



# Product Returns & Buybacks

Effective date: 05-10-2011

## PRODUCT RETURNS

Lowe's consumer return policy dictates that we give our customer replacement product or credit on any return. We in turn expect our vendors to honor all Return To Manufacturer (RTM) documents covering customer returned/defective merchandise which are issued by Lowe's.

There are two options to choose from when determining the specific method to be used by Lowe's in handling your product. The exact policy may be dependent on factors such as product, value, cost of returning, size of product, etc. The options are listed below in order of Lowe's preference.

**Option 1:** Product will be destroyed in the field by store personnel. No inspection or authorization will be required by vendor. The store will bill the vendor for full credit and a consolidated **daily** debit memo will be issued by Corporate Payables using the Actual Cost Layered Inventory pricing. (ACLI pricing is defined as Lowe's cost of getting product on the store shelf. ACLI includes invoice cost of product plus inbound freight plus distribution center add-ons if applicable less rebates or program allowances.) Items with MSDS sheets are considered HAZMAT by Lowe's and cannot be field destroyed. HAZMAT items must be accepted back by the vendor, if possible, or the vendor must allow Lowe's to donate or markdown and sell the items, if possible, after credit is given. If vendor opts to require Lowe's to hold for inspection or call for authorization, a five percent add-on will be applied to the value of each RTM. (Add-on will be waived if vendor provides a blanket authorization.)

**Option 2:** Product will be returned freight collect to location designated by vendor. If product can be returned by parcel carrier, the vendor's shipper number must be provided to be communicated to all Lowe's store. The store will bill the vendor for full credit and a consolidated **daily** debit memo will be issued by Corporate Payables using the Actual Cost Layered Inventory pricing. (See option 1 for definition of ACLI pricing.)

If vendor opts to require Lowe's to call for authorization, a five percent add-on will be applied to the value of each RTM. (Add-on will be waived if vendor provides a blanket authorization.)

**Note:** Consolidated **daily** debit memo at ACLI is mandatory for all vendors unless classified as import or seasonal. Lowe's merchandising department has the option of negotiating an allowance for import and seasonal vendors. Lowe's merchandising also has the option of negotiating a policy outside the above options when product category demands a different agreement. However, such negotiations are strongly discouraged since Lowe's return system is designed to most efficiently handle the above two options. Agreements contrary to the above options should be discussed with your Lowe's Merchandising Manager or Merchandiser to ensure specialized policy can be implemented utilizing Lowe's system.

## PRODUCT RETURNS – BUYBACKS

Product buyback negotiation by Lowe's Merchandising Department and Vendor Representative must include the following mandatory information: return method (destroy, donate, or collect preferred) and return location (if applicable), estimated value and payment method (consolidated debit memo at ACLI preferred – see Product Returns – Customer – Option 1 for definition), locations and items involved, authorization, and time frame. "Lowe's Merchandise Return Agreement" form must be completed and signed by both Lowe's and vendor representatives. Corporate Payables will issue a unique program tracking vendor number and be responsible for implementing the instructions provided in order to collect from the vendor.