

Lowe's Source Tag Program

Lowe's Source Tag Commitment Statement

Lowe's has implemented source tagging as part of our corporate strategy to increase sales and decrease shrink. Lowe's has made a significant investment and commitment to source tagging. We appreciate the cooperation of our vendors in this venture as we both experience the benefits source tagging offers.

WHAT IS EAS SOURCE TAGGING?

EAS Source Tagging is the process by which disposable anti-theft labels are incorporated into merchandise/packaging during the manufacturing or packaging process.

Lowe's has approved **All-Tag & Tyco/Sensormatic** as EAS tag suppliers since their EAS tags offer:

- The highest detection rate in the industry.
- Coverage of wide exits and entrances.
- Automatic, reliable deactivation of hidden labels without slowing throughput.
- A virtually false-free alarm system.
- Potential packaging reduction or elimination since labels fit easily into small items.
- Washable labels for sewn-in application with home fashion products.
- Acousto-Magnetic (AM) tags which work with all Lowe's EAS hardware.

Lowe's requires all suppliers with high-theft/high-shrink product to source tag specific SKU's based upon their specific Product Group/Assortment/price point tagging criteria. These guidelines are available by request. If your items are required for source tagging, you should follow these easy "Next Step Instructions" to get your program up and running. If you have any questions or issues regarding Lowe's Source Tagging Policy you should contact Lowe's Merchandise Shrink Control at 704-758-6005 or 704-758-6012.

Lowe's requires all product to be Phase II or Phase III tagged. PII tagging means the tag is concealed inside of the packaging of your product. PIII tagging means the tag is actually placed inside the product itself. The tag is always universally positioned within 3" of the barcode for all retailers regardless of the phase. Vendor's Labs have been instructed to adhere to our standard requirement of testing all Lowe's product for Phase III first.) If an item exceeds 24"/25 lbs please contact the Manager Merchandise Shrink Control to inquire about alternative tagging for these items so they remain within the Source Tagging Guidelines.

Vendor Contacts

All Tag - Lance Weeden regarding pricing of tags, placing orders, credit, shipment, equipment, etc. l.weeden@all-tag.com or (704) 649-9498

Tyco/Sensormatic - Read Carroll regarding pricing of tags, placing orders, credit, shipment, equipment, etc. Read can be reached at read.carroll@jci.com or (678) 575-0282.

Requirements & Guidelines

- **It generally takes a new supplier approximately 60-90 days to have source tagged product arriving in our stores.** Should you have current warehouse stock, Lowe's will allow you to work through that inventory and begin your program with the shipment following depletion of such. Should you determine that your current inventory level is greater than two months, you must contact Lowe's Merchandise Shrink Control at 704-758-6005 or 704-758-6012 to determine the arrival date.
- **Lowe's requires all product to be certified by All-Tag or Tyco/Sensormatic's lab before it can be shipped to our stores tagged.** Tyco/Sensormatic requires product Submission form found on LowesLink. All Tag requires items to be shipped to the following address: All-Tag Product Certification Lab, 1155 Broken Sound Parkway NW, Unit E, Boca Raton, FL 33487
- **Lowe's ONLY accepts tagged product that uses All-Tag's or Tyco/Sensormatic's Dual Resonator (DR) anti-theft tag.** There are several different anti-theft tags on the market. Lowe's systems will only activate and perform accurately with the use these. You may NOT use Check Point or any other RF (radio frequency) tag on your product to be shipped to Lowe's.
- **Lowe's requires that all EAS tagged products be Phase II or Phase III tagged.** Phase II tagging means the tag is concealed inside of the packaging of your product. Phase III tagging means the tag is placed inside the product itself. The tag is always universally positioned within 3" of the barcode for all retailers, regardless of the phase, to ensure proper deactivation at the register.
- **Lowe's conducts random audits on source tagged SKU's.** Lowe's will randomly check committed SKU's to make sure they are tagged. This allows us to ensure high theft items are being protected, monitor vendor compliance, and ensure our suppliers are receiving live tags from their distributors.
- **Lowe's has a minimum 85% source tag compliance requirement.** This accounts for product returns & damage. Vendors and responsible merchants will be notified of the audit results. Vendors are given the opportunity to correct problems if necessary. Should the problem not be corrected in a timely manner, you will be found non-compliant. Non-compliant recourse will be determined by Lowe's Merchandising and Loss Prevention Management and is handled on a case-by-case basis based upon severity and loss.

Lowe's will assist all suppliers with any "hard to tag" item and allow them time to find, develop & initiate use of the solution. Lowe's will supply you with a list of VAR's (Value Added Resellers) who assist companies with developing unique, individual tagging solutions for abnormal or hard-to-tag items. For instance: drop in tags (fertilizer, parts bags, soft goods), sewn in tags (soft goods), weighted/winged tags (liquid concentrates/Round Up, chemicals & cleaners), are just a few of the tagging solutions that have been developed for unique SKU's at Lowe's and other retailers. For any item there is a solution and we will assist you in finding the right one for your product.

- **Lowe's DOES NOT absorb or "share" in the cost of the anti-theft tag.** Lowe's has invested millions of dollars in the installation of EAS equipment throughout our stores and for this reason, require our suppliers to "share" the cost of the program, by providing the tags.