



COMPONENTA

2010

SUSTAINABILITY REPORT

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Glossary of foundry terms at the addresss www.componenta.com/Sustainability .	

REPORTING PRINCIPLES

Componenta's Sustainability Report 2010 covers the three areas of the Group's corporate responsibility: economic, social and environmental responsibility. The information has been compiled in accordance with the G3.1 guidelines of the Global Reporting Initiative (GRI).

Environmental information is reported for the Group's production units in Finland, Turkey, the Netherlands and Sweden that have a significant environmental impact. The figures for social responsibility cover the Group's entire personnel. The figures for financial responsibility have been prepared in accordance with the International Financial Reporting Standards (IFRS) and are audited. The information in the rest of the report has not been verified.

The Sustainability Report 2010 includes a third-party check and verification of the conformance of the report to the GRI G3 criteria, which states that the report conforms to the requirements of the GRI B Application Level.

At Componenta, responsibility is linked directly to the company's strategy and strategic goals, and is part of everyday operations. In the Sustainability Report we inform our stakeholders about the key economic, social and environmental impacts of Componenta's operations. Complying with the GRI guidelines ensures the reliability and comparability of the information reported.

Componenta has published a separate sustainability report for each year since 2006. Before that, the company reported on the environmental impact of its operations in separate annual environmental reports for 2003 –2005.

Componenta monitors and reports regularly on the impact of its operations and publishes information about this each year in the sustainability report. The next report will be published in 2012.



Responsibility for **TODAY AND TOMORROW**

In 2010, a large number of Componenta's key personnel participated in the development of the Group strategy for 2011–2015. By 2015, we want to become the preferred provider of casting solutions for our customers. This means that we grow with our customers, providing solutions that comprise everything from engineering to components. Our performance is based on common, strong values and sustainability.

Sustainable development and responsibility have always been part of Componenta's daily operations. Even over 90 years ago, responsibility for and attention to our customers and personnel as well as ensuring business continuity were the guiding principles for the company's founder, Matti Lehtonen. The same holds true today. At Componenta, the well-being of personnel and the development of occupational health and safety are important factors. By preparing for risks and constantly improving operations, hazardous situations can be prevented. The continuous training of personnel and increase in know-how ensure that competences develop, that work motivation improves and that we can be a professional partner for our customers also in the future.

The casting of components generates environmental impacts which we are constantly striving to minimize. At the

same time we develop and improve our operations. We reduce the amount of emissions and recycle or reuse 78% of the waste our operations generate. Looking after the company's profitability and competitiveness are also aspects of responsibility, as that ensures continuity and profitability that our stakeholders expect.

One of the most essential factors that affect the realisation of our vision and strategy and our corporate social responsibility is operating as One Componenta. Uniform operating principles and methods throughout the Group regardless of the country and location guide our cooperation with stakeholders.

Currently, an increasing number of people around the world are concerned about climate change and preservation of environment. As the members of stakeholder groups act responsibly in leading their lives and making choices, it is only natural that a company cooperating with them knows and assumes its responsibility.

Responsibility is caring and acting accordingly – today and tomorrow. Componenta is Casting Future Solutions, together with its stakeholders.

Heikki Lehtonen



Major European **CASTING SOLUTIONS PROVIDER**

With local presence in key markets we serve our customers by providing them solutions, from engineering to components.

Our performance is based on knowledge of our customers' business and excellence in engineering, casting and machining services, the Componenta values and sustainability.

Our customers are manufacturers of vehicles and machines and equipment in various industries, and they are global players and market leaders in their sectors.

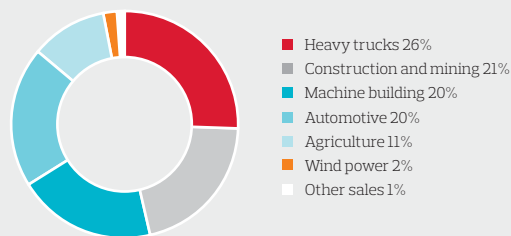
Componenta's customer service centers and sales offices are located in Finland, France, Germany, Italy, the Netherlands,

Sweden, Turkey, the UK, and USA. We are casting, forging and machining components in Turkey, Finland, the Netherlands and Sweden.

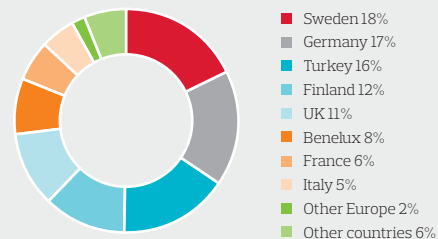
The Group's net sales in 2010 were EUR 452 million, and it employed approx 4,400 people.

Componenta's shares are quoted on the NASDAQ OMX Helsinki. The shares of the Group's subsidiary Componenta Dökümcülük AS are listed on the Istanbul Stock Exchange.

NET SALES BY CUSTOMER INDUSTRY 2010



NET SALES BY MARKET AREA 2010



We grow together WITH THE CUSTOMERS

Componenta's **mission** is Casting Future Solutions. Our **vision** is to be the preferred casting solutions provider of our customers, both locally and globally, by 2015.

The foundations for our business operations are laid by the Group's **values**. These direct our daily activities and our work with stakeholders. Openness means being willing to take on new ideas, to change and develop, and through this to continually improve our ways of working. We are honest with ourselves and with each other, and we do what we promise. Respect means that the way we work with all stakeholders is based on trust and mutual respect.

FINANCIAL OBJECTIVES

	Act. 2010	2012	2015
EBIT, %	3	10	12
Equity ratio, % *)	26.4	35	40
Net sales, MEUR	452	750	1 000
ROI, %	5	20	> 20

*) Preferred capital notes in equity



MARKET DEVELOPMENTS CALL FOR CHANGES IN STRATEGY

The changing business environment and changes in the market and in demand have also formed the basis for Componenta's new strategy.

The changes in the economic situation in the past few years have also had a visible impact on the foundry industry. The sector has undergone major restructuring, and this is likely to continue in the future. Intensifying competition and consolidation among customers and suppliers to form larger entities demand changes from suppliers of castings as well.

The new generation vehicles will reshape the casting market. Starting with environmental legislation and the demand for low fuel consumption, these developments will lead on to an increasing number of hybrid and electric vehicles.

Demand for iron components in Europe will probably stabilize at its current high level. We forecast significant growth in demand for aluminium castings as requirements increase for reducing the weight of end products. In the future there

will be several alternative energy sources, and the breakthrough of wind power, for example, will increase demand for cast iron components.

► **More details about Componenta's business environment in the 2010 annual report and at www.componenta.com.**

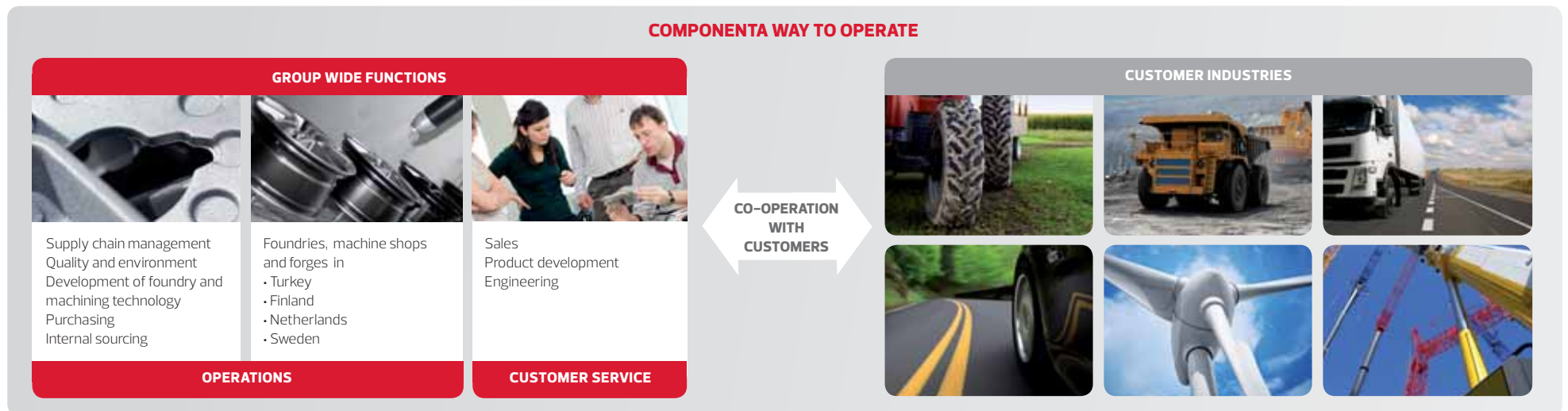
VALUES AND SUSTAINABLE DEVELOPMENT FORM BASIS FOR STRATEGY

Componenta's strategy is to grow together with its customers and contribute to their success. We provide solutions from engineering to components and our performance is based on our strong values and sustainability. The goal is to function as one Componenta, with common processes and practices, whatever the place or country in which a unit or function is located. In this way we can be a strong partner for our customers, offering the best customer experience.

We know the business of our customers, and our knowhow is at their disposal right from the engineering stage. Our experts in casting and machining participate in the design and creation of components and of solutions made up from these, which gives customers added value in all stages of the value chain.

Componenta's sales and engineering teams provide one-stop customer service for specific industrial sectors and segments. Our customers are manufacturers of various vehicles, machines and equipment in the following industrial sectors: machine building, heavy trucks, automotive, construction and mining, agricultural machinery and wind power. Often the components supplied by us are strategic parts in the customer's products.

Part of our core expertise is optimizing production between the plants we have in different countries, so that products are made at the production unit that is most suitable for that purpose.



High quality customer service also includes just-in-time deliveries of products to the customer, and the work continues to develop our logistics processes and warehousing in different countries to this end.

CORPORATE GOVERNANCE AND MANAGEMENT

Componenta is a public company whose shares are listed on the Helsinki Stock Exchange, NASDAQ OMX Helsinki Ltd. Supreme authority in the company 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, and other management assists and supports the President and CEO in carrying out his duties.

Componenta's business operations are divided into four operational areas, Turkey, Finland, the Netherlands and Sweden. Corporate functions to develop operations support the operational areas and their management and help create added value for customers. These functions are supply chain management, quality and environment, development of foundry and machine shop technology, purchasing and internal sourcing.

Componenta Corporation's corporate governance is based on Finnish legislation, the company's Articles of Association and the rules and regulations issued by the Finnish Financial Supervisory Authority. Componenta complies with the Corporate Governance Code for Finnish listed companies published by the Securities Market Association. Deviating from the Code, Componenta has no committees of the Board of Directors. Taking into account the composition of the Board and the nature and size of Componenta's operations, the Board of Directors has not considered it necessary to establish specific committees to prepare matters that are the responsibility of the Board. The Corporate Governance Statement 2010 can be read on the Group's website www.componenta.com and in the Annual Report 2010.

RISK MANAGEMENT

In its business operations Componenta complies with all current legislation and regulations and with generally accepted business practices. In addition, business activities are governed by Componenta's values and the Company's own operating principles, the Componenta Way to Operate.

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

The Board of Directors confirms the principles for risk management and the President and CEO supervises the implementation of the risk management programme such that the principles and programme focus 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 in charge of the general development of the risk management in Componenta and CFO is in charge of the development of the 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. Each employee is responsible for identifying and evaluating the risks that are related to their own work or which are otherwise under their control and for reporting on them to their supervisors.

The operational risks consist of Customer risks, Supplier risks, Productivity, production and process risks, Labour market disruptions, Contract and product liability risks, Personnel risks and Data security risks.

Risks related to business environment include Competition and price risks, Commodity risks and Environmental risks.

The Group's treasury department manages financial risks and helps ensure 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 ERM process annually and follows regularly the major risks of the operations. The Senior Vice Presidents of Operations organize 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. Componenta's practises relating to the management of the most significant risks are presented below.

► **Read more about risks and risk management at Componenta on the web at www.componenta.com.**

STRATEGIC RISKS	OPERATIONAL RISKS
Annual ERM process	Process management Quality, environmental, safety and health management systems Legal guidelines HR policies, practises and processes
FINANCIAL RISKS	HAZARD RISKS
Currency risk management Credit and counterparty risk management Interest rate risk management Liquidity and refinancing manatement	Insurances

Responsibility starts with

COMPONENTA'S VALUES

The foundations for Componenta's business operations and the Group's strategy are laid by the Group's values, corporate responsibility and sustainability. These govern management and daily operations throughout the Group. Componenta listens to its stakeholders and takes matters that are important for them into account in its own operations, for which continuous improvement is a key principle.

Componenta has third-party certified quality and environmental management systems, and our units in Turkey also have a certified occupational health and safety system. The internal One Componenta way of operating includes common principles, policies and practices that are observed in all the countries where the Group has operations.

In Finland and the Netherlands Componenta is also committed to national joint industrial programmes to save energy and optimize energy usage.

ECONOMIC RESPONSIBILITY

Economic responsibility is responsibility for the Group's profitability and competitiveness. Only by operating profitably and developing all operations with a long-term approach can the Group respond to the expectations of shareholders and other stakeholders and safeguard the Group's competitiveness both now and in the future.

Our operations have a widespread financial impact on our

stakeholders. This can be seen in the way how we carry out our obligations, how well we identify risks of our business operations and take measures against these, how satisfied our customers are with service and products they receive and how we safeguard our competitiveness and the continuity of our operations.

ENVIRONMENTAL RESPONSIBILITY

Environmental responsibility at Componenta means promoting environment friendly production methods and processes and minimizing the environmental impact of products throughout their life cycle – taking into account market expectations and the need for global competitiveness.

At Componenta, working for the benefit of the environment begins right in the design stage of a product, when the weight or need for finalizing work of a product can be reduced, and thus less material and energy are needed in production. This way can be minimized its environmental impact. Preven-

tive maintenance and continuous monitoring of relevant production equipment and machinery prevent risks to the environment.

Environmental responsibility affects not only the Group's internal processes but also subcontractors and suppliers.

SOCIAL RESPONSIBILITY

Social responsibility means that Componenta looks after the wellbeing of personnel and develops their competence, aiming to be a responsible employer today and in the future. The company also acts responsibly in other stakeholder relations.

Effects of our social responsibility are reflected in how we take care of resource planning and management, development and maintaining of personnel's skills and competences, matter related to performance and pay, wellbeing and work safety as well as human rights and equality.

STAKEHOLDER RELATIONS

The Group's values, responsibilities and sustainability form basis for Componenta's business operations and strategy. They are also guiding our management and daily operations in the whole Group. We listen to our stakeholders, and their feedback is taken into consideration in our own work, where continuous improvement is key principle.

Stakeholder	Stakeholder expectations of Componenta	Componenta's operations/ response to expectations	Success can be measured for example
CUSTOMERS <ul style="list-style-type: none"> Manufacturers of vehicles, machinery and equipment Many companies have been customers for a long time 	<ul style="list-style-type: none"> Technical expertise and good engineering cooperation Competitive and punctual deliveries with no defects Long-term business relations and partnership 	<ul style="list-style-type: none"> Building and maintaining trust Customer relations are handled by committed account managers, PD and QA managers Meetings and keeping in contact at several levels with the customer's organization 	<ul style="list-style-type: none"> Customer feedback Customer satisfaction surveys Volume of offers and orders Growth in sales
PERSONNEL <ul style="list-style-type: none"> At the end of 2010 Componenta employed some 4,400 people in 9 countries 	<ul style="list-style-type: none"> Safe and reliable employer Opportunities for continual learning and development Possibility of influencing decisions, affecting their own work and the work environment Competitive salaries and remuneration 	<ul style="list-style-type: none"> Effective internal communications Regular meeting and information events between management and personnel In Finland, union representatives participate in the meetings of the business unit management teams Meetings with students and potential employees 	<ul style="list-style-type: none"> Regular surveys of work atmosphere and job satisfaction Development discussions Number of training days Number of days absent Number of accidents
OWNERS AND INVESTORS <ul style="list-style-type: none"> Componenta's shares are quoted on the NASDAQ OMX Helsinki At the end of 2010 the company had 2,393 shareholders 	<ul style="list-style-type: none"> Size of dividend and rise in value of shares Up-to-date information about the company's operations and key figures, stability and reliability of operations, risk management and transparency in management 	<ul style="list-style-type: none"> Meetings with analysts Meetings with investors, investment trade fairs AGM Reports, website Information events, live and recorded webcasts 	<ul style="list-style-type: none"> Share price Dividend Key financials
FINANCIAL INSTITUTIONS <ul style="list-style-type: none"> Cooperation with several partners The availability of financing and its price depend on the company's operations and their success 	<ul style="list-style-type: none"> Transparency of operations and effective communication Strong result and cash flow Solvency and liquidity Sufficient equity and risk management 	<ul style="list-style-type: none"> Various reports Personal meetings 	<ul style="list-style-type: none"> Financial performance and key indicators Interest rates and financial costs
SUPPLIERS AND SUBCONTRACTORS <ul style="list-style-type: none"> Covering net work of suppliers of raw materials and other substances needed in production 	<ul style="list-style-type: none"> Reliable, stable partner Long-term business relationship, developing favourably 	<ul style="list-style-type: none"> Regular dialogue through discussions, meetings and various reports 	<ul style="list-style-type: none"> Development curve purchases Number of partners, suppliers and subcontractors Contract terms
SOCIETY, AUTHORITIES AND SURROUNDING AREAS <ul style="list-style-type: none"> Authorities and people living and working in the surrounding areas and with businesses located nearby our production units in various countries and localities. 	<ul style="list-style-type: none"> Meeting legal, ethical and environmental requirements and expectations An active operator and employer in own business area, and tax payer in their locality 	<ul style="list-style-type: none"> Componenta is a member in national foundry associations, chambers of commerce and many other organizations related to its business in the countries where it operates. Reports Information and open door events Participation in activities at different levels Sponsoring various groups and organizations 	<ul style="list-style-type: none"> Number of jobs Taxes paid Investments made Salaries and bonuses paid Participation in local life, and sponsorship Feedback/number of complaints from neighbours

Competitiveness safeguards

BUSINESS CONTINUITY

Economic responsibility at Componenta means responsibility for the Group's profitability and competitiveness. By operating profitably and building up all areas of the business with a long-term approach, Componenta can meet the expectations of shareholders and other stakeholders and safeguard its competitiveness, today and for the future.



“ Our operations have a widespread financial impact on our stakeholders. ”

Componenta's net sales in 2010 increased 51% from the previous year to EUR 451.6 million. The value of production rose 63% in this period. At the end of 2010 the order book was 61% higher than at the end of 2009. The Group's operating profit improved by EUR 29 million from the previous year.

POSITIVE DEVELOPMENTS IN MARKET BOOSTED VOLUMES

Componenta's sales increased in 2010, although they still did not reach the same level as in 2008 before the recession in any customer industry. The Group's production volumes rose significantly during 2010, although overall capacity utilisation was only 57%.

At the beginning of 2010 the Group's operations structure

was adjusted to provide better support for a smoothly functioning cast component supply chain. Production operations are managed separately in each country - in Turkey, Finland,, the Netherlands and Sweden - and corporate operations development functions provide support for these across the Group. Preparations were also made during the year for merging the Finnish production units under a single limited company. This change came into effect at the beginning of 2011, so the operations in Finland now have the same structure as the other countries where the Group has operations.

► **Read about Componenta's financial performance in the 2010 annual report and at www.componenta.com.**



KEY FIGURES

	2010	2009	2008	2007	2006
Net sales, MEUR	451.6	299.6	681.4	634.7	362.1
Operating profit, MEUR	13.5	-15.4	47.3	42.7	14.5
Operating profit, %	3.0	-5.1	6.9	6.7	4.0
Net result, MEUR	-7.5	-28.7	13.9	21.6	3.5
Earnings per share (EPS), EUR	-0.45	-2.30	1,24	1,97	0,36
Return of equity, %	-10.3	-45.1	14.8	23.0	5.9
Return on investment, %	5.0	-4.1	13.6	11.9	6.6
Equity ratio, %, capital notes in debt	16.8	17.5	15.9	20.3	19.2
Order book, MEUR	94.6	58.8	73.6	129.0	95.4
Investments in non-current assets, MEUR	8.5	17.9	46.0	64.5	123.6
Personnel including leased personnel	4,414	3,698	4,488	5,064	2,628



At the beginning of 2010 Componenta's customer industries were organized in more specific segments, and each of these was allocated its own sales and engineering resources. This ensures that resources focus on a more closely defined area, resulting in better customer service.

PURCHASING

Componenta's purchasing organization is building and maintaining a network of suppliers, that meets the Group's needs concerning raw materials, parts and various services. Our goal is to reinforce our competitive standing while complying with the Group's ethical principles and values and with legislation and directives.

Goods and materials are purchased from all over the world. Suppliers must comply with the same standards for quality and environment in their business methods as we observe in our own operations. To ensure that materials meet the necessary criteria, we employ comprehensive monitoring and assessment systems. ISO certification is a minimum requirement for suppliers.

The Group's purchasing policy ensures that issues con-

cerning the environment and safety, social responsibility and ethical principles are addressed in purchases. We do not pay bribes or make any other unlawful payments. There were no cases of corruption in the Group during 2010.

In 2010 Componenta purchased raw materials for EUR 165 million. Turkey was the biggest country of origin, accounting for 37%.

During the year the Group continued its search for alternative suppliers of materials and goods, aiming to control the risks relating to deliveries.

INVESTMENTS

Because of the under-utilisation of production capacity, the Group kept down its investments in production facilities in 2010, and these totalled just EUR 8.5 million, roughly half of that in the previous year (EUR 15.5 million in 2009).

CONTRIBUTIONS MADE AND RECEIVED

Distinguishing between subsidies, donations and commercial marketing is sometimes difficult, so we have defined sponso-

ADDED VALUE TO STAKEHOLDERS

MEUR	2010	2009	2008	2007	2006
Creation of value added					
-Customers (net sales)	451.6	299.6	681.4	634.7	362.1
-Suppliers (purchases and external services)	-202.9	-113.5	-324.1	-305.0	-175.7
Produced added value	248.7	186.1	357.3	329.7	186.4
Distribution of value added					
-For personnel (salaries and pensions)	-106.9	-86.1	-132.2	-132.0	-91.5
-For society (income taxes and social security costs)	-10.2	-1.3	-18.7	-15.8	-11.2
-For financial institutions (financial expenses)	-40.0	-32.2	-45.1	-31.4	-12.6
-For investors (dividends)	0.0	0.0	-3.3	-5.5	-3.3
Value added distributed to stakeholders	-157.1	-119.6	-199.3	-184.7	-118.6
Retained for developing the company operations	91.6	66.5	158.0	145.0	67.8

ring and donations in support of sport and culture and to non-profit organizations and research as contributions.

Contributions paid in 2010 totalled some EUR 35,000 (107,000). In addition, Componenta's units in Turkey, Finland, the Netherlands and Sweden have supported local sports organizations, schools and charities.

Componenta Group received contributions totalling EUR 802,000 (381,000) in 2010 from the public sector, focusing on personnel well-being and training and on research and product development projects.

INVESTORS AND SHAREHOLDERS

In September 2010 Componenta issued a subordinated capital loan and convertible bond for a total of EUR 50.3 million, and both of these were offered to a selected group of investors. Subscriptions to the capital loan 2010 were accepted with a total nominal amount of EUR 23.4 million, and subscriptions with a nominal amount of EUR 26.9 million for the convertible bond 2010. The funds obtained through the capital loan and bond were used to strengthen the

company's balance sheet and financial position and for general refinancing.

At the end of 2010 Componenta had 2,393 shareholders, compared to 2,568 at the end of the previous year. A breakdown of shareholders by size of holding and sector is given in the 2010 annual report. Componenta's largest shareholders were the company's president and CEO Heikki Lehtonen, through the companies under his control Cabana Trade S.A. and Oy Högfors-Trading Ab (altogether 30.4%), and Etra-Invest Oy Ab (24.9%).

Componenta has a total of 17,457,798 shares on 31 Dec 2010. At the end of the financial year the quoted price of the share was EUR 6.01 (4.12) and the share capital had a market capitalization of EUR 104.6 (72.0) million. The volume of shares traded during the year was equivalent to 48.6% (20.1%) of the share stock.

► **More details about the Componenta share and shareholders are given at www.componenta.com under Investors.**

DIVIDEND POLICY

Componenta's dividend policy has a goal of paying a dividend equal to 30–50 % of the Group's net profit in the previous year. The Board of Directors takes into account the Group's financial performance, financial structure and growth prospects when it makes its proposal for a dividend payment. The Annual General Meeting held in February 2011 decided in accordance with the proposal of the Board of Directors not to pay a dividend for 2010

TURKISH SUBSIDIARY ON ISTANBUL STOCK EXCHANGE

The shares of Componenta's Turkish subsidiary Componenta Dökümcülük Ticaret Ve Sanayi A.S are listed on the Istanbul Stock Exchange. At the end of the year the company had 2,556 (2,352) shareholders. Componenta Corporation owned 93.6% (93.6%) of the company's shares, and households the remaining 6.4% (6.4%). The company has a total of 66,844,800 shares.

The quoted price of the share was 4.66 (4.02) Turkish lira at the end of 2010, and the share capital had a market capitalization of EUR 153.0 (124.4 million). The average price in the year was 4.20 (3.94), the lowest 4.02 (3.60) and the highest 6.44 (5.73) Turkish lira.

SUSTAINABILITY INDEX

Componenta is included in the OMX GES Sustainability Finland Index introduced by NASDAQ OMX Helsinki, which concentrates on Finnish shares. The index lists 40 Finnish listed companies that have been chosen on the basis of how well they meet the criteria for a responsible company.



Responsibility for the environment

APPLIES TO EVERYONE

The manufacturing of iron and aluminium cast components has an impact on the environment. Responsibility for the environment means minimizing the environmental impact and continuously developing ecofriendly production methods and processes.



Environmental responsibility begins in the design phase of a product and continues throughout its life cycle. The foundation for environmental responsibility at Componenta is laid by the quality and environmental policy, which states that we promote awareness of customer and legal requirements throughout the organization. Each employee is responsible in their work for complying with customer and internal quality requirements in a way that benefits the environment. We measure our success, for example by monitoring customer satisfaction. The management system helps us boost commitment to comply with the principles of environmental responsibility in our work.

Componenta's production units have their own special features and areas of specialization, and each unit maintains its own environmental management system that recognizes its specific environmental aspects. Some of the environmental aspects are the same at all units, but local differences in conditions and requirements affect their emphasis and content.

When setting and reviewing environmental targets, the production units address at least the following common aspects:

- reducing consumption of energy and raw materials
- reducing particle and VOC emissions
- reducing the level of ambient noise caused by business operations
- enhancing the sorting of waste
- reducing the amount of non-recyclable waste

At corporate level we ensure that production units have sufficient resources to achieve their environmental targets, maintain their competitiveness and develop their manufacturing processes. Investments are based upon the use of "Best Available Technology" (BAT), whilst also taking into consideration economic, environmental and safety and health aspects.

ENVIRONMENT SUMMARY – 2010

Production volumes increased in 2010, but the year did not bring major changes in environmental issues. The main raw materials for the components are recyclable and most of the waste from production is sent for reuse. Componenta's environmental indicators, which are in proportion to production volumes, developed positively. Only air emissions, which are VOC emissions from the amines and solvents used at the foundries, increased.

The biggest environmental investment was at the Pori foundry, where new equipment now makes it possible to use galvanized steel scrap. Galvanized steel scrap has been used at the Heerlen foundry in the Netherlands and at the Orhangazi foundry in Turkey for many years, and its share of the raw material market is growing all the time.





Certified, licensed

BUSINESS OPERATIONS

Certified quality and environmental management systems and permits granted by the authorities are essential for Componenta's business operations. They help to guide and develop activities that have an impact on the quality and the environment.

Componenta's production units all have third party certified quality and environmental management systems, apart from Componenta Pistons, where the environmental system is being built but not yet certified.

Depending on customer requirements, the quality system conforms to either ISO 9001 or ISO/TS 16949 standards, and the environmental management system to ISO 14001. The systems are maintained and developed at corporate level and at the individual business units, so practices that are found to be useful and beneficial can be put into wider use within the Group.

MAJOR OF OUR PRODUCTION OPERATIONS REQUIRE AN ENVIRONMENTAL PERMIT

Componenta's production operations at the foundries and forges must have a valid environmental permit and meet its requirements. Conditions for granting the permit are, for example, that operations shall not result in a risk to health, or in significant pollution of the environment or the risk of this.

The environmental permits define the scope of permitted operations and maximum levels for particle and VOC emissions, for example. The authorities in the EU area take best available technique (BAT) requirements into account when granting environmental permits.

PERMITS AS REQUIRED BY OPERATIONS

Applying for new permits is a continuous activity at Componenta. A new or changed permit is required whenever changes take place in operations or when a fixed-term permit expires. Under a new practice in Finland, permits that are valid for an indefinite period also need to be reviewed at regular intervals.

During 2010 applications for permits were underway in all the countries where Componenta has operations.

► For more details, visit: www.componenta.fi/ymparisto

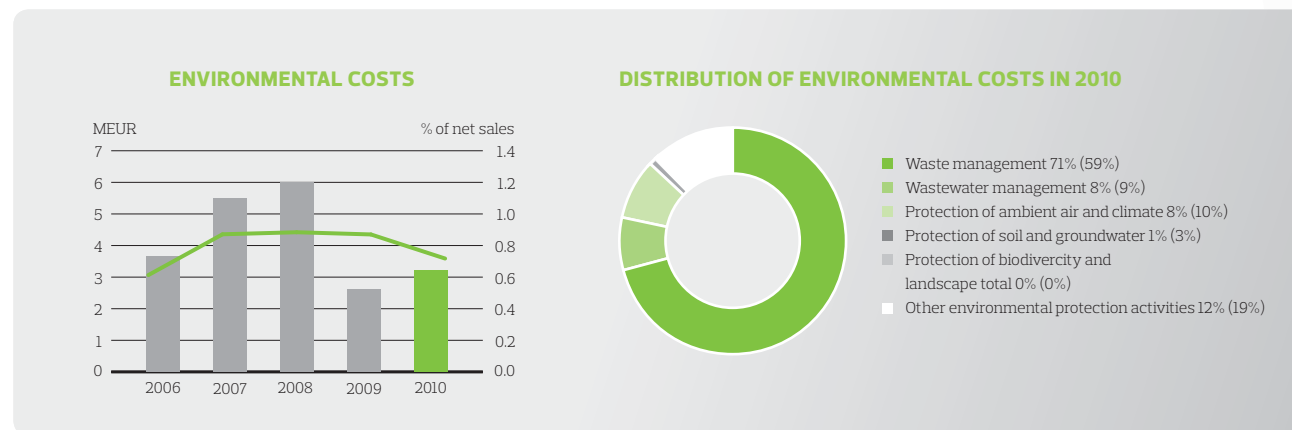
” Applying for permits is part of everyday work at Componenta. ”

Increasing production results in **COSTS AND INVESTMENTS**

Environmental costs include costs directly relating to the environment, such as waste and waste water management, and activities to protect the environment. The processing of production waste accounts for by far the biggest part of these costs.

Componenta's environmental costs rose in 2010 along with the increase in production. At the same time, as a percentage of net sales they started to go down. In 2010 the Group's environmental costs totalled EUR 3.2 (2.6) million. As a percentage of net sales they declined 18% from the previous year.

The Group spent EUR 0.6 (0.2) million on environmental investments. The largest of these was installing filter equipment at the Pori foundry so it can use galvanized scrap steel as raw material. The Group's environmental investments tripled from 2009 level.



A CAST COMPONENT'S ENVIRONMENTAL IMPACT



Environmental impact of cast components during service life

A component cast as a single item is durable and has a long service life. At the end of its life cycle a component ends up as scrap, is recycled and re-melted. Optimizing the design of cast components and the materials used in them during the engineering can reduce the environmental impact during their service life. For example, using aluminium instead of iron components reduces the overall weight of a vehicle, since they are lighter, and cuts its carbon dioxide emissions.



Storage of components

Logistics centres and warehouses are used to reduce the transportation of empty or part loads and to improve customer service and delivery accuracy. The Group has logistics centres in Finland, Sweden and Great Britain, and warehouses in Germany, France, Belgium, the Netherlands and the USA. Componenta aims to have a network of logistics centres that covers all the areas in Europe and North America where the Group has business operations..



Transporting components and recycled packaging

Transporting cast components generates emissions, and to minimize these, the company tries to have as few part loads as possible. Ship and rail are also effective options with a sustainable carbon footprint for transporting end products. Air transport is not normally used. Componenta aims to choose only transport companies that have certified quality and environmental management systems.

Recyclable pallets and packaging material are used when transporting components from foundry to machine shop and when sending products to the end customer. The goal is to standardize packaging material and to reuse it in transport between the Group's production units..

The life cycle of a component starts with the design

Many decisions are taken during the design stage of a component that relate to the environmental impact during its life cycle. Product development can affect the functions and features of a component and the environmental impact and efficiency during the production phase, for example by optimizing the raw material and the amount of work. Componenta's experts often participate in the early stages of designing a cast component.

Raw materials of recycled metal

Some 70 % of the raw material used in cast iron components is recycled metal. The recycled metal is obtained as locally as possible, and transport is optimized, for example by using full truck loads. The proportion of recycled material is smaller in aluminium castings, but since it is a lighter weight material it can reduce the environmental impact of the end product, for example in the automotive industry.

Production has impact on the environment

Componenta's operations are based on third-party certified quality and environmental management systems (ISO 9001, ISO/TS 16949 and ISO 14001). The restrictions and obligations for the operations of the foundries and forges are specified in the environmental permits that are issued by the authorities. Melting the raw materials consumes energy. The heat energy generated as a by-product is utilised for example in the heating of property. Sand is needed in the casting process for making the moulds and cores. The sand circulates in the process, and finally some of the spent sand is reused, some ends up as waste. The cleaning and post-treatment of cast components generate some emissions. The machining of cast components does not form a significant load on the environment..

Reuse of waste

The waste from the foundries, machine shops and forges is sorted and supplied for reuse. Most of the sand and dust, for example, can be utilized in earthworks. The cutting fluids used in the machining of cast components are recycled. At the machine shops, the oil is separated from the machine chips and these can then be re-melted..

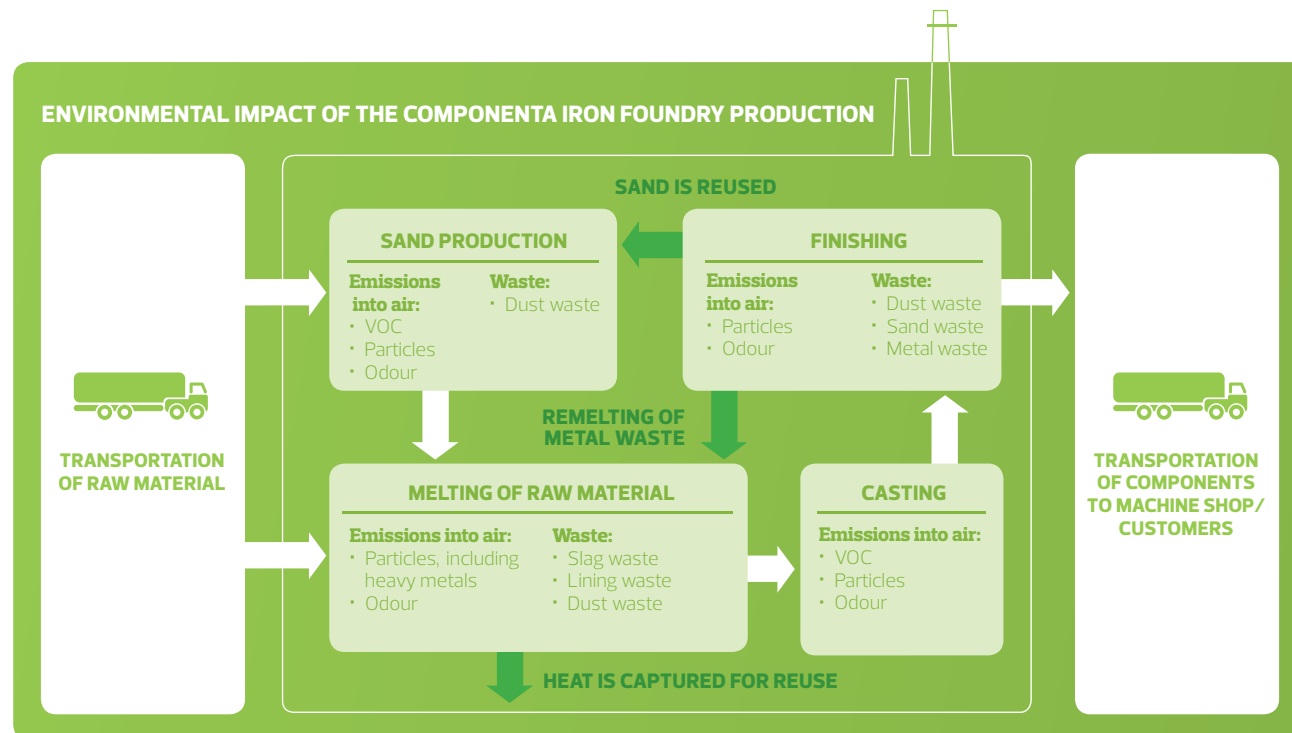


Production has impact on ENVIRONMENT

Componenta's production comprises foundries, forges and machine shops and these have different environmental impacts. Most of the Group's environmental impact arises from the melting of aluminium and iron.

The foundries create most of Componenta's environmental impact. The melting of aluminium and iron requires much energy, and the process also needs water. Foundry operations also give rise to waste, emissions, noise and odours.

Utilising the heat energy created in melting and re-using the waste from the production process give major savings that benefit the environment. Installing various filtering and other equipment reduces noise and emissions.



RISK SITUATIONS AFFECTING THE ENVIRONMENT IN 2010

The environmental management systems identify the risks to the environment arising from business operations that may result in emissions to the air, water or soil. Componenta aims to prevent these risk situations through preventive maintenance, instructions and guidelines, and structural measures.

During the year a few risk situations occurred, when snow and water that was mixed up in the recycled metal caused an explosion when it reacted with the molten iron. No one was injured and the material damage caused was small. To prevent similar situations occurring, the necessary changes are being made to structures, practices and instructions.

In addition, during the year a few minor incidents occurred at business units where no one was injured and production was interrupted for a couple of hours at most.

There were no environmental accidents during the year.

► **Read more on Componenta's risks and risk management at www.componenta.com**

Most important raw material is **RECYCLED METAL**

The environmental impact made by an end product starts with the choice of raw materials. Componenta's sourcing policy lays down criteria for purchases relating to quality, environmental factors and ethically sustainable operations.

More than two thirds of the raw material used at the iron foundries is recycled steel, the remainder is pig iron. The main raw material used in the production of moulds is quartz sand. The proportion of recycled material is smaller at the aluminium foundries, and the moulds for aluminium castings within Componenta are made of steel.

The raw material used at the forges is steel blanks that are manufactured at steel works, and the machine shops mainly use castings produced by the Group.

BUYER BEARS RESPONSIBILITY

Most of the raw materials are obtained for each foundry as locally as possible, allowing for the requirements for the raw

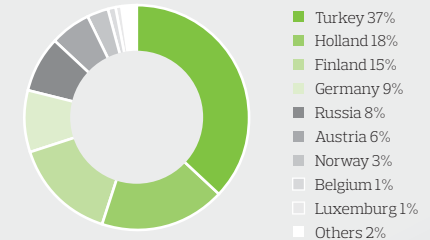
material and its availability. The Group's common purchasing policy and the related Code of Conduct ensure that safety and environmental issues, social responsibility and ethical principles are addressed.

All major raw material suppliers are qualified by Componenta. In addition to cost and quality, many factors that are of importance for the environment and society affect the choice of suppliers, such as sustainable development, working conditions, safety and logistics.

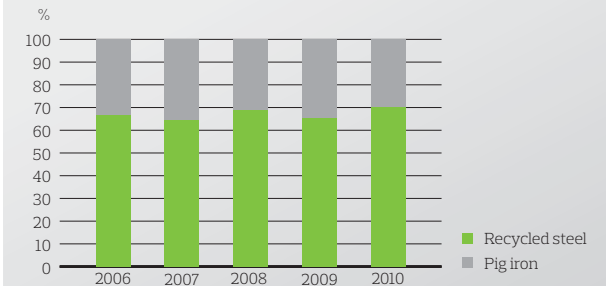
” Environmental responsibility starts from the purchasing of raw and other materials.



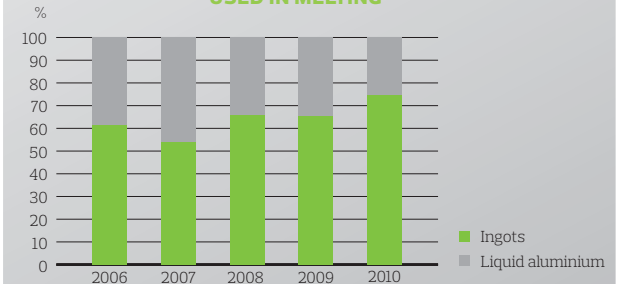
PURCHASED RAW MATERIALS BY COUNTRY



RECYCLED STEEL AND PIG IRON USED IN MELTING



INGOTS AND LIQUID ALUMINIUM USED IN MELTING



New technology

REDUCES EMISSIONS

The most significant emissions from Componenta's production are related to the dust generated at the foundries and volatile organic compounds (VOC) emissions. The Group also seeks to reduce other forms of inconvenience, such as noise and odour from the production units.

Heavy industry, such as foundry work, gives rise to emissions, but it is possible to reduce these using new technologies and with measures for continuous improvement.

Most of Componenta's dust and VOC emissions arise at the foundries, where they are regularly monitored and measured. Forging and machining do not give off significant emissions.

PARTICLE EMISSIONS DECLINED

The mould sand and its binding agents create dust at different stages in the casting process. Dust is extracted within the foundry, and filtering equipment prevents it escaping into the air outside. In 2010 particle emissions per tonne produced declined 21% from the previous year.

The biggest investment was at the Pori production plant, where two new filter units were installed. Their full impact in reducing emissions will be felt in the 2011 emissions, and they will also contribute to reducing the plant's noise emissions. Similar investments will be made at Orhangazi in Turkey, where the arc furnaces are currently not in use because of the dust emissions.

VOC EMISSIONS AND CARBON FOOTPRINT

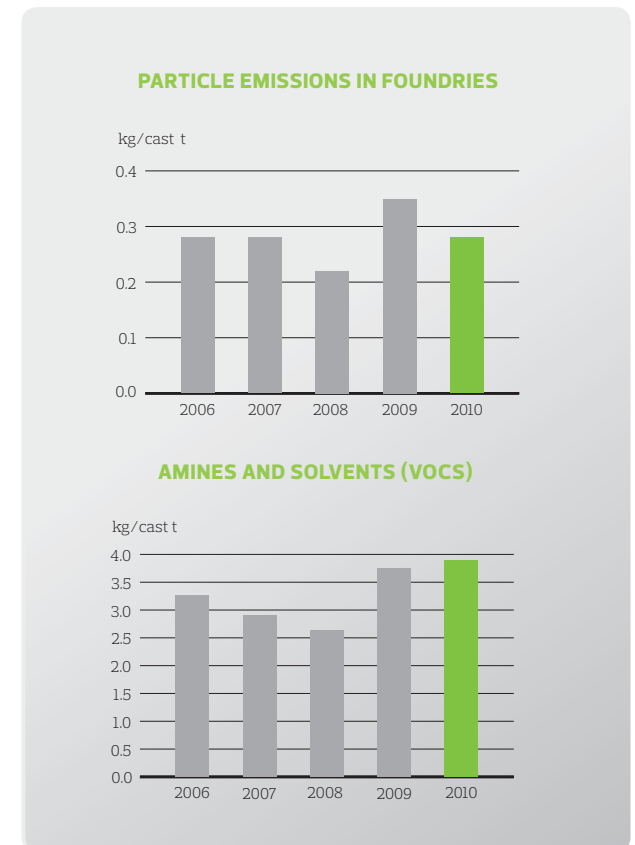
VOC emissions from the use of amines and solvents increased 4% per tonne produced in 2010 from the level in 2009. In 2010

most of the Group's VOC emissions were generated at the Orhangazi foundry.

Reducing VOC emissions is one of the key environmental goals and the Group is trying to achieve this for example by switching to water-based paints and coatings. At the foundries in Orhangazi and in the Netherlands the amine gases are fed to acid scrubbers. In December 2010 similar equipment was installed at the Pietarisaari foundry, and the impact of this will be seen during 2011.

At the Heerlen foundry improvements were started in both painting lines to comply with the regulations for VOC emissions. During December 2010 tests were done with injection of essential oils in the filtered air of the furan pouring area to reduce the odour content.

Although combustion gives rise to direct carbon dioxide emissions, they are not very significant compared to other environmental aspects of production. The Group seeks to reduce the carbon footprint for example by optimizing transport and reducing the amount of unnecessary travel. Most of the Group's internal joint meetings are held by video conference, and each production unit and sales office has one or more set of the equipment for this.



Growth in production improved

ENERGY EFFICIENCY

Melting iron and aluminium takes energy, and for this reason more than 90 per cent of all the energy consumed by Componenta is used at the foundries. Some of the heat energy generated is recovered and utilized in heating premises and water.

In 2010 the Group's total energy consumption was 629 GWh (422 GWh). The almost fifty per cent increase was due to the growth in production. As capacity usage improved, energy efficiency picked up. The Group's energy consumption per tonne produced was 15% lower than in 2009.

Some two thirds of the energy used by the Group is electricity. Costs are optimized by scheduling work phases that require high energy consumption at times when electricity is cheaper. Measures to improve energy efficiency relate to raising process efficiency and recovering and utilizing heat energy.

Componenta is committed to national targets to reduce energy consumption in Finland and the Netherlands. In Finland Componenta is participating in a common agreement by different industrial sectors that continues until 2016, under which it is committed to saving energy and raising the energy efficiency of its operations.

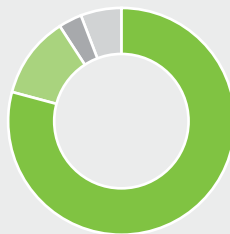


” The improvement in capacity usage reduced energy consumption per tonne produced. ”



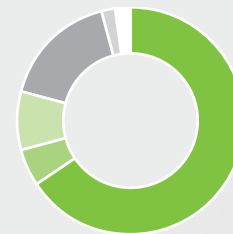


ENERGY USE IN 2010



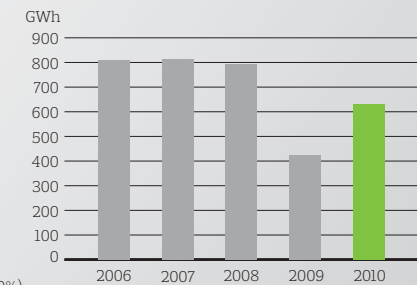
- Iron foundries 79% (79%)
- Aluminium production 12%
- Machine shops 3% (6%)
- Forges 6% (3%)

DISTRIBUTION OF ENERGY CONSUMPTION IN 2010

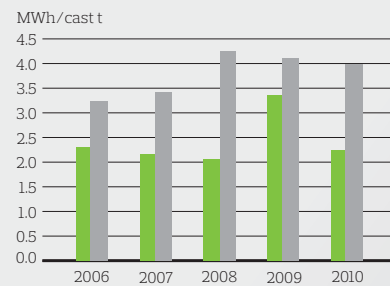


- Electricity 65.7% (64%)
- District heat 5.2% (5.5%)
- Coke 8.4% (8.5%)
- Natural gas 16.8% (17.7%)
- Oil 1.9% (1.8%)
- Liquid gas 2.0% (1.9%)

TOTAL ENERGY CONSUMPTION

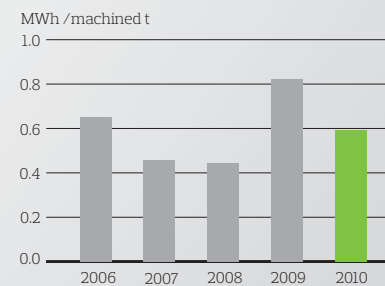


ENERGY CONSUMPTION IN FOUNDRIES

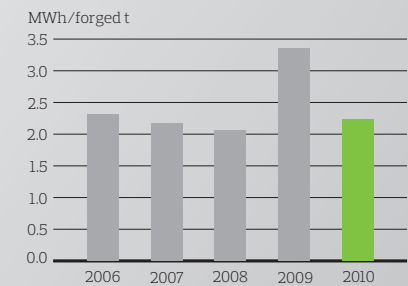


- Componenta iron foundries
- Aluminium production

ENERGY CONSUMPTION IN MACHINE SHOPS



ENERGY CONSUMPTION IN FORGES



Waste FOR REUSE

Most of Componenta's production waste is sorted for reuse. More effective recycling is one of the key goals of the Group's environmental policy. The Group looks for suitable applications close to the production plants.

The biggest waste items at the foundries are spent sand from the process and dust. Most of the sand can be recycled within the internal mould production process. It should be noted that an increase in the amount of dust waste means a decrease in the amount of dust emissions in the air. At some of the foundries the dust is fed back into the process.

Most of the spent sand and dust are reused. Nowadays also at Karkkila, where the old factory's own landfill site for foundry sand and dust has been closed and will be completed by 2013.

The volume of waste from the foundries declined in 2010. The spent foundry sand at Pietarsaari was used to cover the works

yard. During the year the Company looked into new ways of re-using spent sand; into the possibility of using it at Suomivalimo on the motocross track and at Orhangazi in Turkey as raw material for the cement industry or in the production of concrete slabs. In the Netherlands virtually all waste from the foundries has been sent for reuse for many years now.

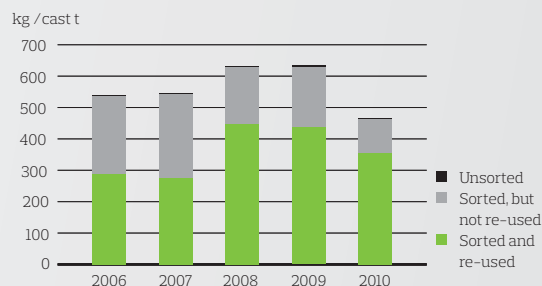
Most of the waste at the machine shops and forges comes from machining metal. Machine chips and forging burrs are supplied to steel industry smelting plants or to the Group's foundries.

Hazardous waste arises from lubrication oils, the painting process, cutting fluids and several forms of dust.

LESS WASTE PER TONNE PRODUCED

The whole Group generated a total of 100,685 (78,049) tonnes of waste in 2010. Despite the increase in the overall amount, the amount per tonne produced fell at the foundries (-26%), machine shops (-27%) and forges (-1%). Altogether 78% (71%) of the total waste was sorted for reuse.

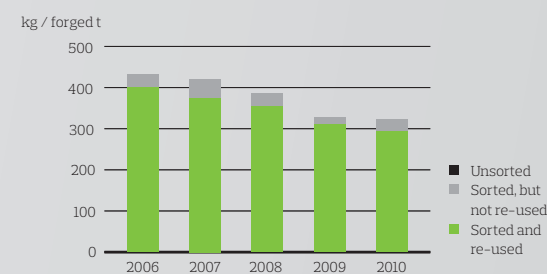
WASTE OF FOUNDRIES



WASTE OF MACHINE SHOPS



WASTE OF FORGES



WASTE DUST USED TO REPLACE NATURAL BENTONITE

Waste dust from Componenta's foundry in Pori is being put to use in the construction of foundations for dumping grounds. The applicability of the waste material has been researched in cooperation with Lassila & Tikanoja Plc. One of the most important criteria for material used in the construction of dumping grounds is that it is impermeable to water.

The recycled waste must be homogeneous, and the sites where it is used must be located nearby. In Finland, material to be reclaimed may be collected for three years. After a longer period of time, the collection of this material is considered to be a waste disposal operation.

Waste dust from the Pori foundry has been used in the sealing of the piling basins at Boliden Harjavalta Oy's factory area. Approximately 4,500 cubic metres of foundry dust was enough to replace a 9,000 cubic metre amount of bentonite. The sealing layer made from foundry dust makes piling more efficient, since it is 30 cm thinner than a corresponding mineral layer.



Elina Kuusela from Lassila & Tikanoja Plc explains to Componenta's environmental manager Mari Manner that the material used in the sealing layer of dumping sites cannot be permeable to water. This prevents rain and meltwater from leaking into the waste.

SMELL REDUCTION WITH 'ESSENTIAL OIL' INJECTION IN EXTRACTED FOUNDRY AIR



Test installation on the roof of Componenta Heerlen foundry; reaction chamber with tank for aqueous solution of essential oils.

In 2004 the Heerlen Foundry in Hoensbroek, saw a raised number of complaints regarding the smell. Such measures as installing an additional filter unit for the furan pouring area, increasing the height of a number of chimneys, increasing the use of water based coatings and changes to more environmental friendly binders resulted in fewer complaints, but did not solve the problem completely.

In 2010 Componenta discovered a process developed by Regensburg University at the Institute for Physical and Theoretical Chemistry, in which essential oils were used to neutralize the malodour. An aqueous solution of the essential oil is nebulized into the filtered air to wash out the odorous dust. The water-insoluble odour compounds are trapped into the water droplets and re-

act with the special selected essential oils. Finally the remaining residual odours are neutralized by the fresh fragrances. Adding the essential oil to the extracted air is environmentally friendly and essential oils are fully biodegradable.

In December 2010 a test installation was rented and installed on the roof of the foundry. Measurements done by Componenta and verified by the province of Limburg showed a real reduction in smell (equivalent to 50%). The hedonic value did not improve significantly, but the sharp, sometimes described as burned rubber tone in the smell, did disappear. After the completion of the successful test an engineering study to design a system to treat all the extracted air has been commissioned.

Own production

UTILIZES WASTE WATER

Most of the water used at Componenta is utilised for cooling and in preparing the sand at the foundries. The Group seeks to reduce the amount of water sent to waste water treatment plants by recycling the water in its own production.

The growth in production volumes also increased the amount of waste water, but the amount per tonne produced fell in all Componenta's business areas.

The total amount of waste water in 2010 was 369,401 m³, and 95% of this arose from foundry operations. By far the largest single consumer of water was the Manisa aluminium foundry, which generated 81% of the Group's total waste water. The reason for the high consumption in Manisa is that mo-

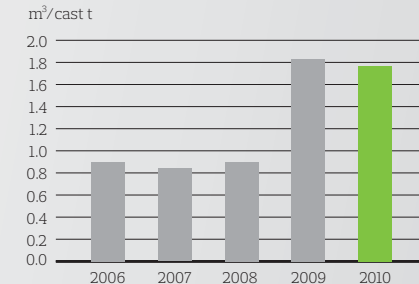
re water was needed to wash off the penetrant fluid used in the testing of aluminium components.

During 2010 the machine shops and forges reduced by more than one third their already small share of the waste water.

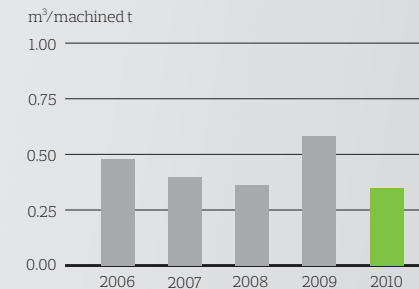
Some of Componenta's production units have their own waste water treatment plants. Their operations are being developed to bring them in line with stricter licence requirements.

” The Manisa aluminium foundry produced 81% of all the waste water generated by the Group. ”

WATER TO THE WASTEWATER PLANT FROM FOUNDRIES



WATER TO THE WASTEWATER PLANT FROM MACHINE SHOPS



WATER TO THE WASTEWATER PLANT FROM FORGES



ENVIRONMENTAL BALANCE SHEET

	2010	2009	2008	2007	2006
PRODUCTION TONS					
Iron foundries, t	179,240	104,735	282,970	299,357	268,201
Aluminium foundries, t	18,479	12,506	14,529	19,132	20,102
Machine shops, t	34,707	16,787	48,795	50,020	37,961
Forges, t	15,879	7,137	21,734	22,629	17,926
MAIN RAW MATERIALS					
Metal scrap, t (foundries)	125,321	71,312	196,641	176,225	181,202
Pig iron, t (foundries)	52,373	37,365	88,994	97,136	90,877
Aluminium, t (Turkey)	27,910	13,273	23,390	27,633	26,761
Steel blanks, t (forges)	19,436	7,943	27,613	29,007	24,432
Sand, t (foundries)	58,388	41,198	87,481	83,606	88,637
Cutting fluids, t (machineshops and forges)	111	80	173	252	242
ENERGY CONSUMPTION					
Electricity, MWh	413,636	272,600	543,563	555,828	541,372
District heat, MWh	32,522	23,286	28,058	35,169	37,250
Coke, MWh	52,635	35,709	89,054	86,536	85,748
Natural gas, MWh	105,860	74,769	104,080	105,957	115,730
Oil, MWh	11,985	7,641	14,138	14,922	15,544
Liquid gas, MWh	12,618	8,064	15,760	16,025	13,512
WATER CONSUMPTION, m³					
	501,598	315,802	469,694	458,024	433,634
EMISSION INTO AIR					
Particle emissions, t *)	56	42	66	84	84
VOC emissions, t	773	442	787	867	932
WASTE					
Wastewater, m ³	396,401	229,913	294,374	304,151	286,750
Waste dust, sludge etc., t	22,423	19,388	56,861	61,590	21,016
Sand, slag etc., t	50,915	42,916	99,772	82,413	110,075
Unsorted waste, t	348	389	831	667	1,204
Hazardous waste, t	3,111	598	2,834	2,892	2,629
Metal scrap, t **)	21,917	13,308	24,492	25,798	25,114
Waste wood, t	849	808	1,252	1,118	947
Waste paper, cardboard etc., t	198	193	404	364	459
Other sorted waste, t	921	450	15,011	1,179	1,079

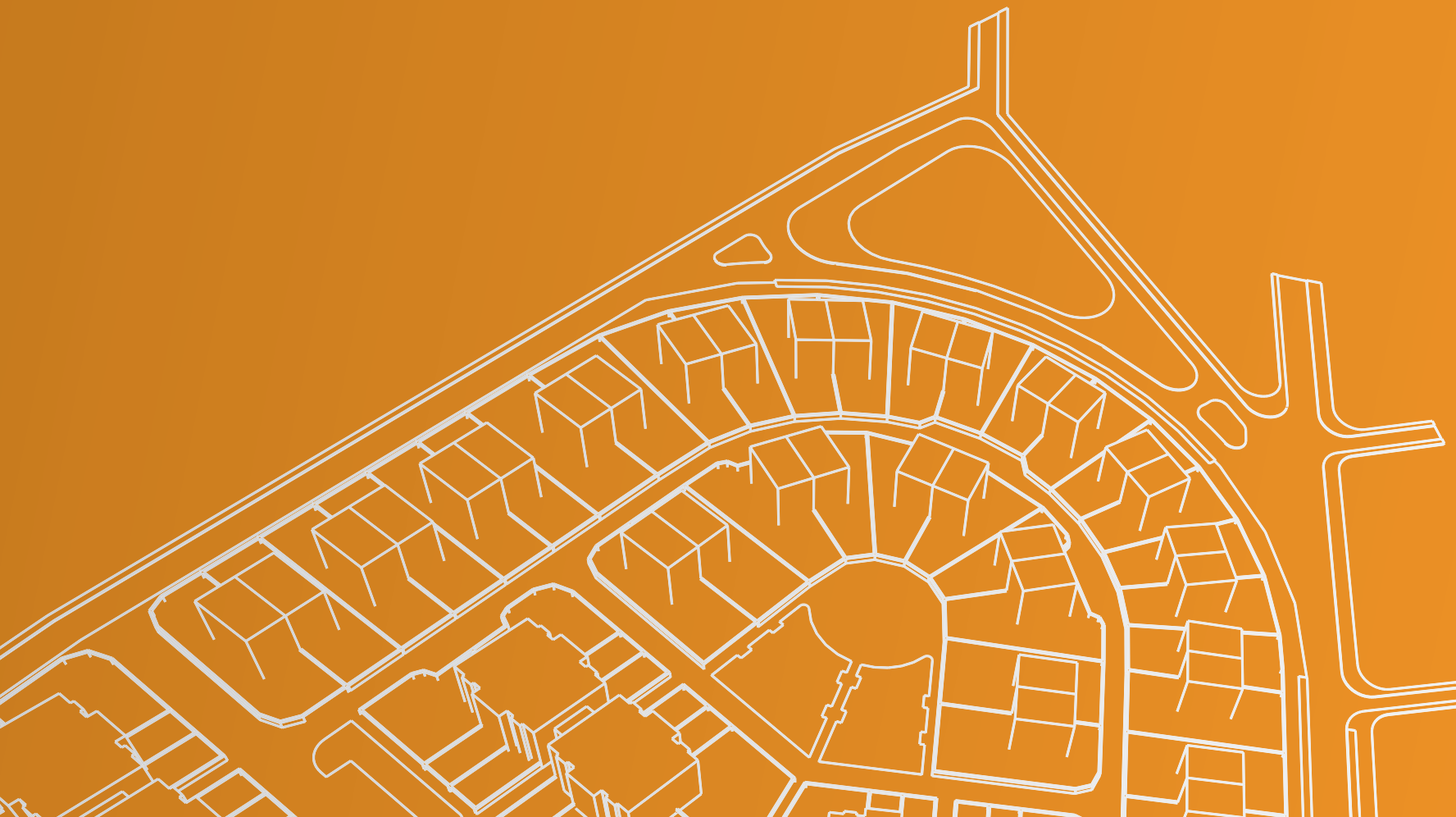
*) Particle emissions for 2006 has been corrected, particle emissions of the Orhangazi foundry were 51 t smaller than reported in 2006.

***) The metal scrap figure for 2006 has been corrected in the 2007 report (from 34.422 to 25.114 tons) due to the change in the Orhangazi figures.

Componenta's

CORNERSTONES OF RESPONSIBILITY

Together with the HR strategy, management principles and the Group's HR policy, Componenta's corporate values – openness, honesty, respect – provide a foundation for the management of the Group's human resources.



“ A lean organisational structure and clearly defined areas of responsibility simplify the management of tasks and duties. ”

At Componenta, human resource management is an integral part of business operations and their development. Human resource management is a key management process aiming to ensure the appropriate execution of strategy as well as develop and maintain the company's competitiveness based on skills and capabilities in different economic circumstances. This allows us to solidify our position as a reliable long-term employer and a high-value partner to our customers.

At the end of 2010, the Group's Board of Directors approved the HR strategy based on Componenta's new business strategy and strategic objectives and the related action plan for 2011-2015. The key objectives of the company's HR strategy include promoting a customer-focused operating model, strengthening a consistent operating culture and processes that produce added value, securing future resources and developing management skills and capabilities.

In order to achieve our strategic goals, we need to understand, anticipate and respond to internal and external challenges as well as to changes in the operating environment which are analysed as part of managing our business.

GOAL-ORIENTED HUMAN RESOURCE POLICY

Approved in early 2010, the company's HR policy defines the principles pertaining to human resource management, resource allocation, the development of skills and capabilities, pay and incentives as well as well-being. The principles support managers in their daily work and ensure that employees are treated equally.

CONTINUOUS DEVELOPMENT

Management systems, organisational structures and functions that are clear, support the customer-focused operating model and produce value are a key condition for organisational effectiveness. We are constantly developing our operating models in order to ensure our ability to grow according to our strategy to become the preferred casting solutions provider.

Our lean organisational structure and clear processes help us provide our employees with the conditions to develop and improve their own work and assume responsibility for achieving the targets set for them. At the same time we ensure the efficiency of our supply chain and the quality of our customer service.

ORGANISATIONAL DEVELOPMENT IN LINE WITH STRATEGY

In early 2010, the Group's business operations and management were organised by country to improve the consistency of the operating model. The operating model facilitates the effective use of resources and capabilities on a Group-wide basis and links the achievement of personal targets and the management of work performance with business goals.

The consolidation of business units, foundries and machining centres in Finland into one company began in 2010 and the new subsidiary, Componenta Finland Ltd, officially began operations in the beginning of 2011.

In August 2010, the company launched a change project to strengthen the One Componenta operating model, with the objective of consolidating the payroll, financial management and sales support functions of all of the company's Finnish operations in one service centre. By consolidating different ways of working and eliminating redundancies, the company improves operational efficiency and customer service.

In spring 2010, the company established a clear new product development process, a management system and related roles and responsibilities extending all the way to production roll-out.

SOCIAL RESPONSIBILITY

Expertise, experience and the desire to learn new things play a key role in the development and success of individual employees as well as the Group as a whole. We value long employment relationships and offer employees a working environment where learning, job rotation, occupational safety and well-being at work are developed with a proactive approach. The work of Componenta's employees is guided by jointly defined goals linked to the Group's strategic objectives.

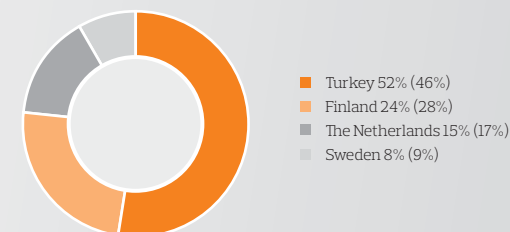
Our decision-making is based on openness and continuous interaction. We actively communicate with employees on key matters pertaining to the Group.

KEY FIGURES

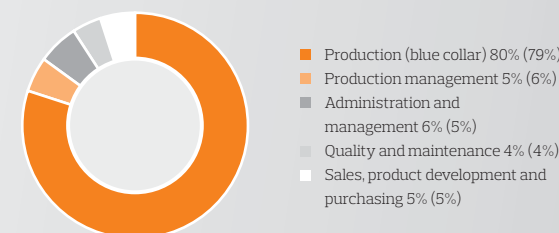
	2010	2009	2008	2007	2006
Total number of own and leased personnel	4,155	3,797	5,207	5,174	5,249
Total number of own and leased personnel on duty, FTE	3,224	2,424	4,374		
Change during the year, %	9	-27	1	-1	
Absenteeism due to sickness and accidents, % *)	3.8	4.5	4.5	4.4	5.5
Recruitments	654	335	542	593	628
Turnover, %	10	26	13	8	10
Type of employment, %					
Permanent	81	93	93	81	79
Temporary	9	5	3	3	3
Leased	9	2	4	18	18

*) Includes all days of absence from first to last. 2006 figure is without Turkey.

PERSONNEL BY COUNTRY



PERSONNEL BY FUNCTION



Personnel-related

RISKS ARE ANTICIPATED

Componenta constantly assesses its current and future human resource needs to ensure its competitiveness. Personnel-related risks are taken into consideration on a proactive basis.

Componenta's field of foundry operations is a narrow specialised segment of the metal industry, one that the new generations entering the labour markets may not necessarily know very well or view as an interesting career choice. Furthermore, education in foundry technology in all our countries of operation has been scaled back significantly. Componenta's production plants are mainly located outside growth centers which for its part make it difficult to recruit competent personnel. These combined with the Group's relatively low level of recognition outside its industry and the country of Finland, require us to constantly engage in proactive resource planning and the acquisition and development of the necessary skills and capabilities.

The extensive supply of resources and low labour costs in developing markets challenge Componenta to develop the necessary capabilities at an increasingly rapid rate. New customer and product requirements also require us to constantly develop new solutions and services at a fast pace while flexibly managing innovation and information.

The successful recruitment of capable employees requires competitive pay and opportunities for career advancement. In addition, as Generation Y begins to enter the labour markets,

” Generation Y challenges us to develop our traditional ways of working and our views on commitment and career development. ”

we are challenged to develop our traditional ways of working and our views on commitment and career development.

Developing increasingly international operations and a consistent "One Componenta" operating model challenge our ability to integrate and adapt management practices to different cultural requirements. Multicultural teams will facilitate the achievement of objectives in the near future.

Market fluctuations and low predictability require effective management and the flexible use of our personnel. Striking the right balance between the company's own professional employees and the use of leased employees is crucial for ensuring smooth, cost-effective and profitable business operations.

Componenta's foundry workers represent some 35 different nationalities, many of whom are employed through personnel leasing companies. The diversity of our workers and the rapidly changing regulations regarding the use of leased employees place challenges on daily management. It is essential to the competitiveness of the company's operations that production workers are versatile professionals in their field.

► **Read more on Componenta's risks and risk management at www.componenta.com**

Resources increase

ACCORDING TO MARKETS

Improved market conditions allowed the company to discontinue adaptation measures. The measures helped the company save jobs and remain prepared to quickly ramp up production as the markets picked up. The adaptation measures, agreed jointly with employees, were testament to their strong commitment to the company.

Componenta's resource planning and personnel recruitment are guided by business development and the development of critical competences outlined in the company's strategy. Annual resource discussions are used to analyse the current state of resources and capabilities, chart resource requirements and agree on the measures required to develop operations, the operating model and processes and the skills and capabilities that support them.

In filling open positions, we prioritise qualified in-house applicants, thereby ensuring the development of our own expert resources. In areas of strategic importance we systematically evaluate our own expertise and complement it with external recruitment as necessary.

At Componenta, advancing in one's career is based on competence, performance, personal potential and the desire to develop one's expertise through job rotation. A further requirement is a strong commitment to Componenta's values and management principles.

The results of the resource evaluation process were used in early 2010, when the Group's new operating model was implemented and internal resources were appointed to key positions with the help of job rotation.

STRENGTHENING STRATEGIC EXPERTISE

At the end of 2010, Componenta had a total of 4,414 employees, up 716 from the previous year. Positive changes in market conditions enabled recruitment in production operations, particularly in Turkey, where we were able to re-hire the majority of former employees that had been terminated.

The growth of our business is based on our ability to offer, plan and deliver optimal product solutions to our customers. In order to ensure the development of expertise in our design function, we launched a strong effort to recruit designers who are in the early stages of their careers in all our engineering centres. We also recruited experienced engineering resources from the labour markets and used international job rota-



“ We are constantly improving awareness of the company and its sector to ensure Componenta holds a prominent position on key labour markets. ”

tion for designers to strengthen our German sales operations, among other things.

Our sales operations in Central Europe were strengthened by new externally recruited resources.

Each recruitment is an investment in both the company and the person concerned. In order to ensure the high level of our external recruitment processes, we cooperate only with certified partners in recruitment and the assessment of candidates all our countries of operation.

All new employees sign employment contracts that comply with local legislation, collective bargaining agreements and Group principles. Employment contract templates were revised on a Group-wide basis in 2010. The employment contracts of Componenta employees transferring to new positions in-house will also be revised to reflect the new role and responsibilities.

PARTNERING WITH EDUCATION INSTITUTES

We are constantly improving awareness of the company and its sector to ensure Componenta holds a prominent position on key labour markets. We are actively in touch with universities and other education institutes in all markets and participate in recruitment events organised by schools in the various countries we operate in.

In a survey of engineering students in Finland, Componenta ranked among the 100 best known future employers in its field. The survey had 7,969 respondents from 48 education institutes.

In 2010, we launched our second two-year traineeship programme to offer university students studying technology and business the opportunity for work training and thesis writing, not only in Finland but also in other countries where Componenta operates. Of the first group of trainees that started in 2008, some 20 graduates have already been hired by the Group to work in various functions.



Each task contributes

TO OUR SHARED SUCCESS

High performance and success at work requires that we understand how the key duties and goals of our own position are linked to the goals of the company and our colleagues. Incentives are linked to performance and the achievement of targets.

CLEAR JOB DESCRIPTIONS LEND SUPPORT TO HIGH PERFORMANCE

Employee perceptions are monitored through regularly implemented job satisfaction surveys. In addition to the Group-wide job satisfaction survey implemented once every three years, we regularly carry out smaller and more specifically targeted Pulse surveys. According to the survey carried out in summer 2010, over 90% of the company's 500 employees are aware of their area of responsibility and perceive their work as significant to the success of the company.

In 2010, the company defined the roles and responsibilities for key positions in several functions and revised the definitions of duties and tasks in sales, planning, finance, operations and general administration. Employees' job descriptions and responsibilities are discussed and revised in meetings between supervisors and subordinates annually and whenever employees transfer to a new position.

DISCUSSIONS ON TARGETS TAKE PLACE ON A REGULAR BASIS

The results of the company's business operations, as well as new targets, are communicated to employees through online

transmissions. In addition, the Group management meets with employees and their representatives on a quarterly basis.

The company adopted a two-phase development discussion process in early 2011. In the spring the results of the previous year will be revised, new goals set and key matters that have an impact on the employees' work will be discussed. The second discussion in the autumn is focused on how to improve the employee's skills and expertise.

PAY IS LINKED TO THE DEMANDS OF THE JOB, EXPERTISE AND PERFORMANCE

The base pay is determined by the demands of the job. In addition, each employee's expertise and performance affect pay.

Componenta has job classification and remuneration systems. We participate in certified surveys of pay and total compensation. In 2010, we undertook a scoring-based classification process for some 500 key positions to establish a reliable system for comparing compensation levels.

The company adopted a new long-term incentive system in 2010. The system is designed to link the targets of key personnel to shareholder objectives to increase the value of the company, achieve a high level of commitment among key personnel and to offer them a competitive incentive scheme based on share ownership. The scheme covers approximately 60 key personnel.



Over 90% of the company's white-collar employees perceive their work as significant to the success of the company.



Aiming to

LEARN AND DEVELOP

Developing individual capabilities and having the desire to learn new things is a key aspect of Componenta's corporate culture. We are open to new things, development and change.

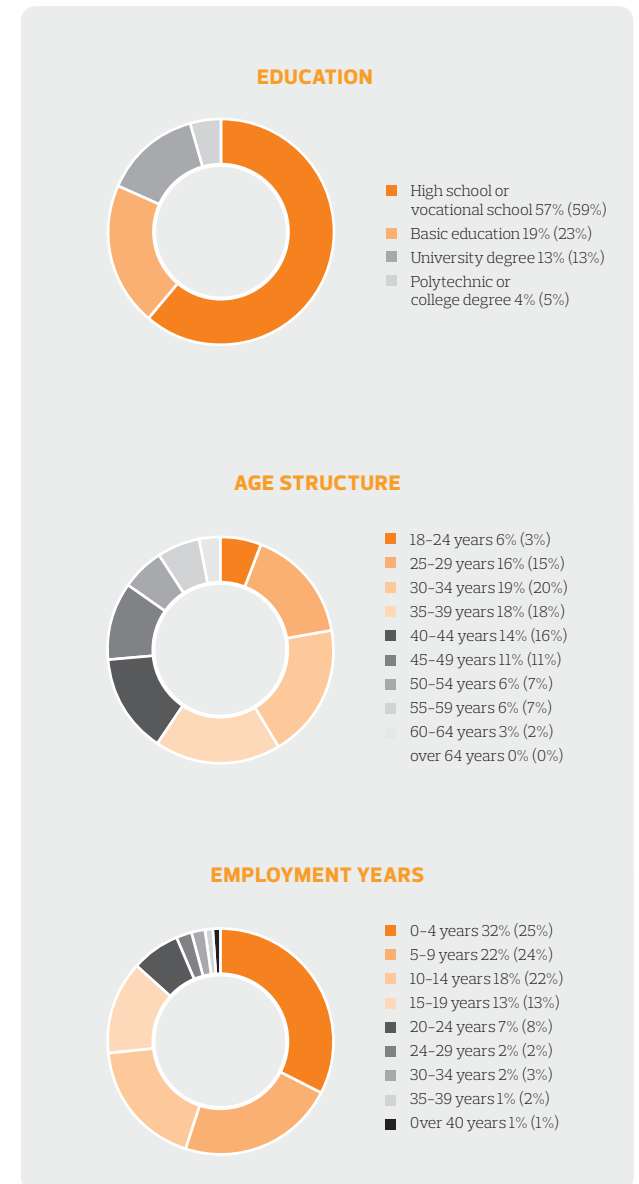
“ Developing competences is based on the desire to learn new things and take an active role in developing oneself. ”

The challenges and competition in our industry require that everyone at Componenta continuously learns new things. We support the continuous learning of our employees through development plans, job rotation, learning on the job, project work and various training and development programs.

The development of skills and capabilities related to employees' own work and technology is ensured both at the unit level and at the country level. Group-wide training programmes are used to develop a consistent way of working along with skills and capabilities that support the company culture.

IDENTIFYING AND DEVELOPING COMPETENCES

The critical competences and areas of expertise in engineering, sales and management were defined in joint workshops in 2010. The core competences supporting the successful performance of management tasks were defined as getting things done, doing things together, being prepared for changes and having the ability to understand the strategic significance of matters. Competences are developed through development programmes and job rotation. Competence levels and their improvement are measured in conjunction with recruitment, development discussions and 360-degree appraisals.





SIX SIGMA AS PART OF THE CONTINUOUS IMPROVEMENT OF OPERATIONS

Componenta is carrying out Group-wide implementation of the Six Sigma management and quality system, which offers a comprehensive and systematic approach to improving business and quality of process. The approach involves the analysis of processes to reduce costs, improve profitability, speed up production cycles, reduce waste and much more.

In 2010, Componenta's senior management participated in Six Sigma training and the new Black Belts being trained worked full time on improvement projects selected by the Group's quality council.

FOCUS ON MANAGEMENT AND LEADERSHIP SKILLS

Learning is part of Componenta's culture. We are open to new ideas and to change, and are willing to develop. Expertise of our personnel and needed skills and capabilities are upgraded continuously throughout their careers. In addition, we offer development opportunities for all those who have shown an ability and willingness to learn new things and commit to the company values and the goal of achieving success together.

The focus in 2010 was on developing managerial skills. Development programmes to strengthen and develop the skills and capabilities needed in planning and sales will be launched in 2011.

The Group-level management development program Componenta Core and the executive team development program Componenta Conduct continued in 2010, strengthening management capabilities and the One Componenta culture at the Group level. Componenta Compact supports the capabilities and supervisory skills of first level managers. The Challenger training program for young talents will be launched for the first time in spring 2011.

PARTNERSHIPS WITH EDUCATION INSTITUTES CONTRIBUTE TO THE DEVELOPMENT OF SKILLS AND CAPABILITIES

Componenta partners with selected education institutes. We offer students traineeships through the Group's international trainee programme and also employ students as summer workers. We participate in research projects that produce the latest knowledge in our field and create a foundation for learning new things together with our various stakeholders.

A safe working environment **IS CREATED TOGETHER**

Health and safety go hand in hand. Componenta works together with employees to develop the working environment and occupational wellbeing.

Componenta's employees are covered by occupational health-care services in all our countries of operation. The same practice is required from personnel leasing companies used by the Componenta. Employees are also encouraged to look after their wellbeing by supporting activities that contribute to physical and mental wellbeing.

Employee wellbeing is monitored through regular surveys to measure job satisfaction and the quality of the working atmosphere. All suggestions for improvement are carefully considered.

In Finland, the company concluded an occupational health-care development project in 2010 by signing an agreement with a nationwide service provider. The partnership will begin in 2011. The focus of occupational healthcare will be on preventive and proactive efforts.

At Componenta, work on occupational safety and health is conducted by the occupational safety and health commit-

tees at the unit level as well as through Group-level projects aimed at improving occupational safety and health. Everyone at Componenta is responsible for complying with occupational safety practices and policies and thereby promoting the health and well-being of themselves and their co-workers.

The safety of employees is monitored in accordance with environmental and quality management systems in all business units. Our business units in Turkey are certified under the OHSAS 181001 occupational health and safety management system. Despite the general risks associated with our industry, there were no significant occupational safety problems or serious accidents reported in 2010.

At the Group level, there are occupational safety projects focused on defining areas of development through improved monitoring, followed by the initiation of proactive measures.

The company also looks after the safety of its employees by taking out appropriate health, travel and accident insurance.



” All suggestions for improvement are carefully considered. ”

We respect

EMPLOYEE RIGHTS

International agreements on human rights and equality are integrated into Componenta's operating culture. Their principles and local labour laws are respected everywhere and under all circumstances.

Componenta does not tolerate any discrimination based on an employee's origin, nationality, religion, race, gender or age. Under Componenta's values and management principles, all decisions pertaining to recruitment, compensation and promotion are based solely on an individual's competence and performance.

There were no reported incidents of discrimination in the Group in 2010.

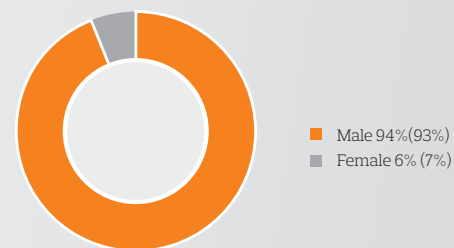
Componenta complies with local labour laws, collective bargaining agreements and legislation on human rights and equality in all its countries of operation. The company strives

to implement consistent principles concerning the aforementioned aspects in all business units, which often means adherence to standards higher than those stipulated by national legislation.

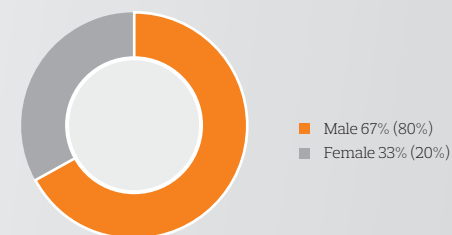
Componenta respects its employees' freedom of association and the right to collective bargaining. All of the company's employees in Finland, Sweden and the Netherlands are covered by collective bargaining agreements. In Turkey, where white-collar employees are not included in collective bargaining agreements, these agreements cover 84 per cent of personnel.

” There were no reported incidents of discrimination in the Group in 2010. ”

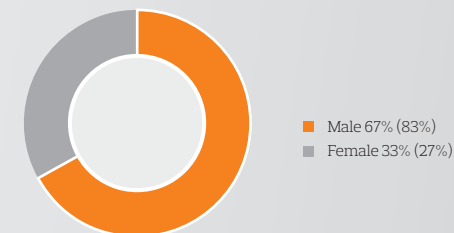
GENDER DISTRIBUTION OF PERSONNEL



GENDER DISTRIBUTION OF CORPORATE EXECUTIVE TEAM



GENDER DISTRIBUTION OF BOARD OF DIRECTORS





AN EXTENSIVE SWEDEN-WIDE TRAINING PROJECT

The extensive training project implemented in March of 2009 across all Componenta business units in Sweden has been successfully carried out.

The goal of the project was to ensure that the level of education was at the level required for successful and competitive business operations today and in the future. On the production and technology side emphasis was placed on training regarding such important areas as forklifts and health and safety issues.

Perhaps one of the most important trainings has been the Lean Management training that was provided for 5 different people in various positions within the organization. We also trained an additional 6 people into Lean Game mentors. Lean operations are an important prerequisite for future success.

As a part of the training project various training days have been organized. All employees for example have taken part in the Equality Day in December 2009 and Diversity Day in January 2011 organized by Componenta.

In addition to these educational undertakings all Swedish units have been independently carrying out other regular training, like IT-training, to keep employee skills up-to-date.

COMPONENTA MANISA INVESTS IN SAFETY

To re-certificate the Occupational Health and Safety Management System Certification OHSAS 18001, Componenta Manisa in Turkey has carried out intensive studies, as well as completed the necessary actions for reducing occupational risks at their plant. A risk analysis was executed reviewing the safety risks for all plant operations, including new risks and accidents, as well as the near accident situations.

The records from the analysis indicated that new operators are more liable to accidents than the more experienced staff members. The safety training in the future is therefore focused on people getting started with their work.

Near accident reporting provides an effective method to prevent accidents and to increase the safety awareness of employees. Recorded by the blue-collar operators into in-

tranet, the near accident situations are analyzed and delivered with severity information to the people in charge of safety issues in each department.

Another method applied to avoid safety risks is organizing safety tours for the people in charge of the safety issues. During these tours places with risk potential are photographed and recorded. The records from the tour are presented to the management and preventive actions are executed accordingly.

As a result of this intensive work, Manisa has successfully passed the audits for the re-certification of the OHSAS 18001:2007 in April, 2011. This certification is important also for customers because it emphasizes the company's attitude towards safety issues and working quality.

GRI Standard Disclosure Items	Reporting	Location in the report	Notes, comments
Standard Disclosure			
1. Strategy and Analysis			
1.1	Disclosed	From President and CEO, p. 3	
1.2	Disclosed	Business and management, p. 6-7 Sustainability at Componenta, p. 8	
2. Organizational Profile			
2.1-2.10	Disclosed	Componenta in brief, p. 4 Financial responsibility; Investors and shareholders, p. 13	
3. Report Parameters			
3.1-3.11; 3.13	Disclosed	Reporting principles, p. 2 Contacts, p. 46	
3.12	Disclosed		
4. Governance, Commitments & Engagement			
Governance			
4.1-4.7; 4.9 - 4.10	Disclosed	Business and management; Corporate governance and management, p. 7	More details of the company's corporate governance in the Annual Report 2010 and corporate website www.componenta.com
4.8	Disclosed	Business and management, p. 5 Sustainability at Componenta, p. 8	
Commitments to External Initiatives			
4.11	Disclosed	Risk situations affecting the environment in 2010, p. 19	
4.12	Disclosed	Energy efficiency agreements, p. 22	Componenta is committed to national targets to reduce energy consumption in Finland and the Netherlands
4.13	Disclosed	Shareholder relations, p. 9	Componenta is a member in many organizations related to its business
Stakeholder Engagement			
4.14-4.17	Disclosed	Shareholder relations, p. 9 Partnering with education institutes, p. 33 and 36	
Performance Indicators			
ECONOMIC RESPONSIBILITY			
Management Approach, Economic responsibility			
	Disclosed	Sustainability at Componenta, p. 8 Business and management, pp. 5-7	
Economic performance			
EC1	Disclosed	Added value to stakeholders, p. 12	
EC3	Disclosed	Annual Report 2010; Notes to the Consolidated Financial Statements	Described in the Notes to the Consolidated Financial Statements, Note 26: Pension obligations, p. 54
EC4	Disclosed	Contributions made and received, pp. 12-13	

GRI Standard Disclosure Items		Reporting	Location in the report	Notes, comments
ENVIRONMENTAL RESPONSIBILITY				
	Management Approach, Environmental responsibility	Disclosed	Sustainability at Componenta, p. 8 Environmental responsibility, p. 15 Environmental management systems and permits, p. 16 Risk situations affecting the environment in 2010, p. 19	
Materials				
EN1	Materials used by weight or volume	Disclosed	Use of raw materials, p. 20 Environmental balance sheet, p. 27	
EN2	Recycled input materials	Disclosed	Use of raw materials, p. 20 Environmental balance sheet, p. 27 A cast component's environmental impact, p. 18	
Energy				
EN3	Direct energy consumption by primary energy source	Disclosed	Energy consumption, pp. 22-23 Environmental balance sheet, p. 27	
EN4	Indirect energy consumption by primary source	Disclosed	Energy consumption, pp. 22-23 Environmental balance sheet, p. 27	
EN6	Initiatives to provide energy-efficient products and services	Disclosed	A cast component's environmental impact, p. 18	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Disclosed	A cast component's environmental impact, p. 18 Environmental impact in the Componenta iron foundries, p. 19 Energy consumption, p. 22	Componenta is committed to national targets to reduce energy consumption in Finland and the Netherlands
Water				
EN8	Total water withdrawal by source	Disclosed	Environmental balance sheet, p. 27	
Emissions, Effluents and Waste				
EN16	Total direct and indirect greenhouse gas emissions	Partially disclosed	Emissions, p. 21	Carbon dioxide emissions are not very significant compared to other environmental aspects of production
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Partially disclosed	A cast component's environmental impact, p. 18	
EN20	Significant emissions to air	Disclosed	Emissions, p. 21 Environmental balance sheet, p. 27 Case on smell reduction, p. 25	Reducing VOC emissions is one of the key environmental goals. Case: Smell reduction with 'essential oil' injection in extracted foundry air, p. 25
EN21	Total water discharge by quality and destination	Disclosed	Waste water treatment, p. 26 Environmental balance sheet, p. 27	
EN22	Total weight of waste by type and disposal method	Disclosed	Waste and recycling, pp. 24-25 Environmental balance sheet, p. 27	Case: Waste dust used to replace natural bentonite, p. 25
EN23	Total number and volume of significant spills	Disclosed	Risk situations affecting the environment in 2010, p. 19	

	GRI Standard Disclosure Items	Reporting	Location in the report	Notes, comments
	Products and Services			
EN26	Initiatives to mitigate environmental impacts of products and service	Disclosed	A cast component's environmental impact, p. 18 Environmental impact of the Componenta production, p. 19	
	Compliance			
EN28	Non-compliances with environmental laws and regulations	Disclosed	Environmental management and permits, p. 16	
	Transport			
EN29	Significant environmental impacts of transportation	Disclosed	A cast component's environmental impact, p. 18	
	Overall			
EN30	Total environmental protection expenditures and investments by type	Disclosed	Environmental costs and investments, p. 17	
SOCIAL RESPONSIBILITY				
	Labor Practices & Decent Work			
	Management Approach, Labour practices & Decent work	Disclosed	Sustainability at Componenta, p. 8 Social responsibility, pp. 29-31	One Componenta -operating model Case: Safety analysis in Manisa, p. 39
	Employment			
LA1	Total workforce by employment type, employment contract, and gender	Disclosed	Social responsibility, pp. 29-31 Resource planning and management, p. 32	
LA2	Employee turnover by gender	Disclosed	Social responsibility, p. 30	
	Labor/Management Relations			
LA4	Employees covered by collective bargaining agreements	Disclosed	Equality and human rights, p. 38	
	Occupational Health and Safety			
LA6	Health and safety committees	Disclosed	Occupational safety and wellbeing, p. 37	
LA7	Injuries and absences	Disclosed	Social responsibility, p. 30 Occupational safety and wellbeing, p. 37	Absentees, accidents
LA8	Training, prevention, and risk-control regarding serious diseases	Partially disclosed	Occupational safety and wellbeing, p. 37	Preventive and proactive efforts Case: Safety analysis in Manisa, p. 39
LA9	Health and safety topics covered in trade union agreement	Disclosed	Occupational safety and wellbeing, p. 37	
	Training and Education			
LA10	Average training hours per employee	Disclosed	Skills and capabilities, p. 36	Training and development programs
LA11	Programs for skills management and lifelong learning	Disclosed	Skills and capabilities, p. 36	Case: Six sigma training, p. 36 Sweden-wide training project, p. 39
LA12	Performance and career development reviews	Disclosed	Performance management and incentives, p. 34	
LA13	Composition of governance bodies and breakdown of employees	Disclosed	Equality and human rights, p. 38	
	Human Rights			
	Management Approach, Human rights	Disclosed	Social responsibility, p. 8 Equality and human rights, p. 38	

	GRI Standard Disclosure Items	Reporting	Location in the report	Notes, comments
	Investment and Procurement Practices			
HR2	Human rights screening of significant suppliers and contractors	Partially disclosed	Use of raw-materials; Buyer bears responsibility, p. 20	The Group's purchasing policy and the related Code of Conduct
	Diversity and Equal Opportunity			
HR4	Total number of incidents of discrimination and actions taken	Disclosed	Equality and human rights, p. 38	There were no reported incidents of discrimination in 2010
	Society			
	Management Approach, Society	Disclosed	Use of raw-materials Buyer bears responsibility, p. 20	
	Community			
SO1	Implemented local community engagement, impact assessments, and development programs	Partially disclosed	Economic responsibility; Contributions made and received, p. 12-13	Sponsoring and donations
	Corruption			
SO3	Anticorruption policies and procedures	Partially disclosed	Economic responsibility; Purchasing, p. 12	The Group's purchasing policy
SO4	Actions taken in response to incidents of corruption	Disclosed	Economic responsibility; Purchasing, p. 12	There were no cases of corruption in 2010
	Product responsibility			
	Management Approach, Product responsibility	Disclosed	Social responsibility, p. 29 A cast component's environmental impact, p. 18	
	Customer Health and Safety			
PR1	Assessment of health and safety impacts of products and services	Disclosed	A cast component's environmental impact, p. 18	



A third-party GRI Application Level check conducted by a corporate responsibility specialist, Tofuture Oy has confirmed Componenta's self-declaration that the Sustainability Report 2010 meets the requirements for GRI's Application Level B

The economic, environmental and social responsibility issues in this Sustainability Report are supplemented by the information published in our Annual Report 2010 and on our website at www.componenta.com.

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