

LIVE NURSERY BUSINESS RULES

I. Order Management

Outlined below are the six various replenishment versions and their corresponding business rules pertaining to live nursery management:

1. Replenishment Orders:

- a. Creation: These orders are created by the Corporate Office or vendor using current sales patterns, forecasted future sales trends, current on hand units, and current on order units by item number. These orders are also known as “RTR” orders.
- b. Changes: The Regional Merchandising Team will direct by product category, and sometimes by PO, your potential to change the PO. These orders are required to be in the system for review 3 days prior to cut-off.
- c. Cancellations: These orders cannot be cancelled unless approved by the MD, Merchant, or the RS.
- d. Refusal: Stores may not refuse replenishment orders without approval from the RS, who will coordinate this with the vendor.

2. Store Placed Orders:

- a. Creation: These orders are created by the Live Nursery Specialist (LNS) at the Lowe’s Stores.
- b. Changes: Yes; contact the vendor directly.
- c. Cancellations: Yes; contact the vendor directly.
- d. Refusal: Stores may not refuse store placed orders without approval from the RS. It will then be the Stores’ responsibility to notify the vendor.
- e. The orders must meet the minimum restrictions set forth by the vendor. Stores should contact the vendor directly to confirm minimums.

Below is an example of a conversion chart for a particular vendor:

1 gal = 1 unit	7 gal = 7 units
2 gal = 2 units	15 gal = 20 units
3 gal = 3 units	20 gal = 25 units...
5 gal = 5 units	

3. Special Buys:

- a. Creation: These orders are Corporate Office created orders determined to be special values or promotional products.
- b. Changes: Yes; contact the vendor directly. Exceptions will be communicated to stores accordingly. Changes should be made 48 hours prior to vendor shipment. Due to logistics issues and the likelihood of shorter lead times, it may not always be possible to change these POs.
- c. Cancellations: Yes; contact the vendor directly. Exceptions will be communicated to stores accordingly. Due to logistics issues and the likelihood of shorter lead times, it may not always be possible to cancel these POs. Review orders often for best results.
- d. Refusal: Stores may not refuse special buy orders without approval from the RS. It will then be the Stores’ responsibility to notify the vendor.

4. SOS Orders:

- a. Creation: These orders are Store created using a customer SOS invoice.
- b. Changes: Stores should contact the vendor directly to make changes.
- c. Cancellations: Stores may cancel these orders by contacting the vendor directly.
- d. Refusal: N/A

5. Vendor “Rep” Placed Orders:

- a. Creation: These orders are created by a Vendor Representative (Service Group).
- b. Changes: Stores must approve all Vendor Rep or Service Group placed orders. Stores may also make changes by contacting the vendor directly.
- c. Cancellations: Stores may cancel these orders by contacting the vendors directly.
- d. Refusal: Stores may not refuse live good orders without approval from the RS. It will then be the Stores’ responsibility to notify the vendor.

II. Vendor Responsibilities

1. Vendor Compliance Policy: Please see the Live Nursery Vendor Compliance Policy for a complete list and description of Live Nursery compliance policies and the associated penalties.

2. Availability: Plant availabilities should reflect only items which are on the approved vendor listing and are seasonally appropriate for the advertising patch area. The availability listing should be communicated at the beginning of each week by each approved vendor for each area. All vendors should be faxing the same format of availability output to the stores. This format and database is available through Instock Retail Services (615) 790-2934.

3. Notification of Shipments:

- a. Vendors should contact stores 24 hours in advance when delivering Trees, Shrubs, Perennials, and Groundcovers.
- b. Vendors are not required to notify the stores of Annual or Hanging Basket deliveries; however, the arrival date on the PO should be accurate.
- c. Stores should contact vendors directly should they need a more specific date/time. Arrival dates on all POs should be accurate within reason. Stores should note there are occasions where “pooling” or “drop off” orders delay product arrival.

4. Night Drop Process:

- a. Only authorized vendors may make night drops.
- b. The hours for night drops are between 10:00 p.m. and 6:00 a.m.
- c. Stores have 24 hours to fax a signed copy of the bill of lading to the vendor as proof of delivery.
- d. Initially, the vendor must call each store and speak to the Store Manager or Manager on Duty to establish where the “drop zone” (area where the product

- will be unloaded) will be located. Stores must monitor the “drop zone” with video monitoring equipment.
- e. Should the “drop zone” location need to change for any reason, the Store Manager will ensure all parties are notified. The vendor must then notify the Live Nursery Vendor Supply Chain Specialist of the change at (704) 758-2179.
 - f. Prior to product arrival, the vendor must fax a notification to the store informing them of the number of carts to be delivered and the date they will be delivered on.
 - g. The driver must shrink wrap all carts together when they are dropped off with the packing list and bill of lading attached inside the shrink wrap.
 - h. Vendors picking up empty carts will include the number to be picked up on the fax notification. Stores will shrink wrap the empty carts together and leave them in the “drop zone.” Vendors will contact the store if the number of carts picked up does not match what the store has on hand.
 - i. Stores will receive the dropped product first thing in the morning.
 - j. Stores have 48 hours (or the next business day for holiday or weekend receipts) to report damages or quality issues to the vendor.
 - k. Vendors will contact the store the morning after the night drop to verify shipment.
 - l. The vendor assumes liability for the product until it is received by Lowe’s.
 - m. Group product on carts by variety, sorted by size as this will save valuable time for the LNS. Please make sure not to place shade plants on the top shelf of the carts due to the risk of damage.

5. Vendor Carts:

- n. **Cart Pick Up:** Prompt and frequent cart return without store involvement should be the normal practice of each vendor. The normal cycle time for carts is 10 days.
- o. **Excessive Garden Center Cart Counts:** The stores Lawn and Garden Service Representative will be taking a count of the carts on hand at each visit and entering into their PDA. This information will be tracked by VSM and the vendors will be able to track the cart counts. Therefore, the current process should be taken in phases to reach complete store satisfaction.
 - i. The Lawn and Garden Service Representative will take cart counts on each store visit. These counts will be posted to a site for vendor review.
 - ii. The store should work with the Lawn and Garden Service Representative to coordinate the return of the carts to the vendor.
 - iii. The store should contact the Live Nursery Vendor Supply Chain Specialist for assistance with extreme issues or lack of compliance with the vendor at (704) 758-2179.
- p. **Zoning/Ordinance Issues:** In the event city zoning or ordinances require immediate clean up or pickup of carts, stores should immediately contact each vendor and require a pickup within 24 hours. Upon making this request, stores should count the cart inventory by vendor and phone the Live Nursery Vendor Supply Chain Specialist at (704) 758-2179 to request additional assistance with vendor compliance.

6. EZ Shipper / Containerized Shippers:

- q. **Vendor Responsibilities:** This program is suggested by Lowe's as a preferred alternative to the use of wooden throw away racking. Use of reusable shippers is greatly advantageous to our stores in the way of labor savings, neat appearance, and minimized refuse removal. It is also a great way to conserve natural resources which is of utmost importance to Lowe's Companies. EZ Rack LLC can be contacted at (877) 977-7225, or contact the Live Nursery Vendor Supply Chain Specialist at (704) 758-2179 for more information.
- i. Vendors are to provide EZ Shipper with weekly rack unit forecasts as soon as possible.
 - ii. Racks should be shipped to stores within 21 days of receipt.
 - iii. Notify EZ Shipper with an accurate store shipment list within 24 hours of shipment. This is critical to minimize rack build up at Lowe's stores.
 - iv. Order racks in truckload quantities.
 - v. No nail or fastener attachments are to be added to the pallets in order to expedite breakdown at the stores.
 - vi. Racks are not to be picked up at Lowe's stores without prior approval from EZ Shipper. Racks removed without approval will be reported as theft.
 - vii. Do not remove bar codes from rack components.
- r. **Store Responsibilities:**
- i. The agreement with Lowe's states that EZ Shipper will pick up after 10 racks have accumulated at the store.
 - ii. It normally takes EZ Shipper 2-5 days to pick up the racks after the call is made.
 - iii. Stores should not allow the EZ racks to be sold, thrown away, or given away to customers or employees. These units are rented by our growers and are to be returned to the EZ Shipper facility. All EZ units are the property of EZ Shipper.
 - iv. Stores should attempt to find a centralized location for EZ Shipper storage and rack breakdown to ensure ease of EZ pickup and return.
 - v. If you have too many EZ racks (over 10) and no action is being taken, contact:

- Lucy Diaz, EZ Shipper - (877) 977-7225 ext. 106, lucy@ezrack.com

7. Container Centralen (CC Racks)

- s. **Vendor Responsibilities:** Container Centralen (CC) is a new third party rack provider to Lowe's and our vendors. CC offers the same advantages as EZ Rack LLC, but with the added advantage of being on wheels. CC can be contacted at (866) 498-9363, or contact the Live Nursery Vendor Supply Chain Specialist at (704) 758-2179 for more information.
- i. Vendors should provide Container Centralen with weekly rack unit forecasts as soon as possible.

- ii. Notify Container Centralen with an accurate store shipment list within 24 hours of shipment. This is critical to minimize rack build up at Lowe's stores.
 - iii. Order racks in truckload quantities.
 - iv. No nail or fastener attachments are to be added to the pallets in order to expedite breakdown at the stores.
 - v. Racks are not to be picked up at Lowe's stores without prior approval from Container Centralen. Racks removed without approval will be reported as theft.
 - vi. Do not remove bar codes from rack components.
- t. **Store Responsibilities:**
- i. The agreement with Lowe's states that Container Centralen will pick up after 10 racks have accumulated at the store.
 - ii. It normally takes Container Centralen 2-5 days to pick up the racks after the call is made.
 - iii. Stores should not allow the CC racks to be sold, thrown away, or given away to customers or employees. These units are rented by our growers and are to be returned to the CC facility. All CC racks are the property of Container Centralen.
 - iv. Stores should attempt to find a centralized location for CC rack storage and breakdown to ensure ease of CC rack pickup and return.
 - v. If you have too many CC racks (over 10) and no action is being taken, contact:

- Jerry Connet, Container Centralen - (866) 498-9363

8. Bar Codes (I 2 o 5), per the Vendor Partnership Agreement on LowesLink

- a. All products are required to have a unique, scannable bar code according to the Uniform Code Council's specifications for product identification at the sales register. Lowe's accepts only UPC Version A, UPC Version E, EAN 8 and EAN 13 bar code symbologies at point of sale. All standard shipping containers (master cartons, bundles, pallets, inner packs, etc.) fixed multiples of the same item must have an Interleaved 2 of 5 (UPC Shipping Container Code) placed on the packaging according to the Uniform Code Council's specifications. Lowe's uses this bar code symbology at the point of receipt, as well as for taking inventory in our stores and distribution centers.
- b. All cartons must be packed on the pallet or plant rack with the bar code (I 2 of 5 or UPC) facing outward. **Lowe's receiving personnel must be able to scan the bar code without breaking down the cartons on the pallet or plant rack.**
- c. All bar codes must have human readable characters that include a number system character and a check digit.
- d. All bar code information must be provided to your Lowe's Merchandising representative upon agreement to purchase product. A 60 day advance notice of all bar code number changes and additions is required.

- e. Any problems with the quality, integrity or application of a bar code must be reported immediately to a Merchandising representative.
- f. Any changes to an existing products bar code (UPC and UPC shipping container code) or it's quantity must be communicated to a Merchandising representative prior to change.
 - Also reference the "Vendor Tagging/Shipping Policy" and "Vendor Compliance Policy" on the RTR site.

9. Invasive Plant Listings

a. Vendors are required to review and comply with all state requirements regarding shipments of invasive plants. This includes an assurance that your company will keep the newest list of invasive products by state. Shipping any product found on an invasive list of plants into Lowe's stores will not be accepted. Failure to comply with state requirements may result in fines, both from the individual state government and Lowe's. In addition, failing to observe these requirements may result in future loss of business.

III. Receiving Policies, Damages, and Discrepancies

1. Receiving Hours

- a. All vendors delivering outside of the normal receiving hours must notify the Manager on Duty or Store Manager.
- b. The Manager on Duty must make every effort to accept and receive all shipments.
- c. In some markets vendors drop shipments at night. This product must be received first thing the next morning.
- d. The Garden Receiving Captain, ASM 1, and the Manager on Duty are responsible for ensuring all receiving that is performed during off hours (evenings, Saturday, and Sunday) gets processed the same day it is received.

2. Receiving/Unloading a Truck

- a. When a truck arrives, review the bill of lading to verify the shipment is for your store and that the purchase order (PO) is in the system. If the shipment is not for your store, it must be refused.
- b. If the PO is valid for your store, but not in your system, you must receive it by hand tallying the items on a tally sheet (form #90101). Due to the quick turnaround of many product categories within live plants, POs may be delayed by 24 hours.
- c. Plants must be received in the Garden Center area, priced if needed, and put directly on display.
- d. Store personnel are not authorized to refuse any plant shipments or accept any partial shipments without first talking to the vendor, RS, or Regional Seasonal Event Manager (RSEM).
- e. Unload the truck quickly so you do not slow down delivery to the next store.
- f. Have pallets ready and one or two people to assist the driver.

- g. For trees, large shrubs, and other container plants bigger than one gallon, you must detail receive by scanning each item.
- h. For containerized live nursery shipments you can verify units, sign the freight bill, and detail receive once the driver leaves.
- i. Turn in the bill of lading and packing list once completed.

3. Signing the Bill of Lading

- a. There are 7 easy steps to remember and review when signing the bill of lading:
 - 1. Store number & store abbreviation
 - 2. PO number
 - 3. Date the PO was received
 - 4. Number of pieces, carton or pallets, etc.
 - 5. Discrepancies noted with driver signature
 - 6. Condition of shrink wrap (if applicable)
 - 7. Employee full name and signature
- b. All quantity discrepancies must be noted on the bill of lading. Do not sign the bill of lading until all product has been detail received and discrepancies and damaged product have been noted.
- c. Exclusions:
 - i. Greenhouse product tendered as cartons instead of pieces
- d. Be sure to have the driver sign the bill of lading to acknowledge any discrepancies for each PO.
- e. Some plant vendors have now decided to charge Lowe's based on reported sales (ex. Bonnie's).

4. Bill of Lading Alterations: Do not alter any counts on the packing list. If a count has been altered prior to the product arriving at your store, note the identification on the bill of lading and have the driver sign it to acknowledge the alterations. File a discrepancy claim when applicable.

5. Tropical Plant Liability Guidelines (Common Issues & Resolves)

- a. Issue: Improper UPC code
 - i. Responsibility: Vendor
 - ii. Contact the vendor to request new labels
- b. Issue: Insect infestation
 - i. Responsibility: Vendor
 - ii. Contact the vendor to request an RA number
 - iii. Complete the RTM form
- c. Issue: Product does not meet Lowe's product standards
 - i. Responsibility: Vendor
 - ii. Contact the vendor to request an RA number
 - iii. Complete the RTM form
- d. Issue: Concealed shortage – shortage found inside a sealed box
 - i. Responsibility: Vendor
 - ii. Process receiving as short and notify the vendor within 48 hours of receipt to be issued an RA number
 - iii. An RTM form should NOT be processed
- e. Issue: Concealed damage – results of improper packaging or inadequate packing material inside the box

- i. Responsibility: Vendor
 - ii. Process receiving as “received damaged”
 - iii. Contact the vendor to request an RA number
 - iv. Complete the RTM form
- f. Issue: Concealed damage – damage that occurs regardless of appropriate packaging or is caused by mishandling of the merchandise
 - i. Responsibility: Vendor
 - ii. Process receiving as “received damaged”
 - iii. Contact the vendor to request an RA number
 - iv. Complete the RTM form
- g. Issue: Shortage – shortage that is noted at the time of delivery during the piece count
 - i. Responsibility: Vendor
 - ii. Process receiving as short
 - iii. Document the shortage on the bill of lading and have the driver sign
- h. Issue: Damage in transit – i.e. crushed boxes, damaged foliage, product turned upside down in the truck, etc.
 - i. Responsibility: Vendor
 - ii. Process receiving as “received damaged”
 - iii. Contact the vendor to request an RA number
 - iv. Complete the RTM form
- i. Issue: Late delivery – plants delivered seven days after the verified pick up date (not ship date) from the vendor facility
 - i. Responsibility: Vendor
 - ii. Process receiving as “received damaged”
 - iii. Contact the vendor to request an RA number
 - iv. Complete the RTM form

6. Containerized & Non-Containerized Shipments

- a. **Containerized Shipments (Rack Receipt Policy):** Select Live Nursery vendors ship their plants on racks or pallets. This process of shipping allows a more timely distribution of product to our stores. The following guidelines apply when receiving Live Nursery on racks or pallets:
 - i. The bill of lading notes the number of containers. An item detail is included on the packing slip.
 - ii. Each shipment on the truck is separated and the racks or pallets are identified by store. Only remove those racks that are for your store.
 - iii. As the containers are unloaded, keep a tally of the number of racks or pallets received on the bill of lading and note the total when finished.
 - iv. The total number of containers you received must match the bill of lading.
 - v. On the bill of lading, note the condition of the packaging, any discrepancies in the number of racks or pallets, and ensure the driver signs next to the noted discrepancies. The receiving employee must list the store number and date and sign the bill of lading. Once the bill is signed, the driver is free to leave.

vi. After the driver leaves, detail receive the product with the LRT gun.

b. Containerized Shipment Discrepancies (Rack Receipt Policy):

- i. Ensure all discrepancies have been noted on the bill of lading, the driver's signature has been obtained, and the vendor is contacted within 48 hours (or the next business day for holiday or weekend receipts) to document all discrepancies.
- ii. Failure to contact the vendor within 48 hours (or the next business day) will result in an inventory adjustment from Trades Payable.
- iii. Fill out a "Discrepancy Notification Form" (Item number 90050). Please fax forms to Trade Payables at (336) 658-2612.
- iv. Note the full name of the vendor employee and the date you spoke with them on the packing slip and on the Receiving Discrepancy Notification Form. You must have this information to get credit.
- v. The receiving report must be processed the same day the PO is received. Ensure the packing slip is given to the Receiving Clerk immediately in order to process the receiving report. The Receiving Clerk must process shortages as SHORT and damages as RECEIVED DAMAGED. The RTM Clerk must process an RTM (Return to Manufacturer) to remove the damaged product from inventory.

c. Non-Containerized Shipments:

- i. Verify the PO is in the system.
- ii. Use the LRT gun to receive all product if the PO is in the system. If the PO is not in the system, the product must be hand tallied.
- iii. Group like product together as it comes off the truck. This will aid in the check back process of discrepancies and save time when the product is ready to display for sale.
- iv. Trees, shrubs, and other container plants larger than one gallon must be individually scanned.
- v. Do not alter any counts on the packing list. If a count has been altered prior to the product arriving at your store, note the identification on the bill of lading and have the driver sign it to acknowledge the alterations.

d. NON-Containerized Shipment Discrepancies:

- i. All quantity discrepancies must be noted on the bill of lading and the driver must sign it.
- ii. For quality problems found with the merchandise shipped by vendor owned trucks and not in cartons, notify the driver of the damages found and that the plants will be refused.
- iii. For concealed quality problems found with the product shipped in cartons, call the vendor and report the unacceptable product in order to obtain an RA number. Document the packing slip accordingly.
- iv. All discrepancies must be reported within 48 hours (or the next business day for holiday or weekend receipts) to the vendor. Be sure to get the name of the person you contacted and make notations.
- v. Call the vendor to report any unacceptable products found. If the truck is on its last stop the product can be signed for as "Damaged & Refused" and placed back on the truck.

Store Best Practices

- Review inbound purchase orders daily. Utilized inventory management screens:
 - a. Incoming PO's by Department – Genesis 5.11.15 (INPO)
 - b. High/Low Report – Genesis 5.11.10 (INMV)
 - c. Selected Items Report – Genesis 5.11.1 (INSI)
 - d. Daily Inventory Recon Section 7 – RR in Progress Daily Reports on Hold 9.5

- Be aware of sales potential during the 3 BIG days and plan accordingly. During the first 100 days of spring season, the 3 selling days of the weekend account for over 60% of live nursery total sales for that week. While a large portion of sales come on the weekends, the Monday-Thursday time period cannot afford out of stocks and missed sales potential.

- Recognize lead time as a component when planning your needs. Lead time on some shrub or tree product can run 7-10 days.

- Cycle count regularly to minimize opportunities for overstock or out of stocks costing your store valuable assets.

- Night Drops: Store personnel should stage empty carts outside of the gate on nights a vendor is delivering a night drop.

- Stores should stage empty carts grouped together by vendor. This will speed up the pick-up process for drivers and ensure all of particular vendor's carts are gathered.