

	Subject: North American Cost Change Requirements Owner: Cost Team	Effective Date: November 2, 2025 Supersedes Policy Dated:
	Type: Complete Revision () Partial Revision () New (x)	Approved By: Category Management

North American Cost Change Requirements

Gordon Food Service maintains current product costs to ensure accuracy and prevent payment disputes. This document outlines expectations that, when met, allow for optimum mutual operational efficiency.

Our goal is to have 100% of vendor invoices match our Purchase Orders (POs) exactly. Matched invoices are efficient to process, providing significant cost savings for both Gordon Food Service and the vendor. Resolving problems and sending documentation for unmatched invoices takes significant time for both parties and may delay the payment process.

Product Cost Definition

Cost is defined as the price that the vendor will invoice for a product.

Cost Change Process

Gordon Food Service requires 45 days' written notice for all cost changes to provide adequate notice to customers.

- **Letter Requirement:**
 - The notification must include a cost change letter providing justification for why a cost change is necessary.
 - Letter must include the reason for the change, the average percentage of the cost change, and which GFS Divisions/DCs/Plants are affected.
- **Required Format:**
 - Cost information must be in the Gordon Food Service Vendor Price List (VPL) form via Microsoft Excel.
 - Upon initial notice, the GFS Cost Analyst will create this file and send it for completion.
 - A new VPL must be filled in for each price change.
 - Cost changes submitted in any other format (e.g., PDF files, email body) cannot be processed. Only information from the GFS VPL form can be entered.
- **Timeline:**
 - The 45-day timeline begins following the receipt of the *completed* form.
 - If notice is not received prior to this 45-day timeframe, the cost change will not be made effective in the GFS system.
 - Effective date must be on a Sunday.
 - As GFS partners with suppliers during promotional events (e.g., Food Shows), effective dates may not take place during the event. All changes will be postponed until after the event.
- **Invoicing During Change:**
 - To prevent discrepancies, vendors must invoice at current costs until the cost change date has been agreed upon by both parties.
- **Purchase Order Cost Timing:**
 - Item costs must be effective on the purchase order creation date.
 - Gordon Food Service will not implement cost changes to mirror the vendor ship or invoice date.
- **Exceptions:**
 - The only exceptions are at the discretion of the Gordon Food Service national Category Manager, as some

SEND EMAIL, OR EDI ORDER CONFIRMATIONS TO AVOID PRICING DEDUCTIONS

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commodity items may be exempt.

Purchase Order Confirmation

Gordon Food Service requires confirmation on all purchase orders within 24 business hours. Unless notified within this timeframe, the costs on the purchase order are assumed to be correct.

- **Cost Confirmation:**
 - Upon receipt of a PO, all costs must be reviewed within 24 hours.
 - Any discrepancies between the PO costs and the intended invoice price must be brought to the attention of the **Cost Analyst** listed on the PO.
 - Notification can be sent via EDI, email, or phone.
- **Quantity and Date Confirmation:**
 - Confirmation and change notifications for item quantity or arrival date must be sent to the **Supply Chain Analyst (Buyer)** noted on the PO header.
 - Notification can be sent via EDI, email, or phone.
- **Dispute Resolution:**
 - This confirmation process allows the opportunity to come to an agreement on the cost.
 - All cost discrepancies must be settled **before** the order arrives or the product is shipped.
- **Payment:**
 - The costs shown on the purchase order are the costs that Gordon Food Service will pay, regardless of what the vendor invoice says.
 - GFS will pay the original PO cost if notification of a discrepancy is not received.

Invoice - Purchase Order Matching

In situations where the vendor invoice prices do not match the Gordon Food Service purchase order costs, Gordon Food Service reserves the right to charge the vendor a reasonable administrative fee to recover the cost of reconciling the discrepancies.

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GFS 2026 Fiscal Cost Change Calendar

PROCEDURES:

- 45-days Notice Period & completed GFS Vendor Price List (VPL) must be submitted
- Effective date MUST be on a **SUNDAY**
- Effective date MUST be based on ORDER date (unless agreed upon otherwise)
- *No increases during food show periods on items SHOWN at the food show

PLEASE INCLUDE a cost change letter in Word document or PDF file format on company letterhead including:

- ❖ Reason for the cost change?
- ❖ Average cost change (%)
- ❖ Which GFS Divisions/DCs are affected by this change?
- ❖ *GFS Food Show rule applies only to vendors/items participating in food shows

FY 2026	Effective Order Date	Price File Due back by	
November	11/02/2025	09/18/2025	* food show period - no cost changes
December	11/30/2025	10/16/2025	
January	01/04/2026	11/20/2025	
February	02/01/2026	12/18/2025	
March	03/01/2026	01/15/2026	
April	04/05/2026	02/19/2026	* food show period - no cost changes
May	05/03/2026	03/19/2026	* food show period - no cost changes
June	05/31/2026	04/16/2026	
July	07/05/2026	05/21/2026	
August	08/02/2026	06/18/2026	
September	08/30/2026	07/16/2026	
October	10/04/2026	08/20/2026	* food show period - no cost changes
November	11/01/2026	09/17/2026	* food show period - no cost changes

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Notice: Cost changes can be effective on any Sunday.