



**CORPORATE GOVERNANCE
STATEMENT**

2013

COMPONENTA

Table of contents

Governance

Corporate Governance	3
General Meeting	5
Board of Directors	6
Board Committees	8
President and CEO	9
Corporate Executive Team	10
Remuneration	11
Risk management and control	14
Audit	16
Communications	17

Governance

Administration and management of Componenta

The parent company of Componenta Group is Componenta Corporation, a Finnish public company whose share is listed on the Helsinki stock exchange. Componenta's head office is located in Helsinki.

Administration and management of Componenta Corporation are based on Finnish legislation, the company's Articles of Association and the rules and regulations of the Helsinki stock exchange and the Finnish Financial Supervisory Authority. Componenta complies with the Corporate Governance Code for Finnish listed companies, which is available on the Internet at www.cgfinland.fi.

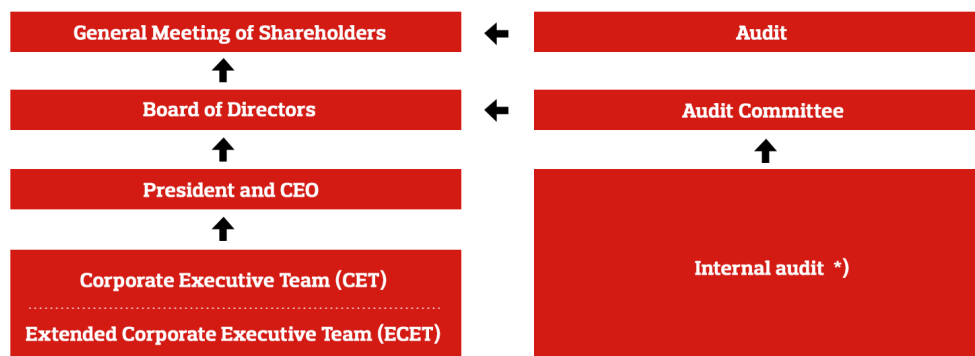
The Corporate Governance Statement for 2013 referred to in recommendation 54 of the Finnish Corporate Governance Code for Finnish listed companies is given as separate

report on Componenta's website at the address www.componenta.com and in this Annual Report. The content of this Corporate Governance section fully corresponds to the separate statement. The Corporate Governance Statement has been handled at the meeting of the Audit Committee of Componenta Corporation's Board of Directors on 3 February 2014.

Governing bodies of Componenta

Supreme authority at Componenta is exercised by the shareholders at the General Meeting of Shareholders.

The company is managed by the Board of Directors and the President and CEO. The Group's Corporate Executive Team assists and supports the President and CEO in carrying out his duties.



*) Componenta Group's financial administration conducts an internal audit of Group companies in accordance with the annual plan together with the external auditors.

Operational responsibility at the Group level lies with the President and CEO. The Group's Corporate Executive Team assists the President and CEO in this task. Operational

responsibility at the division level lies with the Senior Vice President of each division, assisted by a management team.

Reporting structure

COMPONENTA GROUP		
Foundry Division	Machine Shop Division	Aluminium Division ^{*)}
Orhangazi (TR) Weert (NL) Heerlen (NL) Högfors (FI) Pori (FI) Pietarsaari (FI) Suomivalimo (FI)	Orhangazi (TR) Främmostad (SE) Pistons (FI)	Manisa (TR) ^{**)} Manisa Wheels (TR)

^{*)} Divisions = reporting segments

^{**)} Production units belonging to each division

Componenta reports on its financial performance and business development in accordance with the divisional structure presented above as of 1 January 2013.

General Meeting

Componenta's supreme decision-making body is the General Meeting. The Annual General Meeting of Componenta must be held within six months of the end of the financial period. The General Meeting decides on matters that come under its authority as defined in the Finnish Limited Liability Companies Act and the company's Articles of Association, including approval of the financial statements, decisions concerning the use of the profit shown on the balance sheet and the election of the Board members and the auditor.

In 2013, the Annual General Meeting was held on 22 March 2013 in Helsinki. At the Annual General Meeting, 45.8% of the company's shares and votes were represented. An Extraordinary General Meeting was held on 16 August 2013. At the Extraordinary General Meeting, 42.1% of the company's shares and votes were represented.

Board of Directors

The Annual General Meeting elects each year Componenta's Board of Directors, which according to the company's Articles of Association has three to seven members. The term of office of the Board continues until the close of the following Annual General Meeting. The Board elects from its members the Chairman and the Vice Chairman.

The majority of the Board members must be independent of the company. In addition, at least two of the members belonging to this majority must be independent of major shareholders in the company. Independence is evaluated in accordance with Recommendation 15 of the Corporate Governance Code for Finnish listed companies.

The Board of Directors draws up written Rules of Procedure for itself. The main tasks and duties of the Board of Directors are to:

- oversee the management and business operations of Componenta and make major decisions relating to the strategy, capital expenditure, organization, corporate restructuring and financing
- appoint the President and CEO and the members of the Group's Corporate Executive Team, and approve the organizational structure and the principles for incentive schemes
- ensure that the company's accounting, supervision of financial management and risk management have been arranged appropriately
- approve the key operating principles and values, and confirm the annual business plans and budgets
- make proposals to the General Meetings and convene the meetings.

The Board meets when it is convened by the Chairman or, in his absence, by the Vice Chairman. The Board forms a quorum when more than half of the members are present, and one of them must be the Chairman or Vice Chairman. Componenta's General Counsel serves as secretary to the Board meetings.

The Board of Directors evaluates its own performance annually under the leadership of the Chairman. The Board also reviews the corporate governance annually and amends it when required.

In 2013, the Annual General Meeting selected the following six members to Componenta's Board of Directors:

- Heikki Lehtonen, President and CEO at Componenta Corporation
- Marjo Miettinen, Chief Executive Officer at EM Group Oy
- Riitta Palomäki, Chief Financial Officer at Uponor Corporation
- Matti Ruotsala, Executive Vice President, Power Division at Fortum Corporation
- Tommi Salunen, Managing Partner at Aava Advisors Ltd
- Harri Suutari, professional board member

Marjo Miettinen, Riitta Palomäki, Matti Ruotsala, Tommi Salunen and Harri Suutari are independent of the company and of the shareholders. Heikki Lehtonen is President and CEO of Componenta Corporation. He is also a major shareholder through companies that he controls.

The Board of Directors is presented in more detail in the section [The Board of Directors](#).

The Board of Directors met 19 times during 2013. The average attendance rate at Board meetings was 97%. Componenta's General Counsel, Pauliina Rannikko, served as secretary to the Board meetings.

The Board of Directors evaluated its own performance in December 2013 under the leadership of the Chairman. The Componenta Corporate Governance document was updated at the Board meeting held on 21 March 2013.

Componenta's Board of Directors and Board meetings in 2013

Board member		Attendance at Board meetings	Attendance at Audit Committee meetings
Harri Suutari	Chairman of the Board of Directors	19/19	-
Lehtonen Heikki		19/19	-
Marjo Miettinen	Member of the Audit Committee *)	17/19	1/1
Riitta Palomäki	Chairman of the Audit Committee	19/19	5/5
Matti Ruotsala	Vice Chairman of the Board of Directors	18/19	-
Tommi Salunen **)	Member of the Audit Committee	13/14	4/4
Board member until 22 March 2013			
Pii Kotilainen		5/5	-
Juhani Mäkinen		4/5	1/1

*) Member until 22 March 2013

**) New member as of 22 March 2013

Board Committees

Componenta has a Board Audit Committee. After the Annual General Meeting, the Board of Directors elects from among its members the Chairman and members for the Committee, for one year at a time. In the election of the Audit Committee members, the relevant qualification requirements are taken into account.

In 2013, the Board of Directors elected Riitta Palomäki as the Chairman and Tommi Salunen as a member of the Audit Committee. Both members of the Audit Committee are independent of the company and its major shareholders.

The Audit Committee has no independent decision-making power. Instead, the Board of Directors makes decisions based on the preparations of the Audit Committee. The Chairman of the Audit Committee reports on the work of the Audit Committee at the Board meetings following the Audit Committee meetings. The invitation and materials of the Audit Committee meetings are sent to all Board members, who all have the right to attend the meetings of the Audit Committee.

The Board of Directors has confirmed a written agenda for the Audit Committee. The main tasks and duties of the Audit Committee are to:

- monitor and supervise the reporting process of financial statements, ensure that the reporting process generates correct information, and approve important accounting principles
- review and oversee the quality and integrity of the annual report and the annual financial statements as well as the interim reports
- monitor the financial position of the company and the sufficiency of financing and prepare matters and proposals to the Board on a need-to-know basis
- monitor the efficiency, plans and processes of the Group's internal control, internal audit and risk management systems
- review the company's Corporate Governance Statement

- review the external audit plan and monitor the statutory audit of the financial statements and consolidated financial statements, approve the budget of the external audit as well as new assignments above the limit set by the Audit Committee
- meet with the external auditor quarterly and review all material reports from the auditor
- evaluate the independence of the statutory auditor or audit firm, particularly the provision of related services to the company to be audited
- prepare the proposal for a resolution on the election of the auditor
- meet with the management of the company, particularly the CEO and the CFO, and risk management.

In 2013, the Audit Committee convened five times and the attendance rate was 100%. Componenta's CFO Mika Hassinen served as secretary to the Audit Committee. Also regularly participating at the Committee's meetings were the President and CEO, the auditors and the General Counsel responsible for risk management.

The Committee regularly evaluates its performance and working practices and carries out a related self-evaluation once a year. In December 2013, the Audit Committee evaluated its own performance in 2013 under the leadership of the Chairman.

President and CEO

The Board of Directors appoints the President and CEO and decides on the President's remuneration and other benefits. The President and CEO is responsible for managing and developing Componenta's business in accordance with the Finnish Limited Liability Companies Act and the instructions given by the Board of Directors.

The President and CEO prepares and presents matters for consideration at Board meetings and implements the decisions of the Board of Directors. He reports to

the Board of Directors on matters including the company's financial situation, its business environment and other major matters. The President and CEO is Chairman of Componenta's Corporate Executive Team and Extended Corporate Executive Team.

Heikki Lehtonen, b.1959, M.Sc. (Eng.), is President and CEO of Componenta. He has acted as Componenta's President and CEO since 1993.

Corporate Executive Team

Componenta's Corporate Executive Team assists the President and CEO in managing and developing Componenta. The Board of Directors decides on the appointment of members of the Corporate Executive Team and on the terms of their employment based on the proposal of the President and CEO, in accordance with the "one over one" principle in use at the Group.

The members of Componenta's Corporate Executive Team are those in charge of the Group's major functions and directors in charge of the Group's Operations. The Corporate Executive Team convenes regularly, at least once a month. Its key tasks include promoting the achievement of the Group's long-term business goals, the creation of added value and the development of business operations, ensuring the efficiency of operations throughout the Group, developing management practices and promoting common operating models and principles.

At the beginning of 2013, the Corporate Executive Team comprised President and CEO Heikki Lehtonen, Senior Vice President of Machine Shop Division Juha Alhonoja, CFO Mika Hassinen, Senior Vice President of Foundry Division Olli Karhunen, Senior Vice President of Sales and Customer Services Antti Lehto (until 31 May 2013), Senior Vice President of Human Resources and Internal Communication Anu Mankki, General Counsel Pauliina Rannikko and Senior Vice President of Aluminium Division Sabri Özdoğan.

Furio Scolaro, Senior Vice President, Sales and Product Development, was appointed as a member of the Corporate Executive Team as of 1 June 2013 after Antti Lehto had moved to another employer.

The Corporate Executive Team is presented in more detail in the section [Corporate Executive Team](#).

In 2013, the Corporate Executive Team focused on implementing the Group-wide efficiency programme and the related projects aimed at improving productivity and cost-efficiency. The Corporate Executive Team also updated the Group's strategy.

Extended Corporate Executive Team

Componenta's Extended Corporate Executive Team is responsible for monitoring the divisions' financial and operational development and planning and implementing the necessary measures.

In 2013, the Extended Corporate Executive Team comprised the members of the Corporate Executive Team as well as Seppo Erkkilä, Vice President, Foundries in Finland; Ömer Lütüf Erten, Vice President, Orhangazi Foundry in Turkey; and Patrick Steensels, Vice President, Heerlen Foundry in the Netherlands, who is also in charge of coordinating Componenta's operations in the Netherlands.

Remuneration Statement 2013

Remuneration of key management

Remuneration of the Board of Directors and the Audit Committee

The Annual General Meeting decides on the remuneration of the Board of Directors and the Audit Committee. In 2013, the Annual General Meeting decided that the Chairman of the Board of Directors be paid an annual fee of EUR 60,000, ordinary Board members EUR 30,000 and members of

committees subordinated to the Board EUR 5,000, and that travel expenses be paid in accordance with the company's travel regulations.

The total amount of annual fees paid to Board members in 2013 was EUR 220,000. Board members do not participate in Componenta's share-based incentive scheme or pension schemes.

Remuneration of the Board of Directors and the Audit Committee

Board of Directors in 2013		Salaries, fees and fringe benefits, EUR 1,000
Suutari Harri	Chairman	60
Ruotsala Matti	Vice Chairman	30
Lehtonen Heikki	member	30
Miettinen Marjo	member	30
Palomäki Riitta	member, Chairman of the Audit Committee	35
Salunen Tommi	member, member of the Audit Committee	35
Total		220

Remuneration of the President and CEO and other management

Componenta's Board of Directors decides on the remuneration and other benefits of the President and the deputy to the President, and on the terms of employment of members of the Corporate Executive Team, based on the proposal of the President and CEO and in accordance with the "one over one" principle used by the Group.

Remuneration systems

Each year, the Board of Directors reviews the market competitiveness of total remuneration, the used instruments and their weighting and goals in the remuneration of different target groups.

Short-term remuneration system

Short-term remuneration (one calendar year) is based on meeting measurable personal and business targets set for the year.

Long-term share-based incentive scheme

The Board of Directors decides on long-term share-based incentive schemes as part of total remuneration and manages the implementation of the schemes.

A share-based incentive scheme has been approved for the Group's key personnel for 2013. The aim of the scheme is to unite the objectives of shareholders and key personnel in order to increase the value of the company, commit key personnel to the company and offer them a competitive reward scheme based on ownership of company shares.

The scheme contains one earning period, calendar year 2013, and the earning criteria for the period is the result of Componenta Group after financial items.

Any bonuses for the 2013 earning period will be paid partly in company shares and partly in cash. The aim is that the portion paid in cash covers taxes and tax-related costs arising from the bonus for the key person. The shares may not be transferred during the restriction period of approximately two years. In the event that a key person's employment is terminated during the restriction period, he or she must return the shares provided as a bonus to the company without compensation.

Remuneration and benefits of other members of the Corporate Executive Team

The fixed cash salary of the members of the Corporate Executive Team includes compensation for any work on the boards of directors of Componenta Group companies and any associated companies.

The maximum bonus, linked to financial and personal targets, that is paid under short-term remuneration systems is position-related and, on average, some 40 per cent of a person's annual earnings.

The potential bonus from the long-term share-based incentive scheme for one earning period corresponds to, on average, 30–40 per cent of a person's annual earnings.

Members of the Corporate Executive Team are entitled to additional healthcare insurance in addition to the statutory occupational healthcare.

Members of the Corporate Executive Team are also entitled to a company car as part of their total remuneration.

Pension agreements

The Finnish members of the Corporate Executive Team, working in Finland, including the President and CEO, are paid supplementary pension worth 6 per cent of their basic annual salary. For the CFO acting as deputy to the President, the company's annual payments for his supplementary pension correspond to his total gross salary for one month.

Remuneration of the President and CEO, deputy to the President and other members of the Corporate Executive Team

2013	Salaries, fees and fringe benefits EUR 1,000	Bonuses, EUR 1,000	Voluntary pension benefits, EUR 1,000	Benefits paid on termination of employment, EUR 1,000	Share-based payments, EUR 1,000	Total, EUR 1,000
President and CEO Heikki Lehtonen	319	-	64	-	-	383
Deputy to the President Mika Hassinen	226	-	15	-	-	241
Other members of the Corporate Executive Team	984	-	45	-	-	1,029
TOTAL	1,529	-	124	-	-	1,653

Terms of employment of President and CEO Heikki Lehtonen

Salary and fringe benefits	Total monthly salary EUR 25,000, which consists of cash salary and fringe benefits (unlimited company car benefit and telephone benefit).
Short-term remuneration system	The President and CEO does not participate in the short-term remuneration system, which has been taken into account in his long-term remuneration.
Long-term incentive schemes	The President and CEO has been entitled to the Group's long-term share-based incentive scheme.
Pension	<p>The retirement age of the President and CEO is 63 years, and he has a supplementary pension agreement. The agreement includes old age pension after reaching the age of retirement, paid-up pension policy rights if the employment of the insured person is terminated before reaching the age entitling to old age pension as stated in the insurance policy, disability insurance, and life insurance for the duration of the employment, of the paid-up pension policy and of pension. This benefit was accumulated by EUR 19,000 in 2013.</p> <p>In addition, the President and CEO has a separate pension capitalisation agreement, under which the pension begins at the age of 63 years and ends at the age of 68 years or when the savings in the capitalisation agreement have been used up. The pension capitalisation agreement was made in 2013 and in 2013 EUR 45 000 was paid to the savings under the capitalisation agreement. The Board of Directors confirms the amount of the payment each year. The actual pension is calculated annually by dividing the remaining amount of the savings by the remaining number of months for the pension.</p>
Termination of employment	The President and CEO's contract of employment may be terminated by the company by giving twelve months' notice and by the President and CEO by giving six months' notice. The President and CEO is not entitled to any separate compensation after giving notice or being given notice other than the salary and benefits agreed in the terms of notice and the supplementary pension in accordance with the principles of the paid-up pension policy.

Risk management and internal control

Main features of the internal control and risk management systems in relation to the financial reporting process

The objective of internal control and risk management related to Componenta's financial reporting is to ensure that the reporting is reliable and that all applicable laws and regulations have been complied with.

Componenta compiles its financial reporting in accordance with the International Financial Reporting Standards (IFRS), the new Finnish Securities Markets Act, the Finnish Accounting Act and the guidelines and statements of the Finnish Accounting Board, while also complying with the rules and regulations of the Finnish Financial Supervisory Authority and the rules of NASDAQ OMX Helsinki Ltd.

Control environment

The purpose of Componenta's internal control is to ensure that the Group operates in line with its strategy profitably and effectively, that risk management is arranged appropriately and adequately, and that financial and operational reporting is reliable. Control is based on Componenta's values, operating principles, policies and guidelines (the Componenta Way to Operate, the Disclosure Policy and the Code of Conduct). Internal control is a part of management, governance and daily operations.

Financial reporting and supervision are based on budgets drafted and confirmed once a year and on monthly performance reporting. Group Accounting is responsible for the financial reporting process and for ensuring that the related instructions are consistent and updated regularly. Controllers at the unit and division level as well as management are responsible for ensuring that reporting is carried out in accordance with instructions.

Open and adequate communications ensure an effective and functional control environment. Information on reporting tools as well as instructions and principles relating to financial reporting have been provided to all the parties involved in financial reporting, and they are also available on the Group's intranet. Matters such as upcoming changes to IFRS and accounting principles or new reporting requirements are communicated to the financial organization on a regular basis. The Group's CFO reports to the Board's Audit Committee regularly on matters pertaining to internal control.

The Audit Committee appointed by the Board of Directors supervises the Group's financial reporting process and monitors the effectiveness of internal control, internal audit and risk management systems, and reports its observations to the Board.

Monitoring

The profitability and efficiency of Componenta's operations and the achievement of financial objectives are monitored regularly by means of Group-wide financial reporting. The effectiveness of measures in internal control related to financial reporting is monitored by the Board of Directors, the Audit Committee, the President and CEO, the Corporate Executive Team and operative management teams.

Common, Group-wide ways of operating also cover reporting, and the related instructions are included in the Controller's Manual maintained by Group Accounting. Group Accounting has defined the control measures which cover the reporting process and allocated responsibilities for their implementation.

All operational business units have their own controllers who are responsible for financial reporting in cooperation with the management of the respective unit. The management team for each business unit and division analyses its own financial reports, including volumes, profits, costs, profitability and working capital, every month before the reporting meeting of the Corporate Executive Team.

The Board of Directors is responsible for the final evaluation of the Group's result.

Internal audit

Componenta Group's internal audit is conducted in accordance with the operating principles approved by the Board of Directors, which are based on the Group's internal reporting and the annual audit plan approved by the Audit Committee.

Componenta Group's financial administration conducts an internal audit of Group companies in accordance with the annual plan together with the external auditors.

Financial reporting that covers the whole Group regularly monitors how well financial targets are being met. The reports include actual figures, budgets and up-to-date estimates for the current year.

Risk management

Risk management is part of the company's monitoring system and it aims to ensure that the risks to which the company's business is exposed are identified, evaluated and monitored. It aims to help forecast the threats and opportunities for business operations and ensure the continuity of business.

The Board of Directors confirms the principles and responsibilities for risk management. The Board's Audit Committee monitors the effectiveness of risk management systems. The President and CEO supervises the implementation of the risk management programme and ensures that it focuses on matters that are essential for local and operational activities. The Corporate Executive Team participates in identifying and evaluating risks, in allocating responsibilities and in monitoring the risks.

The General Counsel is responsible for general development of Componenta's risk management, and the CFO is responsible for development of risk management relating to financial risks.

Management of business operations is responsible for identifying and managing risks in their own business areas as part of their operational activities.

All employees are responsible for identifying and evaluating the risks that are related to their work or that are otherwise under their control and for reporting on them to their supervisors.

The financial risks relating to Componenta Group's business operations are managed in accordance with the Treasury Policy approved by the Board of Directors. The Group's treasury department manages financial risks and ensures for their own part the availability of equity and debt finance to the Group on competitive terms. The Group's treasury department is also responsible for managing and hedging the cash position.

The Corporate Executive Team conducts the Group-level Enterprise Risk Management (ERM) process annually and monitors the major risks of the operations regularly. The Senior Vice Presidents of Operations organise operation-level ERM processes annually and report the main results of the ERM process to the Corporate Executive Team. In the context of the ERM process, the main risks are identified and evaluated and corrective actions are decided on.

In 2013, the Group's Corporate Executive Team conducted the annual Enterprise Risk Management (ERM) process, in which risks were identified and evaluated and measures were decided on.

Audit

The Annual General Meeting appoints the auditor and decides on the remuneration of the auditor. The company has one auditor that must be a firm of authorised public accountants approved by the Finland Chamber of Commerce. In addition to the duties prescribed in current accounting regulations, the auditor reports regularly to Componenta's Audit Committee and to the Board of Directors of Componenta when necessary.

The responsible auditor may function as an auditor for a maximum of seven years in succession.

In 2013, Componenta's auditor was Authorised Public Accountants PricewaterhouseCoopers Oy. The responsible auditor was Jan Holmberg. In accordance with the decision of the Annual General Meeting on 22 March 2013, the fees paid to the auditor are based on invoicing. The fees paid to the auditors of Componenta Group's companies, based on the work performed, totalled EUR 577,000, comprising audit fees of EUR 497,000 and fees for other services EUR 80,000.

Communications

Information about Componenta and its governance is published on the Group's website. All releases and reports published by Componenta are available on the Group's website immediately after they have been published.

The Componenta Corporate Governance document in its entirety, the separate Corporate Governance Statement and the Remuneration Statement are available online at www.componenta.com.