

Componenta's first environmental report brings together information about production volumes at the Group's foundries, machine shops and forges in Finland and Sweden, the raw materials used to make the products, and the emissions and waste from production in 2002 and 2003.

The figures in the report have been obtained as a rule in accordance with the general instructions of the Finnish Accounting Act for recording environmental issues. The figures are unaudited.

The environmental report is published in Finnish and English. In addition to the Internet report there is also a printable pdf version.

Componenta monitors and reports on the environmental impact of its operations at quarterly intervals and publishes the figures once a year in the environmental report. The next report will be published in spring 2005.



www.componenta.com/2003/env/indexeng.html

COMPONENTA

” We are committed to continuously improve our operations in order to decrease an environmental impact of the production processes.

Environmental Report 2003

Componenta provides competitive value adding cast component solutions to European customers in heavy trucks, off-road, power & transmission and machine building industries. Componenta's products are ready-to-install cast, geared and machined components.

Componenta has production units in Finland, the Netherlands and Sweden. The foundries in Finland are Componenta Karkkila, Componenta Pori, Componenta Pietarsaari and Componenta Suomivalimo. De Globe foundries in the Netherlands are located in Belfeld, Hoensbroek and Weert. In Sweden the Group has one foundry, Componenta Alvesta, where production will cease at the end of May 2004. The Group's machine shops in Finland are Componenta Pietarsaari and Componenta Nisamo, as well as the machine shop located at the Componenta Pori foundry. In Sweden the Group's machine shops are Componenta Främmestad, Componenta Åmål and Componenta Albin. Componenta Wirsbo has three forges in Sweden.

Componenta had net sales in 2003 of EUR 178 million (EUR 180 million in 2002). The Group had 1,600 (1,700) employees. A total of 55,500 (58,000) tonnes of cast components were manufactured at the Componenta foundries in 2003. The output of the machine shops was 27,100 (24,600) tonnes and of the forges 17,400 (17,200) tonnes.

The figures for the De Globe foundries in the Netherlands, acquired by the Group at the beginning of March 2004, are not included in the report figures. De Globe had net sales in 2003 of EUR 81 million and 640 employees. De Globe's three foundries had a combined output of 57,500 tonnes in 2003. The next environmental report will include the figures for De Globe.

Casting future solutions

Concern for the environment is part of production operations

The increasing importance of environmental awareness also imposes continuous challenges and demands on production operations for Componenta. In accordance with our values - openness, honesty and human orientation – in our operations we wish to take up these claims. We act responsibly, with a long term approach and taking the environment into account in all our activities.

We continuously develop and monitor the environmental impact of our operations. Our production is governed by the quality policy and quality standards which also help us minimize the environmental impact. The Cast Components business group, which forms the Group's core business, has had an environmental policy in operation since 1998. The environmental policy was applied to the whole Group in 2000. The purpose of the quality and environmental policies is to ensure the sustain-

able development of the company and its products.

Componenta's objective is to build an environmental management system in accordance with ISO 14001 standards at all its business units. All the foundries and forges and most of the machine shops already have certified environmental management systems. Some units have developed these systems to meet even higher standards than the requirements of ISO 14001.

The environmental load from our production arises from energy consumption and particle and VOC emissions. Reducing energy consumption is one of Componenta's environmental goals. Componenta has signed an industrial energy saving agreement set up by the Confederation of Finnish Industry and Employers. The agreement promotes the development and introduction of operating models through which energy efficiency becomes an integral part



Heikki Lehtonen
President and CEO

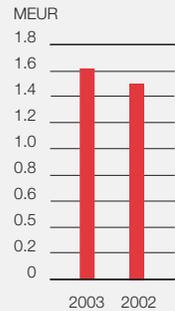
of a company's operations. Proper maintenance of equipment and machinery and correct settings can achieve significant energy savings.

The company's other environmental goals include reducing the volumes of materials used, restricting particle and VOC emissions, reducing noise levels, and increasing waste recycling. In our decisions and when developing our production methods, at Componenta we observe the principle of the best available technology, when this is economically justifiable.

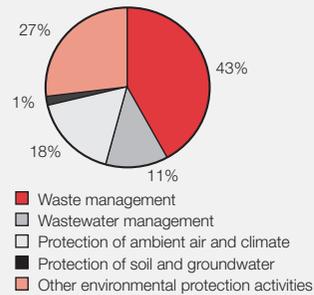
In future, in our environmental activities we will focus on more efficient use of energy, maximum utilization of waste and reducing waste volumes, and efficient use of materials. The main priority in 2004 in the Group's environmental activities is the current project to expand production at Componenta Karkkila.

Environmental costs

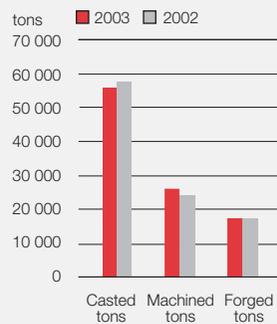
Environmental costs



Distribution of environmental costs in 2003

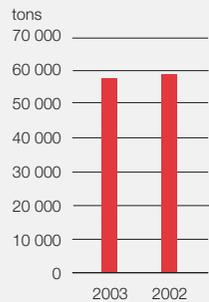


Production tons

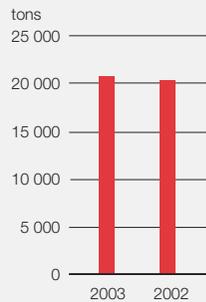


Production raw materials

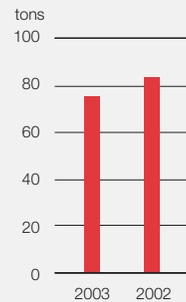
Metal scrap and pig iron used in moulding process



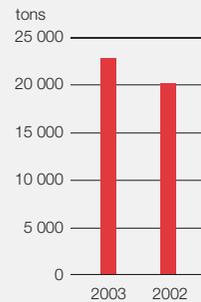
Sand used in moulding process



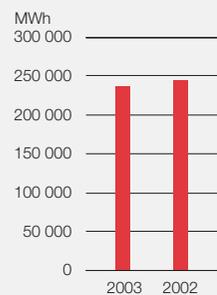
Cutting fluids used in machining process



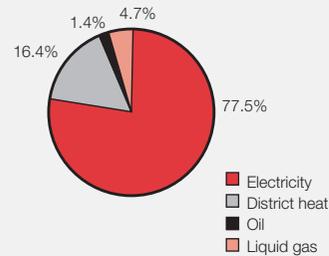
Steel blanks used in forging process



Energy consumption



Distribution of energy consumption in 2003



Environmental policy

We are committed to the continuous improvement of our operations and through this to reduce the environmental impact of our production processes. In this way we prevent, reduce and eliminate pollution of the air, water system and soil.

Our operations comply with legislation and the environmental requirements of local authorities.

We improve our production methods and equipment by introducing the best available technology when this is economically justifiable.

In our environmental activities we focus on the following goals:

- reducing consumption of energy and materials
- restricting particle and VOC emissions
- reducing noise
- increasing the recycling of waste.

Each Componenta employee is responsible for his/her own work environment.

The environmental management systems at our production units contain detailed targets for the units.

By taking into account the environmental impact, we are responding to the expectations of our stakeholder groups and at the same time ensuring that we remain competitive in a developing, challenging market.

Componenta's production operations and the environmental load it imposes

Production of cast components takes place in specialized foundries. Electric furnaces are used to melt the raw material. The company uses the latest technology in the

moulding of the components and core production. Small series and products made in large series are cast on the automated moulding line and the largest items are made with hand moulding. Cleaning of castings is partly automated.

In the foundries the environmental load arises from:

- the use of energy in the foundries to melt the scrap iron and pig iron
- the surplus sand left in the sand circulation system from the casting moulds made with the dead mould technique
- dust waste extracted by the filtering equipment in the work phases that generate dust
- VOC (volatile organic compounds) emissions from the chemicals used in painting and in the manufacture of cores
- noise, for example in the handling of scrap

Machining takes place at modern machining centres, on CNC machines or with conventional machine tools. After machining, the items can be surface treated and part assembled as required by the customer. The operations of Componenta's machine shops are such that they do not impose a significant load on the environment.

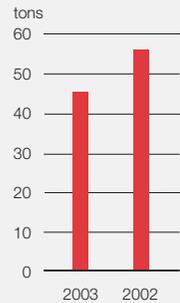
At the machine shops environmental load arises from:

- oils and chemicals; the cutting fluids used in machining and the resulting cutting fluid waste, other chemicals are also used (incl. liquid gas)

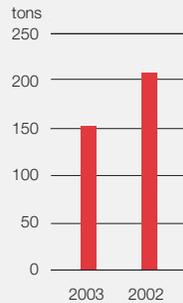
Forged products are manufactured on advanced automated production lines.

Emissions from production

Particle emissions

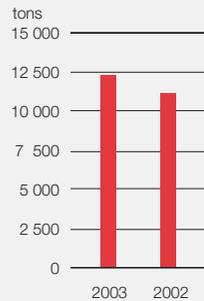


Use of amines and solvents (VOCs)

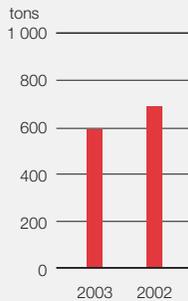


Waste from production

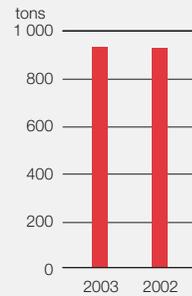
Metal scrap



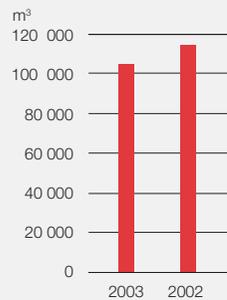
Unsorted waste



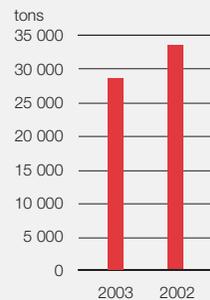
Hazardous waste



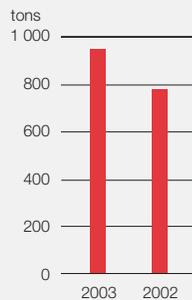
Water to wastewater plant



Wastesand, dust and slag



Other sorted waste



At the forges environmental load arises from

- use of energy
- noise

In Componenta's production process have been taken into use many measures to reduce environmental impact. See <http://www.componenta.com/2003/tuotanto/entuotanto.html>.

Environmental costs

Componenta Group's environmental costs increased slightly in 2003 to EUR 1.6 million (EUR 1.5 million in 2002). Waste management was the biggest factor, accounting for 43% of these costs. Other environmental protection activities, such as the company's own environmental management costs and waste taxes, were the second largest item, 27%. Protection of the atmosphere, such as the running costs for filter equipment, accounted for 18% of environmental costs, waste water management for 11%, and other environmental protection activities for 1%.

Componenta carried out no major environmental investments in 2003. A centralized property monitoring system was introduced during the years 2001 - 2002 at Componenta Karkkila and this helped reduced heating costs by 30%. It is the Group's principle, when preparing and approving all production investments, to pay particular attention to their energy and environmental impact. Environmental impact assessments are carried out for major investments.

Production raw materials

Scrap

The main raw materials for the cast components are iron and steel scrap and pig iron. The quality requirements for the scrap used at the foundries are very strict. The scrap may not contain any lead, chromium, nickel or other impurities. In addition to recycled scrap and new pig iron, the raw material melted for the casting includes the risers and runners that are removed during cleaning. The output of Componenta's foundries fell from 58,000 tonnes in 2002 to 55,000 tonnes in 2003, which meant that consumption of scrap and pig iron also declined. Careful design of the components and product development can also reduce the amount of material used in casting systems.

Sand

Sand is an essential substance in the casting process that is used in moulding and to form the internal shapes of the castings. Consumption of sand in 2003, 20,600 tonnes, was similar to that used in the previous year.

The sand used in casting is recycled in the process several times. Each foundry has an automated sand recycling system that strictly regulates the temperature of the sand and the composition of the additives in it (water, carbonaceous additive and bentonite or chemical furan resins). In the end the sand becomes waste. In 2003 two agreements were signed for the utilization of foundry waste sand; in Pori an agreement was signed with Lohja Rudus Environmental Technology Ltd for the reuse of green sand and a contract was signed with

Ekokem-Palvelu Oy for the reuse of spent foundry sand.

Cutting fluids

The Group succeeded in reducing consumption of cutting fluids in the machining process, even though machining volumes increased in 2003 from the previous year. This was achieved through improved recycling of the cutting fluids. The impurities are filtered regularly from the cutting fluids.

Forging blanks

The volume of steel blanks used in the forges rose in 2003 from the previous year due to increased output.

Energy

Energy is consumed in the foundries especially in the melting of the raw material, ie. the scrap and pig iron. Total energy consumption in 2003 totalled 234,899 MWh, which was less than the previous year's figure of 244,581 MWh. Electricity was by far the biggest source of energy, accounting for 78% of the total. 16% of the energy was obtained from district heating, 5% from liquid gas and 1% from oil. Energy analyses have been carried out to examine energy usage at the production units. In 2003 the energy analyses for the Pori and Pietarsaari foundries were completed and they included proposals for action to reduce energy consumption. Some of these measures have already been taken.

Emissions from production

Among Componenta's production units, it is the foundries that impose the biggest load on the environment because of the na-

ture of their operations. The biggest environmental problem caused by the foundries is dust, and the efforts to improve control of this are continuous, for example by increasing the number of filters. Keeping the filters clean is an ongoing process.

The company is also continuously working to reducing VOCs (VOC = volatile organic compounds such as amines and solvents). Our main priority in the past few years in reducing VOC emissions has been to replace solvent-based with water-based paints. In 2003 the volume of solvents fell 25% from the previous year. The total amount of amines and solvents used in painting and coating in 2003 was 155 tonnes.

Several Componenta production units are situated close to residential areas, so noise can be a problem for the local environment. These production plants have paid particular attention to noise abatement, for example by enclosing machines and constructing noise barriers. We monitor noise levels and also take our own measurements of them.

Waste from production and utilizing it

The production processes at the foundries, machine shops and forges also produce waste. The company can itself reuse some of this. Much of it is sorted and passed on for recycling or waste collection.

Metal scrap that the company itself cannot utilize is supplied for utilization elsewhere. Metal scrap consists of machining waste from the machine shops and the burrs in forging.

We have managed to reduce the amount of unsorted mixed waste by improving the

sorting of waste and, as a result, increasing the amount recycled. The Group generated 930 tonnes of hazardous waste in 2003.

Hazardous waste includes, for example, the cutting fluids and oil used in the machine shops. It also includes paints, hydraulic oil and engine oil. The amount of cutting fluid waste declined in 2003 thanks to improved recycling.

Water is used in the foundries for cooling, as an additive with sand, and for sanitary purposes. In Karkkila and Pori the water for cooling is obtained from nearby rivers, and Alvesta has its own wells. The forge in Virsbo takes its cooling water from the lake, Kolsva from the river. The other production units use water from the municipal water supply. The cooling water circulates in the foundries and forges in a closed system and nothing is added to it. The Främmestad machine shop has its own water treatment plant because of the painting. The wastewater in all production units is mainly sanitary water. The amount of wastewater declined slightly in 2003 from the previous year.

The volumes of spent foundry sand, dust and slag fell in 2003 from the previous year, from 33,642 tonnes to 28,850 tonnes. The Pori and Pietarsaari units have signed agreements for the utilization of the spent foundry sand. At Componenta Suomivalimo in Iisalmi, lime is being added to the spent foundry sand and this is then being utilized as a compacting agent in the local landfill site.

The volume of other sorted waste was greater in 2003 than in the previous year due to improved sorting of mixed waste. New sorting categories, such as energy, were introduced.

ISO 14001 system supports continuous development of environmental activities

It is Componenta's goal to build an environmental management system conforming to ISO 14001 standards at all its units. All the foundries and forges now have a certified environmental management system. Some units have even developed their environmental management systems to even higher standards than ISO 14001.

The following business units have certified environmental management systems (in brackets year of certification):

Componenta Albin AB (1998)
Componenta Alvesta AB (2001)
Componenta Främmestad AB (2000)
Componenta Karkkila Oy (2000)
Componenta Pietarsaari Oy (2000)
Componenta Mek Pietarsaari Oy (2000)
Componenta Pori Oy
(1999, machine shop 2002)
Componenta Suomivalimo Oy (2000)
Componenta Wirsbo AB (2004)

Environmental management system under construction:

Componenta Åmål AB

Quality activities are part of environmental work

The development of Componenta's quality management systems is based on the quality policy. All the Group's units have a quality system in operation. Production is governed by quality standards that also benefit the environment. Making things correctly first time saves energy and materials. Proper management of quality issues

also has an impact on air, water and waste emissions. In the design of castings and the planning of production, paying attention to economic factors also addresses environmental issues

In addition to the conventional ISO 9000 quality systems, the Componenta Karkkila, Pietarsaari, Pori and Främmostad units have also introduced the systems according the ISO/TS 16949 and QS 9000 standards of the automotive industry. In the spring of 2003, the Componenta Karkkila foundry became the first company in Finland to obtain the certification of the ISO/TS 16949 quality management system updated in 2002. The most visible impact of the certifications is in the continuous improvement of process control and through this in more consistent delivery reliability and better quality products and services.

Responsibility for environmental and quality issues in the Group

Responsibilities for environmental issues are defined in the business unit environmental management systems. A joint environmental expert has been appointed in the Group.

The Group's quality manager is responsible for quality assurance procedures at the Group's business units and for overseeing development of the quality systems at the units

Focus areas for environmental efforts in the future

In future in our environmental work we will focus on more efficient use of energy, maximum utilization of waste (= by-products) and reducing waste volumes, and efficient use of materials.

The priority in 2004 for the company's environmental work is in the expansion of capacity at the Karkkila foundry, where the foundry's production capacity will rise from 15,000 tonnes to 35,000 tonnes. An Environmental Impact Assessment programme has been made for the project, to which local residents and community and environmental organizations have been able to express their opinions. The EIA programme and opinions and comments made about it will form the basis for preparing an environmental impact assessment report which will contain an assessment of the environmental impact of the project. The EIA process will end in autumn 2004.

All of Componenta's units have current environmental permits. In 2004 the permits for Componenta Pietarsaari, Componenta Pori and Componenta Suomivalimo come up for renewal, and the applications for these have been deposited with the local environmental authorities. In 2004 the company will also apply for a new environmental permit for Componenta Karkkila and for the real estate company Vanhan Ruukin Kiinteistöpalvelu which belongs to the Group.

Casting future solutions

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