

	Subject: North American Concealed Vendor Damage (CVD) Owner: Manager, NA Warehouse Operations	Effective Date: August 25, 2025 Supersedes Policy Dated: June 1, 2025
	Type: Complete Revision () Partial Revision (x) New ()	Approved By: Director, NA Supply Chain Engineering & Technology

North American Concealed Vendor Damage (CVD) Policy

Purpose:

To ensure customers receive high-quality products, suppliers must guarantee that all cases shipped to Gordon Food Service are designed and constructed to withstand food service distribution across the entire supply chain. Cases shall be devoid of any outer or internal damage, adequately packaged, and bear labeling that conforms to the requirements of Gordon Food Service and applicable law.

Definition of Concealed Vendor Damage (CVD):

CVD refers to received product in Gordon Food Service's inventory deemed unfit for sale due to vendor-related issues such as packaging, damage, or labeling errors. Damage caused by Gordon Food Service is not considered CVD.

Examples of CVD include but are not limited to:

- Physical case damage or substandard packaging
- Loose or open case flaps
- Excessive lock-n-pop adhesive
- Internal packaging leakage
- Internal product damage
- Loose wrap or mis-wrapped tray packs
- Loose lids or caps
- Short-packed cases missing inner pack units
- Missing labels or mislabeled cases
- Product identification covered with other labels
- Presence of a Gordon Food Service competitor's private label
- Missing catchweight label on a catchweight case
- Previously identified and documented packaging issues

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CVD Guidelines:

Gordon Food Service will recover costs from suppliers for CVD product found within a pallet after Gordon Food Service has taken ownership. This damage is usually found during order selection for customer delivery. The supplier is responsible for product costs, handling fees, and penalties.

- **Reimbursement:** Gordon Food Service is not responsible for CVD. CVD occurrences will be collected weekly and deducted from supplier payments. These deductions are non-negotiable and non-refundable, as they reimburse Gordon Food Service for substandard product.
- **Documentation:** Each CVD occurrence will be documented with the item code, item description, vendor number, vendor name, number of cases, and deduction amount.

Product Disposition:

For health and sanitation, all CVD products will be immediately disposed of if quantities are 5 cases or less, or less than \$250 in value. For quantities greater than 5 or values over \$250, the product will be entered into the GFS return to the vendor process. Leaking or excessively leaked on cases will be disposed of immediately and cannot be held for supplier disposition instructions. If multiple products are damaged due to a “Vendor Damage” item, the supplier of that item is financially responsible for all affected products.