



# Vendor Compliance Policy



## Contents

<b>Manual Version</b> .....	4
<b>Purpose</b> .....	5
<b>Doing Business with Lowe’s Canada</b> .....	6
<b>Program Overview</b> .....	7
<b>Section A: Vendor Compliance Requirements</b> .....	11
<b>1.1 On-Time Shipments</b> .....	11
<b>1.2 Fill Rate</b> .....	15
<b>1.3 Merchandise Pickup</b> .....	18
<b>1.4 – A. Core Carrier (Domestic Ground Shipment)</b> .....	19
<b>1.4 – B. Cross Border Compliance</b> .....	19
<b>1.5 Shipping Documents</b> .....	20
1.5.1 Delivery Document Requirements .....	20
1.5.2 Cross Border Documents .....	20
<b>1.6 Appointments</b> .....	21
1.6.1 Setting an Appointment – Requirements .....	21
1.6.2 Delivering a Shipment – Appointment Requirements .....	22
<b>1.7 Product State</b> .....	23
1.7.1 Bar Coding: .....	23
1.7.2 Packaging: .....	24
1.7.3 Load Quality & Product Integrity: .....	24
<b>1.8 General Provisions for Deliveries</b> .....	26
1.8.1 Standard Delivery Requirements .....	26
1.8.2 Vendor Prepared Cross Docking Deliveries .....	27
<b>1.9 CHEP Pallets</b> .....	29
<b>2.0 Merchandise Return Policy</b> .....	30
<b>2.1 Product Introduction &amp; Modification</b> .....	31
2.1.1 Hazardous Products .....	31
2.1.2 Creations and Modification of Products and/or Prices .....	31
<b>2.2 Vendor Display Setups and Store Resets</b> .....	33
<b>2.3 Escalating Fines</b> .....	34
<b>Section B: Appendix</b> .....	35



3.1. Distribution Center List ..... 35

3.2 Vendor Prepared Cross Dock Stores with Restrictions on Shipments ..... 36

## Manual Version

Version	Updated By	Changes & General Comments
V 1.0	Girin Mark Amin 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.
V 1.0.1	Girin Mark Amin 5/14/2019	<ul style="list-style-type: none"><li>• Minor typos corrected on pages 13 and 14.</li></ul>

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



### 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
- 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](mailto: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](mailto:CanVndrCmplnc@lowes.com)

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

- [VendorPerformance@rona.ca](mailto:VendorPerformance@rona.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
<b>On-Time Shipping</b> <a href="#">Section 1.1</a>	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.	<b>For New Stores:</b> 20% of PO value per late PO
	Special Order/Online (100% Compliance Threshold)			<b>For Special or Online Orders:</b> 10% of late PO value
<b>Fill Rate</b> <a href="#">Section 1.2</a>	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.	<b>For New Stores:</b> 20% of value units not received
	Special Order/Online (100% Compliance Threshold)			<b>For Special or Online Orders:</b> 10% of value units not received

**Table 1.2:** Transportation Compliance Requirements

Compliance Requirement Type	Compliance Name	Description	Examples	Fine
<b>Merchandise Pickup</b> <a href="#">Section 1.3</a>	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

<b>Core Carrier and Cross Border Compliance</b>  <a href="#">Section 1.4</a>	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
<b>Shipping Documents</b>  <a href="#">Section 1.5</a>	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.	\$1,000 per Event
<b>Appointments</b>  <a href="#">Section 1.6</a>	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 or miss the 30-minute window.	

**Table 1.3: Distribution Center Compliance Requirements**

Compliance Requirement Type	Compliance Name	Description	Examples	Fine
<b>Product State</b>  <a href="#">Section 1.7</a>	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 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.	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 arrives damaged at its destination.	
<b>General Provisions for Deliveries</b>  <a href="#">Section 1.8</a>	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.	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.	
<b>CHEP Pallets</b>  <a href="#">Section 1.9</a>	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 <a href="#">Appendix 3.1</a> .	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.	
<b>Merchandise Return Policy</b>  <a href="#">Section 2.0</a>	Merchandise Return Policy	For goods to be returned, Lowe's Canada will contact the supplier to get a Return Authorization Number. 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 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
<b>Product Introduction &amp; Modification</b>  <a href="#">Section 2.1</a>	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
<b>Vendor Displays and Resets</b>  <a href="#">Section 2.2</a>	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
<b>Escalating Fines</b>  <a href="#">Section 2.3</a>	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](#).

**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
<b>Replenishment: 98% compliant</b>	10% of late PO value (minimum fine of \$500 per month)
<b>*New Stores: 100% compliant</b>	20% of PO value per late PO (minimum fine of \$500 per month)
<b>Special Order/Online: 100% compliant</b>	10% of late PO value (minimum fine of \$500 per month)

\* Stores are considered new until 6 weeks after their opening.

**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.

#### **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 2 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:  $\$10,000 \times 4 \text{ Purchase Orders} \times 10\% = \$4,000$ .

## 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
<b>Replenishment: 98% compliant</b>	10% of value units ordered but not received (minimum fine of \$500 per month)
<b>*New Stores: 100% compliant</b>	20% of value units ordered but not received (minimum fine of \$500 per month)
<b>Special Order/Online: 100% compliant</b>	10% of value units ordered but not received (minimum fine of \$500 per month)

\* Stores are considered new until 6 weeks after their opening.

### **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 \$50 is less than the \$500 minimum, the special-order fine would be \$500.

### 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 set-up the details of the pick-up with the Lowe’s Canada transportation department.

- **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 3.1, 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

**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 \$1,000 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.

**Table 4:** Suggested Times to Book Appointment Requests

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 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 appointment within a 30-minute window, 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.

### **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](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>

#### **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 3.1](#) lists all of the Lowe's Canada distribution centers and their pallet requirements.):

- Product must not excessively overhang off pallets. The maximum allowable overhand 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.
  - 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.

**Applicable Fines:** If merchandise is not safely loaded and arrives damaged at its destination or causes a safety incident:

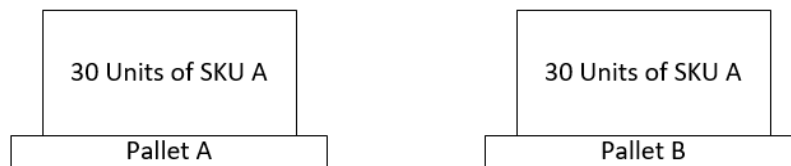
- A fine of \$1,000 may be applied per PO.
- A recovery charge of \$100 per hour will be applied to cover labor and equipment required to bring load quality and product integrity into compliance.

## 1.8 General Provisions for Deliveries

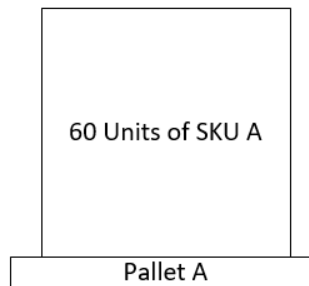
### 1.8.1 Standard Delivery Requirements

- **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.



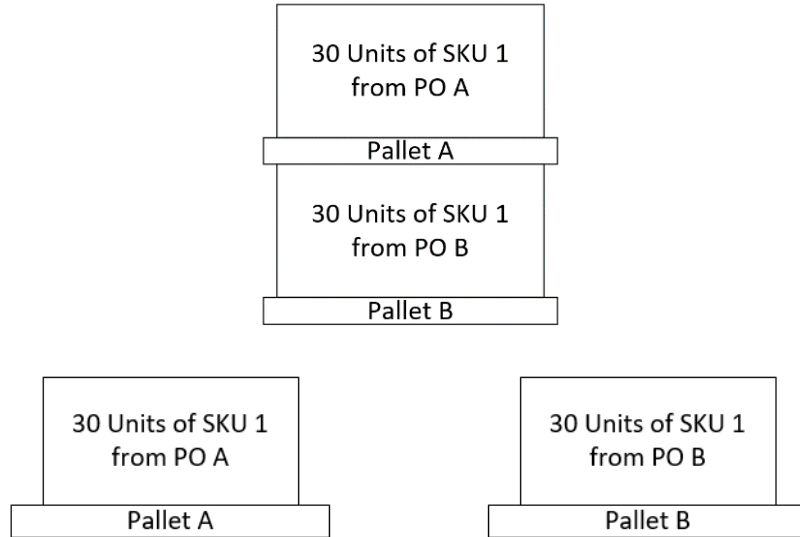
The correct way this product should have been loaded is as follows:



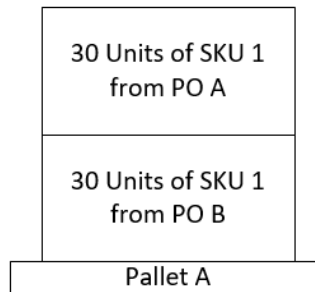
However, if 80 units of SKU A were ordered, then it would have been fine to put 60 units on Pallet A and 20 units on Pallet B, as the quantity ordered was too large to fit on a single pallet.

- **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 3.2](#)) 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!

**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 3.1](#) 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 get a Return Authorization Number. The supplier has 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 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, 1992), 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](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, and hazardous material information.
  - **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.

**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.



## 2.2 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).
- 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. 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?
<b>Boucherville (99)</b> Québec	220, chemin du Tremblay Boucherville QC J4B 8H7 <b>Phone:</b> 514-599-5900 / <b>Fax:</b> 514-599-2531	gestionreception@rona.ca	Collect LTL & TL Shipments	Yes
<b>Terrebonne (88)</b> Québec	2055, boul. des Entreprises, Terrebonne QC J6Y 0B7 <b>Phone:</b> 450-477-0739 / <b>Fax:</b> 450-477-2645	receptionterrebonne@rona.ca	Collect LTL & TL Shipments	Yes
<b>Steeles Avenue (Halton Hills) (80)</b> Ontario	11 000 Steeles Avenue Halton Hills ON L9T 2X8 <b>Phone:</b> 905-876-4118 / <b>Fax:</b> 905-876-9993	dc80.receiving@rona.ca <b>Phone:</b> 905-876-4118, x233	Collect LTL & TL Shipments	Yes
<b>St-Hyacinthe (J1)</b> Québec	2855, rue Vanier St-Hyacinthe QC J2S 8Y2 <b>Phone:</b> 450-778-1737 / <b>Fax:</b> 450-778-2049	<b>Phone:</b> 450-778-1737, x226 or x227	Collect LTL & TL Shipments	Yes
<b>Calgary – Main (83)</b> Alberta	2015 60 <sup>th</sup> Street SE, Calgary AB T2B 3T9 <b>Phone:</b> 403-235-7650 / <b>Fax:</b> 403-235-0869	receiving.calgary@rona.ca <b>Phone:</b> 403-235-7657	Collect LTL & TL Shipments	Yes
<b>Calgary – Hopewell (75)</b> Alberta	5667 69 <sup>th</sup> Avenue SE, Calgary AB T2C 5B1 <b>Phone:</b> 403-723-9062 / <b>Fax:</b> 403-723-9072	receiving.calgary@rona.ca <b>Phone:</b> 403-723-9062 <b>x221</b>	Collect LTL & TL Shipments	Yes
<b>Calgary – Great Plains (76)</b> Alberta	5543 72 <sup>nd</sup> Avenue SE, Calgary AB T2C 3C4 <b>Phone:</b> 403-236-2028 / <b>Fax:</b> 403-236-1176	receiving.calgary@rona.ca <b>Phone:</b> 403-236-2028 <b>x2225</b>	Collect LTL & TL Shipments	Yes
<b>Crossfield (F1)</b> Alberta	16 McCool Crescent Crossfield AB T0M 0S0 <b>Phone:</b> 403-946-4643 / <b>Fax:</b> 403-946-4734	<b>Phone:</b> (403) 946-2375	Collect LTL & TL Shipments	Yes
<b>Calgary – Oxford (3112, 73, V3)</b> Alberta	1980-104 Ave N.E. Calgary, Alberta T3J 0T5 <b>Phone:</b> 403-234-0565 ext. 4250	OxfordTeam@Rona.ca	Collect LTL & TL Shipments	<b>73:</b> Yes <b>V3:</b> N/A (Appliances) <b>3112:</b> No
<b>Dick's Lumber (86)</b>	16659 Fraser Highway, Surrey, BC V4N 4G7 <b>Phone:</b> (604) 882-6321	<b>Phone:</b> (604) 882-6321	N/A	<b>N/A</b>
<b>NFI (87)</b>	6810 40 Street SE, Calgary, AB T2C 2A5 <b>Phone:</b> (403) 236-3484	<b>Phone:</b> (403) 236-3484	Collect LTL & TL Shipments	Yes
<b>Milton (Annex)</b> Ontario	8480 Mount Pleasant Way, Milton, Ontario L9T 5V6 <b>Phone:</b> 905-864-72020	Appointments3110@lowes.com	Collect LTL, TL Shipments & Prepaid LTL Shipments	No, see: <a href="#">Palletization Requirements</a>
<b>Milton (3110)</b> Ontario	8450 Boston Church Road, Milton, Ontario, L9T 8E4 <b>Phone:</b> 905-636-4791	Appointments3110@lowes.com	Collect LTL, TL Shipments & Prepaid LTL Shipments	No, see: <a href="#">Palletization Requirements</a>

## 3.2 Vendor Prepared Cross Dock Stores with Restrictions on Shipments

<b>Banner</b>	<b>Store</b>	<b>Address</b>	<b>City</b>
Rona Le Regional	42510	316 Denison Est, QC	Granby
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