

Sustainable Sourcing Policy, actions and results

Beamex supply chain management aims to create sustainable competitive advantage, continuity and innovation through collaboration. We need to protect our brand image and manage our supply chain disruption risks and we recognise, that knowing our suppliers better is a key factor here. Our excellence in a high-mix, low-volume business model depends on effective management of suppliers and strategic subcontractors. To live up to economic, environmental and social responsibility, our customer promises and stakeholder expectations, a reliable and responsible supply chain is vital for Beamex. We set requirements to our suppliers and work together with them for better understanding and better processes for contributing to a more sustainable supply chain.

TYPICAL PRODUCT SUPPLY CHAIN

Many of Beamex direct suppliers are located in Finland, many of them even close to its Pietarsaari manufacturing site. We source components and mechanical parts primarily from Finland, Western Europe and the United States, and to some extent from a few Asian countries. The upstream supply chains resemble those of other typical global electronic manufacturing industry supply chains.

Beamex manufacturing involves assembly, configuration, and calibration of electronic and mechanical equipment. Typically, our products are modularly customized according to customer specifications, and therefore many products are made-to-order, thus keeping inventories of finished goods low. Final products are shipped to representatives or directly to customers from the factory – in most cases by air freight.

Long product lifecycles – good for both environment and business

Product life cycles range typically from five to over 20 years, with scheduled recalibrations and maintenance during that time. Recalibration and maintenance are performed at the factory or in Beamex Inc. (US) calibration/service centre. Typical calibration interval is one or two years. Calibrator life cycles can be extended with firmware updates introducing new features, adding new modules or replacing them, refurbishing the unit by replacing casing or battery packs or having a long-term Care Plan. Typically, Beamex promises at least five years support to product after End-of-Sale announcement. At the end of the product life cycle, customers are instructed to follow the best available local practices for recycling electronic equipment, or to return products to Beamex for recycling.

We are committed to the European Union Waste Electrical and Electronic Equipment (WEEE) Directive to finance the take-back, reuse, and recycling of products that are placed on the EU market.

Product lifecycle resource assessment

Most of the resources and energy is consumed in the manufacturing process of the product. The energy consumption of calibrators is quite low, because firstly they are mostly portable and battery operated and secondly the active usage time is limited (very seldom 24/7). Air freight to and from periodic re-calibration is the most energy consuming factor during usage. Scrapping consumes energy in battery recycling, electronics and metals recycling and handling mixed plastics.

Stakeholders for Sourcing

Stakeholder	Topics
Business strategy and management	Status, requirements and targets for Sourcing
R&D	co-operation and early supplier involvement (ESI) during development phase, efficient change management for reduced scrap
Production and Sales	well-updated forecasts, well-managed product ramp-ups and ramp-downs
Suppliers and partners	using reusable transportation containers with subcontractors, optimizing delivery lot sizes, create awareness and suggest good CSR practises
Packing & shipping	using easily recyclable cardboard packaging, minimize use of plastics
Transportation companies	long-term co-operation for efficient operation
Service & recalibration	careful planning of spare part stock
Company owners	competitive purchasing prices, optimal stock level, strategic partnerships and components, sustainability requirements
Customers	openness and transparency in CSR communication

CSR Responsibilities in Sourcing

Economic responsibility	Environmental responsibility	Social responsibility
<ul style="list-style-type: none"> efficient supply chain offering job opportunities for local, domestic and international companies improve Total Cost of Ownership (TCO) 	<ul style="list-style-type: none"> products need to comply to environmental legislation follow-up on changes in environmental legislation early problem solving with suppliers → avoid scrap, less material consumption 	<ul style="list-style-type: none"> collecting Code of Conduct (CoC) statements from suppliers based on Risk Country Classification fair and open communication and co-operation with suppliers monitoring Conflict Minerals –status on manufacturers and components

Beamex recognises the [Global Reporting Initiative \(GRI\) Guideline G4](#) as a commonly accepted reporting platform, but being a medium-size company, we have started our reporting by following industry best practises and guidelines from [EcoVadis](#) and various other sources.

Beamex Sustainable Sourcing Policy concentrates on three major aspects: *suppliers' environmental performance, suppliers' ethical and social practises and training, tools and assessment.*

SUPPLIERS' ENVIRONMENTAL PERFORMANCE

CERTIFICATIONS

The environmental performance is monitored by existence of ISO 14001 – certified environmental system and OHSAS 18001 / ISO 45001 –certified occupational health and safety assessment system. If such system does not exist, questions covering these areas are asked and documented in supplier audits and/or supplier meetings. We prefer suppliers with an ISO 14001-certified environmental management system.

COMPLIANCE

Beamex products put to market are RoHS II –compliant (Directive 2011/65/EU) since July 2017.

EARLY SUPPLIER INVOLVEMENT

Beamex suppliers are experts of their own technologies. We benefit most from this expertise when we involve suppliers in product development and design early on. Manufacturability, quality and performance can be improved through Early Supplier Involvement (ESI).

Applying ESI in new product projects is a learning process and can become a key contributor in mitigating risks and speeding up the product development. It benefits both Beamex and the supplier, as re-engineering costs can be kept down and manufacturing times are faster. In Beamex, we value reliability and continuous improvement highly, and we believe, that ESI is an efficient method to implement them.

SUPPLIERS' ETHICAL AND SOCIAL PRACTISES

Concerning the ethical and social practises, Beamex global Code of Conduct defines our internal set of ethics, social and business rules. In sourcing, we strive to extend these rules to our suppliers and strategic partners by collecting available information, raising awareness, planning, performing and documenting self-assessments and audits, reviewing and ranking the results in supplier evaluation meetings and making action plans based on the data.

CONFLICT MINERALS

Beamex has established a Conflict Minerals Policy, which is available on Beamex website. Here is some further clarification on our **Conflict Minerals Compliance Program**:

According to our analysis, Conflict Minerals issues are possible in electronic components and printed circuit boards. We are collecting and recording Conflict Minerals statements of component manufacturers, mostly in the template format of [Responsible Business Alliance \(RBA\)](#) (former EICC) and the Global eSustainability Initiative (GeSI). The data is collected from commercial databases like SiliconExpert (including judgement, whether or not the statement is sufficient) and the Internet. We update the compliance for each electronic component in our ERP-system, allowing us to evaluate the Conflict Minerals status of each product and each printed circuit board separately.

Beamex also gets Conflict Minerals data from our subcontractors' portals about components they supply to the products.

Beamex will closely monitor our customer requirements on Conflict Minerals and act accordingly.

CODE OF CONDUCT

Beamex Supplier Management Model classifies suppliers into four categories: potential, approved, preferred, and strategic suppliers. The classification defines the relationship between Beamex and the supplier and outlines the management model for each category. All suppliers are required to meet a set of criteria before they can become our supplier. Supplier requirements are based on the classification, country risk analysis, and spend.

For all suppliers, if a CoC is available, it will be recorded. To evaluate ethical and social risks in the supply chain, the [amfori BSCI Risk Country Classification](#) is used as a basis. A Code of Conduct (company own or approval of Beamex CoC) is required if the supplier originates from a high-risk country. Collecting and documenting this data is ongoing. Currently, we are concentrating on getting the 'Tier 1' supplier Code of Conduct documentation.

TRAINING, TOOLS AND ASSESSMENT

Internally, training on CSR will be given regularly to Sourcing and Quality personnel. The tools for supplier assessment are continuously improved and quality department is involved in supplier auditing. With external courses, good common practises can be introduced and user experience on assessment, reporting practises etc. can be shared.

Beamex participates in EcoVadis as supplier since 2017. Beamex has ISO 9001 -certification since 1992, current standard version is 2008.

THE KPI'S, RESULTS 2017 AND TARGETS FOR 2018-2019

The consolidation of the supply chain was started in 2017 with the aim of increasing our collaboration with existing suppliers. At the end of 2017, 95% of Beamex manufacturing-related purchases were covered by direct approved suppliers.

Collected information from Supplier database 31.12.2017:

Activity theme	Target actions for 2017	Supply chain KPI	KPI 2017	KPI Target 2018-2020	Target actions for 2018-2020
CERTIFICATIONS	Collect ISO 9001 certification info available	Suppliers having ISO 9001 (based on spend)	76%	80%	Update and collect more
	Collect ISO 14001 certification info available	Suppliers having ISO 14001 (based on spend)	28%	32%	Update and collect more
		Suppliers having OHSAS 18001 (based on spend)	5%	10%	Update and collect more
COMPLIANCE	RoHS II –compliant products		OK		Follow-up on changes / new requirements
EARLY SUPPLIER INVOLVEMENT	Start new process to visit suppliers together with R&D	Count of common visits	Several cases	5 per year	Continue
CONFLICT MINERALS	Collect Conflict Minerals statements readily available	Conflict Minerals free (active electronic component count)	63%	70%	Update and collect more (review status % of smelters OK by supplier, if supplier is not 100%)
CODE OF CONDUCT	Collect Code of Conduct statements readily available	Suppliers having Code of Conduct (based on spend)	59%	65%	Update and ask for and collect more
	Determine high-risk country suppliers and collect Code of Conduct statements	High-risk country suppliers without documented Code of Conduct (based on spend)	4%	0%	Get CoC for all suppliers from high-risk countries
TRAINING, TOOLS & ASSESSMENT	Fill-in EcoVadis questionnaire	Sustainable Procurement index	40	60	Adding Sustainable Sourcing and Conflict Minerals policies to EcoVadis system
					Basic CSR-training for Beamex Oy personnel
					Review supplier audit templates and meeting agendas

April 20th, 2018 in Pietarsaari, Finland

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