

COMPONENTA

Casting Future Solutions



Sustainability Report 2007

Reporting principles

This is Componenta's second Sustainability Report and it includes the areas of economic responsibility, social responsibility and environmental responsibility. The first Sustainability Report was published in 2006. Previously in the years 2003 - 2005 Componenta has published three Environmental Reports.

Sustainability Report 2007 brings together information about the Group's business units in Finland, Turkey, the Netherlands and Sweden. Guidelines set by the Global Reporting Initiative (GRI) have been followed when collecting the information for the report. Financial data of Componenta has been prepared in accordance with International Financial Reporting Standards (IFRS). Environmental data is reported from the Componenta production units which have the most significant environmental impact. Social responsibility figures include the total personnel of the Group. The figures given are un-audited except the financial information. The environmental and social figures include Turkey since 2006.

This Sustainability Report is published in English and Finnish, and it can be read on Componenta's website. There is also a printable PDF version of this report. To the website www.componenta.com has been gathered additional material concerning sustainability issues.

Componenta monitors and reports its operations regularly and publishes the figures once a year in the sustainability report. The next report will be published in 2009.

The name of Componenta's Turkish subsidiary, Componenta Döktas A.S. was changed into Componenta A.S. (Official name Componenta Dökümcülük Ticaret ve Sanayi A.S.) in spring 2008, shortly Componenta A.S. The name of the division is Componenta Turkey. The new name is used in this report.

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Sustainability steers our operations

Componenta has a long history as a cast component supplier; the company celebrates its 90 years anniversary at the end of 2008. The roots and the main principles of the business operations descend from the year 1918 when the small iron foundry was established in Helsinki, Finland. Customer service and understanding of customers' needs have from the very beginning formed the basis for Componenta's business. In key position regarding the customer focus has been our professional and motivated personnel. Our customers and personnel, as well as many other stakeholder groups have expectations - starting from profitable and prosperous business and growth of the business to health and safe environment. All the issues which are important to our stakeholders are important to us as a company, and they affect the decisions made.

A sustainable company knows and takes into consideration expectations of all its stakeholder groups in the decision making. In addition to these, the changes in the business environment and market demand are also affecting our operations and actions. Investments in infrastructure in developing countries, climate change and demand for renewable energy usage are changing the nature of our business. At the same time they increase demand for new products, different machines and equipment, and further, demand for cast and machined components. Environmental aspects are becoming more important, and they must be considered in the product and its life cycle as well as in the manufacturing process. At the same time high prices of raw materials and energy are challenges in the production.

Sustainability at Componenta includes that the before mentioned factors are known and noticed. Sustainability means also assuring the company's competitiveness in order to secure the continuity of the business.

We have set a goal to become the leading European cast component supplier by 2012. To achieve this goal we have defined the strategic actions. They include, among others, optimizing of the production to achieve the highest possible delivery precision and the best competitiveness. At the same time we are able to optimize our logistic processes and transportations of components.

We offer our customers total solutions, the whole supply chain of a component or solution - from engineering to delivery. Our sales and product development teams work together with customers to find the best solutions to their needs. New demands and legislation, for example restrictions of carbon dioxide emissions create needs for development of new materials and constructions and to renew processes. Componenta's experts make continuous development work in our own units and participating in national and international development projects with other companies and research & development organizations.

Sustainability is not only talk, but actions - more and more every day.

Heikki Lehtonen
President and CEO

Componenta in brief

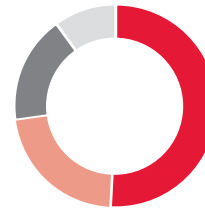
Net sales
by division 2007 *)



Foundries	31%	(31%)
Döktas	30%	(30%)
Machine shops	20%	(19%)
Other business	19%	(20%)

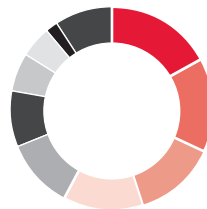
*) Excluding one-time and internal items

Personnel
by country 2007



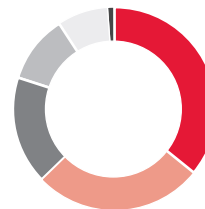
Turkey	51%	(50%)
Finland	22%	(22%)
The Netherlands	17%	(16%)
Sweden	10%	(12%)

Sales by
market area 2007



Sweden	17%
UK	15%
Germany	13%
Turkey	13%
Finland	11%
Benelux	9%
France	6%
Italy	5%
USA	2%
Other countries	9%

Sales by
customer industry 2007



Off-road	36%	(37%)
Heavy trucks	27%	(25%)
Automotive	17%	(18%)
Machine building	11%	(11%)
Diesel and wind	8%	(8%)
Other	1%	(1%)

Casting Future Solutions

Componenta is a metal sector group of companies with international operations, and it manufactures cast, machined, surface-treated, ready-to-install components and total solutions made up from these. 28% of the Group's sales in 2007 were in the Nordic countries, 63% in other European countries and 9% in other countries. At the moment Componenta is the second largest independent cast component supplier in Europe.

The Group's customers are operating globally in the off-road, heavy truck, automotive, diesel & wind and machine building industries. The components supplied by Componenta are often strategic parts in the products of the customers.

Through close R&D partnership Componenta is creating added value for the customers. Specialized production units and efficient supply chains, management of the production process and logistics expertise enable the Group to supply products just in time, direct to the customer's assembly line.

Componenta's functions and business units are divided in five countries. The production plants – foundries, machine shops and forges – are located in Finland, Turkey, the Netherlands and Sweden. In the UK the Group has a sales and logistics company. The head office of Componenta is in Helsinki, Finland. In 2007, the Group had approx. 5,100 employees, including leased personnel.

Componenta had net sales of EUR 635 million in 2007. Componenta's shares are quoted on the OMX Nordic Exchange in Helsinki. The shares of Componenta A.S., which is Componenta Corporation's subsidiary, are quoted on the Istanbul Stock Exchange.

Leading European cast component supplier by 2012

The Group's strategy and strategic goals for the years 2008 - 2012 were renewed in the autumn 2007. Componenta's vision is to become the leading cast component supplier in Europe by 2012. Componenta wants to fully exploit the opportunities created by growth after the acquisition of the Turkish foundry company Döktas A.S. at the end of 2006.

Business environment is changing

In addition to the changes in the Group's size and structure, in the business environment Componenta has identified the following change forces, which are underlying the chosen strategy.

Customer industries consolidate and companies are forming bigger units when their purchasing power is getting stronger. Demand of customers for larger production series as well as for total solution deliveries is increasing. Customers are also boosting outsourcing as they focus on their core activities.

Environmental issues are getting more important and new legislation and restrictions are a challenge. At the same time, raw material and energy costs are rising, and customers are seeking alternative materials and lighter components. Low-cost production countries increase competition.

Strategic priorities by 2012

To achieve the strategic goals and to ensure our responsibility towards our various stakeholders - customers, investors, personnel and other partners - Componenta's business strategy emphasizes four key issues which form the focus on continuous improving and developing in our daily work.

Sales and product development teams manage the customer interface

We aim to be the preferred partner for customers in product development and engineering. The reorganized sales and engineering teams are in key position in serving our customers and acting as a link to our production units.

Optimized production

Our aim is to divide production optimally between our specialized units in different countries, and through internal sourcing and balancing ensure cost efficiency and flexible offering for the customers.

Excellence in delivery certainty

We want to obtain world class level in delivery certainty for our customers. We are focusing on continuous improvement of processes and creating a new logistic model to be used both in our internal and external operations.

One Componenta

The Group operates under one brand, COMPONENTA. As one consistent Group, having common ways of working, corporate wide functions and processes we are effective and more competitive. Hence, we are a strong and active partner for our customers.

Corporate values support strategy

The Group's values - openness, honesty and respect - form a basis for the operations in our business units and corporate-wide functions.

Openness means that we are open to new ideas and change and are willing to develop. We continually improve our ways of working.

Honesty means that we are honest with ourselves and each other. We do what we promise.

Respect means that our work - with colleagues, superiors, subordinates, customers and other partners - is based on trust and mutual respect.



Sustainability is a part of daily work

Sustainability plays an important role in Componenta. Economic, environmental and social responsibilities are taken into consideration in everyday operations and management throughout the whole Group. The stakeholders have different kind of expectations, which we want to meet by an excellent performance in all fields of our business.

Sustainability is involved also in the Group's strategy. When working for the strategic goals we are at the same time making selections and decisions that concern our responsibilities. Componenta's values - openness, honesty and respect - forming a basis for the operations in our business units and functions are also guiding our sustainability.

Economic responsibility

Economic responsibility means accountability for the company's financial performance and competitiveness, enabling us to meet the financial expectations of our shareholders and other interest groups. By profitable, well-organized and balanced operations we are able to meet our commitments and respond to the demands of stakeholders as well as further develop our operations in order to succeed in the competition.

Environmental responsibility

At Componenta environmental issues are an inherent part of many business decisions, and our management systems have been designed to guide our environmental efforts. Choosing optimal supply chains and materials and minimizing the number of rejects help to make production more environmentally sustainable. No more materials or energy are consumed than necessary.

Environmental considerations are not just an aspect of internal activities - management systems, product design and production; they also concern suppliers and subcontractors. We monitor and forecast changes in environmental legislation, and analyse their effect on our business.

Our stakeholders continue to expect and demand more and more in terms of environmental and sustainable development.

Environmental responsibility refers to promoting environmentally sustainable production methods and processes, and to minimizing the environmental impacts of our products throughout their life cycle - with an eye on the markets' expectations and international competitiveness. The environmental impacts of Componenta's foundry and forge businesses have been specified in official environmental permits. We regularly take measurements of our production process to ensure that the environmental loading remains within the accepted limits. In addition, we follow our own policies on environmental issues and quality, and aim at continuous improvement.

Social responsibility

To be able to meet the strategic goals Componenta must possess and develop expertise, knowledge and know-how needed in the business operations. We have goal-orientated and skilled personnel and our production facilities are organized as a specialized network of efficiently performing business units and business chains. Continuous development in improving human capabilities is a focus of HR management. Capable people with clear targets and responsibilities are also a basis for consistent "One Componenta", with unified processes and procedures.

Social responsibility means taking care of good working conditions, motivating, rewarding and also looking after the well-being and professional development of our personnel, and acting responsibly when dealing with other stakeholders.



Groups, expectations and indicators

Componenta's key stakeholder groups are Customers, Personnel, Owners and investors, Financial institutions, Business partners, suppliers and sub-contractors as well as Society, authorities and neighbours of the production units. Each stakeholder group has different expectations to which Componenta Group wishes to respond. Indicators show how Componenta has succeeded to meet the expectations.

Key stakeholder groups		Their expectations	Indicators
Customers	Globally operating manufactures of trucks and cars, off-road, diesel & wind and other machinery and equipment. Approx. 28% of the Group's sales came from Nordic countries, 63% from other European countries and 9% from other countries.	Competitive offering, customer needs based solutions, technology know-how and engineering co-operation, continuity and long term existence.	For example customer feedback, customer satisfaction surveys, amount of offers, received orders, order book.
Personnel	Componenta employs some 5,100 people (incl. leased personnel) in the business units and Group operations in Turkey, Finland, the Netherlands, Sweden and United Kingdom.	Possibility to influence decisions, own work and the work environment, competitive remuneration, opportunities to learn by doing and through participation, safe and trustworthy employer.	For example climate and employee satisfaction surveys, performance review discussions, training days, amount of absences and accidents, attraction as a workplace.
Owners/Investors	At the end of the 2007 Componenta had 1,565 shareholders.	Share value growth and/or good dividends, reliability & trust, balanced business risk management, transparency and good communication (corporate governance).	For example share price, amount of dividend, key financial figures.
Financial institutions	The Group has financial cooperation with several partners.	Transparency and good communication, reasonable results and cash flow, solvency & liquidity, sufficient equity ratio, risk management.	For example result development, interest rate, financial expenses, key financial indicators.
Business partners, suppliers, sub-contractors	The Group has a comprehensive global network.	Opportunity to succeed with us, reliable, stable partner & long term partnership.	For example development of purchases, number of partners/sub-contractors/suppliers, terms of supply agreements, payment of invoices.
Society, public authorities, neighbours of the production units	Componenta operates in 15 locations., and locally the Group's business units are major employers. The production units report annually the results of surveys and monitoring to the environmental authorities.	Legal, ethical, environment friendly operations, active player in society, good tax payer, providing many working opportunities, responsibility & growth.	For example paid taxes, number of jobs, payroll, investments, paid wages and salaries, participation, sponsoring.

Customer industries

Our customers are globally operating manufacturers of heavy trucks, cars and light vehicles, machines and equipment. Our sales and product development functions are organized corporate-wide in four strategic business areas - Off-road, Heavy trucks, Automotive and Diesel & wind - which extend across legal structures and geographical boundaries. Sales for Machine building business area are organized locally in different countries.

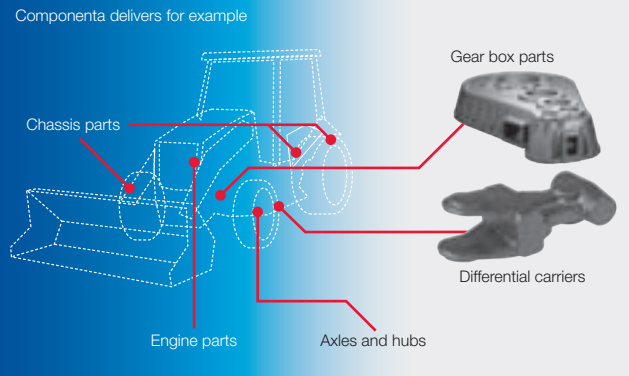
This structure was introduced in 2007, and it helps us present a common front to customers and focus on segment specific needs and opportunities. In this way we can ensure that customers obtain the full benefit of our expertise and competences and the most appropriate solutions for them. Sales looks after the customer's needs throughout the business area, wherever the customer might need the product or solution.

Reliable deliveries and high quality

One of our core business principles is to create added value through close co-operation with our customers in product design. JIT-deliveries directly to our customers assembly lines are made possible by a supply chain specialized in medium to high volumes, management of the production process and our logistical know-how.

One of our business units, Componenta Pistons designs, produces and supplies pistons for medium speed, large diesel engines.

In 2007, Wärtsilä awarded Componenta Pistons with Supplier Award at its supplier event after Componenta Pistons had been able to meet their demands in increased capacity while improving delivery reliability and at the same time maintaining high quality level.

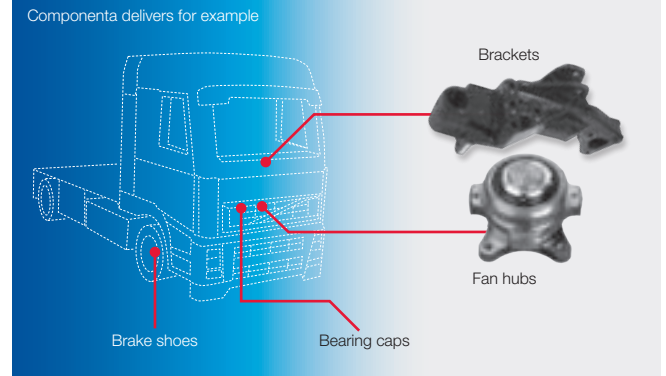


Off-road

Our customers in the off-road business area are manufacturers of heavy construction equipment, backhoe loaders, excavators, wheel loaders, tractors, forklifts, forest machines, paving equipment and dumpers. Componenta offers them various components used in engines, power transmission, drives and chassis.

Off-road is our biggest business area with 36% share of the Group's net sales in 2007.

Our customers in the off-road sectors include among others Agco Fendt, Bomag, Carraro, Case New Holland, Caterpillar, Dana, Dynapac, JCB, John Deere, Ponsse, T.T.F., Valtra, Volvo CE and Üzel.



Heavy trucks

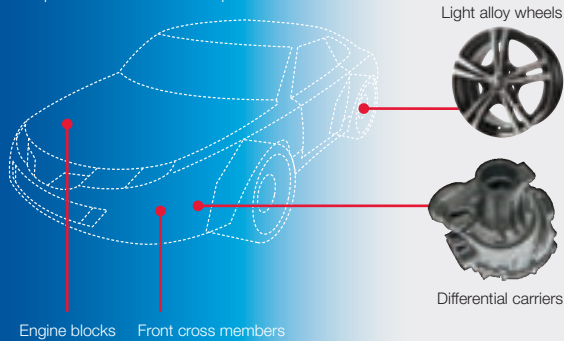
Our customers in the heavy truck industry include manufacturers of heavy commercial vehicles and their system suppliers. Componenta provides them ready-to-install components that are used in the chassis, engine, axles, transmissions and brakes. We also offer all parts of the supply chain, from product engineering and manufacturing to surface treatment and pre-assembly.

In 2007, heavy trucks covered 27% of Componenta's net sales.

Our heavy truck customers include among others DAF, Daimler, Ford Trucks, Iveco, MAN, Renault, Scania, Volvo, Wabco and ZF.



Componenta delivers for example



Automotive

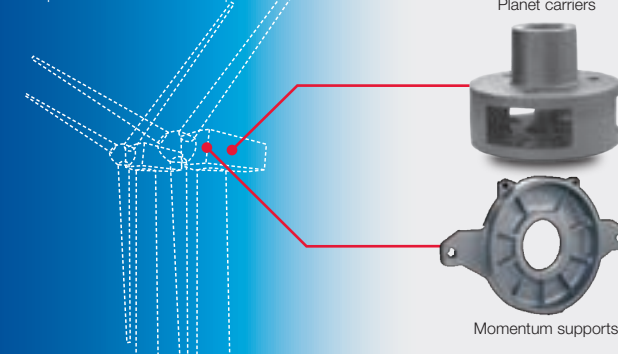
Our customers in the automotive industry are manufacturers of passenger cars and light vehicles. We offer them a wide range of different nodular & gray iron, CGI and aluminium cast components and aluminium wheels. Our aluminium wheels are sold under the trademarks DJ Wheels and MAXX Wheels.

Our sales to the automotive industry were 17% of the Group's net sales in 2007.

Automotive customers include among others Alfa Romeo, Aston Martin, ATU, Ford, NCB, PSA, Renault, Tofas, Toyota and Valeo.



Componenta delivers for example



Diesel & Wind

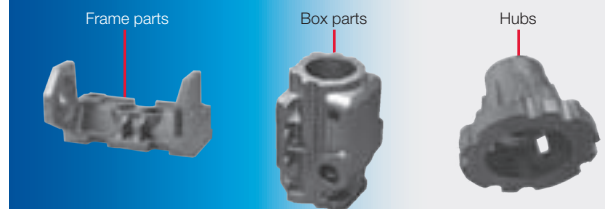
Customers in the diesel & wind business area are manufacturers of large diesel engines and suppliers to the wind energy industry. Componenta offers a variety of products starting from castings for main bearing caps and assembly-ready machined components to fully designed pistons for large diesel engine manufacturers, and for example gearbox components such as gear housings and planet carriers for the strongly growing wind energy industry.

In 2007, the diesel and wind industry contributed 8% of the Group's net sales.

Our customers in diesel & wind business include among others Wartsilä, Mahle, Moventas, Siemens and Caterpillar.



Componenta delivers for example



Machine building

Our customers in machine building industry manufacture equipment and machines such as elevators and cranes. We offer them various machine and equipment parts, such as rope and travel wheels, housings and casings, gearwheels and frames. These components are often of strategic importance to our customers, such as parts used in elevators and robots, various crane and hoist components, and demanding cast products for pumps, stone crushers and hydraulic motors.

Machine building accounted for 11% of the Group's net sales in 2007.

Our machine building customers include among others ABB, Atlas Copco, Gardner Denver, Ingersoll-Rand, ITT Flygt, Konecranes, Kone, Sampo Hydraulics and Voith.

Componenta's structure and operations

One Componenta, One Way to Operate

Componenta serves its customers as one Componenta, with uniform internal functions and processes. This One Way to Operate enables efficient operations and utilization of the best practices throughout the Group. Componenta provides optimal cast component solutions for customers' production processes. The sales and product development organization ensures that full range of the Group's expertise is available for the customers during the offering as well as in the order and delivery phase.

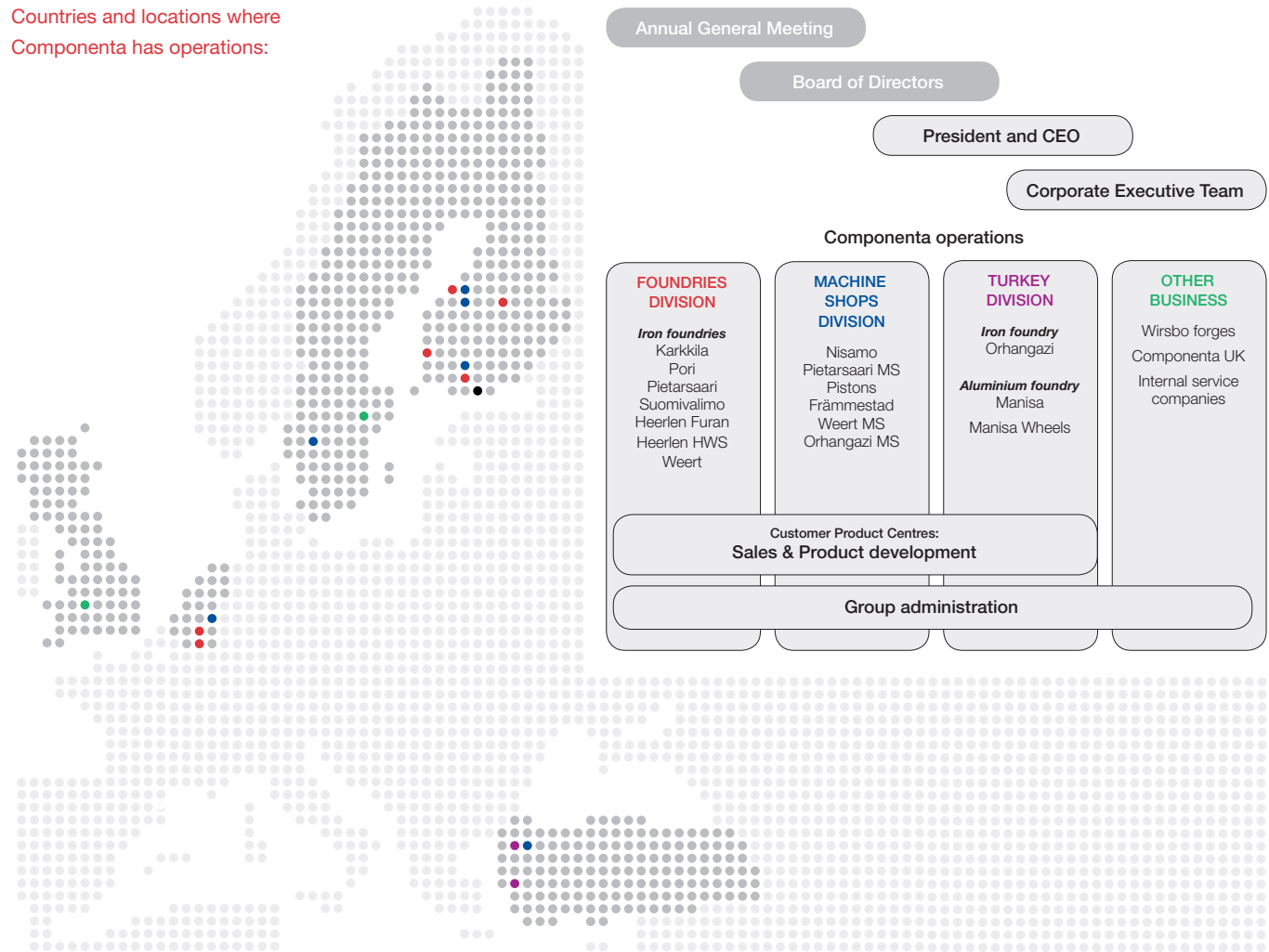
Responsibility for customer service and cooperation is divided between Componenta's sales and product development. The Group's sales organization acts as a link to the customer, coordinating cooperation and being responsible for all the commercial, quality and delivery issues. Sales look after the customer's needs throughout the business area. Product development is providing technical support, improving component design and developing new components for customers products.

Componenta is adding value for customers through close partnership in product development. Cooperation starts from customer's needs and during the engineering process Componenta offers to customers its expertise in casting, machining, surface treatment and assembly assisted by modern simulation and modelling tools.

The components are produced in specialized production units. Componenta has nine iron foundries in Finland, Turkey, and the Netherlands. In addition Componenta has an aluminium foundry in Turkey.

Major part of the cast components are machined, surface-treated and partly pre-assembled in our machine shops in Finland, Sweden, Turkey and the Netherlands. Componenta Group's other business includes a forge in Sweden, a sales and logistics company in the UK and internal service companies in Finland.

Countries and locations where Componenta has operations:



Transparent Governance

The administration of Componenta Corporation is based on the Finnish Companies Act and the company's Articles of Association. The company applies the Corporate Governance recommendations for public listed companies issued by OMX Nordic Exchange in Helsinki, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry EK, which came into force on 1 July 2004.

Componenta Corporation shares

All Componenta Corporation shares have equal voting rights at the General Meeting. Componenta Corporation's Articles of Association do not contain any voting restrictions other than those in the Companies Act.

All shares carry equal dividend rights.

Annual General Meeting

The highest governing body of Componenta Corporation is the General Meeting. The functions of the General Meeting and matters to be resolved therein are defined in the Companies Act and the Articles of Association.

Board of Directors

The Annual General Meeting elects each year Componenta Corporation's Board of Directors, which according to the Articles of Association consists of 3 - 7 members. The term of office of the Board of Directors expires at the close of the following Annual General Meeting. The Board of Directors elects from its members a chairman and a vice-chairman.

The Annual General Meeting decides on the remuneration of the members of the Board of Directors.

The tasks and duties of the Board of Directors are laid down primarily in the Articles of Association and the Finnish Companies Act. The Board has drawn up written Rules of Procedure, which define the tasks and operating principles for the Board.

President and CEO

The Board of Directors appoints the President and CEO and decides upon the President's remuneration and other benefits. The functions and duties of the President are defined in the Companies Act. In addition to these, the duties of Componenta Corporation's President include

- managing and developing Componenta's business in accordance with the instructions given by the Board of Directors,
- presenting matters for consideration at meetings of the Board of Directors and

- implementing the decisions of the Board of Directors
- Heikki Lehtonen is President of Componenta.

Corporate Executive Team

The Corporate Executive Team assists the President in managing and developing Componenta Group. The appointment of members to the corporate executive team and their terms of employment are decided on by the Board of Directors from a proposal by the President and CEO. In accordance with the "one over one" principle in use at the Group, the Chairman of the Board of Directors approves these decisions.

Monitoring systems

Audit

The Annual General Meeting appoints the auditor and decides on the remuneration to be paid to the auditor. The company has at least one and a maximum of two auditors, and one deputy auditor. In addition to the duties prescribed in current accounting regulations, the auditor reports as necessary to the Board of Directors of Componenta Corporation.

Insider regulations

Componenta Corporation complies with the insider regulations of the OMX Nordic Exchange in Helsinki and also with its own insider regulations. Componenta's statutory insiders are the Board of Directors of the parent company, the President and CEO, and the auditors. Company-specific insiders are the Group's corporate executive team and named individuals. The holdings of Componenta's statutory insiders are given on the Group's website.

The holdings in Componenta Corporation of statutory and company-specific insiders are monitored regularly through the SIRE system of the Finnish Central Securities Depository.

Risk management

Internal monitoring at Componenta Group takes place in accordance with the operating principles approved by the Board of Directors, and these are based on the Group's internal reporting and the

annual audit plan approved by the Board.

Financial reporting that covers the entire Group is used to monitor how well financial targets are being met. The reports include actual figures, plans and up-to-date forecasts for the current year.

The financial risks relating to Componenta Group's business operations are managed in accordance with the treasury policy approved by the Board of Directors. Management of financial risks takes place in the corporate treasury function.

Appropriate insurance has been taken against risks associated with assets and interruption of operations and to minimize indemnity.

The financial administration of Componenta Group conducts an internal audit of Group companies with the auditor as part of the annual plan.

Right to sign Company name

Componenta Corporation's name is signed by the chairman of the Board of Directors and the President, each alone, and by other members of the Board of Directors, two together. Furthermore, the Board of Directors may also authorize members of the Company's management to sign for the Company per procuram.

Incentive schemes

Componenta rewards personnel in key positions and secures performance based pay with competitive compensation including short- and long-term incentive schemes. Componenta's Board of Directors confirms the contents of and positions entitled to the incentive schemes. At Componenta business units, blue collar employees are entitled to productivity related bonuses.



For more information on Componenta's corporate governance, structure and operations see Annual Report 2007 and visit Componenta's website www.componenta.com.

Research and development

Focus on research and development

Componenta's product development is responsible for technical customer support and design of components and developing new components for customer's products. By 2012 projects that include advanced engineering are targeted to form most of Componenta's business. Our product development organization carries on continuous research and development work in our Customer Product Centers and business units. In addition we participate in research and development projects together with universities, research institutions and other companies in different countries.

At the end of 2007, 89 people worked in research and development at Componenta, which corresponds to 2% of the company's total personnel.

Various R&D projects going on

In the Netherlands, Componenta is working on an Austempered Ductile Iron manual for internal use. While several Componenta foundries producing ADI, this manual is used to bring together the existing knowledge to establish and formulate a common way of working with ADI. Another subject is the preparation of a design manual containing static and dynamic material data and methods for the static and fatigue assessment of castings which will be utilized by our Advanced Engineering in customer projects.

In Turkey several R&D projects are being carried out. At our aluminium foundry in Manisa we conduct research and development of ductile HPDC process and parameters. Several new projects were started in Manisa, and they include optimization of casting parameters to improve productivity and material properties for aluminium casting, reduction of environment wastes in the aluminium foundry by using new materials and processes and improvement on high temperature fatigue life of HPDC dies. R&D projects to improve our processes and materials were carried out too.

Two articles prepared by Componenta experts were presented at 3rd Aluminium Symposium which was launched in Istanbul



Componenta aims to reduce worker exposure to vibration to lowest possible level.

We actively participate in reducing vibration

The foundry industry is a typical industrial sector in which workers are exposed to hand-arm vibration especially in the cleaning of casts. The European Union's Human Vibration Directive (2002/44/EY) sets limits on worker exposure to vibration.

Our foundries in Finland and the Netherlands have actively studied ways of preventing exposure to vibration. In Finland Componenta has participated in a joint project by foundries and Helsinki University of Technology that continued as a study with the Finnish Institute of Occupational Health in Kuopio supported by the Finnish Work Environment Fund.

The purpose of the study is to measure vibration exposure values and create vibration prevention programmes that comply with the standards approved by the authorities, ie the regional occupational health and safety authority. By observing the vibration prevention programme, Componenta aims to reduce worker exposure to vibration to the lowest possible level.



on 24 - 26 October 2007. Results of the research presented in the articles will be used in our process and product design. Article titled "Design of experiment of shrinkage-gas porosity in aluminium casting" was prepared by Six sigma methodology to find out parameters effecting shrinkage-gas porosity. Another article, titled "Quenching methods at aluminium heat treatment process and its effects on residual stress" was prepared by measuring of residual stress on aluminium cylinder head after heat treatment. These articles prepared by Componenta personnel can be found at www.componenta.com.

In Orhangazi several development projects were completed in 2007, and they included for example recycling of the machining chips and energy savings and melting of the zinc-coated deep drawing steel scrap as well as improvement of software used for example product cost calculation. Two projects are still going on to improve the Turkish sand used in the preparation of cores as well as determining vibration on the predictive maintenance applications used in the iron foundries. In 2007 Componenta Turkey made one patent application and one application for utility model. In Sweden, Componenta participated in the VI ("Vikt- och volymintelligenta gjutna konstruktioner") project, in which companies using cast components in their production conduct research and improve know-

how in cast design, materials, machining and quality. This project is financed by the participating companies, such as Volvo, Scania, Atlas Copco, Indexator, HIAB, Sandvik Coromant and Componenta, as well as by VINNOVA, a Swedish governmental organization that is part of the Ministry of Trade and Industry in Sweden.

During 2007, named components by these companies were redesigned utilizing new, topological optimization tools, which decreased the weight of the components. In the beginning of 2007, a decision was made to focus the resources of material research on development of Austempered Ductile Iron (ADI) to improve its properties. After extensive literature surveys and expert opinions as well as material tests on test pieces provided by Componenta, it has been decided to continue testing on improved alloy which is expected to improve the strength, toughness and machining properties of the ADI material. We hope that this leads to real breakthrough of ADI material as one of the most important materials in the machine building.

During the past year, Componenta provided test pieces also for testing the capabilities of non-destructive analysis methods, where artificial defects were made in the test pieces and different analysis methods were used for trying to find all these defects. This project is still going on.

Hiekkapöly poissa keuhkoista

Kvartsihiekan oikea käsittely



In Finland Componenta has participated in making guide to the handling of quartz sand funded by the Centre for Occupational safety.

Preventing damage to health from quartz dust in Finland and the Netherlands

In 2006 labour organizations made an EU-level silica agreement, aiming to protect the health of workers from the harmful effects of crystalline silica.

The commonest form of crystalline silica is quartz. Occupational exposure to respirable crystalline silica, ie quartz dust, can take place at any situation at work where air-borne respirable dust is generated. In the foundry industry, products are manufactured by pouring molten metal into moulds made partially or entirely from quartz sand.

A working group has been set up in the Netherlands to prevent the harmful effects of quartz dust, and this is being coordinated by the Dutch foundry association. The work started by estimating the exposure of personnel to crystalline silica and creating a common method for measuring exposure to dust. Other means for improving occupational health are the elimination of identified risks by observing good practices in handling quartz sand, monitoring the health of personnel, and training personnel in identifying risks.

In Finland Componenta has participated in making a guide to the correct handling of quartz sand, funded by the Centre for Occupational Safety.



Economic responsibility

Economic responsibility enables success and development

Economic responsibility means accountability for the company's financial performance and competitiveness. It is about creating added value to and meeting the financial expectations of our shareholders and other stakeholders.

Year 2007

Net sales rose by 75% from the previous year to EUR 635 million. Most of this resulted from the acquisition of Döktas A.S. at the end of 2006. Organic growth was also fast, since strong demand lasted throughout the year.

Order book at the year end was 35% higher than at the same time in the previous year, corresponding almost full capacity utilization.

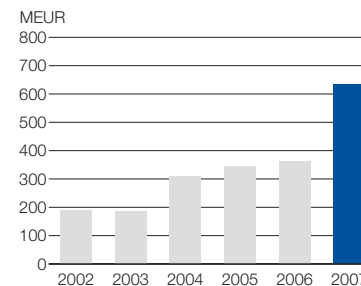
Result after financial items excluding one-time items almost tripled from 2006 to EUR 14.9 million.

Divesting non-core businesses was continued during the year. Selling the shares of the associated company Ulefos NV AS in Norway and the operations of Albin machine shop in Sweden strengthened the Group's equity ratio, and improved possibilities to concentrate on developing the core business.

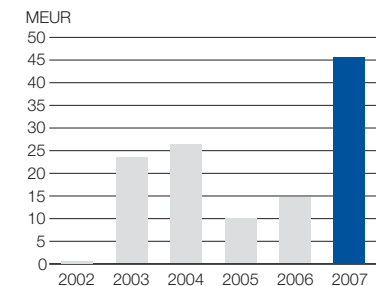
During the last quarter of 2007 capacity increasing and efficiency improving investments were started in Suomivalimo in Isalmi, Finland, in the Karkkila foundry, Finland, and in the Orhangazi foundry, Turkey. In addition to investments in the foundries, Componenta Group is investing in a new machine shop in Orhangazi. The investments to increase production capacity will also add need for new employees.

Componenta Group employed 4,158 (4,316) people at the end of 2007. The number of personnel including contract labor at the year-end was 5,064 (2,628). Salaries and fees paid in 2007 were EUR 117.7 (80.3) million. Pension costs were EUR 14.3 (11.2) and other personnel costs EUR 14.7 (10.1) million.

Net sales



Operating profit



More information on economic responsibility at www.componenta.com/economic and on Componenta's shares and shareholders at www.componenta.com/investors.

Key figures

	2007	2006	2005
Net sales, MEUR	634.7	362.1	343.2
Operating profit, MEUR	45.9	14.5	9.9
Operating profit, %	7.2	4.0	2.9
Net result, MEUR	21.6	3.5	2.2
Earning per share (EPS), EUR	1.97	0.36	0.26
Return on equity, %	23.1	5.9	4.2
Return on investment, %	12.8	6.6	5.0
Equity ratio, %, including capital notes	20.3	19.2	18.1
Order book, MEUR	129.0	95.4	60.4
Investments in non-current assets, MEUR	64.5	123.6	25.1
Personnel including leased personnel	5,064	2,628	2,429

Financial risks

Risk management in the Componenta Group has been defined and is included in the Corporate Governance statement.

Risks at Componenta include price fluctuations of raw materials and other purchases as well as the value of Turkish lira. The corporate treasury operations manage these financial risks in accordance with Componenta Group's treasury policy which is approved by the Board of Directors. The aim of this policy is to protect the company from any material changes in the financial markets and to secure Componenta's financial performance and position.

Price fluctuations for main raw material, recycled metal, affect Componenta's sales margin. The increase in the price of recycled metal affects the product prices after a certain delay, so the price effects of recycled metal are temporary. Similarly, when the prices of recycled metals decrease, the Group's margins improve for a while.

Another issue that affects the Group's financial performance is the price of the electricity. Componenta purchases electricity price forwards to hedge against the impact of changing electricity prices.

The increase in the electricity prices can be passed on to customers with a separate electricity surcharge.

Since Componenta operates in Turkey, we have a significant currency position in Turkish lira. According to the treasury policy the company hedges both the translation and transaction risks. Despite the hedging, any changes in the value of the Turkish lira in relation to euro, US dollar or British pound have impact on the company's financial performance.

Componenta has no significant concentration of risk for receivables, and the company has not had any major credit losses in 2007. In addition, the company is not party to any significant contracts that will come into force, that can be amended or that can cease to be valid if control of the company changes in consequence of a public purchase offer.



EUR 6 million investment was started in Componenta Suomivalimo to increase production capacity to meet growing customer demands.

Investment projects generate more workplaces

Componenta Suomivalimo in Iisalmi in the Eastern Finland faces an EUR 6 million investment programme, started at the end of 2007. The investment project at the foundry will add production capacity of large components to guarantee the deliveries of customer orders in wind and diesel business area.

The investments in buildings and machinery will generate new jobs at the foundry, and some 30 new people will be recruited when the expansion is taken into full use. At the moment Suomivalimo employs some 125 people.

The investment includes a new melting furnace and modifications in moulding, shot blasting and model stock. By the expansion project the production capacity of the Suomivalimo foundry will be increased by 70% to 17,000 ton/year.

The investment is targeted to be finalized during 2008.



Componenta participated in November 2007 in the annual investor event in Helsinki, Finland.

Active communication to shareholders through webcasts and exhibitions

Componenta is actively using different ways to reach the stakeholders. In connection with the interim reports and annual report Componenta is holding press conferences which are webcast simultaneously on Componenta's Internet pages at www.componenta.com. Many Componenta stakeholders have regularly followed these webcasts which are open to everyone. During the webcast stakeholders can present questions to President and CEO of Componenta and receive answers to them.

In November 2007, Componenta participated for the second time at the annual exhibition for investors in Helsinki, Finland. During the two days Componenta's representatives from sales, product development, finance and communications told about the Group to several visitors who were interested in Componenta's operations in different countries, sales development, order book, future outlook, share price development and market value of the company. Many investors came to see the presentations given by Componenta's President and CEO on both days of the fair. When our target is to provide comprehensive information about Componenta, this kind of exhibition offers good possibilities to information sharing and face-to-face discussions with our stakeholders.

Share and shareholders

Open and update information to shareholders

The shares of Componenta Corporation are quoted on the OMX Nordic Exchange in Helsinki, Finland. At the end of 2007, the company's share capital stood at EUR 21.9 (20.0) million and the quoted price was EUR 8.37 (8.59). The average price during the year was EUR 11.05 euros, with the lowest quoted price 8.17 euros and the highest 14.37 euros.

At the end of the year the share capital had a market capitalization of EUR 91.6 (86.1) million, and the volume of shares traded during the year was equivalent to 52% (57%) of the share stock.

At the end of 2007 the company had 10,942,498 (10,022,298) shares. The number of shares has increased due to subscribing new shares with convertible capital notes that Componenta has issued in 2006 and 2005. In 2007, 581,400 new shares were subscribed with 2,907 capital notes from the convertible capital notes issued by the company in 2006. As a result, the share capital of Componenta Corporation rose by altogether EUR 1,162,800 and the invested non-restricted equity by EUR 4,069,800. Total of 338,800 new shares were subscribed with 1,694 capital notes from the convertible capital notes issued by the company in 2005. As a result of the conversion, the share capital of the Group rose by altogether EUR 677,600 and the share premium account by EUR 2,710,400.

At the year-end, number of Componenta's shareholders was 1,565. The majority of the shareholders are nominee-registered shares and other foreign shareholders 38.0%. Other shareholders include Finnish companies 29.8%, households 23.5%, financial institutions and insurance companies 5.3%, non-profit institutions 2.8% and general government bodies 0.6%.

Componenta's Turkish subsidiary Componenta A.S. is listed on the Istanbul Stock Exchange. On 31 December 2007, Componenta owned 92.6% of the Componenta A.S. shares. The remaining shares, 7.4%, were owned by the public. The amount of Componenta A.S. shares is 63,360,000,000. Total shareholders' equity at the end of 2007 was 175,452,676 Turkish Liras (YTL). The lowest quoted price during 2007 was YTL 3,80, the highest price YTL 6,54 and the average price YTL 4,70.

Market information

Componenta has an IR team whose target is to provide information about Componenta and its business environment to institutional investors, small investors, equity analysts and the press. In addition to yearly reports, such as Annual Report and three Interim Reports, Componenta provides markets with continuous updated information mainly through the website.

30 days prior to the publication of any financial statements or quarterly reports Componenta has a closed window period during which capital market representatives are not met nor result development commented.



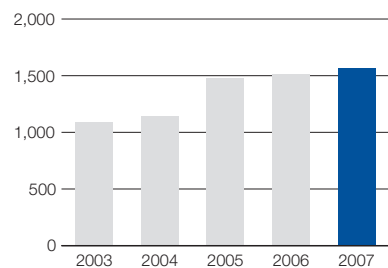
The best IR website 2007

In 2007, Componenta received the first prize in the competition for "The Best IR Website 2007" in the category of Small Cap on the OMX Nordic Exchange in Helsinki. The competition was arranged by The Finnish Foundation for Share Promotion, The Finnish Society of Financial Analysts and financial magazine Talouselämä.

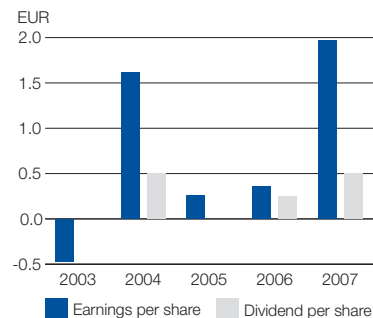
Added value to stakeholders

MEUR	2007	2006	2005
Creation of value added			
- Customers (<i>net sales</i>)	634.7	362.1	343.2
- Suppliers (<i>purchases and external services</i>)	-305.0	-175.7	-171.8
Produced added value	329.7	186.4	171.4
Distribution of value added			
- For personnel (<i>salaries and pensions</i>)	-132.0	-91.5	-89.2
- For society (<i>income taxes and social security costs</i>)	-15.8	-11.2	-7.6
- For financial institutions (<i>financial expenses</i>)	-31.9	-12.6	-12.0
- For investors (<i>dividends</i>)	-5.5	-3.3	0.0
Value added distributed to stakeholders	-185.2	-118.6	-108.8
Retained for developing the company operations	144.5	67.8	62.6

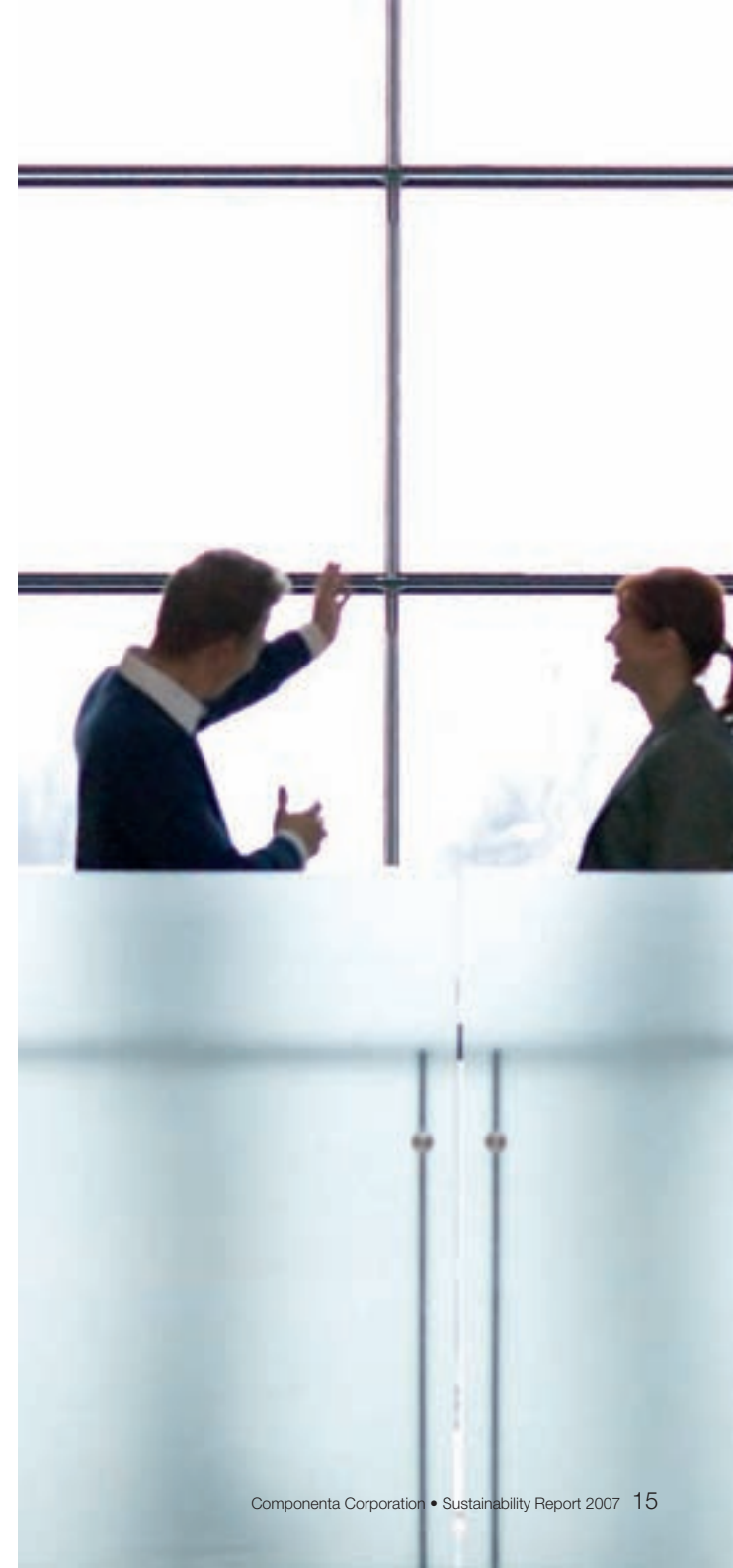
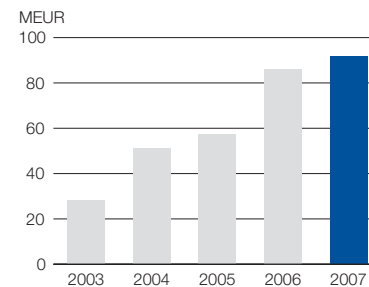
Componenta shareholders



Earnings per share and Dividend per share



Market capitalization





Environmental responsibility

Integral part of Componenta's everyday business

Environmental responsibility means choosing optimal materials, sustainable production methods and minimizing the environmental impacts throughout product's life cycle. Componenta aims at continuous improvement when it comes to environmental and quality issues.

The Group's environmental and quality policies and management systems define the main principles for business operations, and these systems encourage personnel to accept responsibility, develop quality and take into account the environmental impact. Activities are managed at business unit level, and each location has a responsible person for quality and environment issues. Quality and environmental issues support each other. For instance, high-quality operations mean less reject products, which in turn results in less environmental impact.

The foundries and forges meet all environmental demands and have necessary permits. The production processes are constantly improved and measured to ensure that the environmental loading remains within the accepted limits.

Major environmental projects in 2007

The Weert foundry in the Netherlands renewed its sewer system.

A catalytic after-burner for the VOC emissions from painting was installed at the Weert foundry.

The iron foundry in Orhangazi prepared a technical handbook on foundry waste and its properties for the Turkish Foundrymen's Association, who in turn presented the handbook to the Turkish Ministry of Environment.

The Pori foundry started to supply dust waste for reuse.

In the Heerlen foundry a fire safety project was started in March, lasting until September. The project included improvement of alarm system and training for an internal first aid task force.

The Netherlands authorities completed a survey of the odour in the neighborhood of the Heerlen foundry.

In Manisa, a HPDC piston cooling water collection system was installed.

In Orhangazi and Manisa, a new computer software for monitoring process waste was introduced.

The Karkkila foundry stopped dumping foundry sand and dust on a separate landfill site and now sends all the sand and dust waste for reuse.



More information at www.componenta.com/environment.

Environmental costs and investments rose

Componenta Group's environmental costs in 2007 totalled EUR 5.5 million (EUR 3.7 million in 2006). Environmental costs as a percentage of net sales rose by 42% compared to 2006. This was mainly caused by risen waste management costs at the Orhangazi foundry, which also increased the share of environmental costs accounted for by waste management. Waste management accounted for most, 71% (64%), of environmental costs. Protection of the atmosphere, such as the running costs for filter equipment, were the second largest item 10% (12%) of environmental costs. Other environmental protection activities, such as the company's own environmental management costs and waste taxes, accounted for 9% (14%) and waste water management for 8% (9%). Protection of the soil and groundwater, which includes ground water samples and absorbing materials, accounted for 2% (1%) of the Group's environmental costs, and protection of biological diversity and the landscape for 0% (1%).

Environmental investments in 2007 totalled EUR 1.7 (1.2) million. The investments were mainly at Weert, the Heerlen foundries, Orhangazi, the Främmostad machine shop and the Karkkila foundry. The investments were made to reduce VOC emissions and save energy, and in cutting fluid systems, waste management and noise reduction.

Environmental implications are taken into account not only in environmental but all investments.

Environmental risks identified

At Componenta, the business units have identified environmental risks in their environmental management systems. Possible risks for operations include for instance fire, spilling, leaking or explosion risks related to chemicals, furnace bursting, dust emissions and vandalism in factory area. These situations can cause emissions to air, water or soil. Componenta aims to prevent risk situations with premonitory maintenance, instructions and structural functions. The environmental management systems also identify and describe actions and operations in a risk situation.

Molten iron is continuously processed at the foundries. Liquid gas can be considered the highest-risk chemical at the foundries. Working in a foundry involves thus certain risks and there are sometimes risk situations. We learn from these situations and train and guide our own personnel, amend practices and implement improvement actions. Emergency plans are in place at all the foundries.

A few high-risk situations occurred in our production units in 2007 that could have had an impact on the environment. All were well controlled and they had no significant environmental impact.

A small fire broke out at the Pori foundry in May 2007. The fire resulted in the entire personnel having to be evacuated for a few hours because of the smell. No-one was seriously injured. After this fire, for instance larger casts have been left to cool down for longer time.

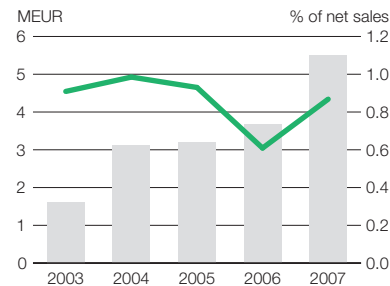
A fire in an electricity transformer and an oil leak caused a threatening situation at Componenta's Pietarsaari machine shop in December.

In Karkkila, there were three risk situations in 2007. Fire brigade was not needed in any of these, and no-one was injured. In the cooling line there was a small fire in October. In March there were two accidents with molten metal. After these accidents, structures and inspections were improved.

In Manisa, there was a fire in the wet painting line in November. The fire was started in the electric equipment. No one was injured. The full production capacity was in use in a week.

At the Heerlen foundries a fire safety project was carried out from March to September 2007. The fire alarm system was improved, and training and practice were given for an internal first aid task force.

Total environmental costs



Distribution of environmental costs 2007



Each Componenta employee is responsible for quality and environment

Componenta supplies products that meet customer requirements just in time, taking environmental factors into account. Each Componenta employee is responsible for carrying out their daily activities to a high quality and with respect for the environment. Each production unit defines its own quality and environmental policies that are in accordance with this corporate policy and with the requirements of the relevant standards.

Each production unit must have a quality management system certified by a third party. Depending on the customer's requirements, the quality management system must comply with either the ISO 9001 or the ISO/TS 16949 standard. Production units must also have an approved environmental management system that complies with the ISO 14001 standard. We promote awareness of both customer and legal requirements throughout the organization. We monitor customer satisfaction and work to continuously improve this. We maintain a management system that encourages compliance with the instructions in the quality and environmental systems, the acceptance of responsibility, and commitment to quality, environmental factors and continuous improvement. We target continuous development activities to reduce variation in the manufacturing process and to adjust the process in line with individual product properties.

When setting and reviewing their goals, each production unit must take into account the following environmental factors:

- reducing consumption of energy and raw materials
- reducing particle and VOC emissions
- reducing ambient noise levels
- enhancing the sorting of waste
- reducing the amount of non-recyclable waste

We ensure that the production units have sufficient resources to maintain their competitiveness and to develop their manufacturing processes. In capital expenditure we utilise the best and most prac-

ticable technology, taking into account financial and environmental considerations. One requirement for approving major investments is an environmental impact assessment.

Environmental management systems

According to the Group's environmental policy, each production unit should have an environmental management system conforming to ISO 14001 standards.

In the table below are listed certified quality and environmental systems at Componenta units.

During 2007 Componenta Nisamo obtained ISO 14001 environmental certification, and Nisamo's quality management system was also certified. The Group has extensive experience in building envi-

ronmental management systems and Nisamo's initial audit for certification resulted in no deviations. Componenta Pistons are the only production unit without third-party certified environmental and quality management systems. Work on building the system is ongoing at Pistons, and due to personnel changes the goal is to have all production operations certified during 2009.

The environmental management systems guide development at the units and help them identify the environmental impact of their production and correct the most important environmental aspects. The systems also highlight the responsibility of everyone in environmental matters and increase environmental awareness and commitment to environmental issues.

Componenta's quality and environmental systems

Unit	ISO 9001	ISO/TS 16949	ISO 14001
Främmostad	✓	✓	✓
Heerlen HWS	✓	✓	✓
Heerlen Furan	✓		✓
Karkkila	✓	✓	✓
Manisa	✓	✓	✓
Nisamo	✓		✓
Orhangazi	✓	✓	✓
Pietarsaari	✓	✓	✓
Pietarsaari MS	✓	✓	✓
Pistons	under construction		under construction
Pori	✓	✓	✓
Suomivalimo	✓		✓
UK	✓		
Weert	✓	✓	✓
Weert MS	✓	✓	✓
Wirsbo	✓	✓	✓

Environmental permits in production units

The operations of the foundries and forges are such that they require an environmental permit. Valid environmental permits allow operations to take place. Componenta aims to comply with the terms of the environmental permits to avoid the risk that our operations might be restricted on environmental grounds.

The environmental permits for the foundries are such that they set the direction for development relating to the environment. The new permits contain numerous requirements that develop environmental issues at the production units far into the future. These requirements focus for example on particle and VOC emissions.

The Finnish and Dutch foundries have environmental permits that are valid indefinitely but have to be renewed if significant changes take place. The permits for the Finnish foundries have a date when the permit needs to be checked and a new application must be submitted if required.

The European Union has defined the best available techniques (BAT) for foundries. The BAT reference document for example defines the emission limits that can be achieved with the best available techniques. Authorities take BAT requirements into account when granting new environmental permits or change the old one for foundries.

In Finland, permit processes started in 2007 were finalized in early 2008. The Pori foundry obtained the decision for the environmental permit in accordance with the new procedure for environmental permits in February 2008. Suomivalimo is applying for a new environmental permit, since it is planned to increase capacity there from 11,500 tonnes to 17,000 tonnes. An environmental impact assessment must be included with the application. This assesses the environmental impacts with and without the increased capacity. The environmental impact assessment began early in 2008.

The Heerlen foundry environmental permit was changed in July 2007, so the plant can now also be operated at night. It is likely that the terms of the permit of the Heerlen foundry will be amended, and requirements concerning the odour will be added to the permit.

Environmental permits in Turkey are split into several parts, including a waste water permit, emission permit and hazardous waste permit. Emission permits may even have to be renewed at two year intervals. Orhangazi applied for a new emission permit in 2006 and Manisa in 2007. Manisa received an emission permit in 2007. Orhangazi will have to take certain measures if it is to renew its emission permit. Planning for these measures is underway.

The Group's production units report the results of surveys and monitoring as defined in the environmental permits each year to the environmental authorities.



Production operations impose environmental load

Production of cast components takes place in specialized foundries. The moulds that give the product its exterior shape are made of sand or using a steel mould. The cores that go inside the mould are made of sand. Moulding takes place on automatic moulding lines, and only the very largest moulds are made by hand. The molten metal, which has been melted in an electric or cupola furnace, is poured into the mould. The raw material is mainly recycled metal. After cooling and fettling, the product is ready for further processing.

Foundries

In the foundries the environmental load arises from:

- the use of energy in the foundries to melt the recycled or new metal
- the spent sand from the sand circulation system for casting moulds made with the one-time mould process
- 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 recycled metal
- odour, which comes from the casting process, for example from the pouring line, cooling and shake out

Machine shops

Machining of the cast components 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:

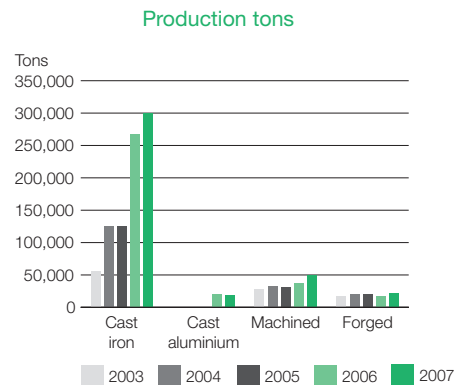
- oils and chemicals; the cutting fluids used in machining, and the resulting cutting
- fluid waste (other chemicals are also used incl. liquid gas)

Forges

Forged components are manufactured on largely automated production lines.

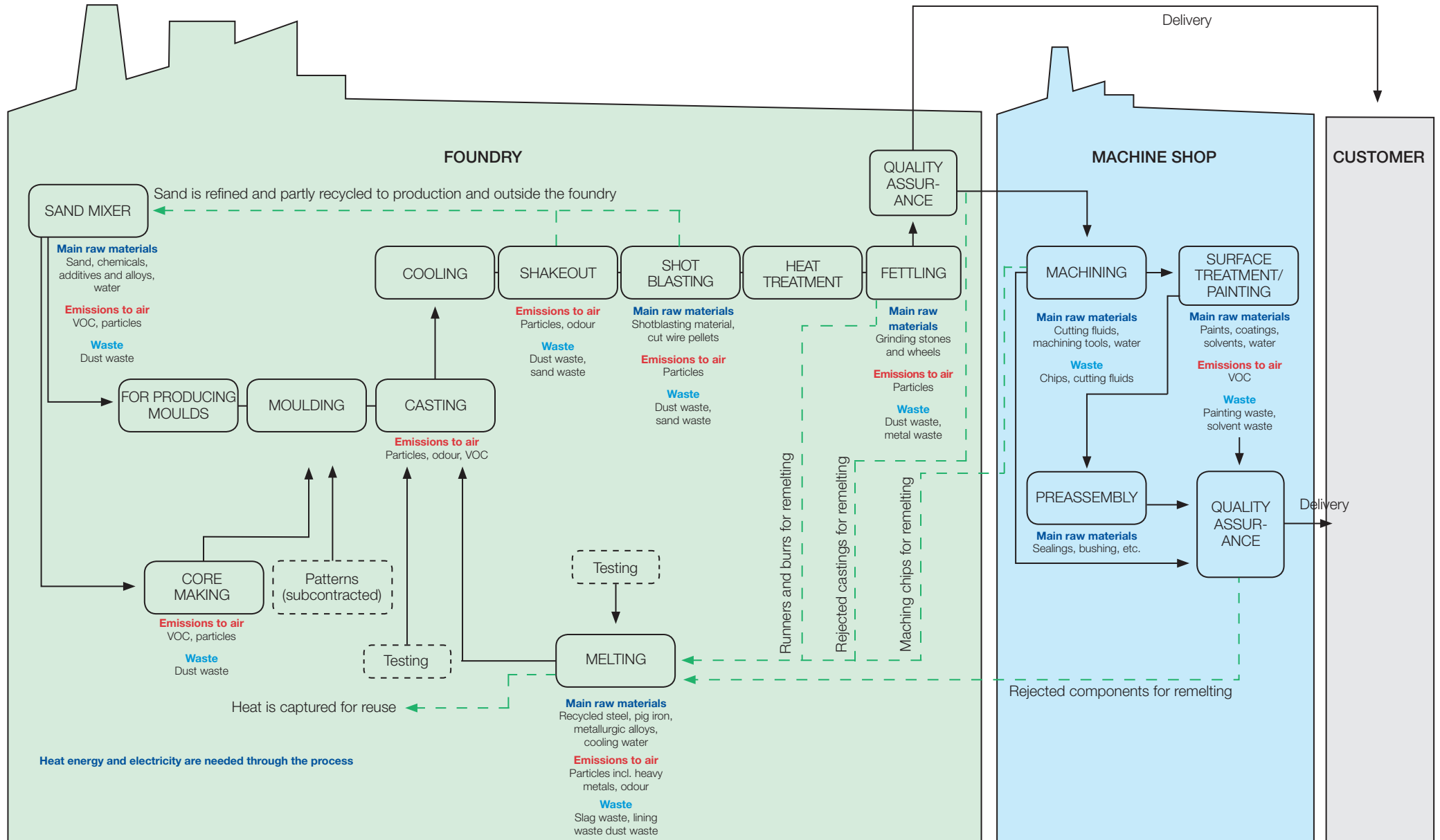
At the forges environmental load arises from:

- use of energy
- noise
- oil emissions



In the environmental figures in this report, the foundry figures always comprise both iron and aluminium foundry figures unless stated otherwise. The figures are presently calculated by produced ton (cast, forged and machined). These exceptions include raw materials, produced tons and energy consumption that are presented separately for iron and aluminium foundries.

Iron foundry and machine shop process including environmental aspects





Energy consumption

Energy efficiency has improved

Total energy consumption in 2007 was 814 GWh (809 GWh). Although the total amount of energy used has risen, energy efficiency has improved because production levels have risen in all business areas. Output from the foundries, which use most energy, rose almost 5% in a year.

The foundries consume over 90% of all the energy used by the Group. The melting of the raw material in particular consumes much energy, since the temperature of the molten iron is raised to more than 1,500°C and the temperature of molten aluminium is more than 700°C. A considerable amount of energy is also spent on heating the incoming air in the dust extraction systems. The casting moulds into which the molten metal is poured are made from sand or steel. The sand contains much fine-grained dust that has to be removed at different stages in the process via dust extraction plants.

Other places where energy is used at the foundries are the machines and equipment, heat treatment, heating, air conditioning, lighting and internal transportation.

Most of the energy used by Componenta is obtained from electricity. Coke is used in melting in the cupola furnace at the Heerlen foundries. Melting at the other foundries takes place in electrical

furnaces. Liquid or natural gas is mainly used for keeping casting equipment hot and for preheating. District heating is used to heat most of the Group's properties, while natural gas is used for heating the foundry buildings in the Netherlands and Turkey.

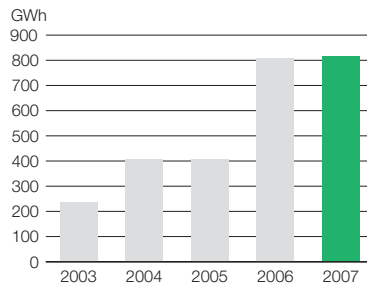
Foundries

Total energy consumption in proportion to output at Componenta iron foundries in 2007 fell 11% compared to 2006. All the iron foundries improved their energy efficiency. The improvement was due to higher efficiency and improved capacity utilization. The Karkkila foundry in particular improved its energy efficiency, with relative energy consumption declining about 20%. This was achieved by reducing the percentage of rejected products and improving mould yield.

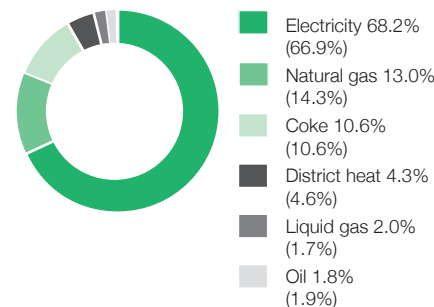
Energy consumption at the aluminium foundries rose 6% compared to 2006. Factors contributing to this increase were the installation of a heating system in the production premises and increased usage of compressors.

The Weert foundry is the most energy efficient, due to differences in the casting systems. Their casting systems have a smaller

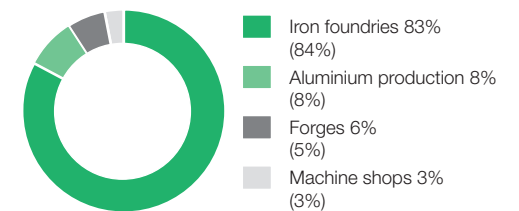
Total energy consumption



Distribution of energy consumption 2007



Energy use 2007



proportion of runners and feeders, so a larger proportion of the molten metal goes straight into the end product, resulting in lower relative energy consumption.

Energy reviews and analyses of existing energy flows based on these have now been carried out at all the foundry units and at some of the machine shops. The analyses have identified areas with savings potential and their results are utilized when planning future investments. Energy analyses are updated at times, and updating the energy analyses of the Pietarsaari foundry and machine shop will be completed during the first half of 2008.

Machine shops

The machine shops accounted for 3% of Componenta's energy consumption in 2007. Most of this energy was consumed by machine tools and in heating and air-conditioning the buildings. As the result of improved capacity utilization, energy consumption per tonne of output at the machine shops declined 25% from 2006. Another reason for the improvement in energy efficiency is that the Albin machine shop, which used more energy due to the product types manufactured there was divested in 2007.

Forges

The forges account for 6% of Componenta's energy consumption. Most of their energy is consumed in heating the blanks to forging temperature of around 1,200°C. Energy consumption per tonne of output declined 6% at the forges compared to 2006. The improved energy efficiency was due to the use of simulation models and increasing heat recovery. Heat recovery has helped reduce the use of heating energy for the steel blanks. Several targets have been set for decreasing energy consumption. Activities to improve energy efficiency will continue during 2008.

Energy consumption at the forges varies, depending on the properties of the forged components, which means that the type of product manufactured also has an impact on energy consumption.



Total energy efficiency improved in 2007 in the Group.

Componenta improves energy usage

Energy is one of the key cost factors for the foundry industry. Local energy prices are determined by global market prices, and political decisions are one factor affecting these. In the EU, member states have recently committed themselves to targets for reducing carbon dioxide emissions, and in connection with this emission rights trading, for example, has affected energy prices.

Electricity plays a very central role in Componenta's energy consumption. We use about 555 gigawatt hours of electricity a year, which is the same amount as that used in one year by a medium-sized town in the Nordic countries.

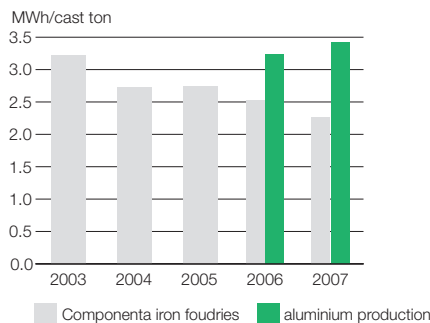
Componenta's production units in Finland have since 2001 participated in a project to enhance energy usage organized by the Ministry of Trade and Industry, Motiva Oy and the Confederation of Finnish Industries. In the project, working with an external partner we have examined the energy we use and drawn up a list of ways to improve the use of energy. As part of the project we have also looked into the relationship between energy usage and the environment and also working conditions in the production plants.

For industries like the foundry industry that use large amounts of energy in their production, electricity costs are now and will be a key strategic competitive factor in the international market. Enhancing energy usage improves the company's profitability and reduces emissions.

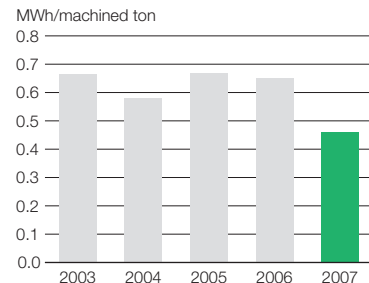
Componenta's relative energy consumption has declined considerably. Emissions to the environment have also decreased. The Group is committed to further improving the use of different forms of energy and reducing emissions from production processes.

Componenta is one of the shareholders in a Finnish power company Fennovoima Oy, whose shareholders consist of Finnish trade, industry, service companies, regional and local energy companies. Fennovoima aims to safeguard the availability of power, to improve national security of supply and to fulfil Finland's climate obligations.

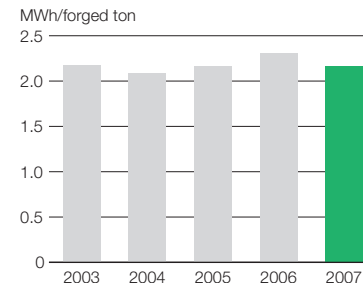
Energy consumption in foundries



Energy consumption in machine shops



Energy consumption in forges





Machining chips can be reused in the Group's own foundries.

Machining chips of the Pietarsaari machine shop reused in the foundry

The biggest waste item in the machine shops are machining chips. At the Componenta Pietarsaari machine shop the machining chips are reused in the Group's own foundry.

The equipment for briquetting the machine chips has now been in use in Pietarsaari for three years. Earlier the chips were delivered to external partners for reuse, but now the chips can be reused in the Group's own foundry in Pietarsaari. The briquettes are used as raw material for molten metal in the casting process.

The briquetting machine squeezes the chips into small briquettes. It takes less space to store the briquettes than to store the chips, and the briquettes do not spill fluids unlike the chips. Another equipment separates water from the cutting fluid waste, so that only 15% of the waste will have to be delivered to waste disposal.

Currently the Pietarsaari machine shop squeezed 110 tons of briquettes of the machining chips per month. The capacity of the briquetting equipment is 240 tons per month.

In addition to the Pietarsaari machine shop, also the Orhangazi machine shop in Turkey squeezes machining chips into briquettes to be reused.

Raw materials

Efficient use of recycled raw materials

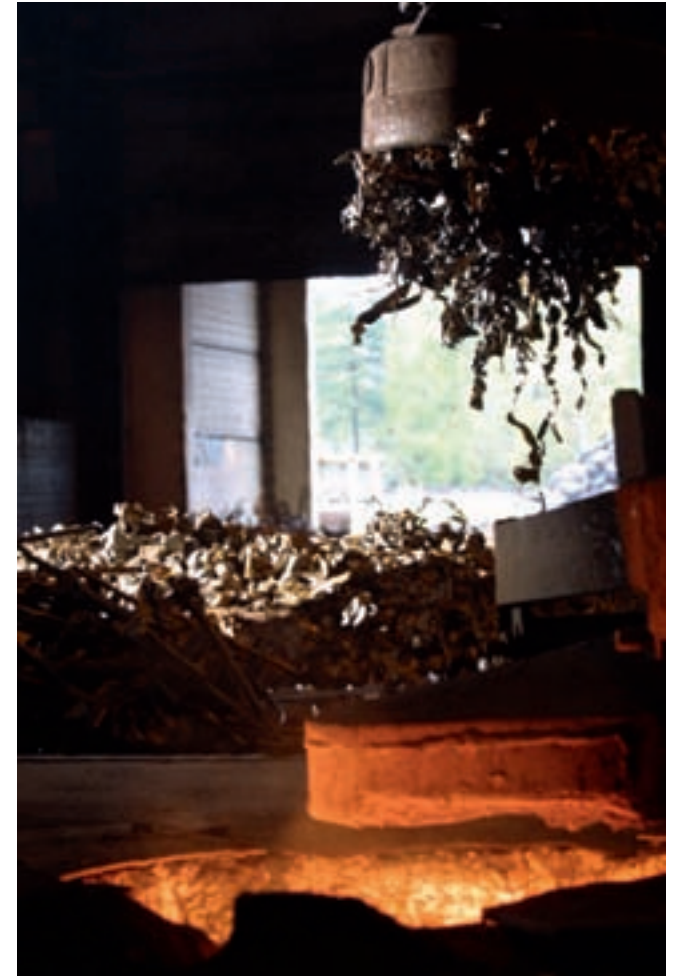
Componenta's foundries make efficient use of recycled raw materials. Most of the raw material used in melting is recycled metal such as sorted metal from the engineering sector. New material is added to obtain the correct metallurgical properties. Various metal additives are also added (such as graphite, ferrosilicon and copper) to adjust the chemical composition to the required level. The foundries melt almost all the runners and feeders produced in their own processes. The runners and feeders guide the molten metal into the actual product in the mould. The runners and feeders are removed from the products in the finishing process and returned for melting.

The proportion of recycled material used at the iron foundries declined by 3% in 2007, due to the poor availability of suitable recycled steel.

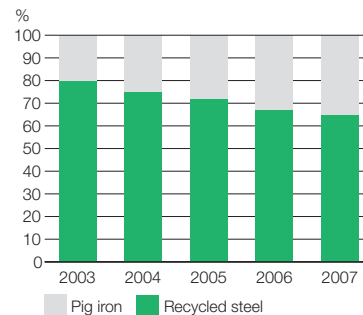
The raw material used in the forges is steel blanks, which are manufactured at steel works and supplied to the forges as bars. The number of steel blanks used in forging per tonne produced declined by 6% compared to 2006 at the forges. Project product design was one factor affecting the use of raw material.

The raw material used in the aluminium foundry is mainly primary and secondary aluminium, where all secondary material is from recycled material and all can be recycled again. 40% of the secondary material is being supplied as liquid.

The raw materials used in the machine shops are mainly components cast at the Group's foundries.



Recycled steel and pig iron used in melting



Environmental balance sheet

	2007	2006	2005	2004	2003
PRODUCTION TONS					
Foundries, t	318,488	288,303	125,514	126,142	55,422
Machine shops, t	50,020	37,961	30,759	32,708	27,603
Forges, t	22,629	17,926	19,592	19,789	17,422
MAIN RAW MATERIALS					
Recycled metal, t (foundries)	176,225	181,202	93,182	96,305	45,812
Pig iron, t (foundries)	97,136	90,877	37,209	32,470	11,746
Aluminium, t (aluminium foundry)	27,633	26,761	-	-	-
Steel blanks, t (forges)	29,007	24,432	25,953	25,299	22,789
Sand, t (foundries)	83,606	88,637	47,732	42,287	20,616
Cutting fluids, t (machine shops and forges)	252	242	93	95	75
ENERGY CONSUMPTION					
Electricity, MWh	555,828	541,372	252,527	263,529	182,339
District heat, MWh	35,169	37,250	40,250	41,737	38,136
Cokes, MWh	86,536	85,748	75,773	59,664	-
Natural gas, MWh	105,957	115,730	22,489	23,991	-
Oil, MWh	14,922	15,544	4,675	3,660	3,218
Liquid gas, MWh	16,025	13,512	13,273	12,622	11,195
WATER CONSUMPTION, m³					
	458,024	433,634	224,927	226,821	151,679
EMISSION INTO AIR					
Particle emissions, t *)	84	84	44	68	45
VOC emissions, t	867	932	350	299	155
WASTE					
Waste water, m ³	304,151	286,750	108,352	125,884	104,702
Waste dust, sludge etc., t	61,590	21,016	17,223	3,916	5,149
Sand, slag etc., t	82,413	110,075	63,657	71,573	27,618
Unsorted waste, t	667	1,204	1,519	1,385	589
Hazardous waste, t	2,892	2,629	2,788	1,066	938
Metal scrap, t	25,798	25,114	16,287	11,570	12,193
Waste wood, t	1,118	947	758	666	175
Waste paper, cardboard etc., t	364	459	146	306	522
Other sorted waste, t	1,179	1,079	1,474	640	239

*) Particle emissions for 2006 has been corrected, particle emissions of the Orhangazi foundry were 51 t smaller than reported earlier. The metal scrap figure has been corrected for 2006 (from 34 422 to 25 114 tons) due to the change in the Orhangazi figures.

Dust, VOC and noise are most typical emissions

The biggest emission from the casting process is dust. Moulds and cores made from sand are used in casting. The sand is recycled continuously in the process and its grain size gets smaller and smaller as the result of mechanical wear. The sand then gives off dust, which has to be extracted at several points in the process.

The dust is fed to the dust extraction plants where it is separated from the air flow and the air is conducted outside. Even the most modern dust extraction plants are not able to remove the very finest dust and some of the dust escapes into the outside air. There are also differences in the separating capabilities of the dust extraction plants and of the methods in use. Many foundries have continuous dust measuring equipment in use, to be able to identify equipment failures in the dust separating systems more easily. During 2008 four continuously operating meters will be installed at the Orhangazi foundry, for measuring dust, VOCs and flow rates.

The amount of dust emissions per tonne produced was similar in 2007 to the previous year. At the Karkkila foundry, improvements were made to the smelter filter system by adding a sound sweep. The figures for 2006 and 2007 include the Turkey foundries. Dust emissions reported for 2006 at the Turkey foundries were higher than the actual figure, so in this report we have corrected the Turkey dust emission data for 2006.

Significant improvements will be made to dust separation at the Orhangazi foundry. Planning is in progress to develop dust emission control. There are also plans to install dust separation equipment at Suomivalimo foundry in Iisalmi and at the Pori foundry.

Forging and machining do not cause significant dust or VOC emissions.

Use of amines and solvents cause VOC emissions

The VOC (volatile organic compound) emissions from the foundry process arise mainly from the solvents used in painting products, from the alcohol-based thinners used in coating moulds and cores, and from the amines used as catalytic agents for hardening the cores. Some of Componenta's production units have switched to water-based paints, but some products still have to be coated with solvent-based paints due to the requirements of the customer's manufacturing process.

VOC emissions from the use of amines and solvents at the foundries declined in 2007 by 11% per tonne produced from the previous year. At Karkkila improvements have been made to the painting equipment and solvent cleaning equipment has been purchased. At the Pietarsaari foundry water-based core coating has been in test use.

The moulds used on the furan production line at the Heerlen Furan foundry and the moulds made from furan sand at the Componenta Iisalmi foundry are coated before casting to obtain a sufficiently good surface quality and to prevent the metal from penetrating the sand. An alcohol solvent has to be used for coating since there is little time on the automated production line for it to dry. The alcohol evaporating from coating at the Heerlen foundry and in hand moulding at Iisalmi is burnt, and only some 30% of it is emitted as gas to the outside air. The amine gas used in the production of cores at the foundries in the Netherlands is fed to an acid treatment, which binds the amines to the acid, and less than 5% is emitted as gas to the air. The acid amine solution used in the treatment is sent to a treatment plant in Germany where the acid and amine are separated for reuse. The Orhangazi foundry in Turkey also has two amine scrubbers. Componenta Heerlen and Weert continuously measure pH levels to reduce the odour inconvenience in the immediate neighbourhood.

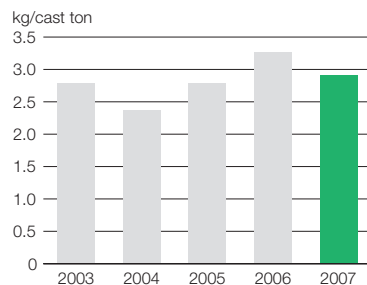
A catalytic after-burner for the VOC emissions from painting was installed at the Weert foundry in December 2007. This will reduce VOC emissions from painting by about 80%, an annual reduction of 29 tonnes of VOC emissions. The equipment uses electricity and natural gas, so it will have a negative impact on energy consumption at the Weert unit.

It is planned to use a similar process to reduce VOC emissions at the Heerlen foundry to that installed in Weert. It is planned to combine the action to reduce VOC emissions in Heerlen with any measures required to reduce odours. The VOC measures have to be carried out by July 2008.

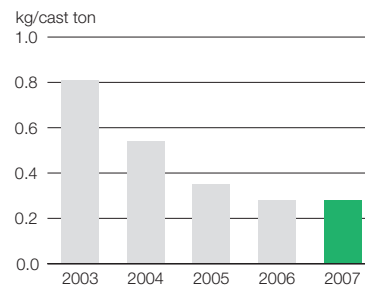
More environmentally friendly materials taken into use

Componenta is carrying out several projects aiming to replace the raw materials currently used with more environmentally friendly materials. The chemicals used in the cores are one cause of odours at the foundries. An alternative chemical has been found at the Heerlen HWS foundry, and its environmental impacts are still be-

Amines and solvents (VOCs)



Particle emissions



ing tested. Despite their efforts, a more environmentally friendly binding agent for the cores has still not been found at the Heerlen Furan foundry, and tests are continuing. An alternative chemical for the cores on the Weert production line has been shown to be technically effective; the environmental impacts of the chemical are still being tested. The Pietarsaari aims to switch a significant part of core coating from alcohol-based to water-based coating during 2008 and in this way reduce VOC emissions. Coating improves the heat resistance of the sand cores.

The Virsbo forge changed the lubricant used for the biggest counter-blow hammer from mineral oil to vegetable-based rapeseed oil. The trial period ended during 2007 and rapeseed oil is now in production use. Rapeseed oil has good lubrication properties, and interest is being shown in changing the lubricant for the other hammers to rapeseed oil.

Carbon dioxide is one greenhouse gas given off during combustion in the foundry processes. Carbon dioxide is also produced from the use of fuel. Indirect carbon dioxide emissions occur from the use of electricity. Transportation also causes carbon dioxide emissions. The biggest source of carbon dioxide in Componenta is the cupola furnace at the Heerlen foundries. The carbon dioxide emissions from the furnace are measured regularly and reported to the authorities. However, the amount of carbon dioxide is relatively small and it has not been identified as a significant environmental issue for Componenta.

Attention to noise abatement

Several Componenta production units are situated close to residential areas, so their operations can disturb people in the surrounding area. These units pay particular attention to noise abatement. We monitor and measure the level of noise caused by our production units in the areas close to the plants, using both an external agent and for ourselves.

The main causes of noise are the handling of raw materials at the foundries, the forging process at the forges, and air-control. Of course, transporting products and raw materials also causes noise.

We comply with the stipulations for noise levels in the terms of the operating permits.

The units in Turkey have analysed sources of noise during 2007. In the neighbourhoods of our production units in the Netherlands the authorities have carried out noise measurements, in Weert in 2007 and in Heerlen at the beginning of 2008. The results show that our foundries meet all requirements.

Some of the fans on the roof of the Suomivalimo foundry were replaced with new, quieter fans during 2007. The encapsulation of the air conditioning system in the northern side of the Suomivalimo foundry was improved because of noise. A sound trap was built into the filter unit exhaust at the Karkkila foundry.

Complaints and cooperation with stakeholders

Odour inconvenience is an issue especially in the neighbourhood of the Heerlen foundry, where neighbours made 260 complaints to the Heerlen foundry in 2007 about the odour, noise and dust. Because of the complaints about the odour, the authorities began a survey of the odour in the locality in April 2007. The survey was completed in November 2007. Based on the results of the survey, the foundry was required to present a programme of action to reduce odour inconvenience by 1 April 2008.

In Weert neighbours made five complaints about the odour. Many people in the neighbourhood of Suomivalimo complained about the noise in January 2007, and fans on the roof of the foundry were renewed because of these complaints. In addition, a meeting was organized for the public in Suomivalimo in February 2007 regarding the Environmental Impact Assessment. During the meeting the neighbours had an opportunity to share the environmental impacts they had observed with both Componenta and authorities.



Quartz sand is one of the raw materials used in making of moulds.

Foundry sand containing bentonite reused in structure of landfill sites

Components are cast by pouring molten iron into moulds made for example from sand. In the green sand process used by Componenta, the mould is made by mixing quartz sand, coal dust, bentonite clay and water. The moulds are compressed so intensely that molten iron with a temperature of 1,400 degrees can be poured into them of all raw materials of the sand it is bentonite clay that makes the mould hard enough.

Some of the bentonite in the sand is burnt off during casting. The bentonite content of used foundry sand varies between five and ten per cent. The filtering equipment also recovers dust from the foundries, containing more than 30 per cent bentonite.

The EU has very strict regulations concerning setting up new landfill sites and closing old ones. Bentonite clay is one of the materials widely used in the sealing structures of a landfill area. Virtually no water passes through bentonite, which then minimizes the leaching of rain water into the landfill area and thus generation of waste water. The sand containing bentonite from green sand foundries can be used to replace the use of new bentonite at landfill sites, saving natural resources.

The green sand process is in use at Componenta's foundries in Heerlen (HWS line), Karkkila, Orhangazi, Pietarsaari, Pori and Weert. The sand containing bentonite used at all these foundries is reused in essential structures at landfill sites. The permeability of foundry sand and dust containing bentonite is moreover considerably lower than that required for the sealing layer of landfill sites.

Reuse of waste increased

The biggest waste items at the foundries are spent sand and dust. Spent sand is the sand that needs to be removed from the sand process because fresh sand is added, to maintain the quality of the sand. Some 2% of new sand and binding agents are added to the sand that returns from the casting process, so 98% of the sand is continuously recycled. Even so, the process produces a large amount of spent sand.

The other major waste fraction is dust, which is separated at dust extraction plants from the air conducted from different points in the sand process. It is important to realize that an increase in the amount of dust waste means a decrease in the amount of dust emissions in the air.

Another waste item at the foundries is slag. Slag is impurities (sand etc.) that rise to the surface of the molten metal and are removed before casting.

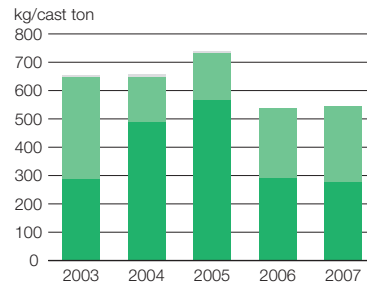
The other waste at the foundries is normal industrial waste, and most of this is sorted for reuse. Hazardous waste is produced mainly from the lubrication oils, the painting processes, the dust separated from smelting, the water treatment process at the Orhangazi foundry and from processing amine gases.

The machine shops produce normal industrial waste and machine chips. Hazardous waste is produced by the lubrication oils for machinery, by the cutting fluid used in machining and by the painting process.

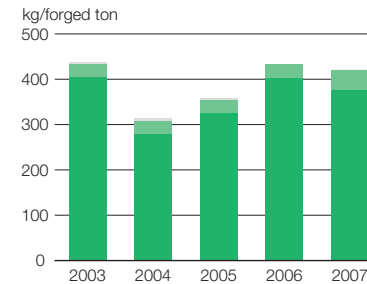
The biggest waste item at the forges is burrs. Hazardous waste includes the oil used in forging and cooling emulsions.

A total of 176,020 tonnes of waste was generated at Componenta in 2007. Of this, 54% was sorted and reused. The amount of waste fractions being reused increased in 2007. This was due to dust from the Pori foundry being sent for reuse as well as reuse of sand and dust from the Karkkila foundry during the final part of the year. The impact of the increase in the reuse of waste by these two production units will be seen in full in 2008.

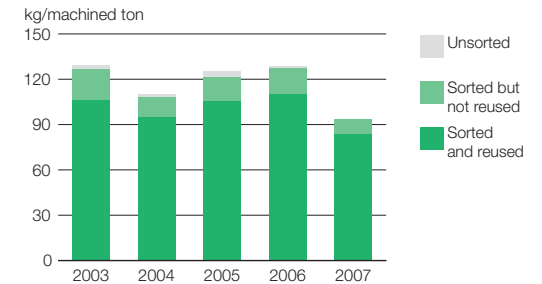
Waste in foundries



Waste in forges



Waste in machine shops



Foundries

The total amount of waste per tonne produced at Componenta's foundries was almost the same as in 2006. The amount of waste at the different foundries varies from just over 300 kg to more than 1,200 kg per tonne produced. The moulding method in use and any reprocessing equipment are factors affecting the amount of waste.

The Weert and Orhangazi foundries operate reprocessing plants for the moulding sand. After processing the moulding sand can be used in the production of cores, which correspondingly reduces the need for new sand and the amount of spent sand. Much of the spent sand and dust from the foundries is utilised in the construction of waste landfill sites. A separate landfill site for foundry sand and dust has been in use in Karkkila, and dumping stopped there in October 2007. Closing of the old landfill site will begin in 2008. Plans for closing the site have been drawn up and approved by the authorities. The foundry sand and dust from Karkkila have been sent for reuse since October 2007, and there is no need for a separate landfill site for dumping these.

Almost all the waste from the foundries meets the requirements set for normal landfill sites. However some dust cannot be disposed

of at normal landfill sites because of the heavy metals that they contain. The properties of the waste were tested at Karkkila and Orhangazi during 2007, and the fluorides that have been a problem in the past were now in line with the target level. This improvement was due to the change of feeder type. Orhangazi prepared a technical handbook on "Foundry Wastes & Their Properties" for the Turkish Foundrymen's Association, and they also presented this handbook to the Turkish Ministry of Environment.

Almost all the waste from the Dutch foundries is sent for reuse. The dust sludge at the smelting plant separated from the cupola furnace, for example, is used in road building. Spent sand is used in concrete structures and civil engineering. Metal is separated from slag and the slag is then used in covering material mixtures. Only unsorted waste is sent to the landfill site.

At Orhangazi, the dust filtered from the sand reclamation system is sent to the waste disposal site. Other filtered dust, coming from the fettling and moulding lines, is stored in the plant's stock area. 10% of the filtered moulding dust is reused on two lines in the moulding process. At Orhangazi the zinc dust from the melting process in the induction furnaces is separated and sold to a com-

pany that produces zinc oxide, for use in the production process. Melting slag will be sent to the waste disposal area in 2008.

New computer software for monitoring process waste was introduced in Orhangazi and Manisa in November 2007.

Machine shops

The total amount of waste per tonne produced at the machine shops fell 27% in 2007 from 2006. One reason for this is that Albin, the machine shop that produced most waste, was divested in 2007. A project to sort and reduce waste was carried out at the Nisamo machine shop in connection with the building of the environmental management system.

The biggest waste item at the machine shops is machining chips. In 2007 some of these were sent to the melting plants of steel manufacturers and some were melted in the Group's foundries. The machining shavings from the Pietarsaari and Orhangazi machine shops are compressed to form briquettes which are melted at the Group's foundries. The briquetting process also separates the cutting fluid from the shavings and after cleaning this can also be reused in the Group's machining operations. At Orhangazi metal shavings purchased from the automotive industry are also compressed to form briquettes. Machining chips are also reused at Främmestad, where the chips are sent for reuse outside Componenta.

Forges

The total amount of waste per tonne produced at the forges in 2007 declined by 3% compared to 2006. This was due to action taken to reduce the amount of material used, such as product simulation for tool design. Forging burrs form the biggest waste item and they are sent for reuse to the smelting plants at steel works. Almost all the waste at the forges is sorted.

Handling of waste water

Water is used for cooling at the foundries and forges, as an additive to sand at the foundries, and in the cutting fluids and painting processes at the machine shops. The amount of waste water at the Componenta foundries was 7% less in 2007 than in the previous year.

The amount of waste water at the machine shops fell by about 15% in 2007 compared to 2006. This was due to increased production at the Orhangazi machine shop, since Orhangazi has its own waste water treatment plant. A new water treatment system for fettling will reduce the amount of paint sludge.

The forges generated twice as much water subject to a waste water charge in 2007 as in the previous year. The reason for this major change was that the forges had to use municipal water for cooling instead of river water.

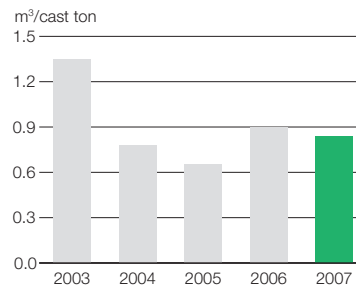
The surface treatment plant at Främmestad has a closed water system. The Weert, Karkkila and Pori foundries and the Kolsva and Visbo forges take the cooling water used in their processes from rivers. The water circulates in a closed system and is then returned at a slightly higher temperature to the river, so no waste water is produced. Much water is also used to dampen the sand at the foundries. This evaporates during the casting process and does not end up in the municipal sewage system.



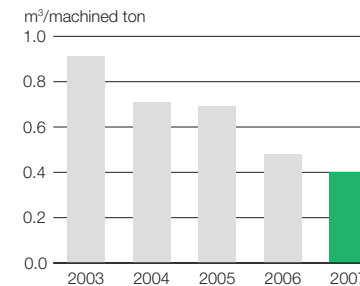
The Orhangazi foundry has its own waste water treatment plant, so all waste water is reused. At the Manisa foundry water is used in the cooling system and the painting shop. An HPDC piston cooling water collection system was installed at the Manisa plant in May 2007. A separate recycling system for waste water will be built at Manisa to reduce the amount of waste water.

The Weert foundry renewed its sewer system in January 2007, to ensure that waste water cannot be absorbed in the ground.

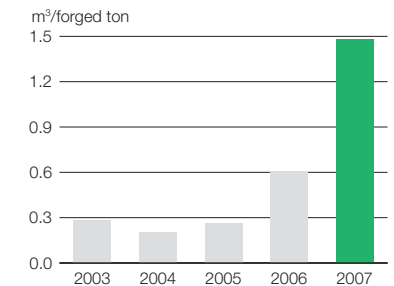
Water to the waste water plant from foundries



Water to the waste water plant from machine shops



Water to the waste water plant from forges





Purchasing

Purchasing policy throughout whole Group

Componenta is purchasing raw materials and services from all over the world, and we provide our products for customers in various locations. As a producer of high-quality components, Componenta is aware of its responsibility, and our purchasing and other policies and principles ensure consistent ways of working throughout our supply chain as one Componenta and in cooperation with business partners.

Componenta follows corporate purchasing policy for safety and environmental management, social responsibility and ethical standards in purchasing. The suppliers are required the same standards as Componenta, and those who fulfil Componenta's standards are considered as preferred supplier. The Group is using extensive monitoring and evaluation to secure its material requirements, and an ISO certification is a minimum requirement for the suppliers.

The goal in purchasing is to build up a network of suppliers in which the position of Componenta will be strengthened in their competitive field, moral standards and values of the Group will be secured and governmental legislation and directives will be fulfilled.

In terms of safety and environmental responsibility, the supplier and his personnel must make themselves aware of the content of

Componenta's applicable rules of conduct as well as safety and environmental instructions and must conduct themselves in accordance with these before commencing with the execution of the contract. No supply orders will be placed with suppliers when there is doubt concerning compliance with the applicable environmental provisions. When awarding supply orders, efforts will be made to reduce waste streams.

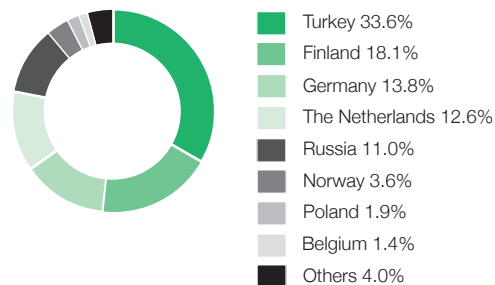
In terms of social responsibility, in addition to certain certificates Componenta also requires that supplier can provide statements with basic company information as well as their terms and conditions of employment. No supply orders shall be awarded to suppliers suspected of not acting in accordance with law.

Employees within the purchasing department support this company objective and will do their utmost to aspire to it in their daily activities. Purchasing department and those who are taking part in the purchasing process, submit to and act according to a Code of Conduct.

Componenta does not pay bribes or other illegal payments for business, and there is no preferential treatment for suppliers. Where financial or other interests are involved, the employee should report this to the management. Charging travel costs, accommodation, lunches and dinners and accepting gifts that are on such a scale as to have an impact on objectivity from for example the suppliers are not permitted.

Many customers require us to have an environmental management system. The automotive industry maintains lists of 'black' and 'grey' chemicals. End products supplied to them must not contain any chemicals on the black list and it is necessary to look continuously for more environmentally friendly alternatives to using them in the production process. Use of substances on the grey list should also be avoided. We continually check that we meet the requirements of the black and grey lists. We have, for example, succeeded in meeting the strict requirements of the automotive industry concerning lead. We primarily choose raw material suppliers that have environmental management systems in use.

Countries of origin of purchased materials and services 2007



Logistics structure aims at world class delivery

In logistics, Componenta aims to enhance both transport and packaging procedures. One of the Group's strategic objectives is world class delivery certainty, and in this for example logistics of the raw materials and finished goods plays the key role.

Transport will decrease environmental impact

Componenta is currently renewing its logistics structure to improve transport and to decrease its environmental impact. The planning of this new operational model takes into account the CO₂ emissions of the transports and optimizes routes and transport option to decrease the emissions.

Ready products are supplied to customers mainly by transport companies chosen by the customer in accordance with their own contracts. Componenta arranges transport for some products. With the renewed logistics structure transports of finished products arranged by Componenta will significantly increase. Thus Componenta can better ensure transport according the Group's standards as widely as possible in the whole supply chain.

In transport, Componenta follows the joint Scandinavian terms of delivery for cast products called NLG 03 (earlier NLG 95) for transport within and between Scandinavian countries. When choosing transport companies, we ensure they have certified quality and environmental management systems. The required cost efficiency also means the shortest routes possible.

Some 50% of the raw material deliveries are of recycled steel. Deliveries of recycled steel to the foundries are always with a full load, eliminating excess traffic. Transport is arranged on a regional basis, eliminating the need for long distance deliveries.

The other major raw material transported is pig iron. A major

part of the pig iron for the Group's foundries is imported from Russia, and ship is the preferred form of transport. Pig iron is transported to Finland in shiploads of 1,000 – 4,000 tonnes. Other raw materials are brought in containers or by truck. We always aim at full loads of raw materials as well as finished products. We do not normally use air transport. In finished products, ship and rail are also seen as a good and sustainable option.

Packaging uses sustainable and recyclable materials

The packaging material for products is recyclable pallets and pallet collars owned by the customer or metal racks. The Group's packaging material is mainly recyclable EUR pallets and EUR pallet collars. These are also used in traffic between the Group's production units. In Turkey various disposable wooden packaging is also used. There is a project going on to further unify the packaging practices within the Group as well as to decrease variations in the packaging options. The aim is to use sustainable and recyclable packaging materials that can be used for a long time.

We purchase most of our raw materials as bulk goods, without packaging. For raw materials that are packaged, we aim to use the largest possible size. Metal additives, for example, come in 1,000 kg large sacks, and paints in 200 litre barrels or larger containers. We insist that raw material suppliers use EUR pallets.

Componenta is a member of PYR Ltd, the environmental register of the packaging sector in Finland. The foundries in the Netherlands are members of the packaging organization BVNL. The Wirsbo forges are members of REPA, the Swedish packaging organization. Componenta Turkey also reports on their packaging material to the Turkish Ministry of Environment.





Social responsibility

Foundation for social responsibility at Componenta

Componenta's values – openness, honesty and respect – form the guiding principles for everyday management, among Componenta team members and towards external stakeholders. As an employer of over 5,100 professionals who represent dozens of nationalities, Componenta also monitors and complies with local labour laws and contractual agreements as well as international agreements on human rights and equal opportunity.

At Componenta we follow changes in the business environment and especially in the labour market and strive to ensure the timely availability of necessary resources for the implementation of the business strategy as well as the development of necessary competences. By actively aligning human resources management with the business development and general management process, we are able to make sure that we can provide our employees challenging tasks and reliable working place in the different phases of the business cycle.

Corporate-wide human resource management practices and policies ensure that employees have the opportunity to actively participate in improving their work and to develop as professionals throughout their careers.

A pro-active approach to safety issues and personnel well-being, combined with close follow-up of related key performance indicators in daily management, ensures that our employees are able to work in a safe and supportive environment.

Year 2007

At the end of the year Componenta employed 5,064 (5,249) people including leased personnel. The number of employees decreased by 4% due to the sale of Componenta Albin in a management buy-out and consolidation of Åmål into Främmestad business unit.

The paid salaries and fees including bonuses to personnel were 117.7 (80.3) million euros (excluding leased personnel).

Turnover rate for the whole Group decreased during the last year and was 8% (10%), and altogether 593 (628) new employees were recruited. New employees were mainly blue collar workers.

51% (50%) of the personnel work in Turkey, 22% (22%) in Finland, 17% (16%) in the Netherlands and 10% (12%) in Sweden.

Number of employees with a permanent contract at the end of last year was 80% (79%). In addition, altogether 3% (3%) employees worked under a temporary contract, and the share leased personnel was 18% (18%).

80% (80%) of Componenta's personnel work in production, 6% (5%) in administration and management, 6% (6%) in production management, 4% (5%) in customer product centers, sales and purchasing and 4% (4%) in quality and management.

59% of our employees have high school or vocational school background, 25% basic education, 10% polytechnic or college degree and 6% university degree.

94% (93%) of the Group's employees were men and 6% (7%) women. The average age of our employees is 37.

Total absenteeism in all units was 4.4% (4.2 %).



Read more about our people at www.componenta.com/social

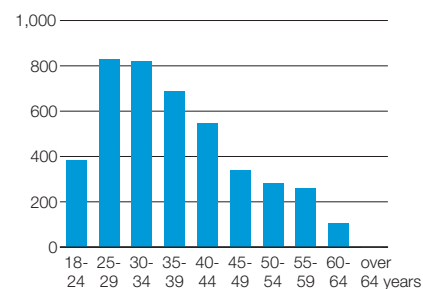
Key figures

	2007	2006	2005 **)
Number of personnel including leased personnel	5,064	5,249 *)	2,429
Change during the year, %	-4	46 *)	
New recruitments	593	628	
Type of employment, %			
permanent	81	79	
temporary	3	3	
leased	18	18	
Gender, %			
male	93	93	
female	7	7	
Turnover, %	8	10	
Absenteeism due to sickness and accidents, %	4.4	4.2	

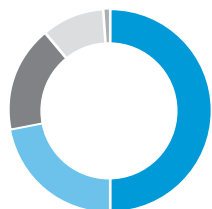
*) After acquisition of Componenta Turkey.

**) Percentages for 2005 are not listed in the table since they do not include figures from Turkey.

Age structure of personnel 2007

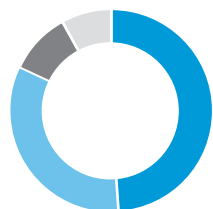


Personnel by country, own and leased 2007



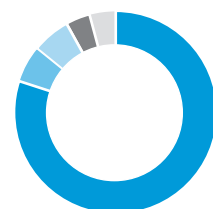
- Turkey 50% (49%)
- Finland 22% (22%)
- The Netherlands 17% (16%)
- Sweden 10% (12%)
- United Kingdom 1% (1%)

Personnel by division, own and leased 2007



- Turkey 49% (50%)
- Foundries 33% (32%)
- Other 10% (7%)
- Machine shops 8% (10%)

Personnel by function 2007



- Production (blue collar) 80% (80%)
- Administration and management 6% (5%)
- Production management 6% (6%)
- Product development, sales and purchasing 4% (5%)
- Quality and maintenance 4% (4%)





Organizational development

Clear management and operational model

Development in operational and management models always reflect the priorities in business strategies, earning logics and strive for internal effectiveness. Componenta's structure and operational management model were renewed during 2007 due to the integration of the operations of Componenta Turkey and the renewed strategy with increased emphasis on customer service.

At Componenta we believe that the performance of organization and its employees is efficient when everyone understands the Group's strategy and vitally important issues in every day management. In addition, everyone must have confidence that managers and their teams are able to effectively contribute strategic success.

Efficient Group structure enables participation

Alongside the existing Foundries and Machine shops divisions a Turkey division was created to support the business priorities and clarify Componenta's management and operational model. The business divisions comprise specialized business units that serve customers as one Componenta. Globally led business divisions create opportunities to leverage strategic know-how within the company and boost skills and knowledge transfer and the development of our employees.

Business responsibility within the business divisions has been allocated to the business units with local operations, led by a business unit director and a local management team. In accordance with this management model, the operations of the newest division, Turkey, were divided into four business units. The clear management model strengthens the ownership of actions and enables clear target setting, with measurements at unit and individual level.

The Machine shop division continued to move towards more specialized business units. In 2007 Componenta had one transfer of a business when Componenta Åmål machine shop and Componenta Främmestad machine shop were consolidated. The negotiations in this business transfer were carried out according to the

co-operation act and all employees at Componenta Åmål machine shop were offered to continue at Componenta Främmestad retaining their existing employee status. Also the machine shop in Pori, Finland was consolidated with the Nisamo machine shop in Finland. Larger units are more competitive and will provide enhanced learning opportunities for employees. At the beginning of 2007, the Pietarsaari machine shop was separated from the Pietarsaari foundry to form an independent legal unit. The Foundries division continued to improve its operations to meet the requirements of optimized production.

A common "One Componenta" way of operating

Globally operating customers set requirements for Componenta's capabilities to serve them both globally and locally. To ensure that customers are able to benefit from our expertise and that we as a company more thoroughly understand customer needs, our sales and product development functions were organized in line with customer business areas. The roles and responsibilities in the critical sales and product development positions were clarified, and new appointments were made in the customer interface to enhance responsiveness to customer needs. Decision making was simplified, and business goals were translated into clear mandates for sales and product development personnel.

As the business and the size of the organization have grown, this requires mutually agreed management practices, principles and functional responsibilities and processes that are common to all parts of the Group. The new Componenta way of operating has been actively communicated throughout the Group to increase awareness of the operating principles, critical roles and separate responsibilities in the organization. In the areas of finance, production and human resources, major steps were taken to build consistency in the ways of operating. The corporate-wide functions support managers in their everyday work and in grasping the concept of one Componenta by building up clear operating principles. In addition they introduce tools and practices to reduce the amount of non-value-adding work.

Our essential principle is acting fair, well meant and understanding in all relations with our employees, following laws and ethical principles and we ensure that all kind of liability to the employees are performed within the framework of legal arrangements. For example in Turkey special attention has been paid to anti-corruption work. All employees sign a contract before starting to work that

they will obey all the valid Turkish Laws in force on the subject and the Company Internal Regulations which contain clauses on "Ethical Working".

Interesting and challenging career



"I can say that the foundry business is a very interesting business where development continuously takes place. On the other hand the foundry business has a high level of tradition and a bit conservative attitude. This combination makes Componenta a social company with a lot of skills, opportunities and growth possibilities. There will always be a new challenge to deal with."

*Peter van der Heuvel
Production manager
Weert*



"Componenta is a company in extreme growth. At the same time our customers are operating in businesses that are in expanding, and I think that we manage this challenge quite well. Componenta has a lean structure with efficient decision-making, and I like to work with freedom and responsibility."

*Marcus Karlsson
Account Manager
Främmestad*



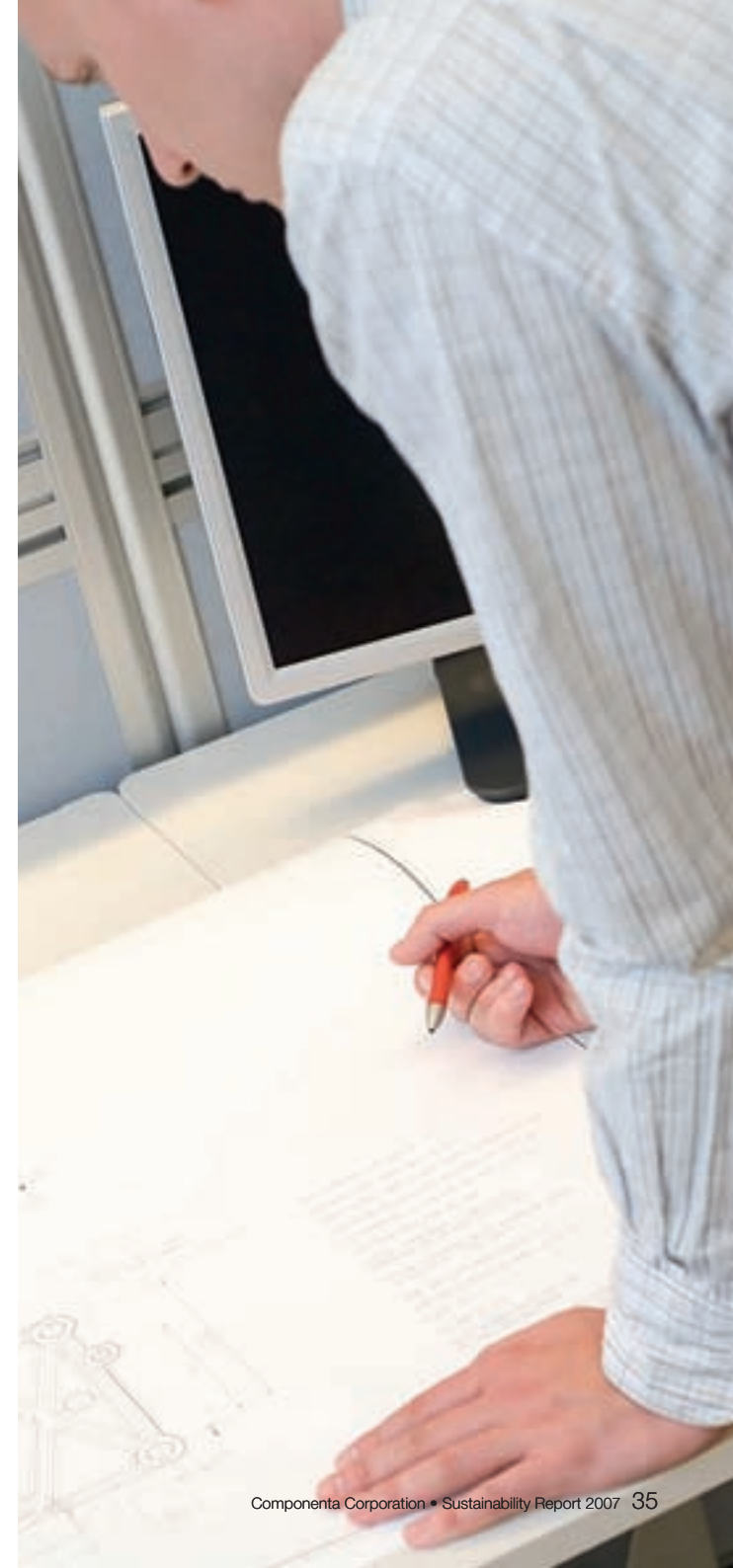
"Within the Componenta Group I get a lot of respect and support from all the colleagues, and I also get the chance to develop myself by following external courses as well as support and training in internal projects. I think I've got a promising and challenging future in perspective."

*Anouk Benink
Advanced Engineering
Weert*



"Componenta is a unique company which has very open-minded targets and very much customer focused. I can see clearly how by getting dynamically involved in the projects of advanced engineering I can contribute to the company goals."

*Onur Köseoglu
Product Development Engineer
Manisa*



Ensuring the necessary resources

The demand for both white and blue collar employees has increased especially in companies operating in the heavy metal industry in all European countries during the current economic high cycle. Componenta actively follows and interprets the factors and general trends affecting the availability of resources, and develops measures and procedures to ensure it has the resources needed for implementing its strategy.

At Componenta, recruitments are managed in a consistent way according to common recruitment principles. Vacant positions are advertised across the Group to support the opportunity for internal career rotation and to create opportunities for competent people to move ahead within the Group. New web-based recruitment tools have been actively used for internal and external job postings as well as to manage the application process. To ensure external recruitment of high quality we co-operate with selected, certified recruitment partners.

Componenta as an attractive employer

To increase awareness of Componenta among potential future employees, we cooperate actively with local schools and leading national universities in each Componenta country. Visits and information events for primary and secondary school students build a realistic picture of the opportunities in the industry. For university students, cooperation is based largely on summer traineeship opportunities and graduation works, as well as on active discussions with selected faculties. At the end of 2007, Componenta started an international traineeship programme, which for the first time in 2008 offers summer traineeship opportunities for altogether 25 university students in Turkey, Finland, the Netherlands and Sweden. The traineeships continue with opportunities to work while studying or in the form of graduation work. For the selected students, Componenta offers an opportunity to work abroad during summer 2009.

Componenta also participates in recruitment fairs and events to further build up awareness of Componenta and of its brand as

an employer. In 2007 Componenta has also been actively touring vocational schools in the regions where the company has machine shops. The purpose of these visits has been to give students the opportunity to explore the options offered within the company such as traineeships, summer jobs and final thesis work, and to awaken their interest in the metal industry.

Again, judging from the number of and feedback from competent candidates applying for open positions in Componenta, it is very clear that Componenta is an attractive employer. The most attractive features of the company mentioned by job applicants are that Componenta is a locally strong employer that also operates in international markets. Although Componenta is a listed company, it has a background as a privately owned family company, which brings a long-term approach to development in its decision-making. Other attractive features are a clear way of operating, focusing on its core business, and expanding business operations that offer participation in real business assignments with the power to influence matters.

Understanding internal and external business priorities forms the basis for strategic resourcing

Successful integration of businesses depends on the effective allocation of key resources to serve customers as one company and fast utilization of existing resources to create the greatest added value for customers as well as Componenta. To ensure the swift integration of the new key resources from Turkey and the right positions for them, about 100 managers and key persons from Turkey participated in a leadership talent review at the beginning of the integration process. For the participants, the review offered an opportunity to learn more about their personal strengths and development areas, in the context of business priorities and the company. For Componenta, the review built a clear picture of management capabilities and of individual career expectations. When building an operational business model in which the divisions and business units have clear roles, the information provided by the

management review was successfully utilized by promoting persons for instance to wider responsibilities. The reviews and the resource management discussions carried out also clearly revealed needs for development and for more effective resource utilization with the help of internal processes.

Resource reviews have also been utilized in other divisions and business units to obtain a realistic picture of current resources, management challenges in the unit and development priorities in relation to business requirements. Business unit management teams have shared their views of the unit's development and made action plans to develop operations.

As a part of the strategy renewal process, long-term resource plans were specifically developed for sales and product development by mapping the current resources serving the customers and by analyzing the need for new resources in the light of the specific business opportunities, geographical priorities and strategic capabilities needed in each business area. Development plans and long-term resource plans created possibilities for strengthening the internal career rotation and, in addition, the new resources and competences that are necessary for improving operations have also been acquired through external recruiting.

Recruiting based on these plans is continuing during 2008 especially in Central European countries, focusing on sales and product development resources. As a part of the strategy discussions in 2008, the successor plans will be created for business division, sales and Group level functions.

Increasing demand for skilled workers

The economic boom in industry generated positive demand for skilled workers generally in Europe although the situation in the labour market varies considerably in the different countries where Componenta operates. Turkey has abundant resources available in the labour market to support the increased production volumes, while in the Netherlands and in Finland the availability of experienced workers is more challenging. This clearly shows in the avail-

ability of professional machinists and CNC operators for the needs of the growing Machine Shops division.

To ensure the availability of experienced workers in production, cooperation with leading leased workforce companies was continued. Componenta employs leased personnel in all its countries. At the year-end, 906 (933) out of 5,064 (5,249) comprising 18% (18%) of our employees were leased personnel.

The Componenta business units in the Netherlands made a new agreement with one major workforce provider. Long-term agreements guarantee that employees joining Componenta units are provided with in-depth initial training for their work and in safety issues in cooperation with Componenta. Employees working under Componenta supervision can get to know the work and the company. Employees are recruited to permanent positions in foundry production work mainly from leased employees.

Componenta cooperates with schools and colleges at an early stage in studies by offering students traineeships and employment opportunities while they are still studying. Apprenticeship agreements will be more widely utilized during 2008 to train skilled machinists, for example to support the machine shop investment in Turkey.



Resource reviews help us to decide the most appropriate internal resources to be appointed for new positions.

Career rotation gives possibilities

Sabri Özdoğan, Business Unit Director of Manisa Wheels tells about his career: "My career at Döktas began in 1999 as a planning engineer. During these eight years, I have worked in different positions such as planning supervisor, planning assistant manager and wheel production manager. Following the process of integration with Componenta, I was appointed director of the Wheels Business Unit at the beginning of 2008.

I believe the resource review assessments carried out during the integration process have had a very strong impact on deciding the most appropriate internal resources to be appointed for different new positions in Componenta. Moreover, having participated in that management resource review I was also able to benefit from the chance to learn more about my personal strengths and areas needing development. This will guide me in improving my managerial skills and help me represent my business unit more effectively.

In my opinion, using internal resources can be more beneficial to the company than appointing someone from outside in respect of experience with the internal dynamics, awareness of strategies and targets, and the experience gained from working with different functions."

Traineeship program ensures advanced engineering resources

For example in the Netherlands the analysis of required needs in advanced engineering resulted in the recruitment of new graduates to ensure the transfer of knowhow of persons retiring within the next few years.

We started the recruitment actions for advanced engineering department at the Weert Customer Product Center at the end of 2007. The aim was to recruit three engineers during the spring and three in the autumn of 2008 for traineeship. During the traineeship periods they will be able to get to know the company, its processes and possible positions. After the traineeship program they can apply for permanent position in the company.

Development of needed skills and capabilities

Componenta develops its personnel continuously in order to maintain and develop the knowledge and knowhow needed in different positions. Through personnel development Componenta also ensures that it has the people capabilities in place to implement its strategy. The skills and knowledge required for specific positions are defined in job profiles, and these are reviewed in annual performance reviews and development discussions. The level and depth of the competences developed and acquired is one of the factors affecting salaries.

Multiple ways to learn

At Componenta we strongly believe in learning by doing, and this takes place in the form of job rotation, project assignments and active learning at the work place. For corporate level projects, for example, the teams put together represent not just the required competences but also different locations, nationalities and depth of experience, making sure that people in the earlier stages of their career also participate.

Formal training programmes, with tailor-made learning content, are organized for specified groups, needs and functions at location, country and corporate level to enhance the development of existing and new competences and skills. Besides developing personal capabilities, training programmes are also essential for creating a common corporate culture and a consistent way of working.

At the beginning of their career at Componenta, new Componenta team members are introduced to their new tasks, colleagues and organization through the orientation programme. Individual initial training is supported by organized sessions at unit, country or Group level.

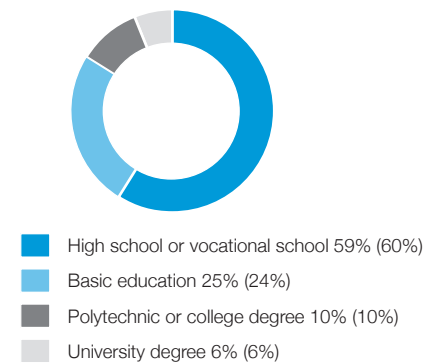
During 2008 will be defined in more detail the most critical capabilities, skills and knowledge required in each Componenta division and main function, and examine where each competence is located and who possesses it, to be able to create more effective development programmes and processes.

Professional training

Vocational training for blue collar employees has been arranged mainly at the units, focusing on safety, technical and quality issues. Learning by doing is heavily emphasised, offering employees the opportunity to learn more than one type of work (multitasked), especially in the foundries, which have no mandatory basic education requirement.

In Finland Componenta has been working closely with the Finnish Foundry Institute to launch training leading to a vocational qualification for foundry employees at the beginning of 2008. The training programme leading to a further vocational qualification lasts about one year, and comprises training periods organized at the student's own foundry and at the Foundry Institute. In addition, the programme includes a practical examination after each period of study, and a professional competence based qualification

Educational background 2007



examination at the end of the training programme. It is planned to start training programmes aiming at a foundry qualification in all countries.

In the Netherlands Componenta offers its employees foundry courses at all levels: basic, secondary and post university. In Turkey, Componenta has job specific training programs for both the new employees and the others whose job position changed according to organizational requirements or rotation. Those trainings include technical, quality and safety related issues and they are repeated every three months.

The Machine shops division has continued to support apprentice training, to ensure it has the necessary qualified personnel for most positions. LEAN production system trainings have also been continued in machine shops. In Sweden, the machine shops have provided systematic, goal oriented training for many years.

Focus on integration and strategy in management training

The growth of the organization and the expansion of its operations underscore the importance of leadership and management practices. In 2007 training programmes were started in different countries for day-to-day personnel management, helping team leaders and production supervisors to be more effective when leading teams, impacting the financial result, and managing the legal obligations of the employer.

A Group level development programme, Componenta Core, for business unit management teams and division management was launched to help participants to conceptualize, understand and lead business in a changing environment. The focus was particularly on the global economy and environmental issues, customer decision making processes and internal operational excellence – and how Componenta will respond to changes in these. Componenta Core plays a special role in the creation of One Componenta, by creating mutual understanding of business priorities and the challenges ahead.

Joint meetings for Group management were held twice during the year, concentrating on strategic issues and the management of integration and change. In the spring discussion focused on the process for integrating Componenta Döktas and taking advantage of synergy benefits, and in the autumn it moved on to Componenta's revised strategy, its implementation and the management of change.

The Unit Management Team training programme for the members of the management teams of Componenta's business units kicked off with management assessments, through which personnel in key positions identified their own leadership strengths and areas needing development as well as the management challenges at their unit. In 2008 the programme continues with a module focusing on the work of the management team and with productivity and finance modules at different units.



Componenta Core training was started in November 2007 for management and other key personnel.

Componenta Core ensures strategy implementation

As means to support the integration process and to secure the strategic target to become the leading European cast component supplier by 2012 and to boost One Componenta way of working, Componenta started in November 2007 the Componenta Core General Management Program. This training was organized for business unit and division management teams as well as other key personnel.

The purpose of this program was to help participants understand and lead business in changing environment, by challenging and developing their thinking and points-of-view in the areas of general management and leadership. It also aimed at developing the skills and capabilities needed in the strategy implementation, as well as boosting the development of certain strategically important projects through the projects works and discussions during the training program. One aspect was also for the participants from different countries and units to acquaint with and learn from colleagues all over Componenta, and together apply their learning in assignments during the course and everyday work.

Part of the program were highly valued speakers from such universities as IMD, INSEAD and University of Maryland, who have many years of experience in management development. In lectures, special focus was given issues for instance to world's economy, environmental issues and customers' decision making processes.

The first training session "Managing Strategic Growth and Profitability" was held in November 2007, followed by three other sessions – "Managing Financial Performance", "Operational Excellence" and "Leadership in Integration" – in the spring 2008. Training sessions were organized in all Componenta countries.



Commitment creates performance

The more international and complex that business operations become, the more essential it is at all levels of the organization to understand the company's goals and objectives – and how each and every Componenta team member can influence and support the overall goal.

During 2007 Componenta's new strategy was actively communicated through management meetings, organized sessions at business units, and in discussions at production team meetings.

Strategic business targets are an integral part of the performance management process at Componenta as well as the target setting discussions between managers and their subordinates. In these annual discussions they agree together on key individual targets that clearly support the implementation of unit, division or Group business targets, and assess how well the employee has achieved previous targets. During 2007 Componenta Turkey also implemented the corporate wide performance management practice.

Compensation determined by internal and external factors

When setting basic salaries, Componenta follows local labour union agreements and collective bargaining. In addition we take into account the recommendations from national organizations on inflation correction as well as other local and economical factors.

The internal salary structure, national pay structures and international position evaluations are used as guiding instruments to compare and differentiate the compensation for individual positions and to determine appropriate compensation levels for positions. The HAY position evaluation system and its function-related

job family structure are used in Componenta Group in all units. The same system is taken into use also in our Turkish units during 2008.

When setting individual salaries, the experience gained, competences developed, skills and performance have more and more weight, in order to ensure satisfactory pay for outstanding performance and to recognize the importance of individual achievements.

Componenta conducts a salary and compensation planning reviews every spring. The factors increasing salaries include contractual increases, performance-based increases and any structural corrections. If there are changes in responsibilities, the compensation naturally is reviewed.

Componenta participates yearly in the salary and market data studies carried out by local employer organizations in each country as well as by the HAY Group on the Group level to ensure that even in rewarding Componenta is a competitive employer especially to our own personnel but also the new team members.

Short-term and long-term incentive schemes

To reward the achievement of business targets and to share the success of the business in the form of compensation, Componenta has developed business and individual performance-based incentive schemes for employee groups. Through the programme company can reward its people not just when the company has performed well, but also when they have achieved business unit and individual targets.

For blue collar employees Componenta has developed productivity-based bonus programmes in cooperation with trade union representatives. In the Netherlands, the ROI-based profit sharing

programme was confirmed for blue collar and white collar employees.

Management and key personnel are eligible for a short term, performance-based incentive programme, the Componenta Bonus Programme. This programme focuses on the goals and indicators at the Group, division and unit level as well as personal objectives and their realization. These bonuses are approved by the Corporate Executive Team.

In addition, in 2007 a so called project-specific bonus, which supports the implementation of critical projects in the Group and rewards the excellent achievement of goals, was taken in use.

A long-term, share-based incentive programme was implemented at the beginning of 2007, covering about 40 key positions in the company.

A Handbook for the Componenta Performance Management Process was created and communicated to support managers in performance management.

The Componenta Compensation Approach and Principles were confirmed by Componenta's Board of Directors in 2007.



Ownership of business is regarded as highly motivating factor at Componenta Karkkila.

Responsibility of business motivates Componenta's business units

The ownership of business and responsibility for it, coupled with the possibility of influencing matters, are regarded as high motivating factors at Componenta business units.

Juha Martikainen, Business Unit Director in Componenta Karkkila says that he is very happy that delivery certainty is included as one of the "must-win battles" in the Group strategy, since emphasizing an area of such importance supports everyday decision making. Another very important aspect for the business units is benchmarking and systematic learning from others, he continues and is expecting it to bring many benefits. "Benchmarking is an excellent way of utilizing the expertise of our other foundries in Finland, Turkey and the Netherlands. One of the foundries may have strong experience in certain field, and it can be distributed to all others. Cooperation with colleagues, not only inside one's own business unit but also with people in other business units, in different cultures, effects on the level of our customer service."

The same responsibility for work can be seen among the blue-collar workers in Karkkila. Delivery certainty is a key factor in the production and it is also involved in the incentive systems of the employees. **Kalevi Turtiainen**, chief shop steward states that together with the business unit management they have taken up subject to which all employees can effect in their own work.



Wellbeing, cooperation and safety

Managing wellbeing and safety is based on values

The Componenta values of openness, honesty and respect are the basis for every day co-operation and relationships between personnel shareholders and other stakeholders. The Componenta values, in addition to legislation in each country, form the guiding principles for managing issues relating to well-being and safety.

Occupational health

Componenta employees, including leased personnel, is covered by a company occupational care health service. The content of the health services offered by the company varies from country to country depending on local legislation. New employees joining Componenta undergo health care checks in those countries where legislation allows this, and this service is included in the orientation process.

Componenta has its own medical centres in Karkkila, Finland, and in Orhangazi and Manisa in Turkey. In other countries and locations Componenta has long term relationships with external healthcare service providers. Long-term cooperation and regular physical examinations make it easier to identify any occupational diseases among employees and develop preventive action at individual and unit level.

A Componenta company doctor was appointed during the year to further develop the preventive healthcare approach across Componenta. Componenta also cooperates with pension companies especially in Finland and the Netherlands in the area of employee wellbeing.

Especially in the foundries, where the work is physically demanding, the main emphasis for the health and safety service is on prevention focusing on how the work, work situations and working conditions affect the physical and mental health of employees. The service aims to strike the right balance between workload and work capacity and to ensure that employees obtain the best possible advice and medical care when needed.

In the Netherlands we have the most enhanced co-operation with the health and safety service providers who also carry out risk

inventory and evaluation, this aims to record all working conditions and to conduct optimisation tests as part of the continuous process to improve working conditions. This involves a more detailed inventory of the physically and/or mentally taxing aspects of workplaces and the functions carried out there (e.g. measurements of noise levels, light, air, and concentrations of toxic substances). In addition, the employees are interviewed about their working conditions and experiences. The results of the investigation are included in a report, with conclusions and recommendations which form the basis for taking action to improve working conditions.

Each business unit has its own safety committee, with employee and employer representatives. In Turkey each team also has a person responsible for health and safety. These committees formulate and execute the operational aspects of the health and safety policy, prepare the occupational safety plan for their own location, and regularly update and improve safety materials. The health and safety plan may include training, advice and information for employees and periodical medical investigations for employees who work in an environment that may damage their health.

Balance between work and private life

Working ability depends not just on physical capability but increasingly on mental wellbeing and on the ability to make a contribution at the work place and to find a balance between work and private life. Our means of ensuring this include developing leadership skills, increasing opportunities to influence one's own work as well as climate and employee satisfaction surveys. The basis of this is that we meet our colleagues at everyday work following company values.

To support this balance between work and private life and the wellbeing of its teams, Componenta units have organized social activities and informal events, including bowling, football and table tennis tournaments, theatre visits and other cultural activities, as well as drawing competitions, Christmas celebrations and other social activities for the children of employees.

Ensuring safety at workplace

As part of preventive occupational health care and safety, Componenta provides orientation for new employees, including safety training, and ensuring they learn each phase of the work and how to operate machinery. The company is currently further developing its orientation procedures. All employees are given training for new work and for using new machines, and this includes discussion and training in safety issues. Health and safety courses are held regularly for all employees. According to our guidelines, each employee signs an agreement after a safety course confirming the agreed safety principles.

Safety-related key performance indicators are monitored closely, and especially in Finland there is active cooperation with external authorities. One sign of the impact of this committed work is that the number of accidents in Componenta fell by 3% in 2007 compared to the previous year.

In Turkey, we have engineers responsible for Work Health and Safety who supports to organize and follow in-house trainings related to these issues. Our production engineers and supervisors give trainings to all blue collar employees every three months according to the targets of our TPM Training Committee. In addition to these in-house trainings, all of our blue collar employees have taken Work Health and Safety Training form an outsourced trainer who is working for Turkish Employment Organization Iskur. We are planning to organize that training for our white collar employees, too. Moreover, we give general and job-specific work health and safety trainings to all new workers when they start, and also the employees who transfer to another position participate in these trainings before they start in the new position.

In Turkey Componenta works in accordance with OHSAS 18001 procedures to comply with our certificate and to carry out risk analyses and the tasks related to any work accidents. The Improvement Ideas Capture System, in which our employees can contribute to working processes, also supports creating a safe working environment.

Co-operation to ensure wellbeing and safe workplace

All Componenta employees in Finland, Sweden, and the Netherlands are covered by a collective bargaining agreement. In Turkey such agreements cover 88.9 % of the employees. Componenta carefully complies with national legislation, cooperation acts and other laws and regulations.

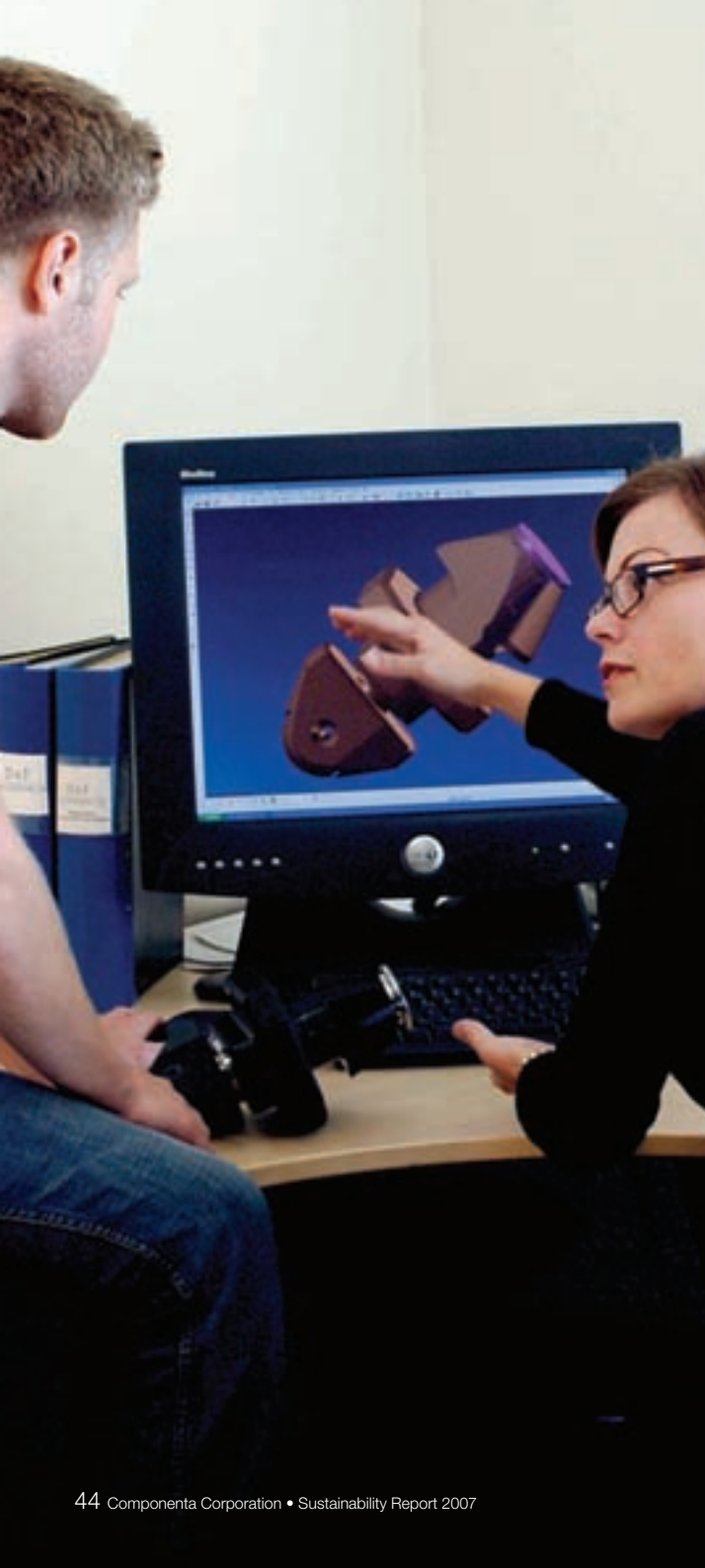
In the Netherlands, close cooperation with the works council ensures that issues relating to management and business operations are regularly shared and discussed together. The Componenta CEO and the supervisory board of Componenta BV discuss business and operational issues with the WC annually. In Finland, shop stewards participate in business unit management meetings and actively communicate with unit management about everyday issues and development needs. Componenta Group management meets the employee representatives of the business units at least once a year, to discuss business-related and other common issues.

In Sweden, close, regular cooperation with trade unions ensures ongoing discussion about health and wellbeing issues. The aim is to be proactive and meet demands at an early point. The impact on the employee is taken into consideration in connection with all changes in the company. The management team encourages open dialogue and a sensitive approach to this sort of issue. Managers have regular meetings with employees to enable them to act if someone has any work-related problems.

It has been agreed with employee representatives that the company will focus on country level cooperation, instead of developing European work council meetings at group level.

To be able to develop operations and the Componenta way of working it is necessary to understand the company's strengths and areas that need further developing. To enhance this understanding, Componenta is conducting a Climate and Employee Satisfaction Survey in the whole Group.





Equality

Equal opportunities for all employees

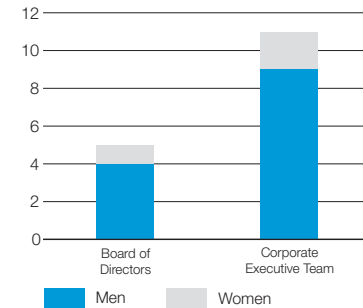
At Componenta, the basic principle for equality is to prevent any kind of discrimination at the workplace in beforehand. In all Componenta countries our units comply with the company's own management principles and all national regulations in labour relations. We actively monitor complying with these principles and laws. In 2007, we did not have any reported cases of discrimination.

Everyday management at Componenta is based on our values as our best management practices: openness, honesty and respect. These values strongly support equal opportunities and elimination of any signs of discrimination. Living by our values we are open to new ideas and change and are willing to develop. Through this we look to continually improve our ways of working. We are honest with ourselves and each other. We do what we promise. Our work - with colleagues, superiors, subordinates, customers and other partners - is based on trust and mutual respect. Our respect is shown by not indiscriminating anybody based on age, sex, race, religion or political conviction.

The equal opportunities are discussed in these units based on the Group's values. The Group's specific policies also promote equal opportunities at workplace, such as terms and conditions of employment and other working conditions as well as opportunities for personal development at work. Thus issues of equal opportunities are part of normal annual planning and reporting processes.

An effective tool in communicating and securing the equality practices is a practical and specific equal opportunities plan. Creation of these plans is part of Componenta's human resources activities and management. The Karkkila foundry in Finland and Främmestad machine shop in Sweden had equal opportunities plans in use in 2007, and during the year work on a plan for the Pori foundry was started, to be finalized during 2008. Plan made for Karkkila will be used as the basis in also future plans made for the Group's other production units.

Men and women on management board 2007



Community involvement

Cooperation through associations, universities and sports

Many of Componenta's business units are significant employers in the areas where they operate. Both the Group and our business units support society and local community through for example sponsorship, memberships in organizations and other cooperation with for example universities. Componenta considers co-operation with schools and young people extremely important also from the point of view of the company's future supply of labour.

Memberships in organizations

Componenta is a member of various organizations, such as the national foundry men's associations of the Componenta countries. For example in Finland Componenta represented in various organizations, such as Finnish Foundry Men's Association, Chamber of Commerce, the Federation of Finnish Technology Industries as well as other business organizations in Finland.

In the Netherlands Componenta's representatives have been participating in EVO, European Logistic Organizations, and in the Dutch Foundry Association, in the working group "Working and safety conditions, Environment and Energy" and are participating in the European (EN) and ISO committees for standardization of casting technology and cast irons. All the European standards (EN) for cast irons, which were published in 1997, are now under revision and this is used to bring them better in line with the foundry practice of today.

In Turkey, Componenta participates in Turkish Foundry Men's Association.

Cooperation with schools

In Finland, Componenta has participated during 2007 in organizing the foundry technology programs at Helsinki University of Technology and Helsinki Polytechnic Stadia. In both schools we gave foundry-related lessons for approximately 10-20 hours, in addition to which our employees supervised group work and exercises in certain courses. In addition the Componenta team members have

organized one-day or two-day education seminars for representatives of our customers. These training sessions have been customized for each customer individually.

In Sweden, Componenta Främmostad has been actively involved in keeping the industrial high school in the community, for example by offering trainee jobs for the students. The cooperation has worked both ways, as the high school has arranged special engineering training for Componenta Främmostad employees.

In Turkey, Componenta has supported Celal Bayar university located in Manisa and Tubitak. The Celar Bayar university is a state research and development institute where we have supported a project of development of semi-solid casting technology.

Both in Manisa and Orhangazi, we have corporate traineeship program with Technical Schools. Every year, approximately 30 students are recruited as winter trainees and they work in our foundries 3 days a week during their school education.

Sponsoring

In Finland, Componenta sponsor a basketball team, Team Componenta, in Karkkila Finland, as well as a Finnish national team swimmer Matti Rajakylä (in the picture). In Helsinki, Finland Componenta cooperates with a sports high school Mäkelänrinne and also offers the personnel opportunities for physical exercise there.



Team Componenta in the season 2006 - 2007.

Componenta sponsors Team Componenta

In Finland, Componenta is the main sponsor of a basketball team named Team Componenta. The team's hometown is Karkkila, where the Group has an iron foundry, Componenta Karkkila.

Componenta has been sponsoring Team Componenta already many years, and in the spring 2008, the Group continued the cooperation contract for the next two years.

"Karkkila is one of Componenta's main locations. This is why it is extremely important to us that the town of Karkkila prospers and is well. One factor is a successful sports team", describes Heikki Lehtonen, President and CEO of Componenta. "For us, the main reason to invest in sports is our belief in good impacts of youth welfare."

Team Componenta also supports youth welfare: its players encourage youngsters to play basketball by teaching basketball in various schools in the nearby area. For example in Karkkila area there are about 800 young basketball players, which is almost 10% of the total inhabitants.

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Independent third-party check of GRI Guidelines Application Level 2future, specialized in corporate sustainability, has checked this report and confirms that Componenta Sustainability Report 2007 conforms to GRI Guidelines Application Level C.

ADI - Austempered Ductile Iron

The excellent properties of ADI are achieved by heat treating the high quality SG iron according to the specialized heat treatment programme.

Austenitizing

Heat treating in which the structure of ferrous metal is changed completely or partly to austenite.

Automatic moulding

A moulding system controlled by machine. An automatic moulding line operates without the intervention of the machinist apart from when problems occur.

CAD

Computer Aided Design.

CAM

Computer Aided Manufacturing.

Carburizing

The process by which the surface carbon concentration of ferrous alloy is increased by diffusion from the surrounding environment. Adding surface hardness.

Cast iron

Ferrous metal that contains 2.0 – 4.2% carbon. The carbon is usually in the form of graphite. Ferrous metals are divided into grey cast iron (GJI), nodular cast iron (GJS) and white cast irons. Special cast iron such as wear-resistant ADI.

Charge

Charging furnace or holding furnace with metal.

Chip

Metal chips, machining waste material.

Coating

Coating of the sand cores and moulds made from furan sand to obtain sufficiently high surface quality and to prevent the metal from penetrating the sand.

Core

Sand part which forms interior shapes of the casting (cold-box and shell-core).

Core box

Box for sand cores production, in which the internal elements give the form of the core.

Dimensional accuracy

Quality parameter which describes the accuracy of the dimensions of a part compared to the drawing or CAD file.

Finishing, trimming

After casting the remaining runners and feeders are removed by fettling.

Grey cast iron

Grey iron, GJI, a cast iron in which the graphite exists in the form of flakes. The fractured surface appears grey.

Hardening

Heat treatment method to increase the hardness of the metal.

Heat treatment

Heat treatment aims at converting material properties. It consists of heating and usually controlled cooling. Methods are for example austenitizing, annealing and hardening.

Holding furnace

Electric furnace for holding molten metal. Typical size 30 tonnes.

Lathe

Chipping machine tool (for rotating symmetrical materials).



Machining

General name for various machine tool methods, such as drilling, milling, lathing and grinding.

Machining allowance, Tooling allowance, Allowance

Additional material in castings for machining purposes. In castings machining allowance is usually 2-3 mm.

Machining centre

Machine with several machine tool options, for example drilling, milling, lathing and grinding. Cutting fluid is used in machining to prevent the tool from getting hot from the friction. The cutting fluid is normally water-based.

Melting furnace

The furnace in which melting takes place. Source of energy is electricity (= electric furnace) or coke (= cupola furnace). In the electric furnace melting takes place in a single charge, meaning that the furnace is emptied completely or partially once a batch is ready. For example, it takes about one hour 20 minutes to melt 8 tonnes at a power of 4.3 MWh. The cupola furnace process is continuous, so molten metal is taken out and raw material added in a continuous process.

Metallurgy

Branch of science and technology concerning metals.

Mould

Mould formed from moulding sand for casting a product. The mould contains a hollow area that is the shape of the product, the runners needed to direct the molten metal and feeders to compensate for the shrinking of the molten metal.

Moulding

Stage, where by means of a casting pattern, a mould is formed into the moulding sand. A half of the cast pattern is placed in the moulding box and around it will be stacked the moulding sand, by hands (hand moulding) or by machine (automatic moulding). The cores for making hollow interiors inside the castings are also placed in the moulds in the moulding stage.

Nodular cast iron

GJS, cast iron which contains 3.0 - 3.9% carbon and in which the free graphite exists in nodular form. Sometimes called ductile iron.

Particle emissions

Emissions may cause for example dirtying and discomfort.

Pattern

Form of wood, metal or plastic, around which moulding material is placed to form a mould.

Pressure die casting

Molten metal is led into a metallic die (mould) at high pressure and speed. HPDC means high pressure die casting.

Primer and powder

(coat finishing) coating Finishing/priming. Protects material from damage, such as corrosion.

Produced ton

Produced, accepted tonnes which have been delivered to the customer.

Recycled metal

Left-over raw material from the manufacturing process, such as plate cutting waste, and end-of-life iron, aluminium, and steel products.

Remelting

Melting material that has already once been molten material, for example burrs, scrapped pieces or machining waste materials.

Runners and feeders

The runners and feeders full of molten metal that are removed when cleaning the cast item. These can account for anything from 30% to 70% of the total iron, depending on the product, grade of iron and casting system.

Roughing

Machining phase where material is chipped as effectively as possible without aiming at high accuracy or surface quality.

Salt bath

Molten salt used in heat treatment for heating or quenching.

Sand blasting

Blasting method in which sand is used as abrasive material.

Sand core

A core made of sand and core binder used for making hollow interior parts and complex shapes for castings. The sand cores are removed by breaking.

Shot peening, Shot blasting

Small metallic balls are shot at high speed onto the surface of the part in order to raise the fatigue strength.

Squeeze casting

Casting method for high quality castings produced by a high pressure technique. Castings are heat-treated.

Surface treatment

Method which aims to improve the surface quality of materials for example TiN-coating (wear-resistant).

Tumble degating, Vibratory finishing

Finishing method for small castings in which burrs are removed by rotating or trembling drum (barrel processing).



Ultrasonic testing

A non-destructive method of testing in which the casting is checked by ultrasound.

VOC

Volatile organic compounds. VOC emissions form ozone in the lower atmosphere when they react in the presence of sunlight with nitrogen oxide. Ozone in the lower atmosphere is harmful to plants and to the health of human beings. Nitrogen oxide is formed for example by traffic emissions.

Contact information

The economic, environmental and social responsibility issues in this Sustainability Report are supplemented by the information in our Annual Report and on our website at www.componenta.com.

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