

# COMPONENTA

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## **HUMAN RESOURCE POLICY**

**and how do we make  
it happen - together**

# Componenta Human Resource Policy

Componenta's values – openness, honesty and respect – are guiding principles in every day management and cooperation between Componenta team members and towards our external stakeholders.



Adherence to Componenta Values and Leadership principles together with relevant skills and experience are the determining principles when selecting new employees to Componenta as well as for career promotions. Values create unquestioned basis for all dealings along the career path and our recruitments and employee promotions are based on equality.



As an employer Componenta follows and respects local labour laws, contractual agreements and international agreements for human rights and equality.



Componenta is performance driven company, where the acknowledgement of clear roles and responsibilities together with clear target setting on individual level are regarded as critical success factors for the business.



The salary and compensation systems of Componenta are fair, consistent and competitive and work all towards ensuring employee attraction, motivation and retention.



Learning is part of the Componenta's culture. We are open to new ideas and to change, and are willing to develop. Each employee, at all levels, should continuously upgrade her/his knowledge and skills.



At Componenta we encourage our people to develop by giving to them challenges, trusting their judgement and allocating responsibilities. Learning by doing and gaining experience through career rotation are recognized to be the most critical ways to develop the needed competencies, business understanding and knowledge transfer in the niche industrial sector.



Componenta provides and aims at a working environment that protects the health and welfare of the employees in accordance with standards of safety and security.



Componenta respects the freedom of association of its employees and the effective recognition of the right to collective bargaining. Componenta wishes, also through its relationship with unions and other representative associations, to sustain the long-term development of operations and business, both to the benefit of the employees and of the Company, by maintaining a level of competitiveness adapted to its economic environment.



Componenta's HR policy encompasses the guidelines that, together with Componenta values, create a sound basis for the efficient and effective management and leadership of human resources throughout Componenta.



## Spirit of HR policy is reflected in our daily operations

At Componenta we understand the requirements set by the changing business environment, the business strategy and organizational efficiency and the impact these have on our people. We actively translate this understanding into short- and long-term strategic actions in relation to human resources.

By aligning human resources management actively with business development and general management processes, we are able to compete in different business cycles and strengthen our position as a reliable, long-term employer.

Componenta's HR policy encompasses the guidelines that, together with Componenta values, create a sound basis for the efficient and effective management and leadership of human resources throughout Componenta.

Implementing the HR policy should therefore be based upon sound judgement, compliance with local laws, and common sense, while taking into account the specific context. However, the spirit of the policy should be respected in all circumstances. We also fully recognize that we still need to continuously improve ourselves and our performance in the areas of human resource policy, and therefore these principles should be seen also as objectives in our work together.

Our HR people together with management ensure that implementation of the Componenta HR Policy is fair throughout the organisation and that its spirit is duly reflected.

Details of how Componenta implements the human resource policy in every day management are given in the separate policies in Human Resource Management, visible in our intra pages.

Helsinki, September 2010

**Heikki Lehtonen**  
President and CEO





## Employment at Componenta

### Learning through career

As an employer, Componenta values long-term employment and considers the recruitment of a new person as an investment in the future. We support our employees in their careers, helping them improve their performance, broaden their skills and build up the knowledge needed at their work, through job rotation, new responsibilities, and internal and external training. We are open to new ideas and to change, and are willing to develop. Each employee, at all levels, should continuously upgrade their knowledge and skills. Learning is part of the Componenta culture.

### Legal compliance

As an employer Componenta complies with and respects local labour laws and contractual agreements. International agreements for human rights and equality are actively monitored and integrated into company wide policies.

Componenta does not discriminate on account of origin, nationality, religion, race, gender or age when employing people, and does not tolerate discrimination in any situation. However, we are aware of cultural code of conducts, which might set prerequisites e.g. for negotiation parties. In this kind of situations, sound judgement will be used to full fill cultural prerequisite, business priorities and non-discrimination act.

If changes in the market mean that Componenta has to adjust its operations and reduce working hours, any action taken will be in full compliance with local legislation and bargaining agreements and in accordance with the Componenta values. The necessary measures will be taken to reduce the permanent negative impact of the situation.

### Value driven

Componenta's values – openness, honesty and respect – are guiding principles in every day management and cooperation between Componenta team members and with our external stakeholders.

These values are reflected in our daily operations in the following ways:

- We are open to new ideas and to change, and are willing to develop. Through this we look to continually improve our ways of working.
- We are honest with ourselves and with each other. We do what we promise.
- Our work - with colleagues, superiors, subordinates, customers and other partners - is based on trust and mutual respect

Adherence to the Componenta Values is one of the most determining prerequisites when selecting new employees at Componenta as well as in career promotion. The values create an indispensable basis for the career path.

### Safe working environment

Componenta provides and aims at a working environment that protects the health and welfare of the employees in accordance with standards of safety and security. Pro-activeness in safety and well-being combined with close monitoring of related key performance indicators in daily management ensure that our employees are able to work in a safe and supportive environment.

Each employee should care not only for their own wellbeing but also for that of their colleagues. All suggestions for improvement are therefore welcome and will be given careful consideration.



## Joining Componenta

The long-term success of Componenta depends on its ability to attract, retain, and develop employees who are able to grow together with us and ensure continuous development of operations. This is a primary responsibility for all managers.

Because recruitment of new employee is regarded as long term investment, decisions related to recruitment are based on one-above-one principles. Recruitment process should always be managed with highest possible manner and only with certified partners.

### Based on competency and respect

Selection and appointments of a new Componenta team member is based on applicant's personal qualifications and skills needed in the position, as well as adaptation to Componenta values and leadership principles.

Componenta wishes to maintain and develop its reputation as an employer of high repute.

- Each candidate must be treated with due care and respect regardless of the outcome of the selection process.
- We prepare legitimate employment contracts which are in conformity with local laws, collective agreements and corporate principles.

### Integration to the organisation

As important as it is to recruit the right person to right job with right capabilities, it is also vital to integrate newcomers into the organisation, so that their skills and behaviour can fit in smoothly with the company culture. New employees are expected to respect our company's culture, but all employees should also show an open mind towards new ideas and development proposals coming from outside.

The Componenta Recruitment Policy defines in detail the processes and practices through which we ensure compliance with Joining Componenta principles.



## Continuous improvement of our performance

### Communicating the direction and allocating responsibilities

Componenta is a performance driven company, where everybody should have willingness to learn, make things happen and power to serve. Componenta leaders and managers have critical role in building up high performing and value based daily operations. Componenta employee, having a role as a leader/manager, should have clearly demonstrated their willingness and ability to apply and act in accordance with Componenta's Leadership Principles and Competencies and the Componenta values prior appointed to the position.

To build up a mutually understood platform for actions, Componenta management communicates and shares openly and regularly with employees on Componenta's strategy, business objectives and financial situation. To enhance performance, managers are responsible to allocate responsibilities and improve working conditions as well as deploy and communicate the needed actions effectively to the organisation.

### Clear roles and responsibilities with target setting

Recognition of clear roles and responsibilities coupled with specific target setting at an individual level are regarded as critical success factors for the business. Position related job descriptions and main tasks are reviewed once a year in target setting and development discussions, and always aligned to nominations.

### Giving and receiving feedback

Alignment of individual tasks and targets to business objectives takes place in target setting and development discussions at least once a year, between the manager and team member. Assessment of past performance should take place in form of open dialog that is based on mutual trust and a willingness to progress. Manager receives feedback about his leadership capabilities and work as a manager, from his team member.

Manager should allocate sufficient time to monitor and follow up progress to achieve agreed targets during the year.

### Continuous improvement

Componenta team members' wellbeing and work satisfaction is measured regularly. The results of survey are communicated throughout the organisation and necessary measures and actions to improve our operations and overall working environment are taken on continuous basis and in relation to the survey results.

### Sharing company success

At Componenta performance and pay are tight together. We recognize the importance of sharing the company's success and of rewarding those who achieve targets well and put in an outstanding performance. This takes the form of performance based pay, incentives, profit sharing programmes, and productivity or project related rewards.



## Competitive compensation

### Attract, retain and motivate

Componenta operates in an international business with global competition. To ensure that we attract, retain and motivate employees, we employ salary and compensations systems that within the company are fair, consistent and comprehensible and outside the company are competitive.

To retain its competitiveness in the market and make the necessary adjustments, Componenta conducts internal assessments and participates in external surveys of salaries and remuneration.

Position and compensation evaluation systems are in place both for blue collars and white collars. Systems consist of role and responsibility descriptions and differentiating factors between those, externally benchmarked or determined salary structures and also definitions how individual competences and experience can influence salary setting.

### Pay and performance

Componenta carries out a salary and compensation review process annually.

The principles and level of annual salary adjustments and merit increases are agreed at the beginning of the year in CET based on an understanding of the competitiveness of the salary, contractual salary increases, and recommendations from national organizations for inflation adjustments or other economic factors. Each manager is responsible to propose, within the framework of the company policy and process, the remuneration of her/his employee, taking into account the local market, area of responsibility, individual performance, skills and potential for development.

However, Componenta's capacity to improve its productivity and performance in competitive markets is one of the most critical factors when setting the level for merit increases and evaluating the overall effect on salaries at company level.

In addition to the base salary, Componenta recognizes that fringe benefits, performance based incentives and other secondary benefits are compensation instruments for positions where these form a critical element in the compensation package for corresponding benchmark positions, within a country.

It is the responsibility of each manager to communicate effectively, clearly and with sufficient transparency, the individual compensation of each team member, taking into account their professional performance and specific responsibilities.

### Acknowledging the commitment

It is also realized that, however important remuneration is for each employee, it is not compensation alone that will motivate the staff. Through various forms of non-monetary reward, we show our recognition of commitment to the company, years of service and individual anniversaries.

The Componenta Compensation Policy defines the processes and practices through which we ensure a fair compensation structure and reward for performance.



## Learning through career

### Willingness to learn

Learning is part of the Componenta culture and willingness to learn is one of the most determine prerequisite for employment and career rotation at Componenta. We are open to new ideas and to change, and are willing to develop.

Continuous development of expertise – in-house for specific areas of competence throughout the career- is decisive for Componenta's success. Each employee, at all levels, should continuously upgrade their knowledge and skills. To safeguard the development of critical skills and knowledge across the company, Componenta manages development processes and organizes formal training and development sessions for the crucial competency areas.

It is the responsibility of each and every manager to be aware of skills and knowledge needed in each position, to analyze and openly discuss the training needs and career expectations together with team member and create learning opportunities.

### Posing challenges – gaining experience

We strongly believe in learning on the job. To ensure the highest possible compatibility between the roles and responsibilities of an employee and the required professional competencies, Componenta encourages people to develop themselves by posing challenges, trusting their judgement and delegating responsibilities. We aim to offer opportunities for career advancement to those who have the determination and the potential to develop their capabilities. Componenta talent reviews takes place once year to create thorough understanding of talent situation towards the business development objectives and to make necessary actions.

When assessing potential it should be kept in mind that the best indicator of talent is achievement. Responsibility should therefore be given as early as is reasonable to allow people to prove themselves. Additionally, a person should also be allowed sufficient time in a position so as to prove themselves and gain adequate experience, before their next career move.

### Competence, insight, performance and potential

When discussing career options, opportunities should be explained with transparency, concentrating on the next possible career step, not on value promises or ideas. Promotions are based exclusively on competence, insight, performance and potential. For managerial positions, the employee should have clearly demonstrated their willingness and ability to apply and act in accordance with Componenta's Leadership Principles and Competencies and the Componenta values.



## Co-operation with employee representatives and unions

Componenta respects the freedom of association of its employees and effectively recognizes their right to collective bargaining. Through its relationships with unions and other representative associations, as in other areas, Componenta wishes to safeguard the long-term development of its operations and business, for the benefit of both employees and the company, by maintaining a level of competitiveness appropriate to its economic environment. Industrial relations are a clear responsibility of local management and are handled at the appropriate level: first at business unit level and subsequently at regional or national level, in accordance with local law and practice.

Componenta ensures direct and frequent communication with its employees. Relations with unions are established in strict compliance with national law, bargaining agreements and local practices.

Contacts with union delegates should create further opportunities for giving information, to allow members and other representative associations to obtain a full understanding of the business activities and the goals of Componenta.

In accordance with local legislation, Componenta will refrain from any action restricting the right of an employee to be or not be affiliated to a union. Componenta will not engage with any union or other representative association in activities or discussions other than those relating to employment and working conditions as well as issues relating to the workplace.

Whenever negotiations take place, they will be duly prepared with the full involvement of line management and HR professionals and take into account the legitimate interests of both the company and the employees.

In dealings with unions, the company shall retain due management rights and responsibilities.

**Together we can  
make it happen!**

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[www.componenta.com](http://www.componenta.com)