Remuneration statement 2011

1. Introduction

The guiding principle for Uponor is that remuneration and other terms of employment shall be fair, competitive and based on performance to assure that Uponor can attract and retain competent employees.

In accordance with local market practices, Uponor's compensation package for management includes a base salary and benefits, as well as a bonus programme. The purpose is to reward management for an excellent individual or team performance that supports the attainment of Group targets and contributes to achieving the best possible business results.
Remuneration for Executive Committee ("ExCom") includes

- Base salary
- Annual bonus
- Long-term incentive plan
- Pension
- Other benefits

The compensation package for ExCom is designed to support an alignment to Group targets, reinforce performance, align the interests of the ExCom members and the shareholders and give a flexible payroll.

In October 2011, the Board decided to establish a Remuneration Committee. The composition and duties of the Remuneration Committee have been described in detail in the Corporate Governance Statement. The Remuneration Committee has evaluated the levels and structure of management remuneration.

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.

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 2011, Board members' yearly remuneration is as follows: Chairman €71,000, Deputy Chairman €49,000 and ordinary Board members €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 further decided that a remuneration per each board and committee meeting (excluding decisions without a meeting) shall be paid to the Board members, amounting to

€600 for meetings held in the home country of the member, €1,200 for meetings held elsewhere in Europe, and €2,400 for meetings held outside of Europe. The remuneration for telephone meetings equals the remuneration for meetings held in the home country of the member. The 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 for 2011:

Board member	Remuneration in cash	Remuneration in shares	Remuneration in shares	Additional Remuneration for meeting attendance for Board members
	€	Value, €	Number of shares	total €
Paasikivi, Jari, Chairman	42,602	28,398	2,149	7,800
Rajahalme, Aimo, Deputy Chairman	29,403	19,597	1,483	7,800
Eloranta, Jorma	26,412	17,588	1,331	7,200
Nygren, Eva	26,412	17,588	1,331	7,200
Silfverstolpe Nordin, Anne-Christine	26,412	17,588	1,331	7,200
Simon, Rainer S.	26,412	17,588	1,331	8,400
In total	177,653	118,347	8,956	45,600

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

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

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

2.2 Chief Executive Officer

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

In 2011, the base salary paid to the CEO, Mr Jyri Luomakoski, totalled €401,799.96, other benefits €30,736.15 and the bonuses for 2010 €103,933.46, i.e. a total remuneration of €536,469.57. The Company will not pay him for any bonuses for the year 2011.

Under the terms of the CEO's written service contract, the contract may be terminated at a six months' notice, either by the CEO or the Company. If the Company terminates the contract, it must pay the CEO, in addition to statutory compensation for the notice period, 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 a defined contribution pension insurance for the CEO for which the Company pays €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. The Remuneration Committee will evaluate the compensation matters in advance and make a proposal to the Board.

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

The remuneration system consists of base salary, other benefits and an annual profit and performance-based bonus, as well as a long-term incentive plan.

Members of the ExCom are included in the company's annual bonus system. The Board determines the system's financial criteria separately for each year, covering 100% of all targets for the year 2011. The maximum bonus for the CEO may correspond to six months' salary and for any other member of the ExCom, to five or six months' salary.

The members of the ExCom (including the CEO) were covered by a long-term incentive plan that came to an end at the end of 2011. The long-term incentive plan was a combination of personal investment and stock based remuneration to facilitate that management builds up a personal ownership in the company by investing and risk taking. To be eligible for participation in this plan, an ExCom member had to acquire Uponor shares of a specific total value, as defined under the plan, by the end of August 2008. The Board set the maximum total value of shares to be acquired for each member individually, varying between €10,000 and €100,000. Each member was obliged to keep the shares in his/her possession until the end of the plan, on 31 December 2011, and to remain an employee of the company. Two exceptions were granted: one to a former ExCom member, who retired in 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 plan, each member was eligible for being awarded Uponor shares in the spring of 2012, at a maximum proportion of five shares against each acquired share. The Board will decide on the final reward proportion. The value of an individual share granted under the plan was not to exceed €75. Based on the authorisation granted by the Annual General Meeting of Uponor Corporation on March 15th, 2012, the Board resolved on March 15th 2012 on a directed share issue without payment and decided to transfer 19,622 of the company's own shares, held by the company, to current and former Executive Committee members, as specified in the rules of the Long-Term Incentive programme. The reward amount was based on the cumulative development of Uponor Corporation's EBITA during 2007-2011. Consequently, one Matching Share was awarded for each Contribution Share that the participants acquired themselves. Further, the company shall defray the cash payment of taxes arising out of or in connection with awarding the Matching Shares.

Individuals who joined the ExCom after the establishment of the above mentioned long-term incentive plan were not included in the ExCom plan. However, they were included in the incentive plan addressed at part of the company's international management, launched in October 2008, also ending at the end of 2011. To be eligible for participation in the plan, they were obliged to acquire Uponor shares at a specific total value, as defined under the plan, and with a maximum value of €6,000, by the end of August 2009. Depending on Uponor's cumulative operating profit during 2009-2011, and the number of shares acquired within the plan, they were eligible for being awarded Uponor shares in the spring of 2012, at a maximum proportion of eight shares against each acquired share. Any individual share granted under the plan was not to exceed €30. The international management LTI programme, running from 2009 to 2011, did not award any shares.

The Board of Directors of Uponor Corporation has on March 2nd 2012 approved the establishment of a new long-term share-based incentive plan to be offered to the key management of the company. The plan will cover a maximum of twelve members of the Group's key management. The plan covers the years 2012-2014. The purpose of the plan is to retain key management, as well as to motivate and reward the management for good performance that supports the company's profitability and the implementation of the company's strategy. The plan also encourages the key management to further acquire and own Uponor's shares, which will contribute to aligning the interests of the management, the company and the shareholders.

Each participant in the incentive plan invests in Uponor shares within the pre-determined minimum and maximum limits of the plan. The reward in the Plan 2012-2014 consists of the following parts:

1) The matching share incentive based on the investment with a three year vesting period: In the spring of 2015, each participant will receive matching shares corresponding to half of the investment at the time of transfer, less the taxes payable on the awarded shares. The maximum value of the total amount of shares awarded based on the share investment corresponds with less than 20,000 shares.

2) A performance share plan that depends on the company's earnings performance over a three-year performance period: The share rewards will be delivered if the performance targets set by the Board of Directors for the performance period are met. The applicable performance targets are the EBITDA based intrinsic value, calculated from the development

of EBITDA, the development of the Group's net debt and profit distribution, as well as relative Total Shareholder Return (TSR) during 2012-2014. If all participants fulfil the investment requirement and if the performance targets set for the performance share plan are attained in full, the maximum value of performance shares to be delivered corresponds with less than 370,000 shares.

Both the matching shares and performance shares will be restricted by a one year restriction period after the share delivery, during which the delivered shares may not be transferred. The Board anticipates that no new shares will be issued in connection with the new share-based incentive plan and therefore the plan will have no diluting effect.

In 2011, the Executive Committee remuneration amounted to €2,281,198.55 and post-employment benefit expenses €128,520, i.e. in total €2,409,718.55.

The remuneration of the parent company's Deputy Managing Director, Mr. Sebastian Bondestam amounted to €266,298.21 in 2011. The Company has taken out a defined contribution pension plan for the Deputy Managing Director. The Board shall decide separately on the percentage of the defined contribution for each year. In 2011, 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.