

Lowe's Quality Assurance

February 2017

Vendor QA Requirements



- VENDORS ARE RESPONSIBLE FOR ENSURING THEIR PRODUCTS MEET ALL FEDERAL AND STATE REGULATORY REQUIREMENTS
- VENDORS ARE RESPONSIBLE FOR VERIFYING ALL CLAIMS MADE ON THEIR PACKAGING

Vendor QA Requirements



- OTHER QA REQUIREMENTS VARY BY SOURCE TYPE – DOMESTIC OR IMPORT AS WELL AS PRODUCT TYPE
- IMPORT: LOWE'S IS IMPORTER OF RECORD – MAY BE A DIRECT OR INDIRECT IMPORT
- DOMESTIC: CAN BE MADE IN THE USA OR THE VENDOR IS THE IMPORTER OF RECORD

Import QA Process



Bundled Audits



**Product & Transit
Testing**



**Pre-shipment PO
Inspection**

Primary Goals:

- Confirm Factory Capabilities, Compliance to Local Law (safety, child labor)
- Ensure compliance to minimum requirements (State, Federal, Performance)
- Reduce Risk to Lowe's (Legal, PR, Customer Perception)

Import QA Process



Bundled Audits



Quality Audit



Social Accountability and Environmental Audit



CTPAT Audit

CAP

After audits are completed, vendors may be required to complete a Corrective Action Plan to address findings that were uncovered during the audit process.

Import QA Process

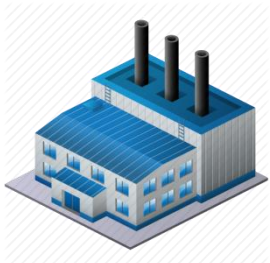


Product & Transit Testing

- **Product Testing** – Performed by independent 3rd party labs to meet minimum requirements of Lowe's protocol testing. Focused heavily on regulatory requirements and less on performance.

NOTE: Vendors should have their own comprehensive performance testing program.

- **Transit Testing** – Performed by independent 3rd party labs to ensure that the product can make it through Lowe's Supply Chain.



Import QA Process

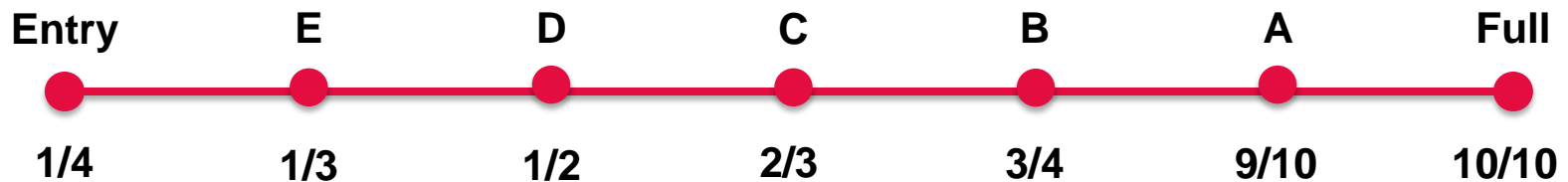


3rd Party evaluation of products prior to shipment to ensure that the product meets Lowe's expectations. The vendor cannot ship product or get paid until they have passed this inspection.

Pre-shipment PO Inspection

SKIP LOT

Vendors who have demonstrated good performance during audits, product and transit testing, previous PO inspections, etc. can qualify for skip lot.



Domestic QA Process



(Made in USA or Vendor is Importer of Record)



Product Testing

Currently only 3rd party product testing is required for Lowe's Private Label products

**** New for 2016 – Social Audit is required for factories supplying Kobalt and allen+roth products**

Conflict Minerals Program



- All publicly traded companies listed on the NYSE must file an annual conflict minerals report with the SEC
- The main goal of conflict minerals Program is to ensure that products containing Tin, Tungsten, Tantalum and Gold (3TG) are ethically sourced from mines that are not controlled by militia or other forms of conflict.
- Lowe's utilizes a survey process for identified in-scope vendors which aids the company in identifying both the smelters, refineries, and the origin of the mines which are a part of our supply chain.

Mineral	Potential Products	Common Applications
Tin	<ul style="list-style-type: none"> ■ Appliances ■ Power Tools ■ Lighting 	<ul style="list-style-type: none"> ■ Soldering pipes ■ Tin plating of steel ■ Alloys (bronze, brass, pewter)
Tantalum	<ul style="list-style-type: none"> ■ Appliances ■ Power Tools ■ Lighting ■ Fashion Accessories 	<ul style="list-style-type: none"> ■ Soldering metals ■ Hardware to hang mirrors ■ Metal hardware
Tungsten	<ul style="list-style-type: none"> ■ Appliances ■ Power Tools ■ Lighting 	<ul style="list-style-type: none"> ■ Metal wires, electrodes, electrical contacts ■ Heating and welding applications
Gold	<ul style="list-style-type: none"> ■ Appliances ■ Power Tools ■ Lighting 	<ul style="list-style-type: none"> ■ Wiring in lighting ■ Alloys

Vendor QA Requirements, cont.



- VENDORS SHOULD ACCESS WWW.LOWESLINK.COM FOR ALL OF THEIR QA REQUIREMENTS
- VENDORS MUST LOG INTO LOWESLINK® WITH THEIR DIGITAL CERTIFICATES TO ACCESS THIS INFORMATION
- VENDORS ARE RESPONSIBLE FOR MONITORING THE PERFORMANCE OF THEIR PRODUCTS AS WELL AS ANY DAMAGES OCCURRING THROUGH THE SUPPLY CHAIN.

Vendor Quality & Product Engineering



- Proactive QA
 - New products - Engineering and test support for Merch, Product Dev, Brand
 - Specification development
 - Merchandising Line Review (PLR) Support – reporting, surveys, benchmark Testing
- Reactive QA
 - Returns Reduction Projects - Highest returns/defectives products
 - Product Quality Investigations – product quality/safety complaints, stop sales

Proactive / Reactive Examples

Proactive



Review of new online fire pit: Wood handle caught on fire

Reactive



Stop sale on outdoor heater: Insufficient packaging to protect hose



Proactive testing on copper fire pit allowed us to improve the coating (orig. on left, improved on right)



Before

After

Protection was added to the packaging of outdoor table top heater to prevent glass breakage

Product Engineering – New Products



Kobalt Power Tools Phase 1



HAMMER DRILL



GRINDER



MULTI-TOOL

Kobalt Power Tools Phase 2



Kobalt Compressor Wiring Damage at Assembly

Product Investigations



Stop Sales



- QA NOTIFIES STORES TO REMOVE ALL PRODUCT FROM THE SALES FLOOR
- ITEM CANNOT BE SOLD AT THE REGISTER
- ITEM IS REMOVED FROM LOWES.COM
- DISPOSITION MAY BE
 - Buyback by vendor
 - Inspect/sort
 - Rework
 - Release as is

**Contact Quality Assurance at:
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