



Vendor Compliance Policy

November 2021



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Manual Version

| Version | Date of Update | Changes & General Comments |
|---------|----------------|---|
| 1.0 | 5/10/2019 | This is version 1.0 of the harmonized Lowe's and RONA vendor compliance manual. Going forward, if any changes are made to Lowe's Canada's vendor compliance requirements, this manual will be updated accordingly, and specific changes will be detailed in this table. |
| 1.0.1 | 5/14/2019 | <ul style="list-style-type: none"> Minor typos corrected on pages 13 and 14. |
| 1.0.2 | 7/26/2019 | Added back the Policy Ecofees section from the older version of the LOWE'S/RONA harmonized <i>Domestic Handbook – Supplier logistics and procurement</i> . |
| 1.1 | 1/24/2020 | <ul style="list-style-type: none"> Added a reference to Lowe's Canada's online exclusive guide on Page 6. Updated the clarity of several fine descriptions and requirements: <ul style="list-style-type: none"> 1.1 – On Time Shipping 1.2 – Fill Rate 1.3 – Merchandise Pickup 1.6 – Appointments 1.7 – Load Quality & Product Integrity Added further clarifications to sections 1.1 & 1.2 in regards to how minimum fine values work. Adjusted the fine value of the shipping document fine in section 1.5. Adjusted the response period requirement of the merchandise return policy in section 2.0. Added a new section -3.1- to explain how the non-compliance fine notification program works. Added contacts for Ecofees, Hazardous Materials and Responsible Procurement Policies Clarifications on Hazardous Materials in Table 1.3 under 1.7, also in sections 1.5.1, 1.7.2, 1.8.2, 2.1 and 2.1.2 . Clarifications on collaboration requirements towards suppliers in ecofee management in section 2.1.3 and correction of the contact in Ecofee policy in section 3.4. Added section 2.1.4 about the mandatory respect by suppliers of Lowe's Responsible Procurement Policies in Appendix. |
| 1.1.1 | 3/24/2020 | <ul style="list-style-type: none"> Minor clarification updates to Section 1.3 and referenced Section 1.6 for timeframes regarding pick-up dates. |
| 1.1.2 | 6/17/2021 | <ul style="list-style-type: none"> Minor clarification update to sections 1.7 and 2.1.2 to add the need to provide Lowe's Canada, for all of its products, with the barcode information (unit and packaging levels) and country of origin. |
| 1.1.3 | 10/6/2021 | <ul style="list-style-type: none"> Section 3.2 has been updated to include contact information for BDC Rocky View (X4). |
| 1.1.4 | 10/22/2021 | <ul style="list-style-type: none"> Section 3.2 has been updated to include contact information for Crossfield (F1) in Alberta. |
| 1.1.5 | 11/23/2021 | <ul style="list-style-type: none"> The Milton Annex and St-Hyacinthe (J1) contact details have been updated in Section 3.2. |

***All mentions of Lowe's Canada in this manual include its accompanying banners: Lowe's, RONA, & Réno-Dépôt.**



Purpose

Lowe's Canada is committed to providing its customers with outstanding shopping experiences whether they shop in stores or online. The key to Lowe's Canada's ability to accomplish these experiences is inventory depth and overall product availability. As such, Lowe's Canada has recently made investments in seasonal inventory readiness, in-stock performance and PRO business initiatives. Lowe's Canada has also invested in new, integrated supply chain systems that are dependent on complete shipments and timely delivery of product. These investments and Lowe's Canada's continued focus on an omni-channel strategy require a renewed emphasis on vendor compliance.

Your commitment to consistently follow Lowe's Canada's Vendor Compliance Policy is critical to ensuring we have the right products in the right places at the right times to meet customers' needs and deliver an unparalleled shopping experience. By working together and achieving established performance standards, we will better support the needs of our customers and grow our mutual business.

Thank you in advance for your ongoing support, commitment, and collaboration.

Doing Business with Lowe's Canada

Suppliers will first need to set-up accounts in order to fully access all of the information found on the supplier's portals linked below. The links for setting up your account can be found below:

RONA Vendor Account: <https://vendors.rona.ca/support>

Lowe's Vendor Account: <http://www.loweslink.com/gettingstarted.htm>

Once registration is complete, you will have full access to the portals below.

Supplier's Portals:

Lowe's: [Lowe's Link](http://www.loweslink.com) (loweslink.com)

RONA: [RONA Vendor Homepage](http://vendors.rona.ca) (vendors.rona.ca)

It is imperative that you review and understand this manual as well as the documents and resources governing Lowe's Canada's vendors, available at the supplier's portals linked above. These links contain all the necessary vendor onboarding information, including but not limited to:

- Vendor Requirements & Onboarding Checklists
- Vendor Routing Guides – Sections 1.1 and 1.4 of this manual make reference to the routing guides.
- Product Introduction & Modification procedures
- Legal notifications
- Online Exclusive Operational Guide
- Electronic Data Interchange (EDI) & Transport Management Systems (TMS) usage

This manual assumes you already have an understanding of the aforementioned topics covered at Lowe's Link and the RONA Vendor Homepage. To improve ongoing communication with our vendors, we have created several mailboxes that vendors can contact should they have questions regarding compliance requirements. This includes requests for details about warnings or fines or any disputes you may have for non-compliance. The mailboxes will be monitored by the distribution centers on a daily basis. Below is a breakdown of our communication channels, based upon the Lowe's Canada banner with which you are doing business.

Compliance Mailboxes:

Lowe's Banner - Questions Regarding: Distribution Center Compliance Requirements (Table 1.3):

- Vendor.DC.Compliance@lowes.com

Lowe's Banner - Questions Regarding: Supply Chain Performance Metrics, Transportation Requirements, Merchandising Requirements (Tables 1.1, 1.2, & 1.4):

- CanVndrCmplnc@lowes.com

RONA & Réno-Dépôt Banners - Questions Regarding: Distribution Center Requirements, Supply Chain Performance Metrics, Transportation Requirements, Merchandising Requirements (Tables 1.1 to 1.4):

- VendorPerformance@rona.ca

All banners - Questions Regarding:

- Ecofees: Ecofee@lowescanada.ca
- Responsible Procurement Policies : EcoProducts@lowescanada.ca
- Hazardous Materials : Environment@lowescanada.ca

Program Overview

Tables 1.1 to 1.5 below are a quick reference guide to all applicable vendor compliance requirements. Under the “Compliance Requirement Type” column of the table, you may click on each section number to be brought to that non-compliance type’s respective area within the manual. These sections are far more detailed in their descriptions of each non-compliance type, providing in-depth examples and breakdowns of every compliance requirement. The tables are divided by compliance requirement types, and each table pertains to the mailbox a supplier should contact should they have any vendor compliance related questions.

Table 1.1: Supply Chain Performance Metrics: Compliance Requirements

| Compliance Requirement Type | Compliance Name | Description | Examples | Fine |
|--|--|--|---|---|
| On-Time Shipping * Section 1.1 | Replenishment (98% Compliance Threshold) | Each purchase order that is late will be assessed a fine if the applicable compliance threshold is not met. All New Store Fines are over and above replenishment fines. It is the responsibility of the vendor to provide documented proof of compliance within two weeks of receiving the vendor compliance reporting. | Out of 150 purchase orders, 18 arrived 3 days after the arrival date; therefore, the overall compliance would be $132/150 = 88\%$, which is below the compliance threshold of 98%. | 10% of the value of late PO |
| | New Stores (100% Compliance Threshold) | | Same scenario as presented above, except that the compliance threshold is now 100%. Therefore, even if only 1 PO was received late, there would still be a fine. | For New Stores: 20% of PO value per late PO |
| | Special Order/Online (100% Compliance Threshold) | | | For Special or Online Orders: 10% of late PO value |
| Fill Rate * Section 1.2 | Replenishment (98% Compliance Threshold) | Each purchase order that is not received in full will be assessed a fine if the applicable compliance threshold is not met. All New Store Fines are over and above replenishment fine. It is the responsibility of the vendor to provide documented proof of compliance within two weeks of receiving the vendor compliance reporting. | 100 units were issued but only 96 of those units were received. This results in 96% compliance, which is below the threshold. | 10% of value units not received |
| | New Stores (100% Compliance Threshold) | | Same scenario as above, except that the compliance threshold is now 100%. Therefore, even if only 1 unit was not received, there would still be a fine. | For New Stores: 20% of value units not received |
| | Special Order/Online (100% Compliance Threshold) | | | For Special or Online Orders: 10% of value units not received |

Table 1.2: Transportation Compliance Requirements

| Compliance Requirement Type | Compliance Name | Description | Examples | Fine |
|--|-------------------------|---|---|--|
| Merchandise Pickup Section 1.3 | Loading Time | When picking up at supplier: If the loading time exceeds the time limit allocated by Lowe’s Canada, a fee shall be payable to Lowe’s Canada. | Load time exceeded. | \$100 per Labour Hour to correct (per Event) |
| | Merchandise Readiness | When picking up at supplier: Merchandise must be ready and compliant for pick-up at the time of the appointment. | The merchandise is not available for pick-up, or there are loading errors present. | \$500 per Event |
| Core Carrier and Cross Border Compliance Section 1.4 | Core Carrier Compliance | All vendors must develop relationships with Canada’s Preferred Carriers as it is required for vendors to follow the Routing Requirements for routing shipments into and out of Lowe’s Canada Stores and Distribution Centers. | Routing requirements were not met and/or misrouting occurred. | \$1,000 per occurrence plus charges for recovery of excess freight |
| | Cross Border Compliance | Failure to follow specified Cross border requirements on both prepaid and collect shipments will result in fines of \$100 per Purchase Order. | Cross border requirements were not met. | \$100 per PO |
| Shipping Documents Section 1.5 | Shipping Documents | The supplier and/or carrier is responsible for providing 2 copies of the packing slip, bill of lading, and master bill of lading (only for vendor prepared cross dock deliveries). | The supplier does not provide all the necessary documents at the point of delivery. | \$500 per Event |
| Appointments Section 1.6 | Valid PO | Delivery appointment will only be granted to valid POs. | The supplier doesn’t have a valid PO. | \$500 per Event |
| | On-Time Arrival | The supplier must meet the date and time of the scheduled appointment, within a 30-minute window. | The supplier misses the appointment, the date, and/or misses the 30-minute window. | |

Table 1.3: Distribution Center Compliance Requirements

| Compliance Requirement Type | Compliance Name | Description | Examples | Fine |
|---|----------------------------------|---|---|--|
| Product State Section 1.7 | Non-Compliant barcoding | All vendors are required to have a scannable Universal Product Code (UPC) label, or other such labeling as Lowe's Canada may require from time to time, affixed to products. | Product was received with un-scannable UPC labels. | \$1,000 per PO + \$10 per label (min \$100 per PO) |
| | Non-Lowe’s or RONA Merch | For each purchase order containing non-Lowe’s Canada merchandise, a fine of \$100 may be applied per labour hour it takes to correct. This merchandise will be field destroyed. | A shipment was received containing non-Lowe’s Canada merchandise. | \$100 per labour hour to correct |
| | Non-Compliant Packaging | All cartons must be packed on the pallet with the barcode (Interleaved 2 of 5 or UPC) facing outward. Receiving personnel must be able to scan the barcode without breaking down the cartons on the pallet. The packaging and pallets of hazardous materials must comply to the Transportation of Dangerous Goods Act . | Cartons were improperly packaged onto pallets, thus requiring rework. | \$1,000 per PO + \$100 per hour to correct |
| | Load Quality & Product Integrity | Ensure that goods are loaded properly and safely in trailer to avoid the breakage of any goods during transport. | The merchandise is not safely loaded and/or is found to be damaged at the point of receipt. | |

| | | | | |
|---|--|--|---|----------------------|
| General Provisions for Deliveries Section 1.8 | Complete PO | All orders (incl. courier service) must be sent "complete". All PO's products must be delivered the same day and in one truck. If product cannot fit in one truck, or the delivery cannot be made on the requested date, the vendor must contact Lowe's Canada and create a new PO # for each additional truck. | A single purchase order is delivered by many trucks. | \$1,000 per PO |
| | SKU Splitting | Each SKU in the PO must be shipped on its own pallet and must not be packed on different pallets, unless the quantity requested is too large and requires it. | SKU split into multiple pallets. | |
| | SKU Mixing | If 2 or more POs are shipped in the same trailer because unit quantities allowed it, SKUs from those POs should not be mixed on the same pallet. | SKUs from different POs mixed on the same pallet. | \$1,000 per Delivery |
| | VPCD – Palletize by Store | For Vendor Prepared Cross Docking Deliveries: All products must be palletized per store. Products for different stores shouldn't be mixed onto the same pallet. | The supplier fails to consolidate all products destined for a store. | \$1,000 per Event |
| | VPCD – Pallet Standards Identification | For Vendor Prepared Cross Docking Deliveries: Each pallet shall respect the standards identification. | The supplier fails to clearly identify the pallets according to Lowe's Canada's standards. | |
| CHEP Pallets Section 1.9 | Merchandise on CHEP | CHEP type pallets must be used at DCs and in stores. For a full list of site specific pallet requirements, please see Appendix 3.2 . | Merchandise is delivered on non CHEP pallets. | \$1,000 per Event |
| | CHEP Standards | The standards for product placement on CHEP pallets must be followed. These are elaborated upon in greater detail in Section 1.9. | The supplier does not meet the standards applicable to product placement on CHEP pallets. | |
| Merchandise Return Policy Section 2.0 | Merchandise Return Policy | For goods to be returned, Lowe's Canada will send a notification to the supplier to discuss a return. The supplier has five (5) business days to respond to the notification. After responding, the supplier has five (5) business days to send the return authorization number and schedule a pick-up of the merchandise. | The supplier does not respond on time, provide a return authorization number on time or schedule a pick-up. | \$1,000 per Event |

Table 1.4: Merchandising Compliance Requirements

| Compliance Requirement Type | Compliance Name | Description | Examples | Fine |
|---|-----------------------------|---|--|---|
| Product Introduction & Modification Section 2.1 | Product Introduction Sample | Supplier must provide a sample (with finalized packaging) of any new product upon request. | Supplier doesn't provide a sample within the required time frame. | \$1,000 per SKU |
| | Product Introduction Form | Product Introduction Form information must be correct and provided on time as per the requested date. A 2-day grace period is allowed. | Some information is missing or incorrect or the form was not provided within the grace period. | \$500 per Event for incorrect information. After the 2-day grace: \$100 per day for the first 2 days \$500 per day thereafter |
| | Product Modification | Approval is needed and a notification must be sent to Lowe's Canada if changes are made to certain aspects of a product. Changes to packaging, materials, colour, the manufacturing process, or even product discontinuation are some examples. A more detailed overview can be found in Section 2.1. | The supplier doesn't notify Lowe's Canada of changes to the product packaging. | \$2,000 per Event |

| | | | | |
|--|------------------------------|--|---|--|
| Vendor Displays and Resets Section 2.2 | Display Materials | It is required that vendors provide Lowe's Canada with displays for setups and resets, on time. | Displays required for facilitating the reset or setup are not provided by the agreed upon time. | \$500 for not providing display materials. \$100 for every day late. |
| | Incorrect Materials | Vendors need to provide Lowe's Canada with POGs (plan-o-grams), signage, pricing details, and display materials that accurately match the product or display environment, on time. | Signage for product is in a different language than what was agreed upon. | \$500 for incorrect POGs, signage, pricing, or display materials. \$100 for every day late. |
| | Vendor Driven Reset Schedule | In the case of vendor driven resets, vendors need to adhere to the agreed upon schedule. Vendors must also accurately execute the agreed-upon planogram. | Vendor doesn't start or finish according to the agreed upon reset schedule. | \$100 for every day late (to get to correct planogram). |

Table 1.5: Escalating Fines

| Compliance Requirement Type | Description | Examples | Fine |
|--|---|---|--|
| Escalating Fines Section 2.3 | After a vendor's first month with a non-zero fine total, subsequent monthly fine totals will have additional fines attached based on the number of previous non-zero fine months the vendor was held to during the fiscal year. | This fine would take effect after a vendor's second month with a non-zero fine total. | \$500 to \$3000 on Top of Monthly Fine *see section 2.3 |

Section A: Vendor Compliance Requirements

This section of the manual explores all of the vendor compliance requirements in greater detail.

1.1 On-Time Shipments

For Freight Collect Shipments: Purchase orders must be tendered to the carrier by the ship date indicated or by a revised date established by Lowe’s Canada’s Transportation.

For Freight Prepaid Shipments: Purchase orders must arrive by the arrival date indicated. The vendor is required to schedule pickup of all purchase orders in accordance with the Routing Guides found on the [supplier’s portals](#). Vendors must communicate with Lowe’s Canada’s Transport departments for full details on routing requirements.

Compliance Threshold: On a **monthly basis**, all purchase orders will be evaluated by Lowe’s Canada against the stated requirements to establish a compliance percentage. The required compliance percentage thresholds are listed below.

REPLENISHMENT: Compliance Threshold of 98%

NEW STORE/RESET: Compliance Threshold of 100%

SPECIAL ORDER SALES/LOWES.CA & RONA.CA: Compliance Threshold of 100%

Applicable Fines: Each purchase order that is late will be assessed a fine if the applicable compliance threshold is not met. All New Store Fines are over and above replenishment fines. **It is the responsibility of the vendor to provide documented proof of compliance within two weeks of receiving the vendor compliance reporting.** The fines are outlined in the table below:

Table 2: On-Time Shipments – Freight Collect Shipment Compliances & Fines:

| Compliance | Lowe’s Canada Fine |
|---|---|
| Replenishment: 98% compliant | 10% of late PO value, with a minimum fine value of \$250 |
| *New Stores: 100% compliant | 20% of PO value per late PO, with a minimum fine value of \$250 |
| Special Order/Online: 100% compliant | 10% of late PO value, with a minimum fine value of \$250 |

In regards to the above table, please note that:

- Stores are considered new until 6 weeks after their opening.
- If the compliance threshold is not met, and the percentage value of the late POs (10% for replenishment and special/online orders, or 20% for new stores) is found to be less than \$100, then a fine will not be applied.

Grace Period: On-time performance is measured based on a 2-day grace period, so purchase orders that are 3 or more days late will be considered non-compliant. Please note that the 2-day grace period should not be considered as part of the targeted lead time; they are strictly grace days, not lead time days.

Example #1 – Freight Collect REPLENISHMENT:

Lowe's Canada issued 150 collect purchase orders.

- 141 purchase orders shipped by the ship date indicated.
- 7 purchase orders shipped within the 2-day grace period.
- 2 arrived 3 days after the ship date indicated.
- 148 purchase orders met the compliance threshold, and 2 purchase orders did not meet the compliance threshold because they were shipped 3 days late; therefore, the overall compliance calculation is:
 - $\frac{148}{150} = 98.67\%$ overall compliance, thus, the compliance threshold was met and no fines would be assessed.
- The 7 purchase orders that were shipped within the 2-day grace period did not count against the compliance threshold.

Example #2 – Freight Prepaid REPLENISHMENT:

Lowe's Canada issued 200 purchase orders.

- 197 purchase orders arrived by the arrival date indicated.
- 3 arrived 3 days after the arrival date indicated.
- Therefore, the overall compliance calculation is:
 - $\frac{197}{200} = 98.50\%$ overall compliance, thus, the compliance threshold was met and no fines would be assessed.

Example #3 – Freight Collect REPLENISHMENT:

Lowe's Canada issued 220 purchase orders.

- 200 purchase orders were shipped by the ship date indicated.
- 20 were shipped 3 days after the ship date indicated.
- Therefore, the overall compliance calculation is:
 - $\frac{200}{220} = 91\%$ overall compliance, thus, the compliance threshold was not met.
- Fines would be assessed for the 20 purchase orders that were 3 days late.
- Fines would equal 10% of the total value of the late purchase orders.
- Each purchase order is valued at \$10,000.
- Fine equals: $\$10,000 \times 20 \text{ Purchase Orders} \times 10\% = \$20,000$.

Example #4 – Freight Prepaid REPLENISHMENT:

Lowe's Canada issued 100 purchase orders.

- 86 purchase orders arrived by the arrival date indicated.
- 2 purchase orders were shipped within the 2-day grace period.
- 12 arrived 3 days after the arrival date indicated.
- 88 purchase orders met the compliance threshold, and 12 purchase orders did not meet the compliance threshold because they arrived 3 days after the arrival date; therefore, the overall compliance calculation is:

- $\frac{88}{100} = 88\%$ overall compliance, thus, the compliance threshold was not met.
- Fines would be assessed for the 12 purchase orders that were late.
- Fines would equal 10% of the total value of the late purchase orders.
- Each purchase order is valued at \$10,000.
- Fine equals $\$10,000 \times 12 \text{ Purchase Orders} \times 10\% = \$12,000$.

Example #5 – Freight Collect NEW STORE/RESET:

Lowe's Canada issued 7 purchase orders.

- 4 purchase order was shipped by the ship date indicated.
- 3 purchase order was shipped 4 days later than the ship date indicated.
- 4 purchase orders met the compliance threshold and 3 purchase orders did not meet the compliance threshold because they were 4 days late; therefore, the overall compliance calculation is:
 - $\frac{4}{7} = 57\%$ overall compliance achieved for the month, thus, the compliance threshold was not met.
- Fines would be assessed for the 3 purchase orders that were 4 days late.
- Each purchase order is valued at \$10,000.
- Fine equals: $\$10,000 \times 3 \text{ Purchase Orders} \times 20\% = \$6,000$.

Example #6 – Freight Prepaid NEW STORE/RESET

Lowe's Canada issued 5 purchase orders.

- 3 purchase orders arrived by the arrival date indicated.
- 2 purchase orders arrived 3 days later than the arrival date indicated.
- 3 purchase orders met the compliance threshold and 2 purchase orders did not meet the compliance threshold because they arrived 3 days later than the scheduled arrival date; therefore, the overall compliance calculation is:
 - $\frac{3}{5} = 60\%$ overall compliance achieved for the month, thus, the compliance threshold was not met.
- Fines would be assessed for the 2 late purchase orders.
- Each purchase order is valued at \$10,000.
- Fine equals: $\$10,000 \times 2 \text{ Purchase Orders} \times 20\% = \$4,000$.

Example #7 – Freight Collect SPECIAL ORDER SALES/LOWES.CA:

Lowe's Canada issued 10 purchase orders.

- 8 purchase orders were shipped by the ship date indicated.
- 2 purchase orders were shipped 3 days later than the indicated ship date.
- 8 purchase orders met the compliance threshold and 2 purchase orders did not meet the compliance threshold because they were shipped 3 days later than the indicated ship date; therefore, the overall compliance calculation is:

- $\frac{8}{10} = 80\%$ overall compliance achieved for the month, thus, the compliance threshold was not met.
- Fines would be assessed for the 2 purchase orders shipped late.
- Fines would equal 10% of the total value of the late purchase orders.
- Each late purchase order was valued at \$10,000.
- Fine equals: $\$10,000 \times 2 \text{ Purchase Orders} \times 10\% = \$2,000$.

Example #8 – Freight Prepaid SPECIAL ORDER SALES/LOWES.CA

Lowe's Canada issued 20 purchase orders.

- 16 purchase orders arrived by the arrival date indicated.
- 4 purchase orders arrived 4 days later than the arrival date indicated.
- 16 purchase orders met the compliance threshold and 4 purchase orders did not meet the compliance threshold because they arrived 4 days later than the indicated arrival date; therefore, the overall compliance calculation is:
 - $\frac{16}{20} = 80\%$ overall compliance achieved for the month, thus, the compliance threshold was not met.
- Fines would be assessed for the 4 purchases that arrived late.
- Fines would equal 10% of the total value of the late purchase orders.
- Each purchase order was valued at \$10,000.
- Fine equals: $\$10,000 \times 4 \text{ Purchase Orders} \times 10\% = \$4,000$.

Example #9 – Minimum Fine Threshold

Lowe's Canada issued 10 purchase orders.

- 8 purchase orders arrived by the arrival date indicated.
- 2 arrived 3 days after the arrival date indicated.
- 8 purchase orders met the compliance threshold, and 2 purchase orders did not meet the compliance threshold because they arrived 3 days after the arrival date; therefore, the overall compliance calculation is:
 - $\frac{8}{10} = 80\%$ overall compliance, thus, the compliance threshold was not met.
- Fines would be assessed for the 2 purchase orders that were late.
- Fines would equal 10% of the total value of the late purchase orders.
- Each purchase order is valued at \$100.
- Fine equals $\$100 \times 2 \text{ Purchase Orders} \times 10\% = \20 . However, since the fine value is below \$100, no fine would be issued. If the POs were instead valued at \$1,000, the calculation would yield \$200 but the fine applied would be \$250 due to the minimum fine value stipulated in Table 2.

1.2 Fill Rate

Fill rate is defined as the total quantity of all units received divided by the total quantity of all units ordered on the original purchase order by Lowe’s Canada. All overages (i.e. a vendor ships more units than we ordered) are factored out of this calculation.

Compliance Threshold: On a **monthly basis**, all purchase orders will be evaluated by Lowe’s Canada against the stated requirements to establish a compliance percentage. The required compliance percentage thresholds are listed below.

REPLENISHMENT: Compliance Threshold of 98%

NEW STORE/RESET: Compliance Threshold of 100%

SPECIAL ORDER SALES/LOWES.CA & RONA.CA: Compliance Threshold of 100%

Applicable Fines: Each purchase order that is not received in full will be assessed a fine if the applicable compliance threshold is not met. All New Store Fines are over and above the replenishment fine. It is the responsibility of the vendor to provide documented proof of compliance within two weeks of receiving the vendor compliance reporting. Furthermore, it is required that vendors notify Lowe’s Canada -through normal channels of communication- of expected missing products in replenishment orders, as this will allow the business to react accordingly. Vendors should be aware that even if a missing product notification is sent to Lowe’s Canada, the compliance threshold will still take into account the missing products. The fines are outlined in the table below:

Table 3: Fill Rate Compliances & Fines

| Compliance | Lowe’s Canada |
|---|---|
| Replenishment: 98% compliant | 10% of value units ordered but not received, with a minimum fine value of \$250 |
| *New Stores: 100% compliant | 20% of value units ordered but not received, with a minimum fine value of \$250 |
| Special Order/Online: 100% compliant | 10% of value units ordered but not received, with a minimum fine value of \$250 |

In regards to the above table, please note that:

- Stores are considered new until 6 weeks after their opening.
- If the compliance threshold is not met, and the percentage value of unreceived items (10% for replenishment and special/online orders, or 20% for new stores) is found to be less than \$100, then a fine will not be applied.

Example #1 - REPLENISHMENT:

Lowe’s Canada issued 100 purchase orders for a total of 10,000 units.

- Each purchase order was for 100 units.
- 98 purchase orders were received complete (9,800 units were ordered and received as requested).

- 2 purchase orders were received incomplete (For each purchase order of 100 units, Lowe's only received 50 units).
- In total, 9,900 units were received.
- As shown below, the compliance threshold was met:
 - $\frac{9900}{10000} = 99\%$ overall compliance, thus, the compliance threshold was met and no fines would be assessed.

Example #2 - REPLENISHMENT:

Lowe's Canada issued 250 purchase orders for a total of 25,000 units.

- Each purchase order was for 100 units.
- 230 purchase orders were received complete (23,000 units were ordered and received as requested).
- 20 purchase orders were received incomplete (For each of these 20 purchase orders of 100 units, Lowe's only received 10 units, for a total of 200 units).
- In total, 23,200 units were received.
- As shown below, the compliance threshold was not met:
 - $\frac{23200}{25000} = 92.80\%$ overall compliance, thus, the compliance threshold was not met.
- Fines would equal 10% of the total value of the units ordered, but not received.
- Each unit is valued at \$100.
- Fine equals: $\$100 \times 1800$ (*units ordered, but not received*) $\times 10\% = \$18,000$.

Example #3 - NEW STORE/RESET:

Lowe's Canada issued 2 purchase orders for a total of 100 units.

- Each purchase order was for 50 units.
- 1 purchase order was received complete (50 units were ordered and received as requested).
- 1 purchase order was received incomplete (50 units were ordered, but only 25 units were received).
- In total, 75 units were received.
- As shown below, the compliance threshold was not met:
 - $\frac{75}{100} = 75\%$ overall compliance, thus, the compliance threshold was not met.
- Fines would equal 20% the value of the units ordered, but not received (minimum of \$500).
- Each unit is valued at \$30.
- Fine calculation for New Store is:
 - $\$30 \times 25$ (*units ordered, but not received*) $\times 20\% = \$150$.
- Since \$150 is less than the \$500 minimum, the new store fine would be \$500.

Example #4 - SPECIAL ORDER SALES/LOWES.CA:

Lowe's Canada issued 2 purchase orders for a total of 10 units.

- Each purchase order was 5 units.
- 1 purchase order was received complete (5 units were ordered and received as requested).

- 1 purchase order was received incomplete (5 units were ordered, but only 3 units were received).
- In total, 8 units were received.
- As shown below, the compliance threshold was not met:
 - $\frac{8}{10} = 80\%$ overall compliance, thus, the compliance threshold was not met.
- Fines would equal 10% of the total value of the units ordered, but not received.
- Each unit is valued at \$250.
- Fine equals:
 - $\$250 \times 2$ (*units ordered, but not received*) $\times 10\% = \$50$.
- Since this resulting value is less than \$100, no fine would be issued. However, if each unit was valued at \$1,000, the calculation would yield \$200 but the fine applied would be \$250 due to the minimum fine value stipulated in Table 3.

1.3 Merchandise Pickup

When picking up merchandise at the supplier, the following points apply:

- By written agreement between the supplier and Lowe’s Canada or according to the commercial agreement, Lowe’s Canada can pick up orders from the supplier. The supplier must arrange the details of the pick-up with Lowe’s Canada’s transportation department. If any details are incorrectly submitted, they must be re-submit. In terms of arranging the pick-up:
 - The pick-up request should be made through a Lowe’s Canada transportation management system (TMS) if required.
 - Pick-up requests should not be made on the same intended day of the pick-up. Please refer to Section 1.6 for timeframes regarding pick-up dates.

- **Loading Time:** Loading time must not exceed the allocated amount, as shown in the table to the right.

| Loading time allocated at the supplier | |
|--|------------------|
| Number of pallets | Time limit (min) |
| 1 -10 | 30 |
| 11-20 | 60 |
| More than 20 | 120 |

- **Applicable Fines:** For loading delays exceeding allocated time, added to what is written in the commercial contract between both parties in the event of a default, one hundred dollars \$100 per hour will be charged to the supplier and must be payable from supplier to Lowe’s Canada.
- **Merchandise Readiness:** Merchandise must be ready and compliant for pick-up at the time of the appointment.
 - There should not be any loading errors (i.e. missing or additional pallets).
 - Merchandise should be accessible; the responsibility in case of breakage, theft or snow removal is the responsibility of the supplier.
 - **Applicable Fines:** If the merchandise is not ready in time for pick-up and there are loading or accessibility errors, the supplier will be charged \$500 for non-compliance.

1.4 – A. Core Carrier (Domestic Ground Shipment)

Vendors must follow the Routing Requirements for routing shipments into and out of Lowe's Canada Stores and Distribution Centers.

- It is *required* that all COLLECT LTL and TL shipments be tendered to Lowe's Canada's Preferred Carriers. *Where required**, PREPAID LTL shipments may also need to be tendered to Lowe's Canada's Preferred LTL Carriers.

*Please refer to Appendix Section 3.2, column 4 of the table for specific core carrier requirements. This column indicates the shipment types (collect or prepaid) that Lowe's Canada requires core carrier service for.

Each vendor must review Routing Requirements for inbound shipments into Stores and Distribution Centers, for inbound shipments into New Stores, and for all returns and resets involving any of Lowe's Canada's locations. Once again, Routing Guide information can be found at the [supplier's portals](#).

Applicable Fine: Fines up to \$1,000 per occurrence plus the recovery of excess freight charges may be assessed for failure to meet the compliance threshold. Misroute fines and recovery charges apply for both prepaid and collect shipments into and out of Lowe's Canada locations.

1.4 – B. Cross Border Compliance

Applicable Fine: Failure to follow Cross border requirements on both prepaid and collect shipments will result in fines of \$100 per Purchase Order.

1.5 Shipping Documents

Below are the mandatory documents for all deliveries and the information they must contain.

1.5.1 Delivery Document Requirements

Packing Slip Requirements: Packing slips must contain the following information:

- Lowe's Canada item numbers and model numbers
- Case size (number of units/Case)
- Supplier product code detailed
- Required date for final destination
- PO Number
- Store Number
- Name of carrier
- Bill of lading number
- Product description
- Number of crates or packages
- Number of units ordered and number of units shipped
- The List of hazardous materials compliant with the [Transportation of Dangerous Goods Act](#).

Bill of Lading Requirements:

- Lowe's Canada PO number(s)
- Sender contact information
- Consignee contact information
- Shipment contents (i.e. number of pallets)

Master Bill of Lading Requirements: Master Bills of lading must contain the following information. Please note that this is only required for vendor prepared cross dock deliveries.

- # of the PO (s) included in the trailer
- # of each PO and destination store
- Number of pallets for each store

Multiple Document Copies: Two (2) copies of the documents referred to above are mandatory. The first copy shall be visible and firmly attached on the outer part of the parcel, crate, or the last pallet loaded. The second copy is given to the driver, who hands it over to the receiving clerk/gatehouse or places it in the designated box.

- If an advanced shipping notice is given, the packing slip is not required.

Applicable Fine: By not adhering to the requirements in Section 1.5.1, a fine of \$500 may be applied on an event basis.

1.5.2 Cross Border Documents

For cross-border deliveries, if documents are missing, if required information in documents is missing, or if they are inaccurate, Lowe's Canada reserves the right to refuse the receipt of the goods. As previously mentioned in Section 1.4 – B. there is a fine of \$100 per Purchase Order for cross border non-compliance.

1.6 Appointments

1.6.1 Setting an Appointment – Requirements

When delivering shipments with a prepaid carrier, vendors are required to book a delivery appointment with Lowe’s Canada. Depending on the origin and destination of the shipment, it is suggested that vendors book appointments enough in advance so that they can reserve an appointment slot that respects the due date of the PO. The table below provides general guidelines for when to book an appointment based on the origin and destination of the shipment.

Should a vendor book an appointment outside the suggested timeframe, and find that the only appointment slot available is one after the PO’s due date, the vendor is considered at fault, and the late PO will affect that vendor’s monthly on time shipping performance, as described in [Section 1.1](#). However, if a vendor books an appointment within the suggested timeframe, but there are no appointment slots available by the PO’s due date, the vendor’s on-time shipping performance will not be negatively impacted. Please note that the same principle applies when shipments are to be delivered via a collect carrier. Vendors must request a pickup within the timeframes noted in Table 4 below. This means that not only should the request be submitted within these timeframes, but the requested pickup date from the vendor must also be within these times. If the vendor requests a pickup outside of these times, they will be considered at fault, and the late PO will affect their monthly on time shipping performance.

Table 4: Suggested Times to Book Appointment Requests (Collect & Prepaid)

| Origin / Destination | Suggested Time to Book an Appointment |
|---|---|
| From East to East & West to West | At least 48 hours before the PO’s due date. |
| From the US, to the same zone (East/East, West/West) | At least 7 days before the PO’s due date. |
| From the US, to a different zone (East/West, West/East) | At least 10 days before the PO’s due date. |
| Between East and West Canada | At least 10 days before the PO’s due date. |
| From the Maritimes | At least 15 days before the PO’s due date. |
| Vendor Prepared Cross Dock Deliveries | Add 4 business days to the above suggested times. |

When booking an appointment with Lowe’s Canada, the following information is required:

- PO #
- Vendor Name & Number
- Carrier Name
- Load Type (i.e. LTL/TL)
- Pallet Count
- CUBE
- Vendor Contact Name
- Vendor Contact Info
- Carrier Contact Info

Valid PO: An appointment will only be given to **valid POs**. If the trailer contains more than one PO, each one must be valid and registered to the e-mail of the respective distribution centers, indicated in the [Distribution Center List](#) in the Appendix section of this manual. Making an appointment for in-store direct deliveries must be done directly with the store.

Applicable Fine: If the prepaid carrier arrives at a Lowe's Canada distribution center with an invalid and unregistered PO, a fine of \$500 may be applied per event.

On-Time Arrival: When a vendor books an appointment with Lowe's Canada, they must respect the date and time of the appointment. If the vendor or carrier designated by the vendor is unable to meet this appointment within a 30-minute window, they must notify their contact in the Transportation Department ahead of time. In the event of a late appointment, reception of merchandise can be delayed or canceled.

Applicable Fine: If the supplier does not meet the time of the distribution center appointment within a 30-minute window, or does not meet the date of the appointment, a fine of \$500 may be applied per late appointment.

1.6.2 Delivering a Shipment – Appointment Requirements

- When delivering prepaid shipments, the vendor must ensure that their appointment is set according to procedures, regardless of whether the delivery is fulfilled by a vendor selected carrier or by the vendor itself.
- The carrier chosen by the vendor that fails to comply with the appointment requirements must contact the vendor to make the necessary corrections and ensure that the carrier complies with the vendor requirements in the future.
- The vendor must ensure that transit time is included in the total delivery time negotiated in the commercial agreement. Any exceptions must be communicated to Lowe's Canada.

1.7 Product State

1.7.1 Bar Coding:

Lowe's Canada requires all vendors to have a scannable Universal Product Code ("UPC") label affixed to products -including the products' packaging- according to GS1 Canada's specifications or any such other specifications Lowe's Canada may designate.

- A scannable UPC label or another label designated by Lowe's Canada shall be affixed to each unit of each product sold by the vendor.
- The UPC label shall also be incorporated into the graphic design of the product packaging, or as otherwise required by Lowe's Canada. For example, for individual ceramic tile pieces, not only must each tile piece have affixed a separate UPC label, but also the packaging for the product (master carton) must also have a UPC label.
- The UPC must be clearly visible on each product. Lowe's Canada accepts only UPC Version A, UPC Version E, EAN 8 and EAN 13 barcode symbologies at point of sale.
- All standard shipping containers (master cartons, bundles, pallets, inner packs, etc.) containing fixed multiples of the same item must have an Interleaved 2 of 5 (UPC Shipping Container Code), or such other coding as Lowe's Canada may require from time to time, placed on packaging according to the Uniform Code Council's specifications or any such other specification designated. Lowe's Canada uses this barcode symbology at the point of receipt.
- All cartons must be packed on the pallet with the barcode (Interleaved 2 of 5 or UPC) facing outward. Lowe's Canada's receiving personnel must be able to scan the barcode without breaking down the cartons on the pallet.
- All barcodes must have human readable characters that include a number system character and a check digit. The model number or Lowe's Canada item number, and unit count contained within each level of packaging must be printed in human readable form.
- It is the responsibility of each supplier to provide Lowe's Canada with barcode information on the unit and all of its shipping packaging (inner pack, case and pallet) in order to enable distribution and resale of its products.

Applicable Fines:

- A fine of \$1,000 may be applied for each purchase order containing non-compliant bar coding.
- A recovery charge of \$10.00 per label, with a minimum charge of \$100, will be applied to cover labor charges for printing and applying new labels for each occurrence of bar coding non-compliance.
- A fine of \$100 may be applied for every labour hour it takes to correct a purchase order containing non-Lowe's/RONA merchandise. This merchandise will be field destroyed or disposed of at vendor's expense.

Example:

Lowe's Canada issued 1 purchase order.

- 100 units of 1 item was received with incorrect labeling.
- Fines would be assessed for the non-compliant PO and for the replacement labels.
- Fines would equal \$1,000 per non-compliant purchase order plus \$10 per label (minimum of \$100).

- Calculation of the fine would be as follows: \$1,000 for the non-compliant purchase order + 100 units x \$10 per label = total fine of \$2,000

1.7.2 Packaging:

In terms of packaging requirements:

- Vendor must not ship products with loose pieces and/or inner packs.
- Cartons must be packaged with UPC codes facing outwards.
- The product must be shipped with a carton.
- Identification for each product should comply with federal and provincial laws and regulations applicable, including but not limited to bilingual packaging (French and English). See details at the following links:
 - CANADA: http://www.laws.justice.gc.ca/eng/regulations/C.R.C.%2C_c._417/index.html
 - QUEBEC: <http://www.legisquebec.gouv.qc.ca/en/showdoc/cs/C-11>
- All hazardous materials defined by the [Transportation of Dangerous Goods Act](#) must be packaged and labelled in compliance with this Act and its regulations.
- It is the responsibility of each supplier to provide Lowe's Canada with barcode information on all of the unit's shipping packaging (inner pack, case, and pallet) in order to enable distribution of its products.

Applicable Fines:

- A fine of \$1,000 may be applied for each purchase order containing a product with non-compliant packaging, as per the requirements above.
- A recovery charge of \$100 per hour will be applied to cover labor and equipment required to bring product packaging into compliance.

For all products shipping direct to Lowe's Canada's Stores, the following fines will apply***:

- A fine of \$1,000 may be applied for each purchase order containing non-compliant bar coding.
- A fine of \$5,000 may be applied for each purchase order containing a non-Lowe's Canada merchandise. This merchandise will be field destroyed.

*** Lowe's Canada's Merchandising and Logistics Teams may apply additional fines and recovery charges if a vendor fails to resolve bar coding or source tagging issues in 24 hours.

1.7.3 Load Quality & Product Integrity:

The supplier must ensure that goods are loaded properly and safely in trailer. Often times when products are not loaded properly (i.e. incorrect TI-HI), there is a risk that the products will be damaged during transport. More importantly however, it poses a safety concern for whoever eventually has to unload the product from the trailer.

Load quality and product integrity requirements include (but aren't limited to) the following (please be aware that during the vendor onboarding process, a complete list of palletization and shipping guidelines will be given to vendors, and will also be available on the supplier's portals. [Appendix 3.2](#) lists all of the Lowe's Canada distribution centers and their pallet requirements.):

- Product must not excessively overhang off pallets. The maximum allowable overhang is 1" on either side of the shortest side of the pallet.
- Products must be loaded securely so that they do not fall over during transport or during the unloading process.
 - Products such as ladders or insulation that arrive on pallets must be securely strapped to the pallets.
 - With wood deliveries to flatbed facilities in particular, they must be tightly strapped to transport blocks.
 - Correct TI-HI must be maintained for stable loads.
- Product should not arrive in a damaged state.
- Product should not arrive on low grade pallets.
- Loads should not pose a safety concern to the unloaders. Some examples are:
 - Nails sticking out of pallets.
 - Products that aren't strapped together and/or to their pallets.
 - Unsafe stacking heights of products.
 - Heavy products leaning against the trailer that risk falling over when the doors are opened.

Applicable Fines: If merchandise is not safely loaded and/or arrives damaged at its destination:

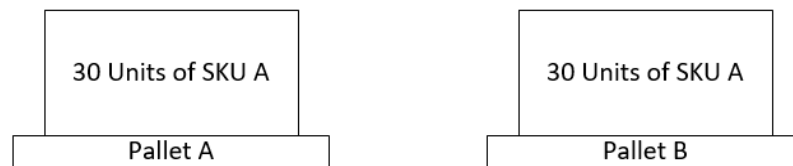
- A fine of \$1,000 may be applied per PO.
- A recovery charge of \$100 per hour will be applied to cover labor and equipment required to bring load quality and product integrity into compliance.

1.8 General Provisions for Deliveries

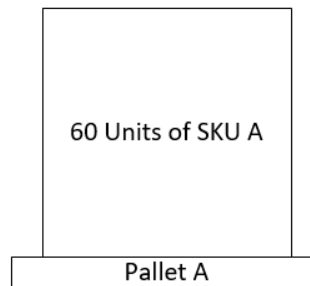
1.8.1 Standard Delivery Requirements

- **Complete PO:** All products mentioned in the PO must be delivered on the same day and in one truck. If there are too many products and they cannot all fit in a single truck, or if the delivery can't be made on the requested date, the vendor must contact Lowe's Canada and create a new PO # for each additional truck.
 - **Applicable Fine:** If a PO does not arrive complete in a single day, or if a single PO arrives in multiple trailers, a fine of \$1,000 may be applied per PO.
- **SKU Splitting:** Each SKU in a PO must be shipped on its own pallet and must not be packed on different pallets, unless the quantity requested is too large and requires it. Example 1 below covers this scenario. However, if the quantity of SKUs ordered is very low, (i.e. 5 units of SKU A and 6 units of SKU B) those SKUs can be shipped on the same pallet provided they are sorted into different sections on the pallet and not arbitrarily mixed together.

Example 1: Assume that a PO contains 60 units of SKU A. A pallet can fit 60 units of SKU A. An example of non-compliance for this requirement would be if 30 units of SKU A arrived on Pallet A, and 30 units arrived on Pallet B, as shown below.



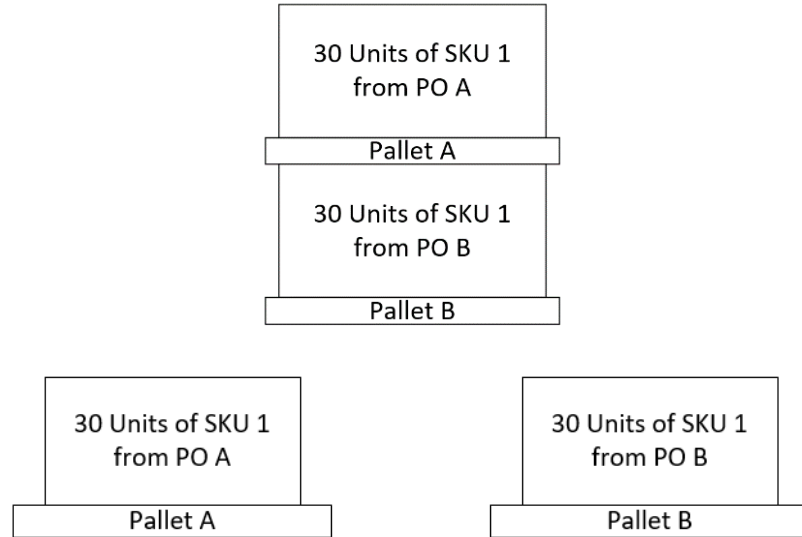
The correct way this product should have been loaded is as follows:



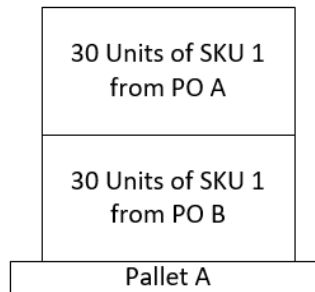
However, if 80 units of SKU A were ordered, then it would have been fine to put 60 units on Pallet A and 20 units on Pallet B, as the quantity ordered was too large to fit on a single pallet.

- **Applicable Fine:** As per example 1 above, if a SKU is shipped on multiple pallets when the quantity does not require it, a fine of \$1,000 may be applied per PO.
- **SKU Mixing:** If 2 or more POs are shipped in the same trailer because unit quantities allowed it, SKUs from those POs should not be mixed on the same pallet. Example 2 below covers this scenario.

Example 2: Assume that 2 POs are shipped in the same trailer because unit quantities allowed it. PO A contains 30 units of SKU 1, and PO B also contains 30 units of SKU 1. The units should be shipped on separate pallets as per the diagrams on the following page. If merchandise weight bearing limits permit, pallets can be stacked on top of one-another.



What should not be done is mixing SKUs from different POs on the same pallet, even if those SKUs are the same. The diagram below illustrates this point.



- **Applicable Fine:** As per example 2 above, if SKUs from different POs are shipped on the same pallet, a fine of \$1,000 may be applied per delivery.
- For mixed pallets (not applicable to Vendor Prepared Cross-dock), products must be side by side, ideally on the same row.
- Each supplier or carrier's vehicle (tractor, trailer or truck) may be inspected by Lowe's Canada's Safety and Loss Prevention Department upon arrival at a DC or shop. If the supplier refuses to comply, access to the site will be denied.
- Anyone who behaves inappropriately while on Lowe's Canada property shall immediately be escorted out by the Safety and Loss Prevention Department.
- All orders shipped by courier service (ex. UPS, Purolator) must be shipped complete or will be refused upon reception.

1.8.2 Vendor Prepared Cross Docking Deliveries

- Vendor prepared cross docking delivery merchandise must arrive at its final destination, in-store, and be received at requested date, even if it passes through one of Lowe's Canada's distribution centers.

- **Important:** There are 7 superstores with shipping restrictions ([Appendix 3.3](#)) whose vendor prepared cross docking delivery orders don't go through Lowe's Canada distribution centers. They must be shipped via carriers in the road guide (routing guide available on supplier's portals).
- **VPCD – Palletize by Store:** All products on the PO destined to go to a store have to be palletized per store. Products for different stores shouldn't be mixed onto the same pallet.
 - **Applicable Fine:** If products meant to go to different stores are loaded onto the same pallet, a fine of \$1,000 may be applied per event.
- **VPCD – Pallet Standards Identification:** Each pallet shall be identified with a placard that meets the following requirements:
 - Store #
 - PO #
 - Pallet Count (i.e. Pallet 1 of 4, Pallet 2 of 4, etc.)
 - Vendor Name (Ship-From Vendor Name)
 - Vendor Contact Phone #
 - Should be printed on 8.5" x 11" paper and securely affixed to each pallet.
 - Text should be in Arial or Times New Roman font.
 - Minimum 22-point font size (helps RDC employees easily identify during unloading/shipping process).
 - The individual vendor prepared cross dock (VPCD) placards need to be affixed to product on pallet under layer of shrink wrap.
 - Do not tape placards to outside of shrink wrap – it will get torn off or lost!
 - All labels and placards necessary to transport Hazardous Materials must be applied on pallets according to the [Transportation of Dangerous Goods Act](#) .

Applicable Fine: If pallets are not clearly identified as per the requirements listed above, a fine of \$1,000 may be applied per event.

- Only the number of pallets or packages listed on the documents mentioned in [Section 1.5](#) will be accepted. A final check will be made by a manager when the products are received at their final destination.
- If there is a discrepancy between the quantity on the packing slip and the one received at the DC, Lowe's Canada will advise the Logistics Department to take the necessary measures.

1.9 CHEP Pallets

Merchandise on CHEP: For any information regarding the CHEP pallet program, the supplier can contact CHEP Canada (514 745-2437). Lowe’s Canada holds a valid contract with CHEP Canada. CHEP pallets must be used at distribution centers and stores **unless otherwise indicated or if delivering appliances or overseas shipments**. [Appendix 3.2](#) lists all of the Lowe’s Canada distribution centers and their pallet requirements.

Applicable Fine: If merchandise is delivered on non-CHEP pallets, a fine of \$1,000 may be applied per event.

CHEP Standards: The supplier must comply with the CHEP pallet usage standards as described below. In case of default, non-compliant pallets will be returned to the supplier’s expenses. The standards for the products placement on CHEP pallets shall be as follows (*VPCD = Vendor Prepared Cross Dock):

| Width (in/cm) | Length (in/cm) | Height (in / cm) | Max weight | Max weight / box*: | Max truck weight | VPCD height |
|---------------|----------------|--------------------------|-------------------|--------------------|-----------------------|-------------|
| 40 / 101.6 | 48 / 121.9 | 48 / 121.9 (with pallet) | 2750 lbs./1250 kg | 55 lb./25 kg | 64 900 lbs./29 500 kg | 8 foot |

Example of CHEP Pallet Usage Standards: A screw box (non-unitary and multiple quantities inside) of 30 packages of 1kg will be reduced to contain a maximum of 25 containers to respect the maximum weight of 25 kg. A box (unit) of a 40-gallon hot water tank can’t be reduced to respect the maximum weight of 25 kg.

Applicable Fine: If merchandise delivered on CHEP pallets does not meet the CHEP pallet usage standards listed in this section, a fine of \$1,000 may be applied per event.

Furthermore:

- All pallets must be loaded without overflowing.
- Merchandise on a CHEP pallet shall be “stretch-wrapped” to prevent losses and breakage in transit.
- If the goods can’t be loaded onto a CHEP pallet properly, supplier shall contact the Logistics Department or the receiving site to find out how to optimally palletize the products. Supplier must ensure that the pallet used has capacity to support the weight of goods and complies with other standards.
- Lowe’s Canada returns CHEP pallets to CHEP Canada. Vendor liability for the rental of CHEP pallets ceases when the delivery reaches a DC or store. CHEP pallets can be stacked in a trailer if the weight and / or height and nature of the product allow it.

2.0 Merchandise Return Policy

- Return policies are specific to each supplier, but all suppliers must take back any defective product, damaged or with a manufacturing defect, at the supplier's expense (including the transport and handling charges). If it is impossible for the supplier to take back a product, the supplier will reimburse all related fees paid by Lowe's Canada.
- For goods to be returned, Lowe's Canada will contact the supplier to notify them about the merchandise. The supplier has five (5) business days to respond to this notification. Once an agreement has been made, the supplier will have five (5) business days to send the return authorization number and schedule a pick-up of the merchandise.
 - **Applicable Fine:** If the supplier does not respond to Lowe's Canada's notification on time, does not provide a return authorization number on time, or schedule a pick-up, a fine of \$1,000 may be applied per event.

2.1 Product Introduction & Modification

In the “**Doing Business with Lowe’s Canada**” section of this manual, it is mentioned that complete details of product introduction and modification -among other vendor onboarding information- can be found on the supplier’s portals: Lowe’s Link and the RONA Vendor Homepage. It is important to be aware that there are non-compliance fines for not satisfying the requirements of product introduction and modification. The following requirements must be adhered to:

2.1.1 Hazardous Products

All products of the Workplace Hazardous Materials Information System (WHMIS) (Hazardous Products Act), Transport Regulation ([Transportation of Dangerous Goods Act](#)), Consumer Chemicals Regulations (Hazardous Materials Regulations), chemicals and consumer containers, pesticide (Pest Control Products Act), and fertilizers (Fertilizer Act and Regulations) are considered hazardous. As such:

1. Complete the Hazardous Materials section of the Product Introduction Form for each product creation.
2. All hazardous products must be accompanied by a material Safety Data Sheet, available in French and English.
3. Ensure the Material Safety Data Sheets comply with the requirements of WHMIS 2015 - GHS. See details on the Canadian Center for Occupational Health and Safety website: https://www.ccohs.ca/oshanswers/chemicals/whmis_ghs/general.html
4. Complete the dangerous goods transportation data in the product introduction sheet for any product regulated under the Transportation of Dangerous Goods Act of Canada.
5. Failure in complying with points 1 to 4 above may result in blocking the creation of the product.

2.1.2 Creations and Modification of Products and/or Prices

- **Product Introduction Sample:** A sample of any new product must be provided during the product introduction phase of vendor onboarding if requested. This is needed for inclusion in the database where each product is listed (name, description, photo, product number "SKU") and to create electronic and circular catalogs. All associated costs are borne by the supplier and deducted from payment, according to the guidelines for vendor onboarding.
 - **Applicable Fine:** If the supplier does not provide a sample of the new product upon request, a fine of \$1,000 per SKU may be applied.
- **Product Introduction Form:** In addition to a sample, vendors need to ensure that the product specifications they indicate on the product introduction form are accurate and that the form is submitted by the agreed upon date. A 2-day grace period is allowed, but thereafter, vendors will be fined for being late. The form will need to include details such as: crate/pallet size, minimum purchase quantity, product size, packaging details and dimensions, bar codes of the unit and all of its shipping packaging (inner pack, case and pallet), country of origin, hazardous material information and any requested information in the Form.
 - **Applicable Fine:** If the product introduction form is missing information, has incorrect information, or was not submitted on time, a fine of \$500 per event may be applied for incorrect information. Also, after the 2-day grace period for submission, vendors will be

charged a fee of \$100 per late day, up to 2 days. After 2 days, vendors are charged a fee of \$500 per late day.

- **Product Modification:** A notification to, and an approval from Lowe's Canada is required if changes are made to certain aspects of a product, as briefly outlined below (a full list of details is available on the supplier's portals, and is covered during the vendor onboarding process):
 - Changes to product packaging.
 - Changes to design elements of the product (components, materials, colour, specifications).
 - Corrections to any discrepancies of previous product models.
 - Changes in the manufacturing/production process (changes in tools, equipment, location, etc.).
 - Discontinuing of a product.
 - Potential price change of a product.
 - Change in Safety Data Sheet (SDS) or any data concerning a regulated hazardous material.

Applicable Fine: If a supplier does not notify Lowe's Canada of product modification prior to any shipment, a fine of \$2,000 may be applied on an event basis.

2.1.3 Ecofees

Lowe's Canada complies with the legislation on Extended Producer Responsibility in the management of environmental expenses. The introduction on the market of product thus governed entails the shared responsibility with the supplier to declare and pay the associated Eco-fees; see the Lowe's Canada Eco-Fees Policy in [Appendix 3.4](#). The Supplier acknowledges having read it, consents and agrees to comply with it, including, without limiting the foregoing, all the Supplier's payment obligations to Lowe's Canada or others.

The supplier must:

- Inform Lowe's Canada of all changes or new registration to a Stewardship program at ecofee@lowescanada.ca.
- Complete the requested data in the Product Introduction Form.

Applicable Fine: If a supplier does not notify Lowe's Canada nor provide compliant requested data, fines of section 2.1.2 can be applied.

2.1.4 Respect of Lowe's Responsible Procurement Policies

Lowe's has communicated rigorous corporate policies to reduce the environmental and social impacts of the products sold to our customers. All new and existing products sold in its network must comply with these policies.

The policies include:

- Vendor code of conduct
- [3.5 Lowe's Canada Wood Policy](#)
- [3.6 Lowe's Canada Safer Chemicals Policy](#)
- [3.7 Lowe's Conflict Minerals Policy Statement](#)
- [3.8 LOWE'S HUMAN RIGHTS POLICY STATEMENT](#)

All these policies can be found on the supplier's portals:

- Lowe's: [Lowe's Link](#) (loweslink.com)
- RONA: [RONA Vendor Homepage](#) (vendors.rona.ca)

Lowe's will inform its suppliers with updates of its policies via email communications, updates of the supplier's portals and this Policy.

The supplier must:

- Read the policies and ensure all products sold to Lowe's comply to these policies.
- Provide all data requested in the Product Introduction Form to confirm the compliance of its products to Lowe's policies.
- Provide any documentation proving compliance during audits or surveys.
- Provide access to its facilities during on field audits.

Applicable Fine: all non-compliance of products to these policies represent a breach of compliance with the conditions of the Vendor Code of Conduct and with the supplier's Master Buying Agreement. It could generate the stop of sale of the non-compliant product or the end of the business relation.

Questions on Responsible procurement policies can be sent to ECOProducts@lowescanada.ca.

2.2 Vendor Display Setups and Store Resets

Effective in store resets and vendor display setups are crucial to the continued success of Lowe's Canada and its vendors. As such, it is important that vendors adhere to the following requirements:

Display Materials: In order for merchandisers to understand how vendors want their products to be displayed, vendors need to provide relevant and accurate planograms, signage, and pricing details, on time.

- **Applicable Fine:** A fine of \$500 per Event may be applied for not providing display materials, as well as a fine of \$100 for every day late.

Incorrect Materials: Vendors must also provide Lowe's Canada with accurate displays (agreed upon colour, size, etc.) for setups and resets, on time. In terms of relevancy and accuracy:

- Vendor provided displays must adhere to the agreed upon specifications that the vendor and Lowe's Canada established. Specifications include factors such as colour, display size, text size, font style, etc.
- Planograms (POGs) need to include the accurate details for product placement, product number, brand, and description. POGs must also be relevant to the store environment in which they are being displayed: correct store & correct language.
- Signage and pricing details need to be relevant to the SKU. Additionally, they need to match the environment in which they were intended for: correct store & correct language.
 - **Applicable Fine:** A fine of \$500 per Event may be applied for incorrect POGs, signage, pricing, or display materials, as well as an additional fine of \$100 for every day late.

Vendor Driven Reset Schedule: In the case of vendor driven resets, it is important that vendors adhere to the agreed upon schedule. Additionally, vendors must also accurately execute the agreed upon planogram.

- **Applicable Fine:** If a vendor does not start or finish according to the agreed upon reset schedule, a fine of \$100 may be applied for each late day (to get the correct planogram).

2.3 Escalating Fines

Vendors will be charged an extra fine for recurring events of non-compliance. After a vendor's first month with a non-zero fine total, subsequent monthly fine totals will have additional fines attached based on the number of previous non-zero fine months the vendor was held to during the **fiscal year**. Fines start at \$500 and increase in increments of \$250, up to a total of \$3,000. Once the next fiscal year begins, the escalating fines are reset.

Example #1 – First Non-Compliance of the Cycle

- During the first month of the fiscal year, a vendor is found to be non-compliant in terms of barcoding for 100 units in a PO. **This results in their first non-zero fine total of the fiscal year**, so there wouldn't be any additional escalating fines for the billing of this first month.
- The calculation of the fine would be as follows: \$1,000 for the non-compliant purchase order + 100 units x \$10 per label = total fine of \$2,000

Example #2 – Subsequent Non-Compliances During the Fiscal Year

- During the fifth month of the fiscal year, a vendor does not provide all the required information at the time of an appointment and is therefore non-compliant as they do not meet the requirements established in Section 1.6. **This is the third month of the fiscal year where they had a non-zero fine total** (meaning they previously had 2 months where non-compliant events occurred).
- The calculation of the fine total for this fifth month would be as follows:
 - \$500 for the non-compliant appointment + **\$750 as an escalating fine** (since they previously had 2 non-zero months during the cycle) = Total Fine of **\$1250**

Example #3 – Maximum Escalation Fine

- During the twelfth month of the fiscal year, a vendor delivers one PO across multiple trailers instead of delivering that PO in one truck (or creating another PO if all the product could not fit in one truck), meaning that they did not meet the compliance requirements established in Section 1.8. **This is the twelfth month of the fiscal year where they had a non-zero fine total** (meaning they previously had 11 months where non-compliant events occurred).
1. The calculation of the fine total for this twelfth month would be as follows:
 - \$1,000 for the non-compliant delivery + **\$3,000 as an escalating fine** (since they previously had 11 non-zero months during the cycle) = Total Fine of **\$4,000**

Section B: Appendix

3.1. Non-Compliance Notification Program

In an effort to prevent recurring instances of the same types of non-compliant events, Lowe's Canada has a notification program that informs vendors of any detected non-compliant events prior to being fined.

In terms of how the program works:

1. At the start of the month, vendors may receive two e-mail notifications detailing compliance results for the previous month. For example, at the beginning of the month of November, a vendor could receive two e-mails indicating their compliance results for the month of October.
 - One e-mail will detail the results of the vendor's on-time shipping and fill rate performance metrics, indicated in Table 1.1.
 - The other e-mail will list occurrences of non-compliance for the policies indicated in Tables 1.2 to 1.4. This notification e-mail will include information on the type of non-compliance, the date of the occurrence, the purchase order number, the item numbers, etc. This e-mail will only be sent if non-compliant events were detected during the previous month.
2. Following the notifications, vendors will have a 2 week period to respond to the e-mails should they have any questions.
3. At the end of the month, vendors may receive two debit memorandum e-mails corresponding to the notifications sent at the start of the month. This will depend on whether the performance metrics were met and/or whether there were any occurrences of non-compliance for the policies in Tables 1.2 to 1.4. If this is the case and fines *were* reported in the start of month notifications:
 - The performance metrics debit memo e-mail will stipulate the fine total based on Tables 2 and 3.
 - The non-compliance debit memo e-mail will stipulate the fine total based on the number of non-compliant occurrences for the policies in Tables 1.2 to 1.4.

3.2. Distribution Center List

*For pick-up requests, suppliers should contact their transportation coordinator or refer to the routing guide.

| Distribution Center | Address | Appointments | Core Carrier Requirements | CHEP Pallets Required? |
|--|--|--|---|---|
| Boucherville (99) Québec | 220, chemin du Tremblay Boucherville QC J4B 8H7 Phone: 514-599-5900 / Fax: 514-599-2531 | gestionreception@Rona.ca | Collect LTL & TL Shipments | Yes |
| Terrebonne (88) Québec | 2055, boul. des Entreprises, Terrebonne QC J6Y 0B7 Phone: 450-477-0739 / Fax: 450-477-2645 | receptionterrebonne@Rona.ca | Collect LTL & TL Shipments | Yes |
| Steeles Avenue (Halton Hills) (80) Ontario | 11 000 Steeles Avenue Halton Hills ON L9T 2X8 Phone: 905-876-4118 / Fax: 905-876-9993 | dc80.receiving@Rona.ca Phone: 905-876-4118, x233 | Collect LTL & TL Shipments | Yes |
| St-Hyacinthe (J1) Québec | 2855, rue Vanier St-Hyacinthe QC J2S 8Y2 Phone: 450-778-1737 / Fax: 450-778-2049 | Entrepot.St-Hyacinthe@rona.ca | Collect LTL & TL Shipments | Yes |
| Calgary – Main (83) Alberta | 2015 60th Street SE, Calgary AB T2B 3T9 Phone: 403-235-7650 Option 1 / Fax: 403-235-0869 | DC83.Receiving@Rona.ca Phone: 403-235-7657 Option 1 | Collect LTL & TL Shipments | Yes |
| Rocky View (X4) Alberta | 111 Lowe’s Road, Rocky View County, AB T4A 3M6 Phone: 403-235-7657 Option 2 | Receiving.RockyView@Rona.ca Phone: 403-235-7657 Option 2 | Collect LTL & TL Shipments | Yes |
| Crossfield (F1) Alberta | 16 McCool Crescent Crossfield AB T0M 0S0 Phone: 403-946-4643 / Fax: 403-946-4734 | Receiving.Crossfield@Rona.ca Phone: (403) 946-2375 | Collect LTL & TL Shipments | Yes |
| Dick’s Lumber (86) | 16659 Fraser Highway, Surrey, BC V4N 4G7 Phone: (604) 882-6321 | Phone: (604) 882-6321 | N/A | N/A |
| NFI (87) | 6810 40 Street SE, Calgary, AB T2C 2A5 Phone: (403) 236-3484 | Phone: (403) 236-3484 | Collect LTL & TL Shipments | Yes |
| Milton (Annex) Ontario | 8480 Mount Pleasant Way, Milton, Ontario L9T 5V6 Phone: 905-864-72020 | 3110Annex@lowes.com | Collect LTL, TL Shipments & Prepaid LTL Shipments | N/A |
| Milton (Annex - Q2) Ontario | 8480 Mount Pleasant Way, Milton, Ontario L9T 5V6 Phone: 905-864-72020 | 3110Annex@lowes.com | Collect LTL, TL Shipments & Prepaid LTL Shipments | N/A |
| Milton (3110) Ontario | 8450 Boston Church Road, Milton, Ontario, L9T 8E4 Phone: 905-636-4791 | Appointments3110@Lowes.com | Collect LTL, TL Shipments & Prepaid LTL Shipments | No, see: Palletization Requirements |

3.3 Vendor Prepared Cross Dock Stores with Restrictions on Shipments

| Banner | Store | Address | City |
|--------------------|-------|----------------------------|----------------|
| Rona Le Regional | 41190 | 435 Chemin McConnell, QC | Gatineau |
| Rona Home & Garden | 33150 | 274 Talbot St. West, ON | Leamington |
| Rona Home & Garden | 33690 | 535 McNeely Avenue, ON | Carleton Place |
| Rona Home & Garden | 33730 | 165 Primeway Drive, ON | Welland |
| Rona Home & Garden | 33780 | 359 South Service Road, ON | Grimsby |
| Rona Home & Garden | 55310 | 1452 Bath Road, ON | Kingston |

3.4 Ecofee Policy

Lowe's Canada (« **Lowe's** ») is committed to comply with legislation on extended producer responsibility and to stewardship program management in Canada, also called environmental handling fees or ecofees programs. These programs request that brand owners and producers bringing new products to market subject to this legislation are legally responsible for ecofees payment and reporting in accordance with legislation. This responsibility being shared between Lowe's and each of its suppliers, this politic aim to clearly define responsibilities of each parties.

According to the trade agreement signed with Lowe's and the *Lowe's Canada Vendor Compliance Policy*, the supplier must respect the actual politic and follow the actual guidelines:

- **The supplier** will clearly identify a contact person responsible for stewardship programs.
- **If the supplier has a place of business in the province having a stewardship program and that its products are covered by the stewardship program or if the supplier is registered to such program on a voluntary basis**, the supplier must report and pay the ecofees for all products of the supplier's brands sold in the Lowe's network.
- **If the supplier does not have a place of business in the province having a stewardship program, that its products are covered by the stewardship program and that the supplier is not registered to such program on a voluntary basis**, Lowe's reports and pays the ecofees related to the supplier branded products sold in stores of the Lowe's network of stores. In this case, the supplier authorizes Lowe's to claim to the supplier and the supplier is committed to pay Lowe's within the time prescribed by Lowe's an amount equal to (i) the amounts assumed by Lowe's for all products of the supplier's brands sold in the Lowe's network and (ii) the administration fees established at the discretion of Lowe's. In addition, in this case, the supplier will not include any amounts related to stewardship programs in the price of the affected products it sells to Lowe's.
- **Lowe's reports and pays the ecofees for all sales of its private brand** products sold in the Lowe's network (See attached list of Lowe's private brands).

A supplier may diverge to the terms of this policy only if it has signed a remitter's agreement with Lowe's which is in a form acceptable to Lowe's and applicable. The supplier then undertakes to sign such a remitter determination agreement with Lowe's if required by the stewardship program.

In all cases, the supplier must inform Lowe's of its registration status to stewardship programs by contacting ecofee@lowescanada.ca and immediately notify Lowe's if this status change, and to supply promptly, at the reasonable request of Lowe's, any information relating to the supplier, its products and stewardship programs.

Lowe's shall have the right, at any time and from time to time, to make any amendment, suppression and addition to this ecofee policy for which the supplier has been informed by a written notice.

List of Lowe’s Canada private brands:

| | | | |
|-----------------|-----------------|-----------------|------------------|
| RONA | UBERHAUS PRO | KOBALT | STAGREEN |
| RONA ECO | PRO-PULSE | ALLEN + ROTH | RELIABILT |
| HAUSSMANN | RONA COLLECTION | PROJECT SOURCE | HARBOR BREEZE |
| RONA OLYMPIQUE | RONA X-PERT | BLUE HAWK | HOLIDAY LIVING |
| HAUSSMANN XPERT | FACTO | STYLESELECTIONS | GATEHOUSE |
| CONCEPT | NORDIK | UTLITECH | GARDEN TREASURES |
| RONA COMMERCIAL | UBERHAUS SELECT | PORTFOLIO | EVERTRUE |
| UBERHAUS | VITALIUM | AQUASOURCE | TOP CHOICE |
| UBERHAUS DESIGN | RENO-DÉPÔT | UTILITECH | |

List of the programs in which Lowe’s is registered:

| | | |
|--|------------------------------------|-------------------------------------|
| BC- CSSA (RecycleBC) - Packaging | MB – C2R - Batteries | NB - PCA - Paint |
| BC - C2R - Batteries | MB – C2R - Batteries | NB - RECYCLE NB - Tires |
| BC - BCUOMA – Oil | MB - EPRA - Electronics | NB - SOGHU - Oil |
| BC - ENCORP – Beverage containers | MB - MARRC - Oil | NB - EPRA - Electronics |
| BC - EPRA - Electronics | MB - PCA - HHW | NS - RRFB NS - Tires |
| BC - MARR - Major Appliances | MB- PCA - Light Recycle | NS - PCA - Paint |
| BC - OPEIC - Outdoor Power Equipment | MB – CBCRA - Beverage Containers | NS - EPRA - Electronics |
| BC - PCA - HHW | MB - TSMB -Tire | NS- RRFB - Beverage Containers |
| BC - PCA - Light Recycle | ON - CSSA (Blue Box) - Packaging | NL - MMSB - Beverage Containers |
| BC - PCA - Smoke&CO alarms | ON – SO - MHSW | NL - MMSB - Tire |
| BC - PCA - CESA – Small Appliances | ON - OES - Electronics | NL - EPRA - Electronics |
| BC - TSBC - Tires | ON - OTS - Tires | NL - PCA – Paint |
| AB – ABCRC - Beverage containers | ON - AMS - Oil | NWT - Alb. Recycling – Electronics |
| AB - ARMA - Electronics | ON – PCA – PSF | NWT - Gov NWT - Beverage Containers |
| AB - ARMA – Paint | ON - PCA - Paint | PEI - EPRA - Electronics |
| AB - ARMA - Tires | QC - EEQ – Emballage | PEI - Gov PEI - Beverage Containers |
| AB - AUOMA - Oil | QC – BGE – Contenants de breuvages | PEI - Gov PEI - Tire |
| SK - CSSA (MMSW) - Packaging | QC - Écoteinture - Peinture | PEI - PCA - Light Recycle |
| SK – Min.Finance - Beverage Containers | QC – Min.finance - Pneus | PEI - PCA – Paint |
| SK - EPRA - Electronics | QC - EPRA - Electroniques | PEI - SOGHUOMA PE - Oil |
| SK - PCA - Paint | QC - CALL2RECYCLE - Piles | YU - EPRA - Electronics |
| SK - SARRCC - Oil | QC - SOGHU - Huiles | YU – Gov.Yu - Beverage Containers |
| SK - SSTC - Tires | QC - PCA - Lampes | YU – Gov.Yu - Tire |
| MB - CSSA (MMSM) - Packaging | NB - ENCORP - Beverage Containers | |

List of programs where, if the supplier is a brand owner and has a place of business in the province where the goods are supplied, the supplier must report and pay the ecofees. The list below can be expected to change depending on the provincial regulatory evolution.

| | |
|-----------------------------------|----------------------------------|
| BC - CSSA (RecycleBC) – Packaging | ON - CSSA (Blue Box) – Packaging |
| SK - CSSA (MMSW) – Packaging | ON – SO – MHSW |
| MB - CSSA (MMSM) – Packaging | ON - OTS – Tires |
| QC - EEQ – Emballage | ON - AMS – Oil |

3.5 Lowe’s Canada Wood Policy

Updated October 2019

The Lowe’s Canada Wood Sourcing Policy is intended to inform the public and suppliers of our philosophy and commitments. This policy is aligned with the Lowe’s Companies, Inc. Wood Policy which is applicable to Lowe’s Companies Canada, ULC and RONA Inc. (hereinafter “Lowe’s Canada”).

As a leading North American home improvement company, Lowe’s Canada purchases significant amounts of wood and recognizes the important role the world’s forests play. Forests are crucial to life on the planet, supporting plant and animal life; capturing and storing greenhouse gases; and providing food, water, fuel, medicine and livelihoods to billions of people around the world. Lowe’s Canada is dedicated to protecting these critical resources, and we want to do our part to protect them by adopting responsible practices. Trees are a critical part of our business, so ensuring a long-term, sustainable source of wood is paramount. In addition, we want to hold ourselves and our suppliers to high standards.

Scope

This policy applies to all products containing wood that are sold in Lowe’s Canada stores in Canada (hereinafter “Wood Products”).

Commitments

- By 2020, Lowe’s Canada will achieve 100 percent Forest Stewardship Council (FSC) certification for all Wood Products sourced from identified regions at risk.

Regions at Risk*

| | |
|----------------------------|-------------------|
| Amazon Basin | East Africa |
| Atlantic Forest/Gran Chaco | Eastern Australia |
| Borneo | Greater Mekong |
| Cerrado savanna | Papua New Guinea |
| Chocó-Darién moist forests | Sumatra |
| Congo Basin | Russian Far East |

**This list is updated annually in conjunction with our network of non-profit partners.*

- By 2025, 100% of Lowe’s Canada’s Wood Products will be purchased from a responsible source, thus either certified or from a controlled source.

Guiding principles

Lowe's Canada recognizes that environmental and socioeconomic issues often are directly related to forest products and, as a responsible corporate citizen, we take addressing these issues seriously. Our wood sourcing policy aims to contribute to environmental protection and to adopt ethical business practices.

Lowe's Canada commits to source wood that:

- comes from a known source;
- is legally harvested and traded;
- does not threaten high conservation value or high carbon stock forests;
- does not come from deforestation or other ecosystem conversion, which leads to biodiversity loss, including that of rare, threatened and endangered species;
- is not endangered;
- is harvested and produced in a way that recognizes and upholds indigenous and other local community rights and customs;
- is harvested and produced ensuring that human and worker rights are protected, including decent and humane working conditions and no forced labor.

For Lowe's Canada, a responsible source is either 1) certified or 2) controlled:

1. Lowe's Canada recognizes the following certifications: FSC and all the certifications recognized under the Program for the Endorsement of Forest Certification (PEFC), including the Sustainable Forestry Initiative (SFI). Lowe's Canada gives preference to FSC-certified Wood Products when they are available and meet product performance and business requirements.
2. In circumstances where wood product is not sourced from a certified forest, the supplier must prove that its product comes from a controlled source and demonstrate evidence of compliance with the Lowe's Canada Wood Sourcing Policy.

Lowe's Canada will continue to engage with a diverse set of stakeholders including NGOs, regulators, peers and academia to ensure our wood sourcing policies and practices are focused on the most critical risks and to identify additional ways that Lowe's Canada can help to promote sustainable forestry practices.

- Lowe's Canada is committed to reviewing this policy on an annual basis and will revise as necessary.
- Additionally, Lowe's Canada is committed to develop verification and reporting processes to provide regular updates on progress against our targets.

3.6 Lowe's Canada Safer Chemicals Policy

Updated November 2019

The Lowe's Canada Safer Chemicals Policy is intended to inform the public and suppliers of our philosophy and commitments. This policy is aligned with the Lowe's Companies, Inc. Safer Chemicals Policy which is applicable to Lowe's Companies Canada, ULC and RONA Inc. (hereinafter "Lowe's Canada").

Chemicals play a major role in people's daily lives. There has been a growing concern that there are hazardous chemicals that can be persistent and build up in the environment and have significant adverse human and environmental health effects. While regulations are being strengthened, certain concerns remain unregulated and may impact the health and safety of Lowe's Canada's products. As a responsible corporate citizen, Lowe's Canada takes product safety and environmental sustainability very seriously. To manage chemicals more responsibly, Lowe's Canada implements this Safer Chemicals Policy through a number of strategic actions and commitments.

Policy

- Lowe's Canada will continue to adhere to applicable chemical regulations as they are strengthened to restrict chemicals of concern.
- Lowe's Canada will continue to foster supply-chain relationships and encourage suppliers to disclose chemicals to Lowe's Canada to better understand chemicals in the products and packaging Lowe's Canada sells and how they impact product and environment.
- Lowe's Canada will strive to protect the health of Lowe's Canada customers, employees, and environment by systematically identifying, reducing, and eliminating chemicals of concern and substituting them with safer alternatives wherever commercially feasible.
- Lowe's Canada will actively drive the identification and availability of safer alternatives to its entire operations, including Lowe's Canada stores and offices.
- Lowe's Canada will continuously improve its engagement with supply chain partners to ensure requirements are understood and acted upon in a reasonable timeframe.
- Lowe's Canada will strive to enhance consumer confidence in the products Lowe's Canada sells in Canada through making available an increasing number of eco-products that incorporate safer chemicals.
- Lowe's Canada will review this chemical policy at least on an annual basis and report progress in its annual corporate responsibility report.

Action Plan

To support this chemical policy, Lowe’s Canada will take several actions to ensure progress:

- Lowe’s Canada will develop a framework to systematize the process of assessing chemicals and managing chemical risks. Chemical risks can be managed in several ways and may include requiring disclosure of chemicals in Lowe’s products, reducing or eliminating toxic chemicals from Lowe’s products or packaging, better educating consumers on product safety, and/or driving innovation by encouraging suppliers to transition to safer alternatives and green chemistry solutions.
- Lowe’s Canada will take a collaborative approach to understand and manage chemicals in the products Lowe’s Canada sells, including utilizing inputs from third-party subject matter experts, internal and external stakeholders, supply chain partners, and consumers. Lowe’s has been working with trusted partners, such as the Green Chemistry and Commerce Council (GC3) to continuously support green chemistry initiatives as well as participating in the Retail Leadership Council of the GC3 to better align the retail sector. Lowe’s Canada will also continue to partner with credible NGOs, associations and industry partners.

Lowe’s Canada is committed to evolving and improving these action plans to ensure continuous improvement over time.

Commitments

| Product Category | Commitment |
|------------------|---|
| Flooring | <ul style="list-style-type: none"> • All vinyl flooring is free of ortho-phthalates. • All indoor wall-to-wall carpet is free of triclosan, organotins, ortho-phthalates, vinyl chloride, nonylphenol ethoxylates, coal fly ash, formaldehyde, added heavy metals. • All indoor residential carpet and rugs purchased by Lowe’s Canada will be free of PFAS chemicals by January 2020. |
| Insulation | <ul style="list-style-type: none"> • All fiberglass insulation products are free of brominated flame retardants, halogenated flame retardants, antimony trioxide, formaldehyde, and added heavy metals. |
| Lawn & Garden | <ul style="list-style-type: none"> • All our on-shelf pesticides and live goods are free of neonicotinoid pesticides. |
| Paint | <ul style="list-style-type: none"> • All paint remover products are free of methylene chloride and N-Methyl-2-Pyrrolidone (NMP). • All interior and exterior water-based wall paints are free of triclosan, isocyanates, formaldehyde, lead and heavy metals. |

3.7 Lowe's Human Rights Policy Statement

Updated January 2020

Lowe's Companies Inc. and its subsidiaries and affiliates (collectively, "Lowe's") is committed to fostering a company that recognizes and respects human rights in all aspects of our business, regardless of sex, race, color, religion, national origin, age, disability, marital status, gender identity or expression, sexual orientation, genetic information, military, veteran status, and any other characteristic protected under law. Lowe's seeks to respect and promote human rights when engaging with associates, subcontractors, suppliers, customers, and other partners. Lowe's expects the same from its vendors. We will do this, as appropriate, through proactive engagement, monitoring, certification, and contractual provisions. Suppliers operating in or procuring from areas where we identify our most severe risks will be the key focus of this engagement. With this commitment, Lowe's adopted this Human Rights Policy ("Policy") and supports the fundamental principles of Human Rights, as defined by the "Universal Declaration of Human Rights". In addition, Lowe's aligns with the principles set forth in the United Nations Global Compact, the International Bill of Human Rights (including the International Covenant on Civil and Political Rights (ICCPR), and the International Covenant on Economic, Social and Cultural Rights (ICESCR)), and the International Labor Organizations (ILO) Declaration on Fundamental Principles and Rights at Work. This Policy applies to all associates, vendors, suppliers, customers, subcontractors, and other partners who provide services and goods to Lowe's.

Statement

Lowe's conducts a corporate-wide human rights review at least annually. Lowe's focuses on promoting fundamental rights through associates, customers, communities and supply chain workers.

- **Associates:** Lowe's associates are vital assets to the company. Lowe's Business Code of Conduct requires associates to uphold the highest safety and ethical standards, and to create a safe and non-discriminating environment for Lowe's associates, visitors and customers.
- **Customers:** Lowe's aims to serve customers, not only by providing excellent products, but also to safeguard their human rights.
- **Communities:** Lowe's is committed to fostering an environment where individuals are treated fairly, valued, respected, safe and inspired to serve customers and the community.
- **Supply chain workers:** Lowe's serves customers, but also serves those who serve customers. Suppliers should treat workers throughout the supply chain with integrity and respect and adhere to the Vendor Code of Conduct, which requires Lowe's suppliers to protect workers' human rights throughout the supply chain. Human trafficking, child labor and forced labor are strictly prohibited and enforced with a zero-tolerance policy. Lowe's also requires all suppliers and vendors to comply with Lowe's Vendor Safety Standards, which are outlined in Lowe's vendor safety expectations.

Additional References: [Lowe's Ethics and Compliance Policies](#) including Vendor Code of Conduct and Lowe's Code of Business Conduct and Ethics.

Implementation

Lowe's continually evaluates and reviews our approach to human rights and how to best detect human rights risks. We believe that working through external initiatives and partnerships is often the best way to address shared challenges for operating our business responsibly. Where any events may impact Lowe's commitments to human rights, Lowe's will assess the risk, conduct an investigation if needed, and provide a solution or action for remediation. We will continue to track and publicly report on progress on an annual basis in Lowe's Corporate Sustainability Report.

Lowe's conducts training and development programs to foster open communication, inclusion and ensure equal employment opportunities for all. Associates receive regular anti-discrimination and anti-harassment workplace training and, annually verify compliance with the Code of Business Conduct and Ethics. Our vendors receive responsibility training focused on the Vendor Code of Conduct and Lowe's compliance program.

Reporting Channel

Lowe's expects any stakeholders of Lowe's business to report or address any human rights concerns through any of the following channels:

- E-mail: compliance@lowes.com
- Telephone: 1-800-309-5859
- NAVEX Global:
 - Website (option to report anonymously): www.ethicspoint.com
 - Telephone: [800-784-9592](tel:8007849592) for the U.S. and Canada; [10-800-120-1239](tel:108001201239) for Southern China; [10-800-712-1239](tel:108007121239) for Northern China; [800-964214](tel:800964214) for Hong Kong; [001-8008407907](tel:0018008407907) or [001-866-737-6850](tel:0018667376850) for Mexico; [00801-13-7956](tel:00801137956) for Taiwan; [1-800-80-8641](tel:1800808641) for Malaysia; [001-803-011-3570](tel:0018030113570) or [007-803-011-0160](tel:0078030110160) for Indonesia; [120-11067](tel:12011067) for Vietnam; [001-800-12-0665204](tel:001800120665204) for Thailand; [000-800-100-1071](tel:0008001001071) or [000-800-001-6112](tel:0008000016112) for India; [01800-9-155860](tel:018009155860) for Colombia; [0800-8911667](tel:08008911667) for Brazil or [503-619-1883](tel:5036191883) for use internationally