Supply Chain Collaboration Policy

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1 US Foods Mission
Great food made easy.

1.1 Purpose
Purpose of the Supply Chain Collaboration Policy:

Supply chain collaboration plays an important role in servicing US Foods Customers and creating a cost-efficient supply chain. The goal of collaboration is to make doing business with US Foods smooth and seamless and to improve supply chain performance to better serve our Customers. An effective collaboration program allows us to identify and correct disruptions quickly, so we can continue to provide excellent service for our Customers. Our intent is to remove expenses which occur through extra processing, Vendor and Customer billing errors and labor and delivery costs which vary from policies intended to improve efficiency.

The purpose of the Supply Chain Collaboration Policy is to provide clear, written expectations regarding US Foods policies, processes and procedures. The document is also designed to provide clarity on new Vendor setup, changes in Vendor information, communication of item costs, invoicing, and payment policies as previously agreed to in your Vendor Agreement or incorporated documents and set appropriate expectations related to invoicing requirements, electronic data interchange (EDI), payments, and product delivery.

This policy is available on our vendor portal at https://suppliers.usfood.com/

Your User ID and password are available by contacting our Vendor Support Center at (480) 766-7000 during its normal hours of operation from 6:30 AM to 4:00 PM Mountain Time, Monday through Thursday. Updates to this policy will be completed on an ongoing basis. It is your responsibility to review the policy posted on this site to confirm you are referencing the most current version of the policy.

Any capitalized term herein and not defined shall be as defined in your Vendor Agreement or other applicable documentation between USF and your organization.

1.2 Objectives
US Foods (“USF”) Supply Chain objectives are as follows:

- Receive timely, accurate, and complete information on vendors and items
- Ensure accurate information is maintained in our systems
- Receive and record shipments accurately as to quantity and cost
- Process payments and credits for Vendors efficiently and within acceptable payment terms.
- Respond to Vendor inquiries in a cost efficient and timely manner.
2 Vendor Information

2.1 New Vendors
The US Foods (“USF”) Supplier Information Questionnaire and Supplier Self-Assessment forms are provided to new Vendors by the Vendor Administration team. These forms include:

- Vendor Agreement
- Vendor Contact and Remittance Information Form
- Federal Tax Information (W9)
- Certificate of Insurance
- Business Classification
- Product Information Form
- Logistics Questionnaire
- Data Synchronization Information
- Supply a sample paper invoice as a *.pdf file
- HACCP Letter (when required)

Each of these forms must be completed electronically and returned to our Vendor Administration Team for review within 60 days of request.

The respective e-mail addresses are in Appendix A. Please state the email subject line as “New Vendor – [vendor name]”.

2.2 Changes to Existing Vendors (except Remit to Address)
All correspondence regarding changes to name, address, or legal structure must be communicated electronically to Vendor Administration at https://suppliers.usfood.com/. A ticket should be opened and submitted through the Vendor Portal to be addressed.

- Company Name
- Federal Tax ID Number
- Prior Parent Company Name and New Parent Company Name
- Prior Company Address and New Company Address
- Supply a sample paper invoice as a *.pdf file with new address
- Vendor Contact name, email address and phone number

2.3 Changes to Remit to Addresses
Changes to Vendor’s remit-to-address for expense vendors should be submitted to Vendor Administration by contacting the Vendor Support Center at (480) 766-7000. For Trade vendor’s, for audit purposes vendor is to complete a request for an update of their remit to address to our system through the supplier’s website. Website address is: https://suppliers.usfood.com

2.4 Timely Submission of Renewal Agreements
Notification of agreement expiration is sent 60 days in advance via email to the contact provided by the vendor at the initial time of set-up.

3 Conducting Business with US Foods
US Foods is committed to a partnership with our Vendors in the pursuit of delivering value for our Customers. The contribution of our Vendors is an important component of our ability to meet our Customers’ needs.

In that relationship, Vendors are expected to adhere to a high standard and level of integrity.
3.1 Employee Code of Conduct
Our Employee Code of Conduct is a public affirmation that we are committed to doing the right thing in every aspect of our work. Both inside and outside our company—with our Associates, suppliers, customers, communities, and local, state and federal governments—we will live our values, with integrity as the foundation.

At US Foods, including all its broadline markets, operating units and subsidiaries (collectively, “USF”), high standards of professional conduct and ethics are essential for us to achieve our goals. We rely on the good judgment of our Associates to act with integrity and to comply with laws, regulations and our Employee Code of Conduct. USF is fully committed to becoming the industry leader in ethics and compliance, conducting every business transaction in compliance with the spirit and letter of the law, regulations, and USF policies.

3.2 Vendor Code of Conduct
Vendors are expected to review and comply with US Foods’ Vendor Code of Conduct, available on the USF vendor portal at http://suppliers.usfood.com under the Help menu.

3.3 Vendor Policy
Vendors are expected to review and comply with US Foods Vendor Policy, available on the USF vendor portal at http://suppliers.usfood.com.

4 Replenishment

4.1 Fill Rate and Lead Time Requirements
US Foods prides itself on superb service to our Customers. In order to maintain this performance, the following expectations are in place:

- All purchase orders placed within the appropriate lead time are expected to be filled in compliance with the Minimum Service Level percentage set forth in the terms of your Vendor Agreement by the Expected Arrival Date, with no substitutions unless agreed upon prior to shipment.
- Fill Rate is evaluated based on USF’s requested order quantity (original or revised) and is calculated as order quantity (cases) vs. quantity received (cases), without substitutions.
- Lead Time is defined as the sum of Order Processing Time (days) and Transit Time (days).
  a. Order Processing Time is the number of business days between order creation date and ship date. Vendor order processing times are to be provided by the Vendor and agreed upon by USF.
  b. Transit Time is defined as the number of days between order ship date and order delivery date. Transit time is calculated based on the distance between Vendor ship point(s) and USF destination(s), at a rate of 500 miles per day.
  c. For USF-managed pickups, Vendor is accountable for adherence to Order Processing Time.
  d. For Vendor-delivered loads, Vendor is accountable for adherence to Order Processing Time plus Transit Time.

4.2 Purchase Order Process
- All product shipments into USF require a USF purchase order.
- Each USF purchase order can only be used for a single delivery. A single purchase order must not be split into multiple deliveries.
- Any approved backordered product requires a new USF purchase order, with freight to be paid at the expense of the vendor if not fulfilled in total from the original order.
- Multiple purchase orders may be delivered on the same load, but they must be segregated.
- The Vendor (or their carrier) is responsible for ensuring that the bill of lading matches the purchase order on all loads and that the correct product is shipped.
• All POs must contain trailer/container temperature settings and limits at which to be shipped and at which temperature the product must be maintained.
  a. Frozen (Set at 0°F limit +10°F, or set at -10°F limit 0°F)
  b. Refrigerated (Set at 36°F limit 40°F or set at 30°F limit 40°F). Exception Products are listed in Section 6.2.
  c. Ambient (do not freeze; keep above 32°F)
• So that loads can be grouped by temperature and/or multi-temperature trailers with bulkheads can be ordered to transport loads of mixed temperatures, all POs designated for mixed loads must contain the temperature settings for each compartment along with other special requirements including a Sensitech TT4 time-temperature recorder in refrigerated or frozen compartments, unless otherwise negotiated.

4.3 Product Shortages, Backorders and Substitutions
• Product shortages must be communicated to the appropriate USF Replenishment Buyer at least 48 hours prior to pick-up or ship date for agreement on recovery. Shortages for Scoop items should be communicated to the USF Replenishment Buyer as soon as the information becomes available. A reason for shortage and recovery date must be provided in the communication.
• Based on Customer requirements, USF holds the right to decide if a shorted product must be recovered prior to the Vendors next ‘normal’ shipment date.
• All suggested product substitutions (includes long and short term) must be approved by the appropriate USF Category Manager prior to shipment and require a new USF SKU number.
• Any previously unavailable product must be communicated to the appropriate USF Replenishment Buyer as soon as the product becomes available.
• Change of Shipping Point Communication: Any changes to Vendor’s shipping point(s) must be communicated to the appropriate USF Replenishment Buyer and USF Corporate Logistics at least 60 calendar days prior to the change.

4.4 New Item Setup
All Products new to USF must have an approved USF product code number prior to being ordered, shipped or received. Please reference your USF Vendor Agreement and Section 5.1 of this document for additional information regarding new item setup.

4.5 Product Shelf Life
To ensure that our Customers receive the freshest, best quality, and safe goods, all Products must meet the following minimum shelf life requirements unless prior approval is granted in writing by USF Merchandising in your contract:
• Products shall arrive at the US Foods location with at least 50 percent of shelf life remaining.
• Products not meeting the 50% shelf life expectation must gain approval prior to shipping to prevent potential rejection.

4.6 Product Code Dating
Products must be traceable by individual lot number or other identifying code on the individual case, one step back and one step forward in the supply chain.

Exclusive Brand Suppliers only: Please reference the latest version of the US Foods EB Supplier Food Safety & Quality Systems Manual.

4.7 Purchase Order Confirmations
US Foods will submit purchase orders to Vendor and Vendor will confirm the purchase orders (the “PO Confirmation”) within 48 hours of receipt. The PO Confirmation will include (i) the Product price at the time of the Purchase Order, (ii) the quantity of Products, and (iii) any other costs or charges including local freight to the “F.O.B. point” or other delivery point and (iv) delivery date. Please reference your USF Vendor Agreement for additional information regarding purchase order confirmations.
4.8 Price Lists / Price Change Notification
Vendors sending price lists must use the USF Vendor Price List Template (available from the category management team) and complete all required fields.

Products priced weekly by USF are considered “Commodity” and all price changes must be communicated from the Vendor to the appropriate Category Manager and Buyer at least seven (7) days prior to the proposed date of implementation.

Products priced monthly by USF are considered “Non-Commodity” and all price changes must be communicated from the Vendor to the appropriate Category Manager a minimum of 60 days prior to the proposed date of implementation unless otherwise dictated by your contract. The date of implementation will be the 15th day of the month following the 60-day notice period.

4.9 Product Recoveries and Recalls
Food Safety and Quality is a fundamental value at US Foods. All Product Recoveries (holds, location withdrawals) and Product Recalls that affect any US Foods location must be communicated in writing to the Corporate US Foods Recalls team in Rosemont. The US Foods Corporate Recall Team can be reached at recallteam@usfoods.com or via phone at 847-226-0584. Supplier must notify US Foods regarding the applicable Product Recovery or Product Recall as soon as possible but no later than 24 hours after Supplier receives notice of the matter. Suppliers MUST NOT contact USF locations or Customers directly.

Exclusive Brand Suppliers only: Please reference the latest version of the USF EB Supplier Food Safety & Quality Systems Manual (found on the vendor portal) for additional information and direct all questions regarding this process to a US Foods Corporate Recall Specialist.

4.10 Merchandise Returns
USF will work with the Vendor or appropriate representative regarding all product returns. If product is returned for quality issues, the Vendor is responsible for picking up the product at the USF location and paying for return freight to the Vendor. For other returns, the USF Category Manager or Buyer will coordinate freight as appropriate.

4.11 Country of Origin Requirements
All suppliers must comply with applicable regulations regarding country of origin requirements and designations. Exclusive Brand Vendors must comply with the EB US Foods Food Safety & Quality Systems Manual (found on the vendor portal) for country of origin requirements.

4.12 Other Supplier Requirements
Exclusive Brand Vendors must be aware of and comply with all requirements specified in the current US Foods EB Supplier Food Safety & Quality Systems Manual.

Any US Foods Suppliers that may have Products that are part of the Defense Logistics Agency (DLA) contracts must be aware and comply of the requirements in the DLA Troop Support’s Food Defense Force Protection Checklist http://www.dla.mil/Portals/104/Documents/TroopSupport/Subsistence/FoodSafety/FoodQuality/food_defense_check.pdf

5 Goods for Resale

5.1 Product Master Data Management: Vendor Provided Data
Complete and accurate product information is critical for US Foods to properly market Products to our Customers on behalf of our manufacturing partners. Maintaining product information will help us better serve our Customers, drive cost out of the supply chain, and increase sales.
USF manufacturers are responsible for providing current, complete and accurate product master data for all items sold to USF. Please download the US Foods Data Synchronization Implementation Guide for the complete list of USF requirements at [http://www.usfoods.com/home/supplier-info.html](http://www.usfoods.com/home/supplier-info.html). For additional information, please contact USF PIM Hotline at 1-800-392-8866 or usfpim@usfoods.com. There are additional separate requirements for exclusive branded items that are outlined in our exclusive brand's supplier expectations manual.

For EB suppliers, master data will be managed on the FSQ Data Management system. Please consult the FSQA manual on the FSQA portal for more information on Data Management.

As part of the support provided to USF with respect to Product information, Vendor will work directly with USF through a GS1 or Certified Data Pool, or with another third party designated by USF, to maintain and publish accurate product data for all Manufacturer’s Products to USF, to synchronize the Product data to be imported into USF’s Product Information Management System. This process will ensure that USF sales, marketing, procurement, product innovation, food safety & quality assurance, and operations functions have accurate information related to Vendor’s Products. The Product information provided by Vendor will be published on our eCommerce site and other information channels which will be maintained by USF on a secure portal site and will follow a USF-designated security process to maintain proper controls and integrity. The Product information to be provided by Vendor includes:

a. Basic information describing the Products for accurate order and sales processing.

b. Nutritional Information for each Product in the form required by the FDA and other applicable labeling requirements. These include:
   - Allergens
   - Ingredients
   - NLEA (Nutritional labeling & Education Act) requirements

c. At least one Foodservice GS1 Standard compliant image.

d. Additional information as reasonably requested by USF.

New Item Introduction

All new manufacturer’s branded and single sourced customer proprietary item information must be provided through the Global Data Synchronization Network (GDSN) or directly through USF’s Buyer Portal at [http://www.fsenet.biz/](http://www.fsenet.biz/). Requirements are published within USF’s Buyer Portal. Please contact USF PIM Hotline at 1-800-392-8866 or usfpim@usfoods.com with any further questions.

5.2 Sample Request Policy

Vendor agrees to supply USF samples of Products as reasonably requested at no cost or expense to USF, or in accordance with your negotiated contract, provided that the samples requested are used to market, test or promote the Products.

5.3 Item Information Changes

Vendors are responsible for maintaining all current product information for their Products and notifying USF of any changes to product data, including but not limited to, data elements like the manufacturer product number, dimensions, storage, ingredient statement, allergens, calorie values, recommended daily values, other nutritional fields, or claim information. All changes must be published electronically to USF through the GDSN (via your GS1 certified data pool provider) prior to the product being received at any of our locations. US Foods from time to time will audit your data for quality assurance. US Foods expects the quality issues to be resolved within a month of its request date. Vendor responsibility extends to communicating item/case/pallet configuration changes to the USF Category Manager and Buyer during the Products’ life at USF at least 60 days prior to implementation. Vendors are requested to give a 30-day notice for product discontinuation including product number, run out date and replacement product, if applicable.
5.4 Exclusive Brand Vendors
All exclusive brand Vendors must adhere to the product standards as set out by USF (according to the USF EB Supplier Food Safety & Quality Systems Manual for Exclusive Brand Suppliers) including packaging, quality, product specifications and trademark protections, in accordance with Vendor agreement obligations.

Each Vendor is required to enter into a separate agreement with the USF which will outline in more detail the terms and conditions specific to each product category.

5.5 Traceability
Suppliers shall have policies and controls in place that will permit traceability of all raw materials, product contact packaging, and finished Products by individual lot number or other identifying code, one step back and one step forward in the supply chain. Procedures shall be in place to enable traceability of product from finished product back to all processes involved in the manufacture including the raw materials, work in process and packaging used.

Lot information may be transmitted via EDI 856 Advanced Shipping Notification document, on scannable GS1 128 bar codes on each case or a pallet tag.

6 Transportation

6.1 Freight Terms
- When the Vendor takes responsibility for the delivery of the product purchased by USF to a USF location the following freight terms may be used:
  a. Delivered – Vendor invoice has product price and freight rates rolled into one price.
  b. FOB + Freight – Vendor invoice has product price and the freight rate is a separate line item
- When USF picks up orders from vendor the following freight terms may be used:
  a. FOB – Vendor Invoices just for the cost of the product.
  b. Delivered with Pick up allowance – Vendor Invoices the delivered cost and credits (either on invoice or off invoice) a Pickup Allowance.
- When the Vendor allows USF to participate in the transportation of Products purchased by USF for one of its locations the following freight terms may be used:
  a. FOB is the most basic method in which USF is given the pickup product cost with US Foods responsible for delivered pricing internally.
  b. Pickup Allowance is representative of the freight cost given to pick up the product from the Vendor and taken off-invoice.
  c. Bracket Differential is predominantly used with Less Than Truckload (LTL) Vendors in which there are different costs based on ordered quantity unless otherwise negotiated in your contract.
  d. Pickup Allowance plus Bracket Differential is a combination of both and must both be used to determine total freight component.

6.2 Shipping Expectations
Suppliers shall have policies and controls in place to ensure that Products are transported in a timely, safe, and secure manner with appropriate temperature settings and controls for the Products shipped. Suppliers shall place the appropriate lot codes and transit temperature requirements on the bill of lading (BOL) to ensure compliance with US Foods specifications upon receipt.
Procedures and practices to ensure control of incoming Products shall be in place, including inspection of trailers, recording product temperatures, and inspection of loads and pallets. Receiving activities shall be documented.

A written program shall be in place that details the following:

- Only carriers able to meet US Foods requirements during transportation and at receipt may be used.
- All vehicles used for transportation shall ensure the food safety, legality and quality of materials e.g. raw materials, packaging, work in progress and finished goods.
- If a third-party haulage contractor is used, all the requirements shall be defined within a contract and effectively managed. This includes storage or cross dock facilities where used as part of the contract.
- Temperatures shall be appropriate for the food shipped.
- A process shall be in place and documented to evaluate the condition of the trailers and Products prior to unloading. The evaluation shall include inspection of trailer conditions, product inspection to demonstrate compliance to specification, packaging integrity, temperature (where required), lot coding, pallet condition and that there is no evidence of pest infestation.
- All loads shall be secured within the trailer to prevent damage during shipping.
- Suppliers shall have controls in place to manage food that is damaged during shipping and storage.
- Systems shall be in place to ensure that finished goods are protected during transit i.e., all full loads and less than full loads (LTL) to and from the location shall be secured (sealed or locked), and all ingredients, Products, and packaging are inspected at receipt to ensure integrity.
- Controls in place to ensure carrier cleanliness prior to loading.
- Vehicles used for transportation shall be well maintained and in a good hygienic condition.
- Documented maintenance and hygiene procedures shall be in place for all vehicles (including pipe work e.g. milk tankers).

Preventing Cross Contamination

- Procedures shall be in place to minimize the risk of all types of cross-contamination during transportation.
- Where materials are susceptible to weather damage, vehicles shall be unloaded/loaded in covered bays or materials suitably covered to protect the materials.
- Controls shall be in place to protect Products from hazardous materials if included in the same carrier.
- Controls shall be in place to prevent cross-contamination between raw foods and ready-to-eat foods. This may include separation of the two types on different pallets. Raw foods should NEVER be placed on top of ready-to-eat foods.

Temperature

General Requirements

- All Products transported using mixed temperature loads shall meet US Foods temperature requirements. Suppliers shall use bulkheads provided to separate frozen and refrigerated/dry foods.
- Bill of Lading shall include shipping temperature requirements and lot codes.
- Chilled/frozen materials shall be loaded and unloaded in temperature controlled bays, or ways of working shall be such that temperature is not compromised
- Procedures shall be in place in case of breakdown of vehicle refrigeration. All incidences of refrigeration equipment breakdown shall be recorded, and corrective actions documented.
• For EB products, please refer to the EB supplier manual on the FSQA portal for specific shipping temperature ranges

Frozen
• Frozen Products shall arrive at 0°F unless requested in writing by US Foods. Products at or above 15°F will be rejected at our locations. Products such as ice cream and ice cream novelties shall arrive at -10°F.
• Frozen Products shall be shipped separately by an adequate bulkhead(s) from refrigerated and dry foods. To achieve this, the trailer shall be set at 0°F or as appropriate to ensure a proper temperature. The temperature shall be listed in the bill of lading.
• Frozen Products shall be shipped, held and arrive at US Foods locations at a temperature of 0°F to arrive at 10°F or below. Products showing signs of thawing and refreezing will be rejected upon receipt.
• Customer specific Products shall arrive at temperatures that comply with any Customer specific requirements.

Refrigerated
• Refrigerated Products are to arrive between 36°F and 40°F.
• Refrigerated ready-to-eat (RRE) Products shall be shipped at 36°F, held and arrive at US Foods locations at a temperature between 33°F and 40°F.
• Refrigerated fresh meat/poultry items shall be shipped at 30°F, held and arrive at US Foods locations at temperatures between 28°F and 33°F.
• Customer specific Products shall arrive at temperatures that comply with customer requirements.
• General Requirements. Refrigerated foods shall be shipped so that:
  a. Ambient Air Temperature must be at or below 45°F for shell eggs,
  b. Produce is shipped at refrigerated temperatures appropriate for the specific product.
  c. All seafood is received at temperatures that comply with all local, state and federal regulations.
• NOTE: Suppliers are expected to ship at optimum temperatures to ensure the best quality of the Products.

Non-Refrigerated/Non-Frozen
• Controls shall be in place to prevent Products that are not designed to be frozen from freezing.
• Dry Products shall be maintained at or above 36°F

Cold Chain Verification
• There shall be a continuous temperature recording device installed on each refrigerated and frozen load.
• When mandated by regulatory or US Foods FSQA, Sensitech TempTale 4 time-temperature recorders shall be used, as US Foods distribution locations have the software and docking stations to read those devices.
• Where temperature-controlled transport is required, documented procedures shall be in place to ensure the temperature requirements are met. Transport shall be capable of maintaining product temperature within specification, under maximum load.

6.3 Vendor / Shipper Trailer Loading Procedures
Shipper must check and enforce cleanliness of all transportation vehicles (whether it is your trucks, outside carriers or backhaul trucks) prior to loading. Any vehicle in an unsuitable condition should be brought to the attention of the driver/carrier and should not be allowed to transport product until the problem(s) have been corrected.
When loading is performed by Shipper, Shipper is responsible for providing proper product placement, bracing, pallet, and packaging, etc. to prevent in-transit damage.

Ready-to-eat foods must be protected from contamination of raw foods or foods needing further cooking.

6.4 Customer Pickup (CPU)
USF will require Shipper Load and Shipper Count on all CPU, which involves the shipper providing a seal that will be documented on the Bill of Lading (for LTL shipments on multi-pick consolidation loads, the seal must be broken at the shipper’s dock upon loading of product and then resealed with new seal after loading). Shipper Load and Shipper Count must be documented on the Bill of Lading.

The Vendor/shipper is responsible for proper loading and bracing of the shipment; the Vendor/shipper must comply to assure product does not shift while in transit. Vendor will be responsible for any claims that occur due to compression, or hidden/concealed damage, and will also be held liable for quality and date code issues.

The Vendor is responsible for providing pallets at the shipping dock. Bad pallets may cause damage during the transit process and the Vendor will be responsible for in-transit damage and which may also delay the unloading of the product due to the need to re-palletize the product at the delivery location. The Vendor/shipper must comply in replacing these damaged pallets with good pallets upon request by the carrier.

All trailers must be locked and sealed by the Vendor/shipper and the numbers must match those on the Bill of Lading.

6.5 Vendor/Shipper In-Transit Expectations
The driver is responsible for transporting product in such a manner so as not to cause damage while in transit, including inspecting the seal after all stops.

Drivers making multi-stop pick-ups will be required to use their own seals to reseal the trailer after each stop. Note on the bill of lading the number of the seal(s) used to reseal the trailer.

Driver is responsible for preventing in-transit damage through the utilization of load locks/load straps, proper setting of refrigerated units, monitoring temperatures while in transit and driving technique.

6.6 Product and Package Integrity
To ensure that we receive Products with the same product and packaging quality and integrity as when it left vendors manufacturing location, the following conditions must occur:

- Trailers are properly loaded and configured to reduce shifting and resulting damage.
- Packaging materials (both primary and secondary) are of sufficient strength to withstand not only the pallet weight but also the rigors of transport.
- Minimize the amount of headspace in cases to reduce the amount of damage and box crushing.

Please be advised that USF distribution locations will reject damaged product at receipt.

6.7 Freight Claims
Unless otherwise agreed between USF and the Vendor, USF will contact Vendors within five business days of receipt regarding Overage, Shortage, or Damage claims (OS&D). For Fresh Boxed Beef and Produce, 24-hour notice of dispute will be provided as required by law. All Products shipped to US Foods will be picked up or shipped with a Shipper Load and Shipper Count Policy in policy in place with load seals required on each shipment. Communication will be provided back to the supplier and carrier for all claims that are filed in a single way across the organization.
The following description provides a brief overview of USF’s OS&D procedure for USF-managed loads, and what Vendors can expect when there is an OS&D claim submitted by USF:

a. USF will receive product utilizing the Bill of Lading from the Vendor and will notate any OS&D on this document.
b. If OS&D is confirmed, USF will initiate an OS&D claim. The Receiver will photograph and document any damages for claim processing.
c. Logistics Support Claims will assess the cause of damage, notify the responsible party, and complete the OS&D process thru the USF Centralized Freight Claims Process (see SOP for Vendor Freight Claims).
d. Follow-up on OS&D will be completed by the freight claims department in Rosemont. Expectations for Vendor claims are: Fresh Boxed Beef requires 24-hour notice of dispute. Shortage – freight claims administrator contacts Vendor for a cycle count for all shortages by the Vendor. Please refer to Section 4.3 of this Policy for remediation expectations for shortages. Damages – freight claim administrator contacts Vendor or Carrier for authorization to deduct for all damaged product, along with disposition instructions.

USF utilizes a centralized freight claims system. This system will generate all Vendor and carrier freight claims and deliver them via email. It is up to the Vendor to be sure it can receive freight claims by allowing USF to send emails to Vendor. If an acknowledgment is not received within 7 days after receipt of the claim it will be deducted via USF’s internal electronic tracking system. If the Vendor disputes a claim for shorted product, a cycle count must be included with the dispute to support Vendor’s request.

6.8 Bill of Lading
The Vendor will provide a Bill of Lading that complies with proper regulations for identifying product loaded on the trailer. For customer pickups, after the load has been checked and found to be satisfactory, the driver will make sure that all the following items are noted on the bill of lading:

- Driver Name
- Carrier Name
- Load Number
- Po number
- Trailer Number
- Date
- Seal Number
- Piece count or Pallet count (as applicable)
- Pulp temperature of the product (as applicable)
- Temperature recorder unit number (as applicable)
- Weight
- Driver will sign the bill of lading

Compliance with Bioterrorism Act Record Keeping Requirements: To help us maintain the necessary records we ask that you include the following information on your Bill of Lading:

- Your company name, address, contact information (phone, fax, email)
- Carrier name, address and contact information (phone, fax, and email)
- Brand of the product shipped
- Descriptive name of the product (Ex. Iceberg lettuce, not just lettuce)
- Pack size and type container (ex. 32-4oz cups)
- Quantity shipped
6.9 Delivery Appointments
The Vendor/shipper will schedule delivery appointments with each USF location electronically. This will be done through a web portal (https://www.retailixtraffic.com) that will allow appointment request without contacting USF directly. Appointments should be made 3 days in advance of delivery date as a minimum but as far in advance to allow for the optimal appointment options. The Vendor/shipper is responsible for meeting the scheduled delivery appointment and ensuring that the unloading of the product is done in an appropriate and efficient manner following location guidelines. The Vendor/shipper must report time and location to the USF location’s receiving department as necessary while in-transit when circumstances may cause a delay and/or late arrival for a delivery appointment. A specific reason for the delay is expected along with a realistic estimation of the truck arrival time.

6.10 Loading Time Expectations at Vendor’s Dock
For USF-managed pickups, Vendor/shipper must have product prepared for loading and perform loading function at the scheduled appointment time and appropriate loading duration for the specific product.

6.11 Delivery and Unloading Procedures
Driver is responsible for performing the following tasks upon arrival at delivery location:

- Report to receiving department to inform of product arrival.
- Trailers must be locked at all times except during the receiving process.
- Request receiver confirms that trailer seal matches the seal number on the bill of lading and that the seal is intact upon arrival (where applicable). All trailers must be sealed by the shipper. If the shipment is LTL, a new seal must be placed on the trailer at each successive stop and the new seal number noted on the bill of lading.
- Follow receiver’s procedures for placing the trailer into a door for unloading.
- Follow receiver’s procedures for unloading the product to the receiver’s specifications.
- If dropping trailer driver must have the receiver log the following on the bill of lading as applicable:
  a. Drop date
  b. Shippers load and count
  c. If trailer is sealed, “seal number” and “seal intact” should be logged on the bill of lading
  d. Temperature setting on the refrigeration unit
  e. Refrigeration unit’s ambient temperature reading
- If making a live delivery the driver must perform the following tasks:
  a. When hiring the unloading of the trailer to a third party, the driver is to use the prescribed location unloading service and determine the unloading costs and execute transaction directly with the unloading service personnel.
  b. Have the trailer unloaded based on the receiver’s specifications
  c. Monitor the unloading process to assure proper count and quality assurance inspections are taking place
  d. Note arrival temperature of the trailer at time of docking
  e. Provide support in helping receivers recover temperature recorders from the load
  f. Monitor temperature pulping process
  g. Report any product quality, temperature or shortage issues to receiver while product is still on the receiving dock
- Upon completion of unloading the driver will receive a signed copy of the bill of lading once it is correctly filled out to include the following:
  a. Delivery date
  b. Delivery count
  c. Any product rejection and reasons for the rejection
6.12 Rail or Intermodal Shipments
When USF designates the mode of transportation for a purchase order as an intermodal shipment via the appointment made by the carrier, the Vendor will be responsible for blocking and bracing the load per railroad guidelines.

6.13 Freight Rate Transparency Requirements and Management
Suppliers are responsible for providing freight information and guidance for their Products. The freight information must be updated on a regular basis and be representative of market costs of transportation; to include fuel, line haul, unloading, and any additional accessorials costs broken out separately.

All freight rate changes must be submitted for approval to the USF vendor negotiation team a minimum of 30 days in advance of rate changes (freight cannot be updated more than once a month).

US Foods Corporate Vendor Negotiation must be informed of any changes from customer pick-up back to vendor delivered prior to the change taking place and is subject to approval by the Vendor Negotiation team.

Regular updates for all transportation costs (with exception to fuel) shall be provided at least once per year. We encourage more frequent rate reviews either quarterly or semi-annually to keep up with current market trends. Fuel updates must be provided either monthly or at least quarterly.

6.14 Fuel Surcharge on Inbound Shipments
An adjustment to the supplier’s fuel surcharge will be made based on a monthly review (the “Review Period”) of the diesel fuel price. The surcharge shall be based on the average diesel fuel price from the preceding 4-week period (5-weeks in one month per quarter) (the “Indexed Fuel Price”) and implemented at the beginning of each calendar month. Adjustments will be applied or removed as of each Review Period.

Notwithstanding the foregoing, with five (5) calendar days advance notice, USF may at any time adjust the Review Period of the Fuel Surcharge from a monthly review to a weekly review, if the change in fuel costs were greater than fifteen percent (15%) from a week to week basis for a period of three consecutive weeks. USF may move back to a monthly Review Period at its discretion.

If the Supplier does not provide separate costs for product, transportation, and fuel, on either a monthly or quarterly basis, USF will have the right to utilize its internal market freight program and USF will be eligible to pick up product FOB-Origin from the Vendor under its market freight program (see "Freight Rate Transparency Requirements and Management" section of this Policy). USF internal market freight program allows USF to determine transportation costs, based on market rates, along with its fuel program, based on previous month’s fuel average for diesel.

6.15 Market Freight
For those Vendors who do not or cannot maintain an accurate and timely freight program, the following criteria will be reviewed for consideration in our Market Freight program:

- If Vendor’s product pricelist includes a FOB (FOB origin customer pick-up) price(s) and one of the following:
  a. Product pricelist does not include delivered price(s), and Vendor does not guarantee nor publish freight rates, or
  b. Vendor does not deliver (or arrange delivery of) product and/or will not deliver (or arrange delivery of) the order due to order size or origin point restrictions or any other operational reason, or
  c. Vendor does not currently publish and guarantee freight rates (costs) or off-invoice pickup allowances that are valid for at least one month, or
  d. In any other situation where it is left up to USF to use Vendor’s FOB price list and Vendor does not provide published guaranteed freight rates (costs), off-invoice allowances, or delivered pricing in conjunction with the FOB product pricing.
• If the profile of the Vendor’s freight program falls into the above categories, the Vendor will be considered as a “Market Freight” Vendor and as such, the freight applied to purchase orders will be managed per the USF Market Freight program.
• Once a Vendor is determined to be a “Market Freight Vendor” it is unnecessary and not recommended for Vendor to provide freight quotes upon request for USF orders. The freight will be determined by the Market Freight program and all such requests for freight information should be directed to USF Corporate Logistics. Nor should the Vendor publish, quote, or otherwise communicate delivered pricing or freight rates/amounts for end user special pricing agreements whether deviated or non-deviated.

6.16 Best Bracket

"Best Bracket Pricing" is USF’s expectation that Vendors with delivered bracket pricing bill USF at their best bracket for USF-managed loads. "Best Bracket“ Vendors provide USF with a truckload pick-up allowance, and the difference between the bracket prices is used to cover the additional cost incurred on smaller orders similarly as the Vendor charges an additional amount to cover Vendor’s transportation cost for Vendor-delivered freight.

It is USF’s position that this differential is considered when calculating the Market Delivered Price (DDP) when USF manages the freight. When the product is picked up by USF, USF expects to be compensated for the entire amount that is reflective of the cost that would be charged to USF if the Vendor were to deliver the product unless otherwise negotiated in Vendor’s contract.

If the Vendor does not provide a workable bracket structure for providing fair pick up & bracket differential allowances based on order size, the market freight solution indicated above will be used.

6.17 Cross Dock, Mixing Centers and Cross Dock Placard Requirements

Orders designated to be picked-up and transported to a USF location or third-party provider with the intention of being cross-docked on route to its destination will require the placement of a placard on each pallet identifying the destination location. The requirement must be accomplished by marking the pallets sufficiently with license plates that would be assigned to an Advanced Shipment Notification (ASN).

Cross Dock Placard requirements:

The following info must be included on all placards. If your warehouse system doesn’t allow all info to be printed, you must hand write any missing info on the placard. Note: A $35 fee will be charged for each pallet that does not have a placard. Additionally, a $15 fee will be charged for each pallet that has information missing from the placard.

• US Foods Placard
• Name of destination
• Vendor name
• US Foods PO number
• Number of pallets per PO. e.g. 1 of 5
  ○ Each pallet (piece of wood) must have its own placard
  ○ Total pallet count must be listed on the BOL
• Ship date
6.18 Other Shipments
Orders designated to be shipped by special request from USF and/or Vendor locations on behalf of USF and USF Customers outside of the items that are currently stocked and sold in USF locations are to meet all the shipping and handling requirements of regularly stocked Products and these special orders are to be sufficiently marked as to product identification, temperature requirements, ship date information, and destination.

7 Warehouse Operations

7.1 Pallet Specifications
USF’s standard pallet specifications are outlined below. Any pallet(s) received outside of the below specifications are subject to chargebacks/fines:

- a. # 2 40” x 48”
- b. 3,000 lb. capacity
- c. Product must be shipped on white wood pallets. Only use a pooled pallet when the weight capacity would require a pooled pallet.
- d. Top Deck – 7 or more boards
- e. Stringer – 3 stringers with added companion stringers if needed.
- f. Bottom deck – 5 or more boards. Should be 1 board on each side and 3 in middle.
- g. 4-way entry
- h. No broken stringers, protruding nails or wood splinters.

- Freight service will inspect the condition of the pallets that are staged at the dock doors to make sure they meet all requirements.
- Receivers will recheck all pallets to make sure they meet requirements prior to tagging the pallet.
- Ti x Hi criteria should match those provided by the Vendor at time of product set-up.
- All Products with more than 1 layer of product should be on their own pallet. Product not arriving in this configuration will be reworked by the designated third-party unloading service at Vendor’s accountability.
- Product labels should face outwards for easy identification and processing.
- Products from no more than two LOTs/expiration dates should be included on any pallet.
- Product should not overhang pallets.
- All pallets more than 1 layer need to be secured with stretch wrap or other reinforcement.
- All Products must be shipped sanitary and free from damage.
- US Foods does not accept pallet exchange. We accept pooled pallet programs (e.g. CHEP, iGPS, PECO, etc.)

Sample Placard
US Foods Placard

Destination: USF Allentown
PO #: 123456 2J
Vendor: John's Chicken
Ship Date: 4/2/18
Pallet Count 1 of 5
8 Data Management

8.1 Electronic Data Interface (EDI) Requirements

Improved efficiencies and a decrease in manual efforts are critical to success in the competitive marketplace. USF is achieving success by taking advantage of the speed and accuracy of Electronic Data Interchange (EDI). EDI greatly improves USF’s ability to process large volumes of invoices for our Vendors. This process eliminates many of the errors that frequently occur due to manual entry and allows accounts payable to process invoices in a timely manner. USF has worked with each of its Vendors to offer either traditional EDI communication or a web-based alternative. Supplier EDI inquiries should be directed to ediprocurement.shared@usfoods.com

USF is fully prepared to work directly with Vendors but can also work with third parties who represent Vendors. Listed below are documents USF currently supports and must be exchanged based on the USF specification.

- **810 Invoice**: The electronic version must include all information provided on a paper document.
- **850 Purchase Orders**: Only EDI will be used. FAX capability must be an available back-up in case of system issues.
- **855 PO Confirmation**: This document is required in response to the 850 and must confirm reserved inventory quantities, Cost (all components which will be on the invoices) date of pick-up or delivery, and terms of sale and must be transmitted within 24 business hours from receipt of PO, or less. The electronic confirmation becomes the legal record and any adjustments must be communicated directly to the buyer of record on the 850. Subsequent 855’s must be transmitted in response to PO revisions within 24 business hours from receipt of revision, but no less than 72 business hours from vendor/carrier’s scheduled appointment time at the USF location.
- **856 Advance Ship Notice (ASN)**: This document provides information about items and quantities shipped. The 856 grants improved visibility to USF buyers and operations personnel and help expedite the receiving process. The 856 also includes lot information about each product to support traceability initiatives. The ASN must be generated at the time the load is sealed and must be transmitted to USF at least two hours prior to the vendor/carrier’s scheduled appointment time at the USF location.
- **860 PO Revision/Document of Record**: Used for revisions to Purchase Order and document of record providing verification of quantity and cost updates sent on the 855.
- **824 Notification**: Provides information about an 856 ASN if the document could not be applied
- **997 Functional Acknowledgements**: Vendor must transmit a 997 within two hours of receipt of EDI Documents. The Vendor must ensure all EDI documents sent to USF are accepted. If a rejection is received, the Vendor must make the required corrections and retransmit via EDI.
- Any adjustments to codes transmitted on the 850 PO must be updated via EDI, or the confirmation will fail to update the PO in USF’s systems.

The information shown below will be provided for all National and Exclusive Brand Products. Multiple-sourced items will only have the USF item code. The example below shows product segment from the EDI 850.

```
PO1** 16*CA*00.00 UK*12345678901234 PI*2327252 MG*077777*BL*VENDOR*PID*F***"CHEESE,
```

8.2 Supplier Barcode Requirements
GS1-128 Barcode Requirements for US Foods Suppliers

As part of our US Foods' commitment to continuous improvement and in support of our customer requirements, **US Foods expects manufacturers to adopt and apply scannable GS1-128 barcodes to all cases.**

Applying GS1-128 barcodes to manufacturer products will help enable US Foods to provide more visibility (tracking, traceability, and transparency) in our foodservice distribution process. Therefore:

US Foods encourages all Suppliers to visit [www.gs1us.org](http://www.gs1us.org) and call 1-609-620-0200 to obtain a unique GS1-128 barcode for your items to be setup in the US Foods Product Information Management system.

- The key element of the barcode is the Global Trade identification Number or ‘GTIN’
- US Foods expects all brand owners to embed their Company Prefix within the GTIN.

**GS1-128 Barcode Requirements**

1. **Barcode label needs to be on TWO sides (short and long side preferred) of the case, on bagged products the barcode label needs to be on the top of all bags (best in class labeling will place label on 4 side). Labels MUST include attributes listed below:**
   a) **GTIN**: AI (01): The standard 14-digit number used to identify individual cases. For variable measure trade items (i.e., random weight or count), the number ‘9’ MUST be used in the first position of the GTIN.

   b) **Net Weight in pounds (lb.):** AI (320n*): The actual weight of the individual case in pounds, *(0 to 6) n = digits past the decimal. Weights applied towards orders/invoices are rounded to two digits past the decimal. OR

   **Net Weight in kilograms (kg):** AI (310n*): The actual weight of the individual case in kilograms, *(0 to 6) n = digits past the decimal. **US Foods converts kilograms back to pounds.** Weights applied towards orders/invoices are rounded to two digits past the decimal.

   d) **Date:** AI (varies by product type): YYMMDD MUST be the SAME as detailed in the Suppliers spec. May include:
      - **Production Date:** AI (11): To represent the actual production date (packaging products, frozen/refrigerated meat, fresh foods)
      - **Use by/Expiration Date:** AI (17): Refrigerated, raw materials, shelf stable products, frozen bread and cookies, or processed foods, processed produce such as lettuce, spinach
      - **Pack Date:** AI (13): Whole produce, further processed foods

   e) **Batch/Lot Code AI (10) or Serial number AI (21):**

      The Lot Code value must be a **combination of the plant/facility identifier and production lot number, and may include a shift number, a machine number, a time or internal production code**. **Whether AI (10) or (21) is used, the barcode characters cannot exceed 48; US Foods’ prefers AI (10) usage, however, manufacturer must manage to the 48 character limit in their barcode when considering to use AI (10) or AI (21).**

2. **Barcode Size:** Maximum Barcode Length: 6.5” / Minimum Barcode Height: ½”
3. **Barcode Readability:** Grade B or higher
4. **Barcode Must Be Code 128(GS1) Language:** Data must parse out after scanning. See below under ‘validating your GS1-128 barcodes for guidance (Code 128, GS1 Databar, etc. are NOT compliant.)
5. **Additional Human Readable Text** (≥ 16pt Arial Bold is recommended): Must include lot code and relevant product date in the format shown below per type of product. Format for Lot Code is whatever supplier needs for internal traceability.
6. **Label Size** ≥ 2” x 4” and **Quiet Zones ≥ .195”**
7. **Barcode Character Limitation:** 48 Alphanumeric character capacity
DATA MATRIX 2D barcode: Although not required, including a Data Matrix embedded within the label is acceptable and is best practice in order to encode other manufacturer’s AI’s that do not meet the GS1-128 requirements.

i.e. serial number AI (21) if characters are too long in length, inner GTIN AI (02)

Validating your GS1-128 barcodes -

Barcode Quality Checks: All plants/facilities must check their GS1-128 barcode quality and readability for each printer at least once a week with a grade scanner. The app below is only intended to be an additional check when submitting for approval, but in no way guarantees it will meet US Foods barcode quality requirements: at least a grade B

Download App
1. Download Cognex Barcode Scanner app on your iPhone or Android phone.
   a. Go to Settings
      i. Select Barcode Types and make sure Code 128 is enabled.
      ii. Go to Parser Plugin and turn on.

Verify the language
2. Start scanning all barcodes you want to check
3. The correct barcode language will display like shown below: Code 128 (GS1)
   • Please note the (01) GTIN, (13) Date, and (10) Lot Code are on different lines.
     Al (13) Date: this number could vary per type of product (refer to barcode pictures on previous page)
   • Anything different from the screenshot below requires for you to work with your barcode software/hardware provider to correct until you get this exact result.
Non-Compliant Barcode Examples

- Any other language DOES NOT meet our requirements for traceability including but not limited to:
  - Code 128, GS1 Data Bar, QR, EAN, etc.
- If the barcode characters appear all in one line, this means they are not parsing (separating) correctly
  - Check if you included any parenthesis on the actual barcode and remove them
  - Parenthesis should only be included in the human readable text at the bottom of the barcode NOT on the barcode itself

GS1-128 Barcode Label Examples per Type of Product
9 Invoice Requirements and Payments
USF is committed to paying all invoices within the agreed upon payment terms.

9.1 Invoice Requirements
These procedures must be followed to ensure invoices are paid:

- The invoice must reference the receiving location.
- Each PO must have its own invoice. Multiple POs are not allowed on the same invoice.
- The invoice number is limited to a maximum of twenty-two characters.
- Invoice must include the date on which the items were shipped.
- Invoice must have a complete itemization of items shipped with quantities and cost.
- Invoice must show total dollars for each line and overall amount.
- Invoices sent to any location other than the designated Accounts Payable Processing location will either not be processed for payment or could be delayed for payment.
- Invoice must show invoice terms.
- Invoice must acknowledge any freight, freight allowance or miscellaneous charges for review.
- PO number must be a total of 8 characters.
- Individual invoices are required even if a statement is provided, no payment will be made from a statement alone.

9.2 Billing Options
All billing should be sent through Electronic Data Interchange (EDI) or a web-based alternative such as the one found on USF's vendor portal at https://suppliers.usfood.com/, under the invoice submit panel.

If you are not EDI capable or have not signed up to submit invoices through an EDI partner such as I-Trade Network (ITN), FSE, Inc., or an approved third party provider, invoices must be submitted online via our vendor portal at https://suppliers.usfood.com/ or delivered to our billing address to be manually processed.

Our billing address for paper invoices is as follows:

US Foods
Trade Payables
P.O. Box 29283
Phoenix, AZ 85038-9283

Past due invoices can be emailed to TradeInvoices@usfoods.com - It's an invoice only email with no correspondences. The following guidelines to be followed:

- Invoices must be black and white. The text must be legible.
- PDF type as attachment only, no larger than 8½ by 11 size.
- No bill of landings or backup
- Multiples pages of invoices must be separated from single pages invoices with no more than 10 per email.

Do not submit the following:
- Credit memo’s,
- Freight invoices for product related for outbound
- Cases inquires of shortages
- Invoices over 1 year old
- Payment inquiries of past dues or requesting backup
• These types of request must be obtained by calling the Vendor Support team at 480-766-7000, Monday through Thursday during the hours of 6AM to 4:30PM.

9.3 **Timely Submission of Invoices**

It is the responsibility of the Vendor to match on a timely basis the payments received from USF to the outstanding invoices. The Vendor should expect to receive payment within their contract terms or invoice terms of the due date of the invoice. The matching process should occur shortly thereafter. All matching of invoices will be applied correctly and will not be applied against other outstanding balances or open invoices. Should a payment not be received within that period of time, an inquiry/case should be submitted via the USF Vendor Portal at [https://suppliers.usfood.com/](https://suppliers.usfood.com/). Please call the Vendor Support Team to discuss if needed. The team is available 6 AM to 4:30 PM Mountain Time, Monday through Thursday at 480-766-7000.

Accordingly, a request/case should be opened to review invoices outstanding more than 30 days past due should include a copy of the corresponding proper proof of delivery and be submitted via the USF Vendor Portal at [https://suppliers.usfood.com/](https://suppliers.usfood.com/).

9.4 **Payment Policy**

• Payment terms offered to USF must be the equivalent to the most favorable terms offered to your other customers, or in accordance with your Vendor Agreement.
• The payment term is to calculate the scheduled payment date based on the invoice terms calculated from the later of the date (i) the Vendor’s invoice is received at USF’s Accounts Payable Department, or (ii) the product is received at the applicable USF location.
• Payment will be made on the first payment date on or following the scheduled payment date and will not be considered late if paid within these parameters. Check mailings or electronic bank transfers occurring on our payment cycle will satisfactorily discharge USF’s performance of payment within stated payment terms.
• The Director of Category Management and their teams must approve changes in Vendor terms.
• The latest receipt will be used to calculate the due date.
• Cash discounts, as applicable, are applied to all invoices transmitted or received after the due date.
• When the Vendor’s account is in debit balance, discounts will be taken and will not be considered for repayment.
• To the extent processing of the invoice is delayed because of discrepancy that results when comparing the invoice total amount to the USF purchase order total amount or the invoice quantity to the USF received quantity or anything that was not agreed on the PO confirmation, processing of the invoice may be delayed, and USF shall still be entitled to take any offered cash discounts without being considered late in making the remittance.

9.5 **Invoice Discrepancies**

USF deducts from supplier disbursement for the following transactions:

• Pricing or billing errors
• Freight Charges/Allowances
• Pallet Charges
• Receipt Shortages (not our trucking load)
• Receipt Damages (not our trucking load)
• Processing Fees
• Credit Memos
• Returns
• Failure to Comply Charges
• End User Sales agreements (deviation agreements)
• Purchase based allowance programs for sales and marketing incentives
• EZ claims
• Additional invoices billed with charges not set up on PO
• Freight carriers that are not set up on PO

All supporting documentation for deductions will be presented with the check’s remittance or be available via the USF vendor portal at https://suppliers.usfood.com/.

All ASN Vendors will be notified via the discrepancy report of any shortages.

Unless otherwise negotiated in your Vendor Agreement or required by law, Suppliers must notify USF by submitting a case on the website, within 90 days of the check date if they determine a deduction or dispute is not valid. Otherwise, the deduction will be deemed valid.

9.6 Supplier Incentives

Supplier incentives or allowances (“Supplier Incentives”) are any payments provided by Vendors that are based upon the proactive performance of USF.

Supplier Incentives are an essential component of reducing our cost of doing business. For USF to remain competitive and meet its Customers’ expectations it is incumbent on our Vendors to inform and make accessible all available incentives.

Supplier Incentive programs are generally established on an annual basis covering the months January through December or based on contractual language, which may evergreen. Such arrangements are documented in your Vendor Policy Agreement or the Vendor Terms and Conditions Agreement. Your Vendor Policy Agreement and/or Vendor Terms and Conditions Agreements may be set mid-year, set on an annual basis or set to automatically renew. Those that are set mid-way in the year or set annually will require completion at least one (1) month prior to the start of the effective period or the upcoming calendar year. This is critical to ensure that the arrangements are properly reflected in our system and manual work is removed.

• It is USF’s expectation that all Supplier Incentive programs, or activities are documented and approved prior to the event occurring. This must be indicated in advance by a signed agreement or e-mail confirmation. Failure to provide this will result in additional manual work.
• Supplier Incentives are to be processed by deduction from accounts payable. This ensures that amounts owing are processed in a timely fashion. Where the incentives exceed the amount of accounts payable, Vendors are expected to provide payment, at the request of USF, within the lesser of 30 days, or their standard terms to USF.
• Communication on the billing amount of the incentive will be provided electronically by USF. Each Vendor will be expected to gather their respective incentive billing information from the USF Vendor Portal, or via our EDI 867 transaction set.
• USF anticipates that in those instances in which the Vendor essentially offers the same local incentive allowance to each USF location, the Vendor will work directly with Corporate Merchandising to document the local allowance on a national basis as opposed to Vendor documenting the same local allowance with each USF location. This allows for the same local allowance to be internally tracked, invoiced and deducted once.
• Unless specifically documented as a product SKU exclusion on the signed allowance agreement, or as otherwise negotiated in your Vendor agreement, USF takes the position that all new items purchased post signing of any allowance agreement are deemed eligible under the terms of the signed agreement unless notified in writing by the Vendor prior to the receipt of the new item in question.
• USF requires that all allowance agreements be negotiated free of customer exclusions. To the extent that exclusions are agreed to by USF, they must be product SKU specific. The USF system tracks allowances based on the purchase of product SKU and not based on the sale.
• Reference to redistributors on the allowance agreement refers to the Purchase based agreements only.
• USF uses a verification process upon the signing of all allowance agreements that requires both USF and Vendor to certify the eligibility and rates of all product SKUs to minimize the potential for any billing disputes post signing of the allowance agreement (Docusign).
• In the event, there is an allowance billing dispute, per the Vendor Agreement, Vendors are required to open a case within 90 days, or as negotiated in specific agreements, via the Vendor Support Center and must provide detailed supporting documentation. It is a recommended best practice that Vendors download the billing compliance report, in MS Excel format, from the USF Vendor Portal at https://suppliers.usfood.com/ or receive via an EDI 867 document, and provide backup supporting their claim in the same fashion as USF provided the initial billing.

9.7 Vendor Inquiries and Correspondence
Our Vendor Support Center and supplier portal are prepared to handle your inquiries and requests for information. Before making such a request sufficient research should have been done to ensure that the inquiry is appropriate. One can review payment inquiry by invoice number or PO number. One can determine what is needed by US Foods Accounts Payable team for processing invoice. Copy of check remittance can be retrieved for review as well.

All inquiries are to be submitted via USF’s vendor portal at https://suppliers.usfood.com/. Vendor’s can also call the Vendor Support Team to discuss if needed. They’re available 6 AM to 4:30 PM Mountain Time, Monday through Thursday at 480-766-7000.

To ensure a timely and complete response, inquiries should be submitted to USF via the vendor portal at https://suppliers.usfood.com completing all requested fields, and submitting supporting documentation as instructed.

Include as applicable:
• Invoice Number
• Invoice Date:
• P.O. Number (total of 8 characters)
• Location shipped to
• Check No.
• Amount of dispute
• Check Date
• All other requested fields
• Attachments: PODs, invoices, and other documents of relevance should be included with your online case submission
• Note: if no support documents are received within 5 days of the case being submitted, it will be denied/rejected
• Supplier incentive tracking program cases require the compliance report in an excel format with noted items that are in dispute, what the vendor feels should have been billed and any comments as it relates to the item in question. (The compliance report can be retrieved from the USF Vendor Portal)

Due to the expense of doing so, discrepancies under $20.00 will not be repaid or researched unless otherwise required by law.

If you do not have access to the vendor portal, please contact Vendor Support for a user ID and Password. They are available 6 AM to 4:30 PM, Monday through Thursday at 480-766-7000.

Please refer to the relevant section of this Policy for the procedures in respect of your inquiry.
10 End User Deviated and Non-Deviated Special Pricing Agreements

10.1 Content Requirements for Processing Agreements
US Foods shall honor Vendor deviated and non-deviated pricing agreements with Customers if such agreements are documented and communicated to USF via submission through USF’s designated vendor contract portal or submission via USF’s electronic file format. Vendor deviated, and non-deviated agreements submitted via non-standard process will be honored, provided they are sent on Vendor’s letterhead and meet the following guidelines. All agreements, at a minimum, shall contain:

- Customer/concept name;
- Vendor contact information;
- Signature of Vendor representative authorized to offer the program;
- US Foods locations covered by the arrangement;
- Program effective dates;
- Information on specific products covered, including, but not limited to, manufacturer product code, brand or label, case size/unit of measure, product description, and amount.
- Information pertaining to price and price type (delivered to distributor, FOB origin, etc.), and how, if at all, pricing is different across USF locations(s);
- Bill back indicator (yes or no); and, if yes, contact name for bill back.

10.2 Requirements for Billback Processing
USF processes vendor billbacks via Customer and Supplier Incentive System (CASIS), an internal electronic tracking system, based on the following criteria:

- All invoices associated with end-user pricing agreements that result in a cost deviation bill back will be collected by USF via weekly auto-deduct.
- Deviation calculation will be based on our last received cost of the product and freight (if applicable).
- US Foods reserves the right to charge an administration fee for managing the vendor negotiated end-user pricing agreements. This fee will be charged on each invoice generated by the CASIS system.
- All invoices and supporting billing documentation are available for Suppliers on the USF Vendor Portal or via an EDI867 transmission.
- In the event, there is a dispute with a USF cost deviation bill back invoice, Suppliers are required to open a case via the Vendor Support Center via the vendor portal at https://suppliers.usfood.com/ or calling at 480-766-7000 within 90 days or as required by agreement and must provide detailed supporting documentation. It is a recommended best practice that Suppliers download the bill back compliance report via the USF Vendor Portal in MS Excel format or receive via EDI 867 transmission, and provide the backup supporting their dispute in the same fashion as USF provided the initial billing.
- USF will not issue repayment on a cost deviation bill back if the supplier dispute is related to a USF location's usage of a re-distributor or a transfer from one USF location to another versus the USF location purchasing directly from the supplier. It is the responsibility of the supplier to work directly with the USF location to convert the location’s buying pattern from re-distributor to direct to avoid future billing disputes.
- USF will not issue repayment on a cost deviation bill back if the supplier dispute is related to a USF location purchasing in quantities lower than the threshold established in any end user pricing agreements negotiated between the supplier and a USF customer. It is the responsibility of the supplier to work directly with the USF locations to determine if the sales volume at a given USF location would merit purchasing based upon the Supplier/Customer agreed upon thresholds.
10.3 Timely Submission Requirements
End-user deviated, and non-deviated special pricing agreements are required to be received by USF in the month prior to implementation in a timely manner to allow for the coding, loading, and auditing of Vendor agreements, based on the following guidelines:

- Due by the 15th of the month (or on the Friday prior to the 15th of the month if the 15th of the month falls on a Saturday or Sunday) prior to the effective date of monthly pricing.

- To avoid pricing disruption to our mutual customer, USF will auto extend the deviation/contract pricing for up to 6 months from the current expiration date if no response is received from the vendor.

- Vendor is responsible for providing in writing the disposition of any price changes. Once auto extended, if disposition is provided, programs will be adjusted accordingly on the next cycle.

- It is the responsibility as a representative of your company, and/or the vendor, to keep US Foods updated as to changes in either your email address or the name and email address of the appropriate contact from your organization responsible for receiving any pricing related communications.

- Revisions to pricing agreements must follow the same guidelines as above; however, revisions submitted through the USF vendor contract portal will be accepted through the 25th of the month prior to the effective date, providing the agreement is submitted in its totality (i.e. not just the revised items) and customer acceptance is made through the portal by said date.

- Exceptions to the above, in extenuating situations, will be governed by the Customer’s distribution agreement with USF.

11 Vendor Support Center
- The USF Vendor Support Center (VSC) hosts a team of employees who provide support to Vendors regarding payment and deduction inquiries such as, but not limited to, short payments, skipped invoices, duplicate payments, etc. The Vendor Support Center can be reached at (480)-766-7000, Monday – Thursday 6:00 am to 4:30 pm Arizona time.
- If needed, the VSC will open an issue “case” and resolve it if possible. If not, they will route the case to the appropriate party to resolve. When a case is resolved, the Vendor will receive an email with the detailed resolution information.
- Vendors can also use the USF VSC supplier website to:
  a. Open a VSC “issue” case
  b. Receive payment information
  c. Obtain check remittance details
  d. Check on payment status by USF location
  e. Gather details regarding CASIS deductions
  f. Review CASIS compliance reports (sales and purchase based)
  g. Submit invoices to the invoice submit panel.
- The VSC supplier web address is https://suppliers.usfood.com.
- Logon information can be retrieved by calling the Vendor Support Center at (480) 766-7000.

12 Key Legal Provisions and Obligations
All USF vendor agreements contain key provisions that enable USF to meet Customer needs. These provisions are highlighted below. To the extent the language in your agreement is not consistent with the below, the language in your agreement will apply.
12.1 Indemnification Obligation

The Vendor represents and warrants with respect to the products and services (the “Products”) purchased by US Foods from the Vendor that, among other things, (i) the Products and all statements contained on the Product packaging and/or advertising and marketing materials provided by the Vendor comply with applicable law (ii) that no Products nor their advertising, marketing materials and packaging will in any way violate the intellectual property or other rights of any third party, including the rights of privacy and publicity; (iii) all Products and their packaging are saleable, free of material defects, are safe for their intended purposes, are designed, manufactured and distributed in a workmanlike manner using reasonable care and in accordance with industry standards, and may be introduced into interstate commerce.

Vendor shall indemnify, defend, save and hold harmless USF and its officers, directors, employees, agents and/or any direct or indirect customers from and against any and all claims, demands, suits, liabilities, damages, injuries, penalties, losses, settlements, judgments, costs and expenses (including reasonable attorneys’ fees, costs and expenses) incurred or otherwise arising out of or allegedly resulting from: (i) a claim that the Vendor Product specifications or Vendor intellectual property infringes upon or misappropriates any intellectual property rights in connection with the Products; (ii) death of or injury to any person, damage to any property, or any other damage or loss, by whomsoever suffered, resulting or claimed to result in whole or in part from any actual or alleged quality or other defect in the Products, whether latent or patent, or actual or alleged failure of the Products to comply with any express or implied warranties or any claim of negligence or strict liability in tort relating to the Products; (iii) violation by the Products in their manufacture, possession, storage, use or sale, of any applicable federal, state or local laws, regulations, ordinances or administrative orders or rules; (iv) defect in the packaging, labeling, packing, shipping and/or invoicing of Products; or (v) breach of any VPA, violation of this Policy or any continuing obligation or representation or warranty (a “Claim” or “Claims”), except to the extent any such Claims are the direct result of negligent acts or the willful misconduct of USF.

12.2 Insurance Requirements

Vendor shall maintain at its expense commercial/comprehensive general liability insurance (including bodily injury, property damage, product liability, contractual liability and completed operations coverage) from a carrier having an A.M. Best rating of A or better, in a minimum amount of three million dollars ($3,000,000), per occurrence and general aggregate, except in the case of cleaning/chemical supplies where the amount shall be five million dollars ($5,000,000), per occurrence and general aggregate, which policy shall use General Commercial Liability Endorsement # CG20261185 (or an appropriate equivalent) to designate US Foods, Inc. (including its parent and all subsidiaries and affiliates) as additional insured.

A certificate of insurance for such coverage shall be delivered to USF upon completion and submission of required Vendor information, and annually thereafter on or before the expiration date of their certificate of insurance. The certificate shall specify that USF shall be given at least thirty (30) days’ prior written notice by the insurer in the event of any material modification, cancellation or termination of coverage.

Vendor may deliver its certificate of insurance to USF in any of the following ways:

- Email: vendorcoi@usfoods.com
- By Mail to:
  
  US Foods
  
  Attn: Vendor Administration, Re: Insurance Requirements
  
  PO Box 29263
  
  Phoenix, AZ 85038
12.3 **Timely Submission of Certificate of Insurance**
Lack of a valid certificate of insurance triggers the account to be placed on restrict status, which prohibits Products from being purchased and delivered to the Customer in a timely fashion.

12.4 **Product Recalls / Returns to Vendor / Reclamation**
Food Safety and Quality is a fundamental value at US Foods. All Product Recoveries (holds, location withdrawals) and Product Recalls that affect any US Foods location must be communicated in writing to the Corporate US Foods Recalls Specialist in Rosemont. The US Foods Corporate Recall Team can be reached at recallteam@usfoods.com or via phone at 847-226-0584. Supplier must notify US Foods regarding the applicable Product Recovery or Product Recall as soon as possible but no later than 24 hours after Supplier receives notice of the matter. Suppliers MUST NOT contact USF locations or Customers directly.

13 **Vendor Performance Measurement**

<table>
<thead>
<tr>
<th>Expectation</th>
<th>Policy Reference</th>
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<tbody>
<tr>
<td><strong>Vendor Profile and Item Data Accuracy</strong></td>
<td>2.2, 2.4, 4.8, 5.1, 5.3, 10.4, 12.2.</td>
</tr>
<tr>
<td>• Vendor profile, item and pricing information must be complete, accurate, timely and provided in the correct USF format.</td>
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<tr>
<td>• Vendor agreements and insurance certificates must be current and complete.</td>
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<tr>
<td><strong>Service Requirements</strong></td>
<td>4.1, 4.2, 4.3, 6.1, 6.9, 6.10.</td>
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<tr>
<td>• All purchase orders must be filled to their contractual obligation, at the agreed-upon lead times, and with no substitutions (unless substitutions previously agreed to with USF).</td>
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<tr>
<td>• Delivery must occur within 30 minutes of appointment time for vendor-managed loads, and shipment must be ready for pickup at the agreed-upon time for USF-managed loads.</td>
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<tr>
<td><strong>Shipment Accuracy</strong></td>
<td>4.3, 4.7, 6.9</td>
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<tr>
<td>• Purchase orders must be completely and accurately confirmed within 48 hours of vendor PO receipt, including notice of product substitutions and shortages.</td>
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<tr>
<td>• Delivery or pick-up appointments must be made via the automated portal within 72 hours of Vendor PO receipt.</td>
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<tr>
<td><strong>Load Integrity</strong></td>
<td>4.2, 6.2, 6.3, 6.4, 6.8, 6.11, 6.17</td>
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<tr>
<td>• Loads must be secure and properly segregated by PO number, destination and product temperature, and trailers must be clean and secured with seals and locks.</td>
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<tr>
<td>• Load documentation including Bill of Lading must be present, complete and accurate, and temperatures must be properly tracked for temperature-controlled loads.</td>
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<tr>
<td><strong>Product Shelf Life &amp; Temperature Expectations</strong></td>
<td>4.5, 6.2</td>
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<tr>
<td>• Product must be shipped and received at required temperatures and with minimum required shelf life remaining.</td>
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<tr>
<td><strong>Pallet Integrity</strong></td>
<td>7.1</td>
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<tr>
<td>• Pallets must meet USF’s specifications, and product must be palletized as per Vendor’s provided Ti x Hi information.</td>
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<tr>
<td><strong>EDI Completeness</strong></td>
<td>8.1, 9.2</td>
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<tr>
<td>• For EDI-approved partners, 100% compliance and completion with all required EDI documents is expected.</td>
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<tr>
<td><strong>Invoicing</strong></td>
<td>9.1</td>
</tr>
<tr>
<td>• Manual invoicing costs will be recovered.</td>
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<tr>
<td>• Special research due to Vendor-caused errors.</td>
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</tbody>
</table>
13.1 Vendor Performance Feedback
The US Foods Vendor Collaboration team provides feedback on performance to vendors, aligned with the requirements set forth in this policy. Vendors may receive an individual report showing their performance on a weekly, monthly, periodic, and/or annual basis.

14 Appendix A

14.1 Vendor Relations Contacts at US Foods
Should you require a specific USF contact, please see the following list:

Vendor Collaboration:
Contact the Vendor Collaboration team at VendorCollaboration.Shared@usfoods.com

Vendor Administration:
Contact the Vendor Administration Team at (480) 766-5900 or at vendoradmin.shared@usfoods.com

Accounts Payable:
Contact the Vendor Support Center at (480) 766-7000 or open a case at https://suppliers.usfood.com/

Supplier EDI:
Contact the Supplier EDI Team at ediprocurement.shared@usfoods.com

Food Safety and Quality:
Melanie Hamelton – (847) 720-8092, melanie.hamelton@usfoods.com

Regulatory Compliance:
Tanesia Cole – (847) 720-2590, tanesia.cole@usfoods.com

Product Recalls and Recoveries:
US Foods Corporate Recall Team, recallteam@usfoods.com