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Welcome to BlueLinx, we are excited to have you as a direct import supplier. This package contains information regarding the import process for BlueLinx. It is being provided to you as a reference guide to utilize through out our partnership.

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# Trade Compliance

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## Supplier Non- Compliance

Failure to follow all or any of the requirements outlined in this supplier guide will be considered supplier non-compliance. **Any costs that are incurred, including but not limited to, reworking of the product will be charged back to the supplier at the average US hourly rate for the facility handling the product.**

## ISPM - 15

**All** wood packaging material shipped into the United States and accepted by BlueLinx Corporation and its subsidiaries **must comply with the specifications of ISPM – 15 (appendix E)**, including specifications requiring heat treatment or fumigation of the Wood Packing Materials. Wood Packing Materials that do not bear a mark showing approval by the National Plant Protection Organization (NPPO) in the country of export and does not comply with the requirements of ISPM – 15, **will be rejected at no liability to BlueLinx Corporation or its subsidiaries and sent back to the shipper at the shipper's expense.** Shipper warrants that all goods marked as approved by NPPO have been properly marked as such.

## Product Marking

All products **must** be clearly labeled and permanently labeled with the country of origin (manufactured or growth).

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# Shipping Document Information & Format Requirements

## *Commercial Shipping Invoice Requirements*

The commercial shipping invoice **MUST BE IN ENGLISH** and **MUST** include all of the following:

- ❖ Name and address of Seller (Vendor)
- ❖ Name and address of Manufacturer or Mill (Supplier). If the vendor is the actual manufacturer, **must state** on invoice: “We certify that we are the original manufacturer of these products.”
- ❖ Name and address of Buyer (Sold to Party)
- ❖ Name of vessel/voyage number, sailing date, origin port and destination port
- ❖ Date of issuance of invoice and Invoice Number
- ❖ *BlueLinx* Purchase Order Number
- ❖ *BlueLinx* Part or Item Number
- ❖ Quantity of the goods and unit of measure in **Metric and English** units
- ❖ Description of the goods, **must be in detail:**
  - **Wood Products must state :**
    - Genus & Species and Type of Wood (Lumber, board, plank, molding, plywood, etc.)
    - Surface Covered (veneered, etc.) or Not Surface Covered
    - Kiln Dried
    - Finger-jointed, Edge-Glued, Dadoed or other finishing
    - For Plywood:
      - Genus & Species of FACE, CORE & BACK PLY
      - Thickness of Each Ply in millimeters
  - **Metal Products must state:**
    - Type of product (nail, screw, bolt, etc.)
    - Coated or Not Coated
    - Type of Coating
    - Diameter of Shank in millimeters
    - Length in millimeters
    - Threaded or Not Threaded
    - Flat or Round Head
- ❖ Country of Origin (country made in or manufactured)
- ❖ Unit price of each item in US Dollars
- ❖ Total price and other agreed upon charges and discounts (payment or volume)
- ❖ Total invoice amount stated in the currency of the contract or letter of credit (for example, USD, DM, ¥, etc.)

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## Shipping Document Information & Format Requirements (Continued)

### *Commercial Shipping Invoice Requirements (Continued)*

- ❖ Shipping details **including**:
  - Weight of the goods (in pounds **and** kilograms)
  - Number of Packages
  - Type of Packages (bags, pieces, boxes, etc.)
  - Shipping Marks and Numbers
- ❖ Terms of Delivery and Payment (for example, FOB, CFR, DDU, DDP)
- ❖ Any other information as required in the sales contract, letter of credit or US Import Regulations.

### *Shipment Packing List*

- ❖ The packing list must be completed by container and must contain the following information.
  - Container Number
  - Container Size
  - Seal Number
  - *BlueLinx* Purchase Order Number
  - Letter of Credit Number (if appropriate)
  - *BlueLinx* Part Number
  - Product weight
  - Product quantity

### **NOTE:**

*All Import Shipping Document packages must include: Commercial Shipping Invoice, Shipment Packing List, Fumigation Certificate or ISPM Statement, Exporter's Statement and/or Country of Origin Declaration, Express Seaway Bill, FCR.*

### **FOR WOOD PRODUCTS ONLY:**

***\*\*PER US CUSTOMS: "The term "surface covered," means that one or more exterior surfaces of a product have been treated with creosote or other wood preservatives, or with fillers, sealers, waxes, oils, stains, varnishes, paints or enamels, or have been overlaid with paper, fabric, plastics, base metal or other material.***

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# International Logistics

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## **International Purchase Order (IPO) Process**

All orders placed with an international supplier, including those that are handled through brokers in North America, will be handled through BlueLinx' IPO process. Below are the guidelines suppliers must comply with for this process to work effectively.

- Shipments must be loaded from the origin point noted on the purchase order and routing guide.
- Shipments must be booked to the final delivery location noted on the routing guide; this will either be a port/CY or delivery address (delivery address is only for DDU shipments).
- Shipments must depart on a vessel +/- 7 days of the required ship date noted on the IPO.
- Shipments moving to a delivery address or inland CY must comply with the weight limitations in the weight restriction sections of this guide. (see page 13).
- All suppliers are required to submit a full and accurate set of documents in a timely matter; this is outlined in the required documents section.
- All FOB shipments must be booked through BlueLinx' Shanghai office. Contact information for each origin is located in the contacts section of this guide.

*[See Appendix A – Copy of International PO]*

## **Ship Window**

BlueLinx determines the acceptable ship window for shipments as +/- 7 days from the required ship date shown on the purchase order. (Example: required ship date on International Purchase order is 01/15/06 -- acceptable ship window is 01/08/06 through 01/22/06.)

A shipment is considered late if it is not on board a vessel during the acceptable ship window regardless of when the product is produced or the container/materials are delivered to the port/warehouse. BlueLinx reserves the right to refuse any shipments that are moving outside of the acceptable ship window.

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## **Freight Forwarder -- FOB Shipments Only**

BlueLinx Freight Forwarder is responsible for all booking, tracking and monitoring all movement of BlueLinx Cargo. In addition, the freight forwarder will collect all necessary documents to forward to BlueLinx Custom House Broker for clearance. It is imperative that your company cooperates fully with our freight forwarder.

Utilizing BlueLinx Shanghai's office is the only acceptable way a supplier should book a shipment for ocean carriage. The BlueLinx Shanghai office will work with BlueLinx freight forwarder to secure the ocean booking on the supplier behalf. This is true for all shipments; full container loads, less than container loads and break bulk shipments.

## **U.S. Customs 24 Hour Advance Cargo Manifest Declaration Rule**

This rule requires all BlueLinx suppliers to submit to our freight forwarder cargo declaration details up to four days in advance of the 24 hour manifest period. Information required to be provided includes but is not limited to the suppliers complete name and address, detailed description of the commodity being shipped and their associated quantities and weight. Failure to comply with this requirement may result in a late shipment thus making the purchase order subject to the penalties for late shipment.

## **Booking Procedures – FOB Shipments Only**

All bookings must be made through BlueLinx' Freight Forwarders office. BlueLinx Shanghai office should be contacted by phone or fax 21- 14 days before the first day of the acceptable ship window. Failure to request a timely booking may result in delayed shipments outside the acceptable ship window, thus making the purchase order subject to the penalties for late shipments.

## **Arrival Notices**

All shipments, except DDP, must list Carmichael International as a notify party to ensure that the arrival notice is sent by the carrier to Carmichael's attention. Carmichael International contact information is noted later in this manual.

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## Bill of Lading

BlueLinx' does not use Original Bill of lading but instead utilizes express (seaway) bills. This helps to ensure the timely movement of product. Bill of Ladings should be filled out as follows:

### FOB Shipments-

BlueLinx Freight Forwarder will be handling the bookings and as such setting up the Bill of Lading for the factory. The below is for informational purposes only.

Shipper BlueLinx freight forwarder on behalf of (shipper's name)	Consignee BlueLinx Corporation 4300 WildWood Parkway Atlanta GA 30339
Notify Party Carmichael International Services 41 Park of Commerce Way Ste 105 Savannah, GA 31405 Sttn. Kim Weathers Phone 912-236-3700 Fax 912-236-1001 cissav@carmnet.com	2 <sup>nd</sup> Notify Party

### CFR and DDU Shipments-

Since the supplier is arranging the freight movement, please ensure the bill of lading is completed as noted below. This will ensure that BlueLinx Custom House Broker is notified of all arriving shipments.

Shipper Your company information	Consignee BlueLinx Corporation 4300 WildWood Parkway Atlanta GA 30339
Notify Party Carmichael International Services 41 Park of Commerce Way Ste 105 Savannah, GA 31405 Sttn. Kim Weathers Phone 912-236-3700 Fax 912-236-1001 cissav@carmnet.com	2 <sup>nd</sup> Notify Party

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*[See Appendix C – Copy of Maersk Express Bill of Lading]*

## **Forwarder's Cargo Receipt (FCR)**

FOB shipments only – Once a full set of accurate documents are received by BlueLinx' Freight Forwarder, the supplier will be issued a forwarder's cargo receipt. This will be used as the negotiable document for payment of goods in place of the Original Bill of Lading. Once BlueLinx receives the commercial invoice along with the FCR, BlueLinx will release payment based on the payment terms negotiated between the supplier and the Product Merchant.

If you have a Letter of Credit(s), from a third party, that requires an Original Bill of Lading please have the issuer modify it to require a Forwarder's Cargo Receipt. BlueLinx will no longer be issuing an Original Bill of Lading for FOB Shipments.

The decision to no longer allow an Original Bill of Lading is to lower cost (i.e. courier cost associated with the surrendering of the OBL) and expedite product release through the United States ports.

*[See Appendix D – Copy of Forwarder's Cargo Receipt]*

## **Weight Restrictions by Container Type**

- 20' Container
  - Maximum weight is 20.4 kgs or 45,000 lbs.
- 40' Standard Container
  - Maximum weight is 19.5 kgs or 43,000 lbs
- 40' HC Container
  - Maximum weight is 19.5 kgs or 43,000 lbs
- 45' HC Container
  - Maximum weight is 19.5 kgs or 43,000 lbs

It is imperative that we adhere to these guidelines when moving a container off the port facility; these are the weight limits enforced by the United States Department of Transportation. Containers that exceed these weight limits will need to be stripped and reworked, to be within the weight guidelines, prior to transportation on the US highways. This will result in additional cost for handling, trucking and container usage.

This includes containers with mis-declared weights (from the supplier) that are found to be invalid at the scales. Please make sure the factories are aware of the weight restrictions and are loading the containers accordingly.

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## **Routing Instructions**

A routing instruction sheet will accompany all International Purchase Orders. This sheet must be submitted with your document to the appropriate party. FOB shipments should surrender this document with all other required documents (outlined in the documentation section of this guide) to BlueLinx' Freight Forwarder. All DDU and CFR shipments should attach this document with all other required documents (outlined in the documentations section of this guide) to Carmichael International Services at the address listed.

*[See Appendix B - Copy of Routing Instructions]*

## **Required Documentation**

### **FOB Shipments**

#### **Suppliers Direct to BlueLinx**

The following documents must be released (by the factory) to BlueLinx' Freight Forwarder within 2 days (48 hours) of vessel departure. BlueLinx' Freight Forwarders contact information, by origin office, is located in the Contacts section of this guide.

- Certificate of Origin
- Packing List
- One of the following
  - A statement that the packing is compliant with ISPM-15 or
  - Fumigation certificate showing the packing meets either the heat treatment of methyl bromide requirements
- Seaway (Express) Bill
- Commercial Invoice
- Routing Instructions

*\*\* Note: other import documents specific to the origin or type of product being imported may be required.*

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## **Brokers to BlueLinx**

The following documents must be released (by the factory) to BlueLinx' Freight Forwarder within 2 (48 hours) days of vessel departure.

- Certificate of Origin
- Packing List
- One of the following
  - A statement that the packing is compliant with ISPM-15 or
  - Fumigation certificate showing the packing meets either the heat treatment of methyl bromide requirements
- Seaway (Express) Bill
- Routing Instructions

The commercial invoice (from the Broker or head quarters office) should be sent directly to Carmichael International Services (BlueLinx' US Customs House Broker). Carmichael will match the commercial invoice to the other documentation, to prepare customs clearance, upon receipt. The invoice should be forwarded within 2 days of vessel departure; the document can be faxed with an original sent via courier.

*\*\* Note: other import documents specific to the origin or type of product being imported may be required.*

## **DDU and CFR Shipments**

The following documents must be sent to Carmichael within 2 days (48 hours) of vessel departure; the documents should be sent to the address listed below.

- Certificate of Origin
- Packing List
- One of the following
  - A statement that the packing is compliant with ISPM-15 or
  - Fumigation certificate showing the packing meets either the heat treatment of methyl bromide requirements
- Seaway (Express) Bill
- Commercial Invoice
- Routing Instructions

*\*\* Note: other import documents specific to the origin or type of product being imported may be required.*

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## **Custom House Broker Contacts**

The US Customs House Broker is Carmichael International Services. This broker should be used for all shipments (except DDP) bound to the United States.

Carmichael International Services  
41 Park of Commerce Way  
Ste 105  
Savannah, GA 31405  
Sttn. Kim Weathers  
Phone 912-236-3700  
Fax 912-236-1001  
[cissav@carmnet.com](mailto:cissav@carmnet.com)

The Canadian Customs House Broker is Livingston International, this broker should be used for all shipments (except DDP) bound to Canada.

Livingston International, Inc.  
Attn: Glenn Oddy  
1140 West Pender Street  
Suite 720  
Vancouver BC Canada V6E 4H5  
Phone 604-685-3555  
Fax 604-685-3501  
Email: [Goddy@livingstonintl.com](mailto:Goddy@livingstonintl.com)

## **BlueLinx China Office/Contacts**

### **Shanghai**

#### **Candy Xiu**

Procurement Specialist

**Suite 2201-2202, Eton Place (West)**

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**Pudong, Shanghai, China**

**200120**

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**Fax: 86 21 6888 4900**

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# Shipment Terms

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## **FOB – Free on Board**

Goods are delivered to the buyer and placed on board the vessel at an agreed upon origin port in the country of exportation. These rules apply to the sale:

### **The Seller**

- Is obligated to pay the foreign (origin) inland dray
- Is obligated to pay for export customs duties, taxes and fees such as, but not limited to, CY monitoring, FCR, terminal handling charge (origin), B/L - document and security fees (origin).

### **The Buyer**

- Arranges the international transportation (including ocean carriage and selection) and agrees to pay the international freight charges.
- Is obligated to obtain marine cargo insurance, pay for the insurance premium and file any claims
- Is liable for the goods once they have passes the ships rails at the origin port of exportation. (Note: buyer will not be responsible if damage is due to poor loading of container or product not made to required specification of the product design. Claims of this nature will be result in a full chargeback to the supplier.)
- Is the obligated importer of record and will pay all duties, fees and taxes upon the importation of the goods.

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## **CFR – Cost and Freight**

Goods are delivered to the buyer at an agreed upon destination in the country of importation. These rules apply to the sale:

### **The Seller**

- Is obligated to pay for the foreign (import) inland dray
- Is obligated to pay for export customs duties, fees and taxes
- Arranges international transportation from the country of exportation to the named port of destination in the importation country, selects the ocean carrier.
- Obligated to pay the international freight charges

### **The Buyer**

- Liable for the goods once they have passed the ships rails at the country of exportation.
- Arranges and is obligated to pay for the domestic freight (dray) from the port of destination in the importation country to the final destination.
- Is obligated to obtain marine cargo insurance, pay for the insurance premium and file any claims
- Is the obligated importer of record and will pay all duties, fees and taxes upon the importation of the goods.

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## **DDU – Delivered Duty Unpaid**

Goods are delivered to the buyer at an agreed upon place of destination in the country of importation. These rules apply to the sale:

### **The Seller**

- Is obligated to pay for the foreign (import) inland dray
- Is obligated to pay for export customs duties, fees and taxes
- Arranges international transportation from the country of exportation to the named port of destination in the importation country, selects the ocean carrier.
- Obligated to pay the international freight charges
- Is obligated to obtain marine cargo insurance, pay for the insurance premium and file any claims
- Arranges and is obligated to pay for domestic freight (drayage) from named port of importation to final destination.

### **The Buyer**

- Liable for the goods once at the named destination place at the port of importation
- Is the obligated importer of record and will pay all duties, fees and taxes upon the importation of the goods

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## **DDP – Delivered Duty Paid**

Goods are delivered to the buyer at an agreed upon place of destination in the country of importations and cleared through US Customs by the seller. These rules apply to the sale:

### **The Seller**

- Is obligated to pay for the foreign (import) inland dray
- Is obligated to pay for export customs duties, fees and taxes
- Arranges international transportation from the country of exportation to the named port of destination in the importation country, selects the ocean carrier.
- Obligated to pay the international freight charges
- Is obligated to obtain marine cargo insurance, pay for the insurance premium and file any claims
- Arranges and is obligated to pay for domestic freight (drayage) from named port of importation to final destination.
- Is the obligated importer of record and will pay all duties, fees and taxes upon the importation of the goods

### **The Buyer**

- Liable for the goods once at the named destination place at the country of importation

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# **Customs – Trade Partnership against Terrorism (C-TPAT)**

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## **Customs – Trade Partnership against Terrorism (C-TPAT)**

Since the tragic events of September 11, 2001, the protection of the United States borders from terrorist activity has become a top national priority. In response, the United States Customs and Border Protection Agency (CBP) has partnered with the trade community to form **Customs Trade Partnership Against Terrorism (C-TPAT)**. C-TPAT is designed to enhance security controls and reduce the threat of terrorism within U.S. borders. In this initiative, CBP is asking each member to ensure the integrity of their supply chain and to communicate security guidelines to our business partners. C-TPAT guidelines are sound best business practices that also provide for a well controlled supply chain that aids in preventing damage and theft to products and increases visibility of the shipments.

As one of BlueLinx Corporation's partners, we ask you to join us in both the documentation and improvement of the security of our international supply chain. We are requesting that you evaluate the security practices of each and every mill that produces product for BlueLinx.

As an applicant for membership to C-TPAT, BlueLinx (BXC) requires vendors to demonstrate that they are meeting C-TPAT security criteria via written/electronic confirmation in the form of a Security Questionnaire. Our business partners should have a written security procedure plan in place that addresses the outline in the paragraphs below. BXC will be responsible for verification through a third party C-TPAT audit. Upon completion of the audit, provided no DIA (Demands Immediate Attention) issues are found a Corrective Action Plan is submitted to the Agent or Supplier for review, comments, and timeline for completion. Upon completion of all Corrective Action Plan issues, the vendor will be approved through the proper BXC channels. If the supplier is unwilling or unable to resolve all Corrective Action Plan issues, the supplier will not be approved. All new vendors will be required to demonstrate that they are meeting BlueLinx' standards by also completing our Due Diligence process. Vendors will be periodically checked to ensure the on-going commitment to these requirements.

- Container Security
  - Container inspected prior to stuffing: 7 point inspection (front wall, left side, right side, floor, ceiling, doors, outside/undercarriage)
  - Locking mechanisms on door must be checked
  - Written procedures for how seals are to be controlled and affixed to loaded containers (including what to do in the event of a compromised seal)
  - Containers must be stored in secure area

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- Procedures in place for reporting and neutralizing unauthorized entry into containers/container storage area
  
- Physical Access Controls
  - Employee identification system
  - Documented procedures for issuance, removal, and changes of access devices
  - Visitors must present photo id for documentation purposes
  - Visitors must have employee escort at all times
  - When receiving deliveries, id must be presented for documentation purposes
  - Arriving packages and deliveries must periodically be screened
  - Procedures in place to identify, challenge, and address unauthorized/unidentified persons
  
- Physical Security
  - Perimeter fencing in place around cargo handling and storage facilities/areas
  - Fencing must be periodically inspected for damage and integrity
  - Gates through which vehicles and/or personnel enter and exit must be manned and/or monitored
  - Private passenger vehicles should be prohibited from parking in or adjacent to cargo handling/storage areas
  - Buildings must be constructed to resist unlawful entry
  - Building must be periodically inspected for damage and integrity
  - Windows, gates, and fences must be secured with locking devices
  - Must control the issuance of locks and keys
  - Adequate lighting inside and outside the facility
  - Alarm systems and video surveillance cameras to monitor premises
  
- Personnel Security
  - Process in place to screen prospective employees and to periodically check current employees
  - Application information must be verified prior to employment
  - Procedures in place to remove identification, facility, and system access for employees no longer with company
  
- Procedural Security
  - Information used to clear cargo must be legible, complete, accurate, and protected against the exchange, loss or introduction of false information
  - Information must be reported from business partners in an accurately and timely manner
  - Cargo reconciled against information on the cargo manifest

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- Information Security
  - Automated systems must use individually assigned accounts that require a periodic change of password
  - Documented IT policies, procedures, and standards must be provided to employees for training
  - Must have IT system in place to identify improper access, tampering, or altering of business data
  
- Training
  - Employees must be made aware of the procedures the company has in place to address a situation and how to report it

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# Quality Assurance Program

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## Purpose

To protect BlueLinx Corporation customers and BlueLinx Corporation (BXC) brand name.

## Scope

**The BlueLinx Corporation Quality Assurance Program will cover *direct* import products for BlueLinx Corporation and BlueLinx Corporation customers.**

**The Quality Assurance Program applies to suppliers, factories, and factory-controlled facilities, of products produced for shipment to BlueLinx Corporation.**

**Responsibilities for costs associated with services and support of this program shall be reviewed and approved on an individual basis with BXC Management and BXC Suppliers.**

## Program Requirements:

- ◆ **PRODUCT SPECIFICATIONS – New Products will have (*be covered by*) an approved BXC Product Specifications Document. Requirements will include: any applicable Industry, Regulatory; marketing claims; Packaging/Graphics/Labeling requirements, dimensional and functional aspects.**
  - Product Specifications may be developed by BXC, factory, and 3<sup>rd</sup> party services.
- ◆ **PRODUCT TESTING – New Products may be tested prior to purchase – (as applicable per BlueLinx QA Management), and must meet BXC requirements. Products may also be tested by BXC QA at any time during product life cycle as necessary for compliance to BlueLinx requirements.**
- ◆ **FACTORY ASSESSMENTS & AUDITS – New Factories will be assessed - and MUST BE APPROVED FOR USE BY BXC MANAGEMENT prior to the purchase of any product produced in or by the factory. Factory Assessments may include Manufacturing and Quality process capabilities, Code of Conduct, Safety, Environmental and Security compliance.**
- ◆ **PRODUCT INSPECTIONS – Products are subject to an inspection/test-monitoring program. Inspections may be conducted at source, or at any point in BXC supply chain to verify compliance to BlueLinx Quality requirements per approved Product Specifications.**

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**Program Component Details** - The Quality Program includes/requires the following components to be in place:

## **Product Specifications/Product Standards**

**In order to define and effectively communicate BlueLinx' product expectations to the supplier, and to provide a means for verification of compliance through inspection and/or testing, Product Specifications shall be developed for products to be purchased by BlueLinx Corporation.**

### PRODUCT SPECIFICATIONS -

- ◆ Are in written format with pictures and/or drawings
- ◆ Can be of varying complexity.
- ◆ As a minimum, they shall accurately and effectively describe the required form, fit, and function of the product.
- ◆ Should contain any needed compliance issues related to
  - Regulatory agencies, safety certifications (CSA, CE, UL, ETL, etc.)
  - Industry standards – (ANSI, ASTM, WMMPA, IWPA, etc.)
  - Safety requirements - Specific Safety Agency standards or Codes may be cited
  - Regulatory - With respect to the destination requirements,
  - Material requirements may be cited (e.g. lead free coatings per country or per state standard)
  - Selling unit packaging/product labeling requirements
  - Shipping requirements - pack, pallet, label, containerization.
  - Material or component requirements- MSDS documents as applicable.
  - Features – form, fit, or function
  - Documentation requirements – (e.g. assembly instructions, user manual, etc.)
  - Drawings & specs to convey construction and other manufacturing requirements, usually in such detail as to enable manufacturing of the product.
  - Product Standards are reference items or documents which convey the requirement of a particular characteristic for inclusion in a product (e.g. color or finish texture)
  - QA and the appropriate BXC Management will review the Product Specifications for final approval.

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## Pre-Purchase Testing

- ◆ Products may be Pre-Purchase Tested (as applicable) for sell in the destination country by a 3<sup>rd</sup> party laboratory approved by BXC. This product must pass all Laboratory and all BXC Product Requirements prior to the issuance of a Purchase Order.
- ◆ Components of the Pre-Purchase Test Program are:
  - All laboratories are approved by BXC Quality Assurance
  - When available, approved BXC Product Requirements/ Specifications are utilized.
  - The BXC approved laboratory develops test Protocols for products when no BXC Product Specification exists. Test Results can be used as the basis for Product Specifications and future inspections and testing.
  - Test Protocols are based on a hierarchy of sources including
    - Regulatory agencies
    - Federal, state, and local regulations
    - Safety agencies and listings (UL, ETL, etc.), industry standards such as ANSI, ASTM, etc.
    - Association standards as related to the destination country of a product
  - The protocols also ensure the product is tested from a consumer perspective; i.e., they provide for a subjective assessment as well as a quantitative one.
  - The test is intended to demonstrate that
    - The product meets any claims offered on the product or by the supplier or factory.
    - Meets any applicable BXC Product Requirement
    - factory understands the requirements
  - NOTE: Pre-Purchase Testing does not address or confirm the factory's capability of manufacturing product.
- ◆ Laboratories are selected based on their technical expertise and capabilities as well as their ability to provide the required service level to both BXC and its current and prospective suppliers.
- ◆ Suppliers may be allowed to provide existing product test reports of products being considered by BXC for review and acceptance by QA Management in lieu of BXC testing requirements. Test reports submitted by suppliers must be from independent test labs with testing protocols that comply with all US standards and requirements, and reports must be less than 1 year old for the exact product being considered.

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## Factory Assessments and Audits

### Factories shall be assessed prior to:

- BXC approval for new suppliers and new factories.
- Issuance of Purchase Orders to new factories for existing suppliers.
- ◆ The assessment includes the following areas and/or activities:
  - Social Responsibility – Compliance to country laws for labor, safety, environmental.
  - Environmental/Forestry -
  - Security - CTPAT
  - Manufacturing & Quality System Excellence
  - Factory Audit –Preliminary Factory Evaluation-
    - This assessment will cover the factories manufacturing operations – manufacturing processes and quality program- and will determine if the factory is capable of continuously producing product, which meets BlueLinx' quality requirements.
    - The audit report will have a Summary, indicating how well the factory meets BlueLinx' expectations and requirements.
    - The scope of the audit may vary depending on prior BXC knowledge / experience with the factory.
    - Periodic reviews/ audits may be required - based on the frequency of any inspections/testing, which may occur at the factory.

**Factories may submit existing compliance audit reports for consideration in lieu of required audits by BXC. Compliance audit reports must be from independent 3<sup>rd</sup> party services and specifically for SER, CTPAT, Forestry, manufacturing excellence reviews. BXC QA Management will review and consider submitted audit reports for facilities that have been conducted within the last 12 months.**

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## Product Inspection:

Products will be subject to an inspection/testing program on an ongoing basis prior to, during, and after production.

Inspection Categories:

- 1<sup>st</sup> article / Pre-Production Approval
  - In-Process (during production)
  - Manufacturing Quality System
  - Work In-Process Validation
  - Raw Material - including major purchased components
  - Finished product – Pre-Shipment Inspection
- ◆ The type and scope of the inspection/testing program will depend on a number of factors:
    - Need for achieving the most inspection opportunities
    - Need for improving factory process quality
    - Considerations of lead times and shipping schedule to detect any problems early in the process
  - ◆ Other areas to be addressed while in the factory conducting inspections are:
    - Social Responsibility – as directed by findings in the Social Responsibility Audit that require corrective action and improvement by the factory.
    - Environmental / forestry - as directed by findings in the Environmental Responsibility Audit which require corrective action and improvement by the factory.
    - Determine if the factory is in danger of not meeting the shipping time frame.
    - Monitor areas of the process previously identified as either critical to the process quality or being a weak process to be improved.
    - Samples may be pulled for correlation, reliability and other testing independent of the factory's facilities.
    - The In-Process inspection described above will be the primary form of inspection conducted; it will often be coupled with an inspection of finished product that is packaged and ready for shipment (see “Inspection- Finished Goods”).
  - ◆ **Special cases which may require combinations of the inspection methodologies described herein or the creation of a specific and unique plan to *ensure that the product meets BXC Product Requirements*. The Quality Assurance Management will determine the needed action. Some examples of special cases are:**
    - **1 time (1X) buys**
    - **Critical need for merchandise to be in stores or customer facilities.**
    - **Volume of shipments is very high**
    - **Subcontractor review is deemed necessary**

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## **Pre- Shipment Inspection – Finished Goods**

- ◆ Finished Goods Inspection
  - Conducted when the entire PO has been produced (also known as Batch or Lot inspection). It may be performed at the factory or upon receipt.
  - Provides a comprehensive analysis of the compliance of the shipment to BlueLinx' requirements.
  - It has the disadvantage of adding additional time to the factory's lead-time or to the availability of the product once received and does not provide detailed information about the factory's process capability and other factors of compliance.
  - The decision to conduct this type of inspection will depend on a number of factors; including:
    - BXC QA determines a Low Risk assumed based on prior factory performance
    - Major concern is to detect the existence of any epidemic problems prior to shipment or placement in inventory.
    - No prior inspections of the shipment conducted at the factory (in-process).
    - Package / shipping verification – container loading
    - Opportunity buys
  
- ◆ **Ongoing Factory Visits**
  - These programs allow for periodic factory reviews. BXC associates may be frequent visitors and can provide greater visibility to the factory conditions. BXC associates should look for opportunities to provide assistance and support of business issues when they are visiting a factory, and talk with factory management to reinforce what is important to BlueLinx Corporation and its customers.

## **Checks and Balances by BXC Management**

BXC Management will hold periodic business reviews with each factory / supplier to ensure continued compliance to business agreements. The Purpose of Checks and Balances are to:

- ◆ Achieve a high level of confidence in the business ethics of all parties
- ◆ Mitigate Risks of products, factories, 3<sup>rd</sup> party services.

BLUELINX CORPORATION  
QUALITY ASSURANCE DEPARTMENT

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# Packaging and Container Loading

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## **GUIDELINES FOR PROPER AND SAFE PACKAGING AND CONTAINER LOADING**

EFFECTIVE DATE: **JUNE 14, 2006**

As part of BlueLinx Corporation's commitment to continued excellence, we are focusing on driving efficiencies across our entire supply chain with improved collaboration, integrated execution and standardized processes. We are streamlining the performance standards we expect of our suppliers and service providers with one of the first being shipping platform standards. This will help our suppliers optimize the way they ship items to BlueLinx and improve safety for our associates and customers.

**Exceptions to these guidelines must be approved in writing by BlueLinx Logistics Management.**

**BlueLinx Corporation Quality Assurance Management reserves the right to audit supplier facilities and containers at any time for compliance to these guidelines.**

### **Container Bracing:**

**FREIGHT LOADING IS A CRITICAL COMPONENT TO PACKAGE INTEGRITY IN DISTRIBUTION.**

All packages must be tightly stacked into the cargo container or truck to minimize space for the load to shift.

Any vacant space in the container is to be filled with an air bag and inflated to the correct pressure to not crush or damage the adjacent product.

As an alternative, to prevent pallets / stacks from shifting and crushing inside the container, block and brace the pallets (cross and lateral) at the voids with lumber and plywood, or secure them with chains, ropes and straps to the bull rings at the upper and lower corners of the side walls of the container.

To prevent the cargo beneath the stack from being torn and damaged, use dunnage like plywood, compressed particle board, fiberboard, and matting, to separate the lower and upper pallets. L-shaped wood or steel corner supports can be used to give added strength to the packages.

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**Pallets:**

Suppliers must use safe shipping platforms when transporting products to BlueLinx distribution centers and other facilities. You are ultimately responsible for ensuring acceptable platform performance, however all domestic and import pallets must meet the following minimum standards for size and construction. Summarized below are the minimum standard requirements.

- Total pallet weight, including product, must not exceed 3500 lbs.
- Pallets must be sized so that if product overhangs the perimeter of the pallet, the overhang should not exceed 1" on any of the 4 sides.

Pallets must meet the following requirements

- Pallet design: flush, partial 4-way, non-reversible- Pallets must be of all wood construction
- Top and bottom boards must be a minimum of 5/8" thick- Top boards must have a maximum spacing of 1-1/2"- Bottom deck boards at a minimum 5-1/2" wide
- No missing or broken top or bottom boards- Stringers must be a minimum of 1-1/2" wide x 3-1/2" high
- There must be no protruding nail heads or points.

**Wood packaging material:**

(WPM) used in international trade will be required to be treated either by heat treatment or fumigation by use of methyl bromide. Such packaging material will be required to be marked as having undergone such treatment, per ISPM #15.

**Strapping / Banding:**

All palletized products must be stretch wrapped and / or banded to the pallet in such a way as to ensure adequate load containment during the shipping and handling process. Upon request, suppliers must be capable of demonstrating and certifying in writing that unitized loads pass International Safe Transit Association (ISTA) test method 1E. The following specifications are the minimum standards for stretch wrap when shipping palletized products to BlueLinx Corporation.

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### Stretch Wrap:

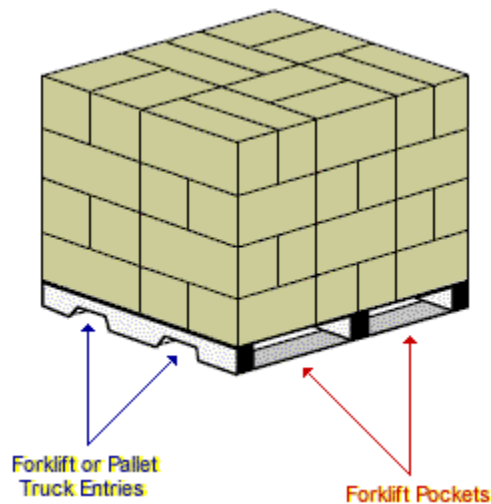
- Stretch wrap must be 75 gauge or higher.
- If product is stored in an outside environment, UVI protected film is required.
- Stretch wrap must be applied with a 50% overlap
- Must be applied mid-way down over the pallet and cover all 4 corners of the pallet.
- Must be applied with 3 full wraps at the bottom (to the pallet) and 3 full wraps at the top of the load. Banding may be used as an alternative or in addition to stretch wrap.

Banding specifications include:

- A minimum of 2 bands must be used to secure product to the pallet. At least 3 bands are required if product is 16' long or longer
- Banding selection and use must comply with the most recent standards published by the American Society for Testing and Materials (ASTM), 100 Barr Harbor Drive, W. Conshohocken, PA 19428
- Banding for lumber and engineered building materials must meet applicable Association of American Railroad (AAR) specifications for that product and bear the AAR stamp.

Interlock the export packs (e.g. cartons or bags) on a pallet and inside a container wherever possible. Please see the **Diagram: Interlocked Cargo** below. The interlocked cargo provides load stability, giving a compact stow that reduces the potential of collapse with movement on land, air and at sea.

### Diagram: Interlocked Cargo



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# **FOREST RESOURCES POLICY**

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## Supplier Compliance

BlueLinx requires all suppliers of forestry products to provide wood origin and chain of custody information per BlueLinx Forestry Policy Guidelines. All forestry products suppliers will be required to completely fill out a Forest Products Survey provided by BlueLinx and return to BlueLinx prior to execution of any purchasing agreement.

### ***BlueLinx Forest Resources Policy***

#### **VISION STATEMENT**

*BlueLinx is committed to be the leader in supply chain management for the building products we distribute. We are committed to providing superior service to our customers, embracing five key values in all that we do:*

- *People are important*
- *Integrity*
- *Customer Focus*
- *Speed*
- *Innovation*

*Integral to providing the best possible service to our customers and our role as a leader in delivering building products and solutions is the belief that our business should contribute to the conservation of natural resources upon which our industry depends. BlueLinx is committed to creating the connections between people, products, and markets to conserve, protect and restore our natural resources. As a cornerstone of that commitment, BlueLinx will pursue a Responsible Wood Purchasing Program to promote the development of markets for environmentally responsible forest products and to manage and reduce the environmental impacts of our industry. Through our Responsible Wood Purchasing Program, BlueLinx will deliver on a promise to our customers to deliver high performance, quality materials that do not contribute to the degradation of forests and other natural systems.*

#### **PREAMBLE**

*BlueLinx recognizes that we have a responsibility to the environment and, in particular, a responsibility to promote the sustainable management, conservation, protection and restoration of the world's forests. As a leader in the building products sector, BlueLinx is positioned to influence the supply and demand in the global market for wood-based building products, and thus contribute to the development of environmental solutions that influence responsible forest management. BlueLinx fully supports responsible forest management practices that promote ecosystem sustainability, and long-term social and economic benefits.*

*BlueLinx will achieve this policy through the means of a stepwise approach to responsible purchasing of forest products, believing that this is a pragmatic and workable mechanism. BlueLinx will prefer to do business with suppliers who are legitimately certified or participants in stepwise programs to obtain legitimate certification in places such as Indonesia, where support from responsible buyers is key to a sustainable market for wood products.*

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Toward these ends, BlueLinx hereby establishes the following policy commitments:

## **POLICY**

- 1. BlueLinx will work with all vendors and associated suppliers to trace the origin of our products.**

*Explanation: Traceability in the forest product supply chain is crucial to assessing whether or not the forest products used were derived through environmentally responsible means. BlueLinx will attempt to determine not just where current products were purchased, but where they were harvested, taking into account the possible necessity for third-party verification.*

- 2. BlueLinx will require that all vendors and associated suppliers demonstrate compliance with all legal requirements for forest management, harvest, manufacturing and trade, with third party verification in areas / trades we determine as high risk.**

*Explanation: BlueLinx will work to ensure that no market advantage is realized by entities that circumvent the law, and encourage support for forest conservation, protection and environmental law enforcement mechanisms.*

- 3. BlueLinx will work with our suppliers towards eliminating its purchase of wood, paper and other forest products from high conservation value forests unless these operations are legitimately certified<sup>1</sup> or committed to progressing towards certification within a reasonable time-frame and in accordance with a written action plan.**

*Explanation: BlueLinx intends to expedite the transition away from forest harvesting practices that lead to environmental degradation and will embrace a scientifically legitimate, land-based assessment to identify and appropriately manage forests that contain exceptional environmental value. BlueLinx will remain aware of controversial source areas that may be identified by internal and external stakeholders.*

- 4. BlueLinx will give purchasing preference to products from legitimately certified, well-managed forests and those from suppliers that have made a commitment to progress towards legitimate certification.**

*Explanation: BlueLinx intends to promote the development of markets for environmentally preferable products by supporting certification of best management practices through the purchase of legitimately certified forest products. BlueLinx will promote the sourcing of products from forests which are committed to a time-bound and transparent stepwise process to achieve legitimate certification.*

- 5. BlueLinx will promote the efficient use of wood, paper and other forest products.**

*Explanation: BlueLinx intends to contribute to efforts that maximize use of the entire fiber resource.*

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**6. BlueLinx will publish and distribute to interested stakeholders a corporate responsibility report, which will detail our progress in implementing this policy and commitment to continuous improvement.**

*Explanation: BlueLinx will seek to maintain open communications and collaborative relationships with all stakeholders interested in our environmental performance by providing standardized information about our environmental performance on an annual basis. BlueLinx will seek the views of key stakeholders when assessing performance of this policy and related programs and in the development of new policy and targets.*

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<sup>1</sup> In evaluating the legitimacy of certification schemes, BlueLinx will: (i) consult with key environmental and social organizations for their opinions on acceptable standards for forest management in the applicable region; (ii) consider compatibility of forest management standards with economic, ecological, and equity criteria; and (iii) seek independent verification of compliance with these standards.

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# **Industriaplex, Inc.**

## **Background**

BlueLinx Corporation has partnered with Industriaplex, Inc. to be the exclusive independent contractor for BlueLinx in Asia. The main role of Industriaplex is to drive and execute sourcing strategies with an emphasis in Asia.

Headquartered just outside of Atlanta, GA USA, and with offices in Shanghai, China, Industriaplex will employ sophisticated supply chain management techniques to ensure that the most efficient and effective materials solutions are available to BlueLinx. Cost management through the entire supply chain, combined with superior supplier management, are key components to the success of our Global Sourcing initiative.

## **Key Responsibilities**

Key responsibilities include the following:

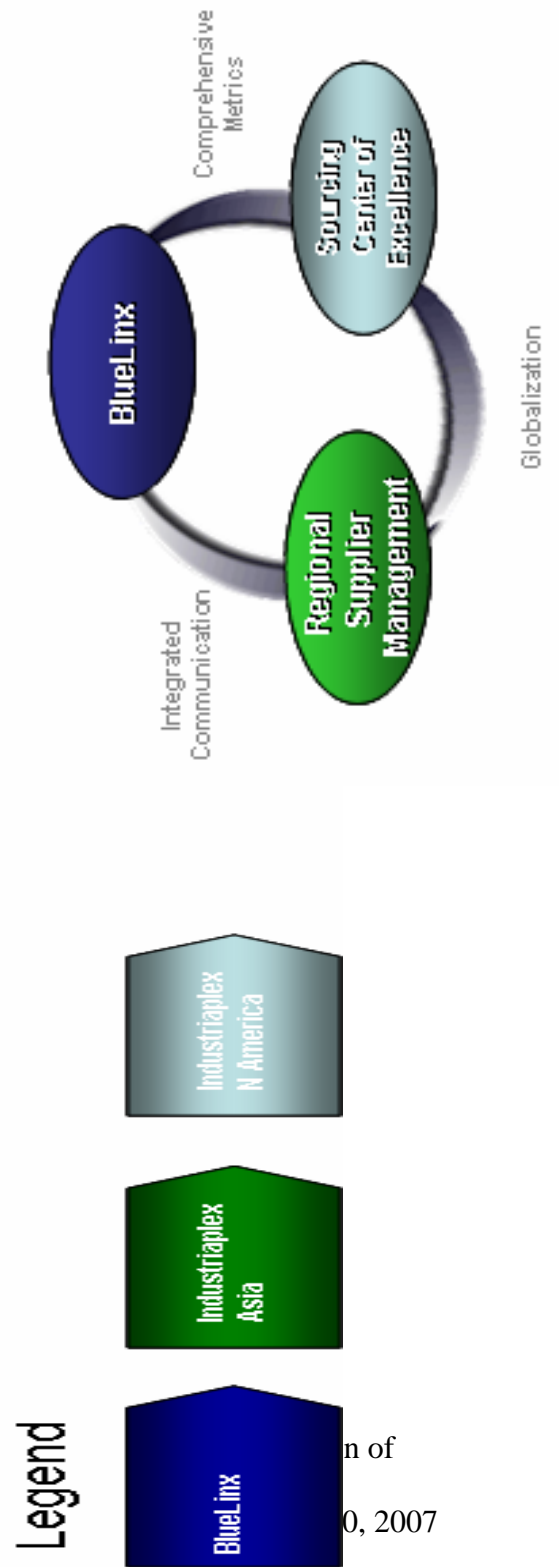
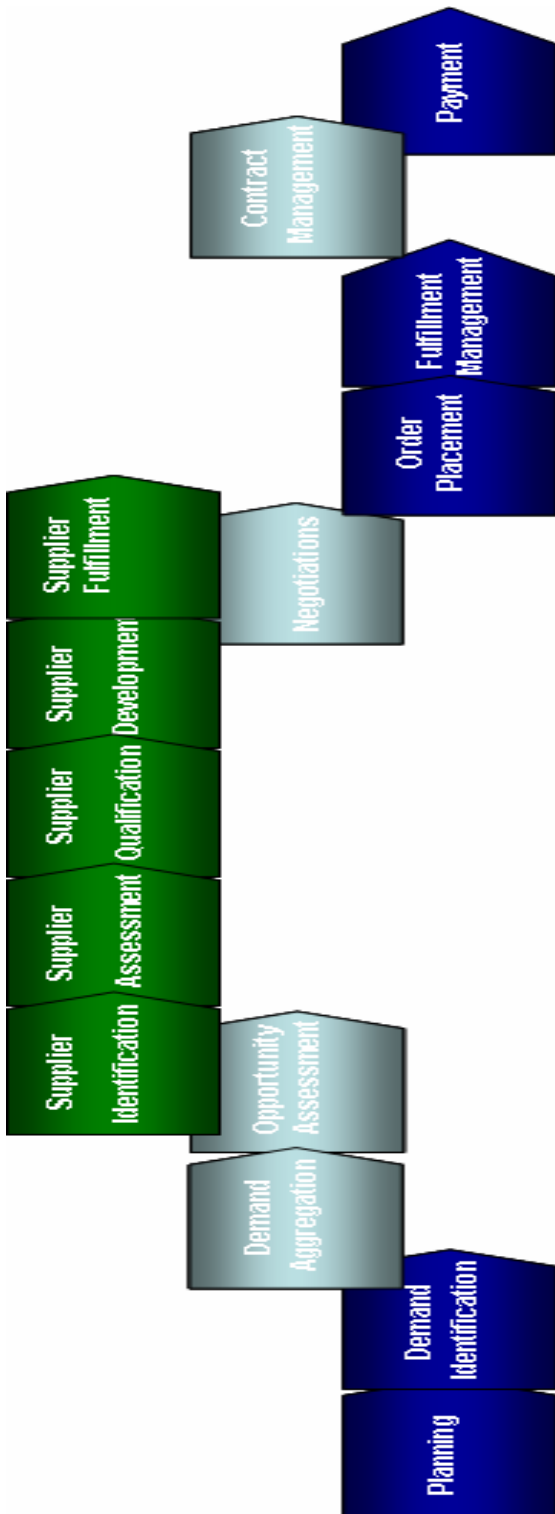
- Develop and execute specific sourcing strategies by product categories
- Identify opportunities to aggregate volumes
- Conduct competitive bidding where applicable
- Supplier negotiations
- Manage relationships with strategic partners
- Identify, qualify and on-board new suppliers
- Provide guidance on supplier selection
- Develop suppliers to drive out costs
- Develop suppliers to drive product innovation
- Ensure product quality, delivery performance and supplier certification meet executed Service Level Agreements
- Factory evaluations and audits
- Ensure standard processes are adhered to
- Quality inspections
- Contract Management
- Manage and monitor supplier fulfillment performance

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# Global Sourcing - Value Chain

The following process flow demonstrates how Industriaplex has been integrated into the BlueLinx sourcing process to drive global sourcing opportunities.



Legend



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# Glossary of Terms

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**Bill of Lading** – A commercial document which serves three distinct purposes in connection with the carriage of goods. It is a receipt from the carrier for the goods, represents the contract for carriage and serves as a document of title.

**Booking** – The offering by a shipper of cargo for transport and the acceptance of the offering by the carrier or his agent.

**Break Bulk** – Cargo that is not containerized and that cannot be classified as “bulk” under the US Customs and Border Protection definition. Loose cargo, such as cartons, stowed directly in the ship’s hold as opposed to containerized or bulk cargo.

**Carrier** -- The party undertaking transport of goods from one point to another

**Certificate of Origin** -- A certificate showing the country of original production of goods.

**Claim** – A charge made against a carrier for loss, damage or delay

**Commercial Invoice** – A document showing commercial values of the transaction between the buyer and seller

**Consignee** – The person or firm in a freight contract to whom goods have been shipped or turned over for care.

**Container** – An item of equipment used for transport purposes

**Container Seal** -- A device for fastening or locking the doors of a container.

**C-TPAT** – Customs – Trade Partnership Against Terrorism

**Customs** – A government authority that deals with the levying of duties and taxes on imported goods from foreign countries and the control over the export and import of goods

**Customs Broker** -- An individual or firm licensed by US Customs and Border Protection to act for importers in handling the sequence of customs formalities and other details critical to the legal and speed exporting and importing of goods.

**Delivery** – The act of transferring possession, such as transfer of property from consignor to carrier, one carrier to another, or carrier to consignee

**Destination** – The ultimate stopping place according to the contract of carriage

**Dray**— The hauling of a load from the port or factory to the place of delivery

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**Drayman**— The responsible party for dray of the load from the port or factory to the place of final delivery

**Duty** – Monies paid to US Customs for goods entered into the US from foreign countries

**Estimated Time of Arrival** – Estimated time of arrival, the calculated time of arrival at the specified destination port of a loaded vessel or of a truck

**Estimated Time of Departure** – Estimated time of departure, the planned time of departure for a loaded vessel or truck from a specific port

**Equipment** – Material resources necessary to facilitated the transport and handling of cargo (example: sea container, trailer, unit load device)

**Freight Forwarder** – The party arranging the carriage of goods including connected services and/or associated formalities on behalf of a shipper or consignee

**Forwarder's Cargo Receipt (FCR)** – A shipping receipt issued by a forwarding agent for goods received; this is a negotiable document

**Insurance** – A system of protection against loss under which a party agrees to pay a certain sum (premium) for a guarantee that they will be compensated under certain conditions for loss or damage

**International Purchase Order (IPO)** – A definite order for one or more products from the supplier to the customer; stating specific quantity of goods, material, or services or products under agreed terms of delivery and pricing

**Less Than Container Load (LCL)** – A shipment that is considered part of a container in which multiple consignments or parts thereof are shipped

**Letter of Credit** – Bank issued documents authorizing transfer of funds from buyer to seller under established terms and conditions in international transactions

**Packing List** -- A detailed specification as the goods shipped in each container

**Seaway (Express) Bill Of Lading** – A transport document which is not a document of title/negotiable document. The sea way bill indicates the “on board” loading of goods and can be used in cases where no ocean bill of lading, i.e. no document of title is required. For receipt of goods, presentation of the sea waybill by the consignee named therein is not required, which can speed up processing at the port of destination.

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