels hosted externally. Besides the internal whistleblowing channel, there has been an external channel available for anonymous reporting purposes since May 2021. All stakeholders, especially the employees, have been encouraged to voice their concerns on any misconduct. The reported cases are investigated as per the Investigation Policy in full confidence and with the highest integrity.

The foundation for the Compliance function, including the roles and responsibilities thereof, has been defined in the Compliance Charter. The SVP and Chief Legal Officer has an overall oversight responsibility on the Group level for the functioning of the Compliance function. The Group Compliance Officer, who reports to the SVP and Chief Legal Officer, has an overall operational responsibility for the Compliance related matters. The Compliance Committee is responsible to oversee and manage compliance issues within Uponor as well as make recommendations for investigation of cases reported. The Compliance Committee consists of the CFO, SVP and Chief Legal Officer and Group Compliance Officer. The Compliance Committee convened 9 times during 2022.

All the Group functions are involved in the policy management and in compliance related initiatives to certain extent through the Policy Management Group. Since late 2021, each Division has also nominated the Division Compliance Delegate(s) to participate in the policy creation process and in other compliance topics.



4.3 Insider administration

Uponor Corporation complies with applicable EU regulations, especially the Market Abuse Regulation (596/2014, "MAR"), and any regulation and guidance given by the European Securities Markets Authority ("ESMA"). Further, the company observes Finnish legislation, especially the Securities Markets Act (746/2012, as amended) and the Finnish Penal Code (39/1889, as amended), including the insider and other guidelines of Nasdaq Helsinki Ltd. and the standards and guidance of the Finnish Financial Supervisory Authority ("FIN-FSA") and other authorities. Uponor also has its own insider policy.

Managers, as defined by MAR, include the members of the Board of Directors and senior executives in the following positions: the President and CEO, the CFO, and other members of the Executive Committee. The company keeps a record of its managers as defined by MAR as well as their closely associated persons. MAR requires that each manager and his/her closely associated persons notify the company and FIN-FSA of their transactions in the financial instruments of or linked to the company conducted on his/her own account. These notifications shall be made promptly and no later than three business days after the date of transaction (T+3). Uponor will issue stock exchange releases to disclose information on transactions by managers and their closely associated persons, as specified in MAR.

Uponor does not maintain a list of permanent insiders. Instead, all persons involved with insider projects will be listed as project-specific insiders. Project-specific lists will be established and maintained for each project or event constituting inside information, based on a separate decision. All persons working for Uponor, representatives of external entities, shareholders and authorities who have information concerning an insider project

or have access to project-specific inside information, as well as persons who are working for the implementation of an insider project, will be entered in a project-specific insider list.

Preparation of periodic disclosure (annual and half year financial statements, interim reports, financial statements bulletins) or regular access to unpublished financial information is not regarded as an insider project. However, due to the sensitive nature of unpublished information on the company's financial results, the persons determined by the company, based on their position or access rights, to have authorised access to unpublished financial result information are added to a list of Financial Information Recipients.

Uponor applies an absolute trading prohibition (a 'closed window' principle) during a period beginning 30 calendar days before the announcement of each of the periodic financial reports and the year-end report (the financial statements bulletin) and ending at the end of the trading day following the day of publication of such a report. At the minimum, a closed period commences at the end of the reporting period in question. The closed window principle applies to the managers (as defined by MAR) as well as the Financial Information Recipients.

Uponor's internal insider policy is published on the Group intranet. All Group employees are required to act in accordance with these rules.

4.4 External audit

Assisted by the Audit Committee, the Board prepares a proposal on the external auditor and presents it to the Annual General Meeting (AGM) for election. The external auditor must be a corporation of authorised public accountants accredited by the Central Chamber of Commerce of Finland. In co-operation with the auditor, the corporate management organises the audit of the Group's subsidiary companies, as required by applicable local legislation. Auditors of these subsidiary companies report directly to the legal unit they have audited, submitting a copy of each report to the Group's financial administration for inclusion in the Company's audit log.

External Audit in 2022

The 2022 AGM appointed KPMG Oy Ab, a corporation of authorised public accountants accredited by the Central Chamber of Commerce in Finland, as the Company's auditor for the financial year 2022, with Anders Lundin, Authorised Public Accountant, acting as the principal auditor.

Fees to the external auditor for the statutory audit services totalled €874,991 and for audit related and other services €16,012 in total €891,003 for the year 2022.



4.5 Related party transactions

Uponor has specific Guidelines on Related Parties (“Guidelines”) in place. The purpose and objectives of these Guidelines are to define the related parties and related party transactions in Uponor Group as well as to determine the rules on (i) proper decision making mechanism for related party transactions and (ii) when such transactions are to be disclosed.

Related parties have been defined in accordance with the IAS 24 standard. The company also keeps a record of its related parties. All related parties have been informed of the Guidelines in place and of the obligation to inform all related party transactions in advance to the CFO according to instructions given. No related party transaction shall be concluded prior to confirmation from the CFO.



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