



COST INFORMATION

Lowe's request that all suppliers quote their products in four different ways, all of which are detailed below:

Freight Collect – Distribution Center(s)

- The supplier must send a collection request to the Lowe's Mexico Supply Chain team and after this, the supplier will receive from Lowe's instructions to contact directly the authorized carrier and carry out the collection.
- The supplier will provide support to the Lowe's authorized carrier, for them to pick up the shipment and in turn, breakdown the amount of orders to embark in the corresponding embarking documents.
- The final destination of the products will be our Distribution Center(s).

Freight Collect – Direct to Store

- The supplier must send a collection request to the Lowe's Mexico Supply Chain team and after this, the supplier will receive from Lowe's instructions to contact directly the authorized carrier and carry out the collection.
- The supplier will provide support to the Lowe's authorized carrier, for them to pick up the shipment and in turn, breakdown the amount of orders to embark in the corresponding embarking documents.
- The final destination of the products will be our Stores.

Prepaid Freight– Distribution Center(s)

- The supplier is responsible for the direct delivery to the Lowe's Mexico Distribution Center(s).
- The cost of the product must include all shipping and handling costs to the merchandise destination.
- Lowe's Mexico will take responsibility for the product upon arrival and until it has been received in good conditions.
- Lowe's Mexico will not incur in loading and unloading pallets, pallet fees and/or safety equipment in shipments.

Prepaid Freight– Direct to Store

- The supplier is responsible for the direct delivery to the Lowe's Mexico Distribution Center(s).
- The cost of the product must include all shipping and handling costs to the merchandise destination.
- Lowe's Mexico will take responsibility for the product upon arrival and until it has been received in good conditions.
- Lowe's Mexico will not incur in loading and unloading pallets, pallet fees and/or safety equipment in shipments.

For any cost increase by the supplier, they must provide a written notice to Lowe's with 60 days in advance for it to be effective; meanwhile, Lowe's will continue to issue purchase orders without limitation for the same cost until then. Products considered to have a volatile cost characteristic due to market changes, are subject to separate cost agreements, if agreed by both parties.

Lowe's will deem the cost increase provided that the supplier can make available the following information:

1. Raw material cost increase.
2. Labor force cost increase.
3. Or, improving productivity and other practices to preserve the same costs have not been sufficient to offset the above (1 and 2).

If the cost increase is not consistent with the general market conditions, Lowe's at its will, may decide to continue buying the product(s).