



Notice of Statewide Contract Award

Official signed contract documents are on file with OMES-Central Purchasing.

Contract Title: Food Service Products

Statewide Contract # : SW 156

Contract Issuance Date: 11-17-16

Total Number of Vendors: 1 *(For details see: Vendor Information Sheet)*

Contract Period: 12/01/2016 through 08/31/2017

Agreement Period: 12/01/2016 through 08/31/2022

Authorized Users: **All State Departments, Boards, Commissions, Agencies and Institutions, in addition to Counties, School Districts and Municipalities which may avail themselves of this contract.**

Contract Priority: Mandatory

Type of Contract: Reimbursable Unit cost plus (=) Fixed Fee. The fixed fee will be added to the Reimbursable unit cost to arrive at the "Net State of Oklahoma Delivered Price.

OMES-CP Contact: Theresa Johnson **Title:** SW Initiative Contract Officer

Phone: 1 - 405 - 521 - 2289 **Email:** theresa.johnson@omes.ok.gov



Awarded Supplier Information

Supplier Name: Sysco Oklahoma, a division
of Sysco USA II LLC

Supplier ID #: 0000387199

Supplier Address: 1350 West Tecumseh Road **City:** Norman

State: OK

Zip Code: 73069

Contact Person Name: Bob Johnson

Phone #: 1-405-717-2301

Title: Manager Bids and Contracts

Fax #: 1-844-873-8387

Email: Hill.allen@ok.sysco.com

Website: www.sysco.com

Authorized Location: Locations list attached as (*attachment title*)

Address:

City:

State:

Zip Code:

Contract ID #: 4560

Delivery:

Minimum Order: Core Agencies - none, Non Core Agencies - 20 cases

P/Card Accepted: Yes

No

Other:

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**State of Oklahoma
Office of Management and Enterprise Services**

**CONTRACT AWARD DOCUMENT FOR
STATE OF OKLAHOMA CONTRACT WITH SYSCO
RESULTING FROM SOLICITATION NO. SW#16156**

This Contract Award Document ("Contract Award") is the document awarding the Contract to Sysco Oklahoma, a division of Sysco USA II LLC ("Sysco") by State of Oklahoma ("State") in connection with Solicitation SW#16156 ("Solicitation") subject to the following terms set out below and is effective upon the date of the last signature below.

Recitals

Whereas, the State issued a Solicitation for proposals to provide frozen, perishable staple food items, and related goods and services, as more particularly described in the Solicitation;

Whereas, Sysco submitted a proposal which contained exceptions to the Solicitation terms; and

Whereas, the State and Sysco have negotiated the final terms under which Sysco will provide the products and related services under the Contract.

Now, therefore, in consideration of the foregoing and the mutual promises set forth herein, the receipt and sufficiency of which are hereby acknowledged the parties agree as follows:

1. Contract Award Purpose.

This Contract Award memorializes the agreement of the parties with respect to negotiated terms of the Contract that is being awarded to Sysco as of even date with execution of this Contract Award. The parties agree that Sysco has not yet begun performance of work contemplated by the Solicitation. The parties agree that any and all exceptions to the Solicitation in Sysco's response that are not memorialized in this Contract Award are not accepted by State and will not become part of the Contract. All exceptions to the Solicitation included in Sysco's response are superseded and replaced in entirety by this Contract Award.

2. **Negotiated Terms of the Contract.**

- 2.1. The parties agree that Section A.29., titled Compliance with Applicable Laws is hereby replaced with the following provision: **Compliance with Applicable Laws.** Sysco shall comply with all applicable Federal, State, and local laws, and shall maintain all applicable licenses and permit requirements. Sysco also warrants that it uses reasonable commercial efforts to require Sysco's suppliers to guarantee that the products obtained and distributed by Sysco comply with all applicable Federal, State, and local laws.
- 2.2. The parties agree that Section B.18., titled Warranty, is hereby replaced with the following provision: **Warranty.** Sysco warrants that each article contained in each shipment or other delivery hereafter made by Sysco to any purchasing entity, with the exception of Customer Directed Products as defined in section 2.2.1, (i) meets the specifications for such products contained within the order guide and other written specifications for such product provided by the product supplier, (ii) subject to the statutory trust authorized by the Perishable Agricultural Commodities Act, to be free and clear of any adverse lien or security interest, and (iii) to the extent the product is subject to the Federal Food, Drug and Cosmetic Act, to not be adulterated or misbranded within the meaning of the Act. State of Oklahoma acknowledges that Sysco does not manufacture or produce any Customer Directed Products. With the exception of warranty of title to the Customer Directed Products, Sysco makes no implied warranties of merchantability or fitness for a particular purpose with regard to said Customer Directed Products. Sysco does warrant that all products provided by Sysco to any purchasing entity under this Contract shall be manufactured in accordance with applicable law.
- 2.2.1. "Customer Directed Products" is a term used to include all Contracted Products, Proprietary Products, and Special Order Products which are not SYSCO Brand Products. Any product that is a SYSCO Brand Product will not be considered a Customer Directed Product.
- 2.2.2. Contracted Products are products subject to Supplier Agreements.
- 2.2.3. Proprietary Products are products with (i) a unique formulation that are restricted for sale to any State of Oklahoma purchasing entity, (ii) supplier branded products that would otherwise not be inventoried, or quantities of such supplier branded products that exceed the amount that Sysco would inventory, except for a purchasing entity's requirements.

2.2.4. Special Order Products are products not inventoried by Sysco that a purchasing entity requests and Sysco purchases for immediate or near-immediate distribution to purchasing entity.

2.3. The parties that Section B.23., titled Patents and Royalties is hereby replaced with the following provision: **Patents and Royalties.** Sysco will indemnify and hold any purchasing entity harmless from and against any claims brought by a third party to the extent arising out of or in connection with any allegation that Sysco trademarks or trade dress contained on any Sysco Brand Products purchased by a purchasing entity under the Contract infringe or violate such third party's trademark or trade dress. Sysco will indemnify and hold any purchasing entity from liability of any nature or kind, including costs and expenses for or on account of any copyrighted, patented or unpatented invention, process, or article manufactured used in the process of developing Sysco Brand Products. If Sysco uses any design, device or materials covered by letters, patent, or copyright, it is mutually agreed and understood without exception that the prices for Sysco Brand Products shall include royalties or costs arising from the use of such design, device, or materials in any way involved in the work.

2.4. The parties agree to add the following provision to the Contract:

Price Verification At Vendor Location: State will be allowed four (4) annual cost or price verifications at Sysco's location for purchases made under this Contract. The price verification will consist of reviewing computer reports generated by Sysco documenting Sysco calculation of a purchasing entity's invoice price and Sysco's delivered cost. If requested, applicable Supplier Invoices and accompanying freight invoices will also be made available. Supplier Invoices is defined as invoices from third party suppliers or from Affiliates, SMS or a specialty company, as applicable. Price verification adjustments, if applicable, will be made utilizing the net of undercharges and overcharges to the purchasing entity. This price verification process is subject to the following:

2.4.1. State must request a price verification in writing at least twenty (20) business days prior to the suggested date of the price verification and must identify up to ten (10) percent of the total lines purchased to be price verified and the time period the price verification will cover;

2.4.2. The date and time of price verification must be to the mutual agreement of State and the Sysco;

2.4.3. The price verification will be made at the Sysco' location;

This provision pertains to cost or price verifications at Sysco's location only.

2.5. The parties agree to add the following provision to the Contract:

Agreed Calculation of Cost: For all products sold by Sysco to a purchasing entity on the basis of cost plus the distribution fee to Sysco, the following calculation of cost shall apply. "Cost" is defined as the cost of the product as shown on the invoice to Sysco or an affiliated entity of Sysco ("Affiliate") that is controlled directly or indirectly by Sysco Corporation ("Parent") delivering the product (in either case, the "Operating Company"), plus, if the price on such invoice is not a delivered price, Applicable Freight (defined below). The invoice used to determine Cost of a product will be an invoice issued to Sysco from the seller of such product which may include suppliers, brokers, growers, packers, manufacturers, redistributors, consolidators, Affiliates, including Sysco Merchandising and Supply Chain Services, Inc. ("SMS"), or any other source of products (collectively, "Supplier"). Suppliers (including SMS and other Affiliates) set invoice prices of products sold to Sysco and may include an amount that reflects Earned Income for Merchandising Services (as such terms are defined below). In addition, for certain commodity products like produce, SMS and other Affiliates may use replacement cost or current market average cost as its cost to Sysco. Cost will not be reduced by Earned Income or cash discounts.

"Applicable Freight" means a per-case freight charge based on market conditions for moving products from the source to Sysco. Applicable Freight charges may include: (i) common or contract carrier charges billed by any Supplier or a third party; (ii) common or contract carrier charges billed by a freight management service operated by Parent or Affiliates ("FMS") for third party carriage arranged by FMS; (iii) charges billed by FMS for shipments back hauled on trucks owned or leased by Parent or Affiliates; or (iv) charges such as fuel surcharges, cross-dock charges, unloading and restacking charges, container charges, air freight charges and other similar charges not included in Supplier's invoice cost that are required to bring product into the Sysco's warehouse. State acknowledges that Parent may manage freight (through FMS or otherwise) and may charge Applicable Freight, which may include an amount in excess of the costs incurred in arranging the transportation that reflects compensation for managing freight; provided that Applicable Freight for any product will not exceed (i) the Supplier's normal freight charge to Sysco to ship normal quantity requirements of such product (including a freight charge that is part of a delivered price) or (ii) if the Supplier does not

provide freight service, the rate normally payable by Sysco for inbound shipments of a similar quantity of product.

Merchandising Services. Parent and Affiliates, including SMS and Operating Companies, perform value-added services for Suppliers of SYSCO® Brand and other Products ("Merchandising Services"). These services include, but are not limited to, (i) supply chain services such as consolidation of Operating Company purchases from Suppliers, management of Supplier ordering processes, consolidation of payments by Operating Companies to Suppliers, processing claims by Operating Companies for Product loss and shortages, advanced inventory management, freight consolidation and management and other services associated with management of the total supply chain, (ii) quality assurance and (iii) regional and national marketing and performance-based product marketing. Parent and Affiliates, including SMS, may recover the costs of providing Merchandising Services, may be compensated for these services and may retain any savings they may receive throughout the supply chain by utilizing their expertise, resources and capital, a portion of which is used to offset expenses already incurred. Parent considers such cost recovery, compensation and retained savings for Merchandising Services to be earned income ("Earned Income"). Earned Income takes many forms including promotional allowances, volume discounts, growth programs, marketing programs and any other payments from Suppliers and may be provided through rebates or other payments from the Supplier or through net pricing from Suppliers that reflects such Earned Income. Parent may retain Earned Income, receipt of which does not reduce the Cost or sell price of any product. Earned Income does not include manufacturer promotional allowances for the period of the promotion that are intended to be passed along to State or purchasing entity and are shown on the face of the invoices used to determine Cost.

Controlled Price Products. There are a limited number of products ("Controlled Price Products") that are governed by agreements with Suppliers binding upon Sysco which establish the ultimate price at which Sysco must sell the product to State or purchasing entity ("Controlled Price Agreements"). Controlled Price Agreements are limited to bag-in-box products from Coca Cola North America and Pepsi Cola Company; products from Ecolab, Inc. not contracted under separate agreements between a vendor and State; and other products expressly agreed to in writing by the Sysco and State. The sell price for Controlled Price Products shall be the amount

prescribed (or calculated in accordance with) the applicable Controlled Price Agreement.

Supplier Agreements; Customer Contract Pricing. State may provide Sysco with written evidence of the existence of all agreements it has with any Supplier for the purchase of products to be distributed under this Contract ("**Supplier Agreements**"), utilizing the supplier detail form provided by Sysco (the "**Supplier Detail Form**"). Supplier Agreements include agreements for which the Supplier and State or purchasing entity have agreed on (i) allowances for State or purchasing entity ("**Supplier Allowances**") or (ii) the guaranteed cost Supplier will charge a distributor for Product to be resold to State or purchasing entity ("**Supplier Guaranteed Distributor Cost**"), which cost may be either delivered at Supplier plant or to Sysco. Products subject to Supplier Agreements are referred to herein as "**Contracted Products**". In determining the sell price of any product covered by a Supplier Agreement, Sysco will replace Cost with Supplier Guaranteed Distributor Cost, plus, if Supplier Guaranteed Distributor Cost is not a delivered price, Applicable Freight.

- 2.6. The parties agree to add the following provision to the Contract: **Force Majeure.**

Either party shall be temporarily excused from performance to the extent delayed as a result of unforeseen causes beyond its reasonable control including fire or other casualty, act of God, strike or labor dispute, war or other violence, or any law, order or requirement of any governmental agency or authority provided the party experiencing the force majeure event has prudently and promptly acted to take any and all steps within the party's control to ensure continued performance and to shorten duration of the event. In the event that a party's performance of its obligations is materially hindered as a result of a force majeure event, such party shall promptly notify the other party of its best reasonable assessment of the nature and duration of the force majeure event and steps it is taking, and plans take, to mitigate the effects of the force majeure event. The party shall use commercially reasonable best efforts to continue performance to the extent possible during such event and resume full performance as soon as reasonably practicable. Subject to the conditions set forth above, such non-performance shall not be deemed a default. However, State may terminate a purchase order if Sysco cannot cause delivery of products or services in a timely manner to meet the business needs of State.

2.7. The parties agree that Section B.2., titled Contract Period, is hereby replaced with the following provision: **Contract Period.** The initial contract period is from December 1, 2016 until August 31, 2017. The contract may be renewed for up to five (5) one year option periods.

State of Oklahoma

By: 

Name: Ferris J. Barger

Title: State Purchasing Director

Date: 11-3-16

Sysco Oklahoma, a division of Sysco USA II LLC

By: 

Name: Leonard Hymel

Title: President

Date: 11-3-16

Executive Summary

The Statewide contract entitled Food Service Distribution (hereinafter referred to as (SW156) is issued by the Office of Management and Enterprise Services, Central Purchasing Division, on behalf of the State of Oklahoma, hereinafter "the State". This contract has been awarded to a full line food service distributor who will service as the "Prime Vendor" to the State of Oklahoma. The Prime Vendor will be the primary point of purchasing, warehousing, data collection, supply and distribution for the purchase of frozen, perishable, staple food items, and related goods and services to the many agencies and entities of the State.

This contract will service a variety of institutional and commercial environments, where food is prepared and served on a regular basis, in which the State's various entities inhabit. The solution is efficient enough to meet the varying requirements and restrictions of the clientele for which they are responsible. This purchase methodology is a flexible and balanced process that is equipped to meet the demands of the changing and challenging nutritional requirements of these institutions.

The contract shall be between the State and the Prime Vendor and it shall service approximately 181 State Agencies or Core Accounts with food service accounts in addition to other eligible political subdivisions and entities or Non Core Accounts. Service shall include maintenance of a warehouse with adequate inventory, in a location from which it can make deliveries to all state agencies and other eligible poly subs as defined. The Prime Vendor will purchase and distribute staple products and food goods with consistent delivery schedules that are or will be established with the users of this contract.

For Authorized Purchasers(Users) who are in school districts or other institutions serving children, the Supplier will be able to provide Food Service Products that meet or exceed State and Federal procurement guidelines, regulations, and law applicable to schools and institutions participating in the National School Lunch Program (NSLP), Summer Food Service Program (SFSP), Special Supplemental Nutrition Program for Woman, Infants and Children (WIC) and the Nutrition Services Incentive Program (NSIP), <http://www.fns.usda.gov/programs-and-services> see generally 7CFR 3016 through 3019.

General Information

Theresa Johnson, Contracting Officer of Central Purchasing, Office of Management and Enterprise Services, shall be the Contract Administrator for the State of Oklahoma regarding this contract.

The Contract Administrator will monitor the Contractor in the following areas: monitor performance such as quality, service, delivery, and damaged products. The State Purchasing Director shall have final responsibility in all matters pursuant to the Contract. Alterations, substitutions, or modifications to the Contract must be approved by the State of Oklahoma in advance of implementation or performance to insure the day to day performance standards are in compliance with terms and conditions. The contact information is as follows:

Theresa Johnson, CPO

Office of Management and Enterprise Services

Central Purchasing Division

Address: 5005 N. Lincoln Blvd., Suite 300, Oklahoma City, Oklahoma 73015.

Telephone Number: 405-521-2289

Fax Number: 405-521-4475

Email Address: theresa.johnson@omes.ok.gov

ONLINE ORDERING AND ACCOUNT INFORMATION ACCESS

The Prime Vendor will provide an effective ordering system, i.e. on line ordering or electronic ordering to meet individual users needs and provide all information necessary to implement such a system. The ordering system will facilitate processing and filling of orders received via EDI computer to computer and facsimile transmission of orders, answering telephone inquiries, tracking of accounts and submission of invoices to agencies, departments, political subdivisions and entities. The system will facilitate all activities or orders provided by an subcontractors.

Ordering Procedures

Orders to this contract are made via an online ordering system www.syscomarket.com, available for any with internet access. If internet access is not available Sysco Oklahoma will assist the user in placing their order.

Order confirmations are generated at order submission within one (1) hour of entry. The confirmation can be provided to the facility via the ordering platform as well as in email form. If a technical issue should arise the facility can contact a Sysco representative for completion of the order. The user is to contact Sysco immediately when no confirmation is received.

The confirmation is to be used by the facility to verify that items and quantities are entered correctly. The confirmation will also alert the facility to any stock outages at the warehouse and offer substitutions that can be reordered to eliminate any outage of product at the facility as delivery

No minimum orders are required of this contract for Core Accounts (state agencies). Non Core (non state agency) entities do have a minimum order size for delivery of 20 cases, however all users are encourage to purchase in the most cost effective manner possible.

Toll Free Phone Number: 1-800-473-0144

Hours of operation: 7:30 am – 4:30 pm

Customer Support – 7:30 am – 4:30 pm

Main Line toll free: 800-473-0133

State Bid Coordinator toll free: 800-473-0133 ext. 2301, Direct: 405-717-2301

7:30 am – 5:00 pm

Customer Service: 800-473-0144 ext. 2309 or 2459

Sysco Oklahoma shall accommodate any customer that needs assistance with ordering, and will provide the individual facility with a confirmation of their choice.

If a customer needs to place an order via phone or fax, (especially if this customer does not normally place orders in this manner) it is requested that this order be called in or faxed in a timely manner so the proper attentions can be paid to the request.

If an order is called in or faxed it must be done by Noon for the next day's delivery. When possible it is best to fax an order two (2) business days prior to delivery, implementing a "skip day" to help ensure proper attention can be given to the order.

Suppliers to state cut off time for same day fax confirmation of phone orders 3:00CST /CDT

Inventory

Sysco Oklahoma will determine the usage of each facility and stock an adequate inventory to meet those requirements. Sysco is historically familiar with facilities inventory usage requirements, however new facilities will need to respond to requests for information from the Contractor as needed. In the event of a facility needing products or unusual amounts not normally purchased. Sysco Oklahoma requests notification from facilities two (2) weeks prior to requested delivery date in order to have sufficient time to response to such needs.

Proprietary Items

The only requirement to stock a new or proprietary item is movement of at least 5 cases are purchase per week and 12 annualized turns.

Delivery Schedule

Sysco Oklahoma has a well-established delivery day system set up for the State of Oklahoma, with one back up day to be used as needed. In the event of a holiday falling on a facility's delivery day, it is request that the facility use their assigned back-up day as an alternate day of delivery.

Prior to State or Federal holiday Sysco sends out reminders via email. On some occasions Sysco delivers to certain towns on holidays. If Sysco is delivering to a town this is a normal delivery days for a State Customer, the customer may choose to receive their delivery on that day.

'Weekends' means; Saturdays and Sundays, and "holidays" means New Year's Day, Martin Luther King Jr. Day, Presidents Day, Memorial Day, Independence Day, Labor Day, Veterans' Day, Thanksgiving Day, and Christmas Day.

Sysco's routing system is designed to work as environmentally and efficiently as possible. The system is intended to send the truck in a pattern of stops without backtracking in order to reduce emission and fuel usage. A mutually agreed upon designated day of delivery has been established with the State of Oklahoma. The attached schedule (Attachment B Delivery Schedule) indicates the days cities are currently serviced. Sysco will work with the State should volume fluctuations require a change in the routing. **At least a three (3) hour window must be allowed for unforeseen circumstances beyond the delivery associate's contract.**

Will Call

A "Will Call" area is provided for customers that normally receive deliveries from Sysco Oklahoma. This is intended for the customer's convenience, and is used by the State of Oklahoma. The "Will Call" is not be used to replace a regular delivery and should not be used for excessive quantities.

Another option would be for the customer to use the backup delivery day provided by Sysco Oklahoma.

Dropped Shipments

Drop Ship items are those items that are not stocked in the Sysco Oklahoma warehouse and are ordered directly by the customer on Sysco's internet ordering website.

Drop Ship items are clearly marked, and if a customer orders a drip ship item the customer must be responsible for that order and keep the items. A Drop Ship items cannot be returned to the Sysco warehouse, as we do not stock those items. The customer that places a drop ship order must be responsible for receiving the item.

In the event a customer needs to return a Drop Ship items, it must be sent directly to the manufacturer by the customer. Returned items must be in original packaging. Instructions are provided within the case. The manufacturer may charge the customer a shipping and restocking fee.

Specifications & Freshness

All foods delivered must meet or exceed USDA and industry standards and have a freshness parameter such that the facilities have sufficient time from date of delivery to consume these foods before quality deteriorates. Any discrepancy in the specification shall be appealed to the Contract Administrator.

The customer is responsible for examining the product at the time of delivery (especially perishable items) and storing them properly to maximize shelf life. It is strongly encouraged that products be returned with the driver if a customer deems an item is not acceptable. In the case of a need to return an item to Sysco after the delivery associate is gone, the customer needs to follow the Sysco Return Policy

DOC - Containers

Some DOC facilities, and possibly some other institutions or facilities may require containers and packaging that do not present security problems (i.e. wire, metal, sharp edges, glass [no glass containers permitted], etc., which may possibly be fashioned into a weapon). Consequently, the Contractor may be required to modify and/or change packaging and/or containers for delivery to some locations in order to reduce potential security problems. It is desirable that there shall be no increase in pricing for making adjustments in packaging or containers used as a result of security requirements.

Sysco Oklahoma delivers product packed in cardboard boxes or plastic containers. Some items are shrink-wrapped in a plastic or wooden pallet to be off loaded in an efficient manner and to aid the facility in warehouse storage.

The facility is responsible for ordering products that are not in glass or items unacceptable to a particular location. If a product is unintentionally orders by a facility that is packed in an unacceptable container within the case, the facility needs to contact Sysco and the item will be picked up. Customers must follow the System Return Policy parameters. (Attachment C).

DOC – Inspection of Vehicles - MANDATORY

The Prime Vendor will agree and permit inspection of all delivery vehicles by Department of Corrections officials.

Delivery

Deliveries – Deliveries made to facility warehouse/dock must be palletized. Contractor shall provide pallet jacks. The use of State owned equipment is prohibited.

Pallets must be good quality with entry for fork lift access on sides.

Each pallet of shipping containers must be wrapped in a manner that will secure each container and layer of containers on the pallet.

Palletized Food Service Product must be loaded, blocked and braced or otherwise loaded in a way which will prevent shifting and damage to the Food Service Products during transit

Pallet loads shall be stacked in a manner that minimizes the overhand of the shipping containers over the edges of the pallets and exposes the principal shipping container display panels to facilitate examinations.

Agency may reject Food Service Products that are damaged, incorrectly loaded, or on damaged pallets.

NOTE: Dept. of Corrections facilities will not accept deliveries between 12:00 pm and 1:00 pm. Contractor must arrange delivery schedules with all DOC facilities prior to implementation. Deliveries before 8:00 am to any DOC facility must have the facilities approval.

DELIVERY TO FACILITIES:

Delivery requirements shall be determined by the Authorized Purchaser. Contractor shall coordinate deliveries with each Authorized Purchaser or representative, including shipping instructions, delivery dates, and other instructions.

Contractor shall deliver the Food Service Products in accordance with Authorized Purchaser's instructions, including delivery dates on the Ordering Instrument.

Contractor shall require its driver to deliver and unload all Food Service Products ordered to the Authorized Purchasers designated receiving area.

The Contractor shall remove excess pallets used for delivery from the delivery point, as specified by the Authorized Purchaser.

Contractor shall not interfere with any daily on-going business operations that are scheduled for delivery or work.

Contractor shall provide to Authorized Purchaser a delivery ticket with each delivery documenting Food Service Products delivered, brand name, size/weight/volume, color if applicable, and packing size. Delivery tickets shall identify the Ordering Instrument number.

Upon each delivery, Contractor shall remove all packaging and delivery materials including but not limited to containers.

RECEIPT; ACCEPTANCE:

Risk of loss or damage to Food Service Products remain with the Contractor until final inspection and acceptance, then the risk passes to the Agency.

Contractor shall ensure that ALL deliveries transported and delivered in shipping containers to Authorized Purchaser have the Bill of Lading (BOL), or other shipping or receiving papers, available for Authorized Purchaser's receiving staff to inspect prior to opening the transport container.

All deliveries are subject to inspection at destination. The inspection is normally limited to identity, count and condition; however, this may be expanded if deemed necessary by the Agency. All overages, shortages and returns are to be noted on the delivery ticket by Agency and truck driver. Non-conforming Food Service Products may be rejected at Contractor expense.

Custom Order Guide

The Custom Order Guide is a history of purchases based on a specific customer's purchases, and is automatically in the system. For example, if a customer purchases an item, the next time they order the item will be on the Custom Order Guide.

Master Order Guide

The Contractor must update and distribute the "Custom Order Guide" to the facilities and a master "Order Guide" to Central Purchasing. The "Master Order Guide" shall be a recapitulation of all facilities' "Custom Order Guides" but not repeat items. These "Custom Order Guides" and "Master Order Guide" shall be updated and distributed in a manner consistent with the firm pricing guidelines as defined in the General Information under PRICE CHANGES. The Contractor will indicate the weekly price changes and monthly price changes by named categories. The Contractor shall identify how the price updates will be communicated and delivered to any ordering site location (with Food Service Operations) electronically.

Prices on the Weekly Custom Order Guide must be firm for one week from the effective date of the Weekly Custom Order Guide and prices on the Monthly Custom Order Guide must be firm for one month from the effective date of the Monthly Custom Order Guide. Weekly Custom Order Guides must be at each Facility two (2) days prior to the effective date of the guide. Monthly Custom Order Guides must be at each Facility five (5) days prior to the effective date of the guide. Annual Custom Order Guides are to be negotiated with the Contract Administrator as to effective dates of annual pricing, i.e. Calendar year, fiscal year of Supplier(s), fiscal year of State of Oklahoma, determined by manufacturer's standard pricing calendar, etc.

Sysco will continue the process of sending a file with the weekly price update and monthly price update via email to the facilities as well as to the Contract Administrator.

Specials & Communication of Same

Email notifications will be sent to the Facilities to inform them of product on hand that could be beneficial to them. This will include Specials, discontinued inventory, reminder of products available, helpful lists, and deviated pricing which is pricing procured for the State of Oklahoma by the Prime Vendor.

Product Unavailability

The Prime Vendor shall notify the customer via order confirmation of any unavailable product. Each customer that places an order via Sysco Market receives an immediate confirmation of order via online ordering system and email confirmations, as well as an emailed "allocated" confirmation the day before delivery will arrive. Customer shall note any outs and have an opportunity to select a substitute item if needed before the original product arrives. On many occasions Sysco Oklahoma contacts accounts by phone to alert a facility of a temporary outage, as not all facilities utilize the emailed confirmation.

Substitutions

The Prime Vendor shall notify the ordering facility via confirmation of order if a substitute product is available. All Facilities have access to order information via Sysco Market and email confirmations. When the confirmations are checked, the customer then has the opportunity to select a substitute of their choice and process the selection for delivery. The substitute product must be of the same or superior quality, in the same package size, and be offered at the same price or lower as the unavailable product. The facility must approve all substitutions and has the right to reject any substitution offered.

When aware of an outage, the facility will be contacted for permission to send an alternate items if a substitute is

needed prior to arrival of the original item.

Sysco Oklahoma does not currently have an auto-substitute mechanism in place for State agencies.

If a facility decides against a substitute at the time of delivery, this product may be returned with the driver or returned within the parameters of the return policy. (Attachment C).

Returns

Sysco Oklahoma has a "Return Policy" in force. (Attachment C)

Recall Notice

Sysco Oklahoma has a "Recall Policy" in force. (Attachment D)

Continuing Education and Training

Sysco Oklahoma hosts Serve Safe training classes quarterly and are willing to offer free attendance for three (3) participants from State Core Agencies per quarter, any more than three (3) in a given quarter as well as Non-Core Agencies will be charged \$75.00 per attendee. The training will take place at the Sysco Office.

Sysco will provide education training for the State of Oklahoma and ask for assistance to encourage attendance of these trainings, as it is costly for participating manufacturers and brokers, as well as the supplier.

Product Quality Resolution

If an agency complains that a product is not acceptable due to poor quality, taste, color, etc., the Contractor shall offer a substitute product at the same or lower price. If the problem cannot be resolved, either the agency or the Contractor may appeal to the Contract Administrator, whose decision shall be final.

Sysco Oklahoma stocks quality products, but also has lesser priced items available for those that need such items. Manufacturers base their prices on the type of quality as well as grades.

If a Customer deems is not satisfactory. Sysco will be glad to pick up the item if notified under the conditions and within the parameters of the Return Policy. A customer may choose an alternate items that may be a different price from the manufacturer due to a different quality or grade.

If a product is damaged or spoiled upon delivery, the Customer should not accept the item and return immediately with the delivery associate.

Discounts, Rebates and Credits:

Contractor shall comply as applicable, and shall cause each of its sub vendors, to comply, with the applicable requirements and responsibilities set forth in the National School Lunch Program code of federal regulations 7 CFR 210.21(f) Procurement standards as follows:

- A. Contractor must separately identify for each cost submitted for payment to the school food authority the amount of that cost that is allowable (can be paid from the nonprofit school food service account) and the amount that is unallowable (cannot be paid from the nonprofit school food service account); or
- B. Contractor must exclude all unallowable costs from its billing documents and certify that only allowable costs are submitted for payment and records have been established that maintain the visibility of unallowable costs, including directly associated costs in a manner suitable for contract cost determination and verification;
- C. Contractor's determination of its allowable costs must be made in compliance with the applicable regulations of the Office of Management and Budget;
- D. Contractor must identify the amount of each discount, rebate and other applicable credit on bills and invoices presented to the school food authority for payment and individually identify the amount as a discount, rebate, or in the case of other applicable credits, the nature of the credit. If approved by Authorized Purchaser, the school food authority may permit Contractor to report this information on a less frequent basis than monthly, but no less frequently than annually;

- E. Contractor must identify the method by which it will report discounts, rebates and other applicable credits allocable to the contract that are not reported prior to conclusion of the contract; and
- F. Contractor must maintain documentation of costs and discounts, rebates and other applicable credits, and must furnish such documentation upon request to the school food authority, the State Agency, the State of Oklahoma or the Federal government

Labeling Requirements

Labeling requirements for all products destined for the Office of Juvenile Affairs, Department of Rehabilitative Services, Department of Human Services and any independent school district food service department shall have an official Agricultural Products Acceptance Certificate submitted to the ordering school District Food Service office prior to product delivery. This will hold true for any product designated by the ordering location as follows: Child Nutrition (CN) Labeling is required. The Prime Vendor will comply with the requirement. Sysco Oklahoma carries many Child Nutrition labeled items. The government issue Child Nutrition labels are placed on the sides of the boxes containing the approved product, which state information as regulated by U.S. Government.

Nutritional Analysis

Requests by an ordering location for Nutritional Analysis will be fulfilled by the Prime Vendor prior to any shipment of said product(s) for delivery. The nutritional information required by school districts must be provided utilizing the appropriate forms.

Nutritional analysis information is also available from Sysco's website, eNutrition. This website provides detailed information such as percentages of fat, protein, and carbohydrates, and if an item is CN labeled, ingredients, and recipes for adjustable quantities.

Purchase of Local Products

The Prime Vendor purchases items that are available from local Oklahoma vendors. Product(s) purchased must meet all mandatory specifications, quality standards, and Federal, State of Oklahoma, and industry standards. The Prime Vendor participates in the "Made in Oklahoma" program and a list of Local Providers along with a list of some MIO items stocked at Sysco is available upon request.

Oklahoma Dept. of Agriculture

The following is the State of Oklahoma, Department of Agriculture, "Made in Oklahoma" coordinator. Suppliers may contact this person to obtain the most current database of local manufacturers, with contact persons, phone numbers, addresses, and product listings.

Julie Sears, "Made in Oklahoma" Coordinator

Oklahoma Department of Agriculture, Market Development Services

2800 North Lincoln Blvd., Oklahoma City, OK 73105

(405) 522-5560 phone, 1-800-580-6543, (405) 522-4855 Fax

Onsite Premise Conduct

Contractors, their employees and sub-contractors shall act in a professional manner onsite at Authorized Purchaser's facility. Contractor shall enforce proper discipline and decorum among all employees and sub-contractors working on the premises and shall not allow among other things:

1. Noise, including music,
2. Use of offensive language,
3. Riding in passenger elevators,
4. Any transportation of articles or materials deemed hazardous, and;
5. Any other behavior as specified by Authorized Purchaser.

Minimum Fill Rate Guarantee

The Prime Vendor must provide each Customer with a minimum 98% fill rate per month. The fill rate will be calculated by each Customer by dividing the number of line items delivered on time by the number of line items ordered for delivery during that month and multiply the result by 100 to arrive at the percent (%) fill rate. Approved and accepted substitutions shipped and delivered on first fill will not count against fill rate; disapproved or denied substitutions or substitutions not delivered on first fill will count against fill rate.

NOTE: Minimum Fill Rate will be based on "Proper Invoice". Minimum Fill Rate Guarantee

At the end of the month the Customer will calculate their fill rate, if the Prime Vendor has dropped below the guaranteed minimum, the State may assess liquidated damages as listed below.

Performance Measures and Liquidated Damages

Listed below are the key Performance Outcomes and Standards deemed most crucial to the success of the overall desired service delivery. The Contractor shall ensure that the stated performance outcomes and standards (level of achievement) are met. When such standards are not met, liquidated damages may be assessed by the State. The State's Contract Manager will provide written notice to the Contractor's Representative of all liquidated damages assessed accompanied by detail sufficient for justification of assessment. The Contractor shall forward a cashier's check, money order, or company check to the Contract Manager, payable to the State in the appropriate amount, within ten (10) days of receipt of a written notice of demand for damages due, or in the alternative, the Contractor may issue a credit in the amount of damages due on the next monthly invoice.

Performance Measure	Monitoring Methodology	Liquidated Damage
On-time Deliveries	All deliveries will be made in a manner not to interfere with normal institutional/facility operations. After the delivery schedule has been established it will be expected of the Contractor to be on time each and every delivery. Deliveries shall be measured upon acceptance of the delivery on the day it is delivered to the institution/facility/kitchen.	The State will impose liquidated damages of two hundred fifty dollars (\$250.00) for one (1) day delivery is late; five hundred dollars (\$500.00) for two (2) days the delivery is late; and, one thousand dollars (\$1,000.00) for three (3) days the delivery is late for each instance that exceeds the performance standard.
Fill Rate	All orders are expected to be filled with a minimum of ninety-eight percent (98%) of all units on orders being delivered. The fill-rate shall be compared to the acceptance of items ordered and actual items delivered to the institution/facility. This will be measured on a monthly basis by facility.	If the Contractor fails to deliver at least 98% of products that are ordered and the State has not agreed to a substitution, the State will impose liquidated damages of five hundred dollars (\$500.00) for 97.99%-95% fill-rate; one thousand dollars (\$1000.00) for 94.9%-90% fill rate; and, ten thousand dollars (\$10,000.00) below 90% fill-rate. The damages are per facility.
Pricing Proposal Product List	All food items received are expected to meet or exceed the State of Oklahoma Pricing Proposal or other product specifications. The product specification shall be measured by reviewing products at time of delivery to each institution/facility on a monthly basis.	If a product substitute, not approved by the State staff, is shipped, the State will impose liquidated damages of two thousand five hundred dollars (\$2,500.00) per unit of measure UOM of the item.
Pricing Compliance within Audit Sample	All invoiced items listed on the electronic monthly invoice detail report are expected to match the pricing on the supplier invoices and be in compliance with Section 2 above, for the items chosen for the post audit sample described in Section 2.5.1. The rate of compliance shall be measured by reviewing the electronic invoice detail report information and comparing it to the supplier invoices for the audit sample of items on a monthly basis.	If fifteen percent (15%) or more of the sampled items are in noncompliance with Section 2, for three (3) consecutive months, the State will impose liquidated damages of \$2,500.00. In addition, the Contractor will pay any amount owed the State for deviations from Section 2 identified by the post audit process on a monthly basis.

Product Cost Audit	Contractor must supply the invoices and all related documentation including, bills of landing, freight invoices or any other documentation affecting the Product Cost price within ten (10) business days of the request.	The State will impose liquidated damages in the amount of one hundred dollars (\$100.00) per day until the requested documentation is received. Repeated failure to meet the established Performance Standard, for a consecutive monitoring period will result in liquidated damages being doubled.
Other Contract Requirements	<p>The State will monitor the Contractor's performance to ensure maximum compliance with other contract requirements including, but not limited to the following:</p> <ul style="list-style-type: none"> a. Terms and Conditions of the Contract not involving delivery of services listed above; b. Timely submittal of all required reports outlined in Section 8. c. Accuracy, thoroughness, and timely submission of invoicing and supporting documentation. 	<p>Within the first fifteen (15) days after written notice from the Contract Manager or designee of deficiency - No imposition of damages if deficiency is corrected within the time frame specified. After thirty (30) days of initial notice of unsatisfactory service (without corrective action initiated by the Contractor and if unsatisfactory service continues) liquidated damages in the amount of five hundred dollars (\$500.00) per day for each day or part thereof that the deficiency/issue remains uncorrected shall be imposed. Where the same instance of unsatisfactory service occurs on three (3) or more occasions within a ninety (90) day period, (where the deficiencies have not been corrected as indicated above), liquidated damages shall be imposed in the amount of one thousand dollars (\$1000.00) per day for each day the deficiency remains uncorrected.</p>

COMMODITIES SUMMARY BY CATEGORIES

CATEGORY 1: Healthcare/Hospitality

Dietary Products
Canned Dietetic Vegetables
Specialized Dietary Products

Canned Dietetic Fruits
Modified & Special Diet Entrees

CATEGORY 2: Dairy

Fresh Fluid Milk, Milk Products & Related Dairy, Including but not limited to fresh fluid milk, various packing sizes and flavors

Cottage cheese, sour cream
Half & half cream
Ice cream, various packaging in 1 gal and ½ gal sizes
Novelty ice creams (bars), various types and flavors
Popsicles, various flavors
Sherbet, various flavors and packaging
Natural Cheese, Cheese Food Products and Imitation Cheeses
American Cheeses, Sliced & Unsliced
Processed Swiss Cheese
Muenster Cheese
Provolone Cheese
Monterey Jack Cheese
Fresh Eggs

Whipping cream
Ice cream cups, various flavors
Soft serve mix, various flavors
Milkshakes mix, various flavors
Ice milk, various flavors
Yogurt, various flavors and packaging
Dips, various flavors and packaging
Natural Bird Eye Swiss Cheese
Imitation Cheese
Shredded Cheese Products
Mozzarella Cheese
Fresh Shell Eggs

CATEGORY 3: Meats

Chilled Meat & Poultry
Beef Portions
Ham
Frozen Meat & Poultry
Portion Control Pork
Pork Sausage
Breaded Beef Portions

Deli Meats (Bologna, Salami, etc)
Boxed Beef, Fresh
Specialty Meats, Lamb, Veal, etc
Wieners, Smoked Sausage
Bacon
Pizza Toppings
Breaded Pork Portions

CATEGORY 4: Seafood

Frozen Fish, other than Shellfish
Frozen Breaded or Processed Seafood
Frozen Shellfish
Frozen Green Shrimp
Imitation Crab Meat, (Surimi) Fresh or Frozen

Frozen Breaded or Processed Fish Portions
Frozen Fish-Raw, Cello, Layer Pack
Breaded Shrimp, Shrimp Pieces
Frozen Shellfish, other than Shrimp

CATEGORY 5: Poultry

Poultry, Fresh
Frozen Turkey, Turkey Portions
Breaded Chicken Portions

Turkey, Fresh
Frozen Chicken, Chicken Parts
Breaded Turkey Portions

CATEGORY 6: Frozen

Frozen Prepared Entrees & Soups, Including but not limited to casseroles, cooked meats, with sauce or gravy, toppings and fillings, filled pastas.

Frozen Lasagna
Frozen Mexican Prepared Entrees, Enchiladas, etc.
Frozen Pizza, Pizza Pockets
Frozen Potatoes, all shapes and sizes of chopped or formed
Frozen Hash browns, Southern Style or Pre-Portioned
Frozen Roasted Potatoes
Frozen Yam Patties
Frozen Fruits & Vegetables
Breaded, Buttered and Plain Blends and Mixtures
Frozen Blended Vegetables
Frozen Fruits, Including cut and whole fruits, mixtures and pureed, IQF and syrup packs
Frozen Catering/Specialty Foods, including appetizers, canapés, and snack foods

Frozen Mexican Prepared Entrees, Burritos, Tamales
Frozen Soups & Chili, Meat or Vegetarian
Frozen Eggs Rolls
Frozen Juice
Frozen French Fries Potatoes
Frozen Mashed Potatoes
Frozen Potato Skins
Frozen Yellow Vegetables
Frozen Green Vegetables
Frozen Breaded Vegetables

CATEGORY 7: Canned and Dry

Dry Goods (including spice & condiments)
Flour
Cookies & Crackers
Topping, Syrups, Jelly & Honey
Dry Dessert Mixes & Gelatins, Plain & Flavored
Dry Milk & Dried Eggs
Vinegar
Mayonnaise, Salad Dressing & Dressing
Canned Vegetables
Canned Puddings and Dessert Products
Canned Tomatoes & Tomatoes Products
Canned Juice
Oils, Vegetable, Peanut, Corn, Canola, Olive, etc.
Shortening, All Purpose
Margarine, Solids & P.C.

Bakery Products, Dry
Sugar
Cereals, Ready to Eat
Rice, Pasta and Beans
Dried Fruits
Pickles, Olives & Relishes
Portion Control Products
Canned Goods
Canned Fruits
Canned Meats
Canned Soups
Bottled Water
Shortening, Deep Frying
Shortening, Baking & Icing
Butter, Solids & P.C.

CATEGORY 8: Paper/Disposable

Containers, sheeted foam, Large, 3 compartment, etc.
Food wrap PVC
Aluminum Foil (all sizes)
Bags, paper, Kraft, brown, from 2 lb. to 25 lb. #1 Natural
Filter Paper

Sandwich bags, all sizes
Freezer Tape
Meat wrapping paper – 40 lb. & 50 lb, 18” & 24” width
Meat Packaging plastic bags - .002 mil, 18” x 12” x 16”

CATEGORY 9: Sanitation and Maintenance

Cleaning Supplies, Kitchen

CATEGORY 10: Supply/Equipment – Kitchen Smallwares

Strainers	Colanders	Skimmers	Scoops
Fryer Baskets	Fryer Rod Cleanout	Filter Pots	Cone Holders
Film/Foil Dispensers	Ice Totes	Paddles	Funnels
Sieves	Sifters	Measuring Cups	Measuring Spoons
Heavy Duty Spoons	Spoodles	Tongs	Servers
Turners	Spatulas	Trowels	Whips
Dippers	Ladles	Trays	Dishers
Ice Cream Spades	Brushes	Skewers	Cutters
Graters	Planes	Manual Slicers	Wedgers
Molds	Tenderizers	Pressers	Weights
Dredgers	Mashers	Mixing Bowls	Pumps
Dispensers	Couplers	Pumps	Chargers
Refillers	Spreader/Rollers	Rings	Basting/Grill Covers
Openers	Scrapers	Bells	Spindles

CATEGORY 10: Supply/Equipment – Cont'd

Tumblers, polycarbonate resin, unbreakable, dishwasher safe
Flatware, stainless steel ware
Dinnerware, melamine, medium weight
Glassware, all types

CATEGORY 11: Produce

Fresh Products, Fruits & Vegetables (not prepared)

Including but not limited to fresh tree fruits, melons, nuts, strawberries and other varieties of berry fruits

Including but not limited to all lettuces, potatoes, legumes, cabbage family, peas, all varieties, asparagus, broccoli, cauliflower, corn, carrots, beans, all varieties, cucumbers, greens, onions, peppers, radishes, squashes, root vegetables

Fresh fruit, vegetable juice

Fresh Sliced Vegetables

Fresh Diced Vegetables

Shredded or Chopped Lettuce

Sliced Fresh Fruits

Peeled & Portioned Fresh Citrus Fruits

Fresh Processed Fruit Salad Mixes

Fresh Prepared Fruits, Vegetables & Potatoes

Fresh Sliced Potatoes

Fresh Diced Potatoes

Fresh Cut French Fries

Diced Fresh Fruits

Fresh Processed Salad Mixes

CATEGORY 12: Dispenser/Beverage

Coffee, Tea & Dry Beverage Products

Coffee, Ground

Coffee, Whole Beans

Coffee, Ground, Decaffeinated

Coffee, Ground, Flavored

Coffee, Instant, Regular & Decaffeinated

Tea, Bags

Tea, Instant

Tea, Green

Tea, Flavored

Hot Chocolate, P.C. and Bulk

Dry Powder Drink Bases

Fruit Flavor Drink BIB w/dispensing equipment

Costs, Rebates and Discounts

Payment Term Discounts

Discount on the total invoices amount for each monthly invoices that is paid within the time period indicated below.

Payment Terms	Additional Discount %
Invoice Paid in 30 Days	0.10% if paid by check
Invoice Paid in 20 Days	0.15% if paid by check
Invoice Paid in 15 Days	0.20% if paid by check
Invoice Paid in 10 Days	0.25% if paid by check
Invoice Paid in 5 Days	0.35 if paid by check
Paid via Electronic Bank Transfer in 5 days	Paid via Electronic Bank Transfer in 5 days 0.50%

Monthly Order Incentives

Discount on the quoted distribution charges your firm offers if the monthly average order of an account equals or exceeds the following levels. The discount will be applied to all invoices for the account in the following month.

Monthly Average Order Level	Additional Discount %
\$2,500 - \$4,999	0.20%
\$5,000 - \$9,999	0.35%
\$10,000 - \$14,999	0.05%
\$15,000 - \$19,999	0.60%
\$20,001 and up	0.70%

Volume Rebate

Please specify the year-end rebate based on the annual spending that your company could offer if annual sales from Contract Users reach or exceed the following spending targets.

Annual Spending	Annual Rebate	(% of TOTAL spend)
\$10,000,000		0.10%
\$15,000,000		0.25%
\$20,000,000		0.40%
\$30,000,000		0.50%
\$40,000,000		0.60%
\$50,000,000		0.60%
\$60,000,000		0.60%
\$70,000,000		0.60%
\$80,000,000		0.60%
\$90,000,000		0.60%
\$100,000,000		0.60%

Private Label Use Rebate

The year-end rebate based on the use of private label products if the following spending targets are met

Annual Private Label Spending %	Annual Rebate (% of total Private Label spend)
30% Private Label Usage	0.10%
35% Private Label Usage	0.20%
40% Private Label Usage	0.25%
45% Private Label Usage	0.35%
50% Private Label Usage	0.40%
55% Private Label Usage	0.50%
60% or more Private Label Usage	0.65%

Fuel Surcharge

Sysco will impose a fuel surcharge if and when the price of diesel fuel exceeds the amounts as listed below

Cost per Gallon	Charge per Delivery
Below \$4.00	\$0.00
\$4.00 - \$4.24	\$8.00
\$4.25 - \$4.49	\$9.00
\$4.50 - \$4.79	\$10.00
\$4.75 per gal or greater	\$1.00 added for every \$.25 increase

No Minimum Order/Fixed Fee

Category	Firm Fixed (\$) Rate	Frequency of Price Updates
1. Healthcare/Hospitality	\$1.90	Monthly
2. Dairy	\$1.70	Weekly
2a. Shell Eggs *	\$1.25	Weekly
3. Meats	\$1.55	Weekly
4. Seafood	\$1.60	Weekly
5. Poultry	\$1.55	Weekly
6. Frozen	\$1.45	Monthly
7. Canned and Dry	\$1.73	Monthly
8. Paper/Disposable	\$1.70	Monthly
9. Chemical/Janitorial	\$1.65	Monthly
10. Supply/Equipment	\$1.95	Monthly
11. Produce	\$1.85	Weekly
11a. Produce Exceptions **	\$1.50	Weekly
12. Dispenser/Beverage	\$2.45	Monthly

* 2a. Shell Eggs

Fee per cse on the following fresh shell eggs reduced from \$1.75 to \$1.25

2105815 EGG SHELL MED GR AA USDA WHT

2105823 EGGS SHELL LARGE GR AA USDA WHT

2105849 EGG SHELL XLRG GRD AA USDA WHT

** Produce Exceptions

Fee per case on following three (3) items is reduced from \$1.95 to \$1.50

1489731 POTATO #2 FRESH

1675602 LETTUCE SAL MIX SEP

1908318 LETTUCE ICEBERG



CONTRACT

State of Oklahoma

Dispatch via Print

Supplier 0000387199
 SYSCO OKLAHOMA A DIVISION OF SYSCO USA I
 1350 W TECUMSEH RD
 NORMAN OK 73069
 USA

Contract ID 000000000000000000000000004560		Page 1 of 2	
Contract Dates 12/01/2016 to 08/31/2017	Currency USD	Rate Type CRRNT	Rate Date PO Date
Description: From Req ID - 0900008374		Contract Maximum 0.00	
TYPE: STATEWIDE			

Tax Exempt? Y Tax Exempt ID:736017987

Contract Lines:

Line #	Cat CD / Item ID / Item Desc	UOM	Minimum Order		Maximum / Open	
			Qty	Amt	Qty	Amt
1	51191900 / 1000010828 FOOD: Healthcare/Hospitality	CA	0.00	0.00	1.00	0.00
	Contract Base Pricing		1.00000	CA	0002	
2	50131700 / 1000010829 FOOD: Dairy	CA	0.00	0.00	1.00	0.00
	Contract Base Pricing		1.00000	CA	0002	
3	50111500 / 1000010830 FOOD: Meats	CA	0.00	0.00	1.00	0.00
	Contract Base Pricing		1.00000	CA	0002	
4	50121537 / 1000010831 FOOD: Seafood	CA	0.00	0.00	1.00	0.00
	Contract Base Pricing		1.00000	CA	0002	
5	50441500 / 1000010832 FOOD: Frozen	CA	0.00	0.00	1.00	0.00
	Contract Base Pricing		1.00000	CA	0002	
6	50111500 / 1000010833 FOOD: Poultry	CA	0.00	0.00	1.00	0.00
	Contract Base Pricing		1.00000	CA	0002	
7	50361801 / 1000010834 FOOD: Canned and Dry	CA	0.00	0.00	1.00	0.00
	Contract Base Pricing		1.00000	CA	0002	
8	30102006 / 1000010835 FOIL:Aluminum/Disposable	CA	0.00	0.00	1.00	0.00
	Contract Base Pricing		1.00000	CA	0002	
9	47131833 / 1000010836 FOOD: Chemical/Janitorial	CA	0.00	0.00	1.00	0.00

Final = The price is final after adjustments
 Hard = Apply adjustments regardless of other adjustments
 Skip = Skip adjustments if any other adjustments have been applied

Authorized Signature



CONTRACT

State of Oklahoma

Dispatch via Print

Supplier 0000387199
 SYSCO OKLAHOMA A DIVISION OF SYSCO USA I
 1350 W TECUMSEH RD
 NORMAN OK 73069
 USA

Contract ID 000000000000000000004560		Page 2 of 2	
Contract Dates 12/01/2016 to 08/31/2017	Currency USD	Rate Type CRRNT	Rate Date PO Date
Description: From Req ID - 0900008374		Contract Maximum 0.00	
TYPE: STATEWIDE			

Tax Exempt? Y Tax Exempt ID:736017987

Contract Lines:

Line #	Cat CD / Item ID / Item Desc	UOM	Minimum Order Qty	Amt	Maximum / Open Qty	Amt
	Contract Base Pricing		1.00000	0002		
10	48101800 / 1000010837 FOOD:Supply/Equipment	EA	0.00	0.00	1.00 1.00	0.00
	Contract Base Pricing		1.00000	0002		
11	50301900 / 1000010838 FOOD: Produce	CA	0.00	0.00	1.00 1.00	0.00
	Contract Base Pricing		1.00000	0002		
12	50202308 / 1000010839 FOOD: Dispenser/Beverage	CA	0.00	0.00	1.00 1.00	0.00
	Contract Base Pricing		1.00000	0002		
13	78121603 / 1000024121 FEE: Fuel Surcharge	EA	0.00	0.00	1.00 1.00	0.00
	Contract Base Pricing		1.00000	0002		

COMMENTS:

Final = The price is final after adjustments
 Hard = Apply adjustments regardless of other adjustments
 Skip = Skip adjustments if any other adjustments have been applied

Authorized Signature

DELIVERY SCHEDULE

MAIN FACILITY LOCATIONS AND CORRESPONDING DELIVERY DAYS

X - Indicates main delivery day B - Indicates back - up delivery day

<u>CITY</u>	<u>MON</u>	<u>TUES</u>	<u>WED</u>	<u>THUR</u>	<u>FRI</u>
Altus	B		X		
Alva		B		X	
Atoka		X		B	
Ardmore	B		X		
Boley	B			X	
Fort Supply	X			B	
Frederick		X			
Granite	B		X		
Helena		X		B	
Hobart			X		B
Hodgen	X			B	
Holdenville	X			B	
Hominy			X	B	
Idabel		X		B	
Lawton	X		B	X	
Lexington	B		X		
Manitou		X	B		
McAlester	B	X			B
McLoud			X	B	
Muskogee			X		B
Norman			X		B
Pauls Valley	X			B	
Stringtown		X			
Sulphur	X			B	
Taft			X		B
Tecumseh			X		B
Tulsa	B		X		
Vinita	X		B		
Walters	X			B	
Waurika	X			B	

Customer Credit & Returns Policy

At Sysco, our approach to credits and returns has remained simple and aimed at 100% customer satisfaction. We ask, as part of our cooperative commitment and dedication to improving consumer food safety, that our customers work with Sysco to comply with the Customer Credit & Returns Policy. Sysco will continue to return for credit any product not accepted at time of delivery. After delivery, our credit and return policy is limited within certain guidelines.

When your delivery arrives, you should know...

- Your Sysco delivery associate will gladly help you verify that the items delivered agree with your invoice.
- You can choose to return any delivered item for credit at time of delivery.
- If a product is short on delivery, your Sysco delivery associate will make an adjustment on the invoice.
- If a product is partially damaged, your delivery associate will make an immediate adjustment on your invoice.
- Once you've OK'd your order (less any items you return), sign or pay the invoice, indicating you're satisfied with the delivery. And that's it.

Our return policy after time of delivery is limited, an item may be returned, after delivery, only if it meets the following important food safety guidelines:

TIME:

- Make all returns & credit requests within these time frames.
- - Fresh meat, poultry, seafood, dairy and perishable items..... Time of delivery
(Except as specified below in Additional Food Safety Guidelines)
- - Frozen items (other than seafood)..... 14 days
- - Dry goods..... 14 days
- - All other items..... 14 days

TEMPERATURE:

- Keep all frozen returns stored at proper temperature to maintain product integrity and wholesomeness.

PACKAGING:

- Products are returnable for full credit only when they are in original package free of markings or damage, and within the specified return time frame.

CHEMICALS:

- Treat chemical returns with extra attention. Federal HAZMAT and OSHA regulations prohibit the transport of open-container chemicals, or chemical products not in the original packaging.
- A Sysco Sales Representative must inspect all chemical products for damage and/or leakage, before a pickup and return can be processed.

Our product credit & return policy does four things.

- Ensures product wholesomeness and quality.
- Speeds the processing of credits.
- Assures that all product handling is compliant with HACCP, USDA, FDA, OSHA and HAZMAT requirements.
- Reduces the risk that a tampered product could be redistributed to another customer.

Crédito y Poliza de Devoluciones del Cliente

En Sysco, nuestro acercamiento a los créditos y a las devoluciones ha seguido siendo la satisfacción del cliente simple y dirigida 100%.

Pedimos, como parte de nuestro compromiso y esmero cooperativos a mejorar seguridad alimentaria del consumidor, que nuestros clientes trabajen con Sysco para cumplir con el crédito y la poliza de devoluciones del cliente.

Sysco continuará volviendo para el crédito cualquier producto no aceptado en la época de la entrega.

Después de entrega, nuestro crédito y poliza de devoluciones es limitados dentro de ciertas instrucciones.

Cuando llega su entrega, usted debe saber...

- Su socio de la entrega de Sysco con mucho gusto le ayudará a verificar que los artículos entregados están de acuerdo con su factura.
- Usted puede elegir volver cualquier artículo entregado para el crédito en la época de la entrega.
- Si un producto es corto en entrega, su socio de la entrega de Sysco hará un ajuste en la factura.
- Si un producto se daña parcialmente, su socio de la entrega hará un ajuste inmediato en su factura.
- Ya que usted acepta su orden (menos cualquier artículos que usted devuelva), firma o paga la factura, indicándole se satisfacen con la entrega. Y éso es todo.

Después que nuestra poliza es regrezada a la hora de su entriego es limitada, si hay cosas devueltas, después de su entriaga:

TIEMPO:

- Haga todas las devoluciones y peticiones del crédito dentro de estos marcos de tiempo.
- - Carne fresca, aves de corral, mariscos, lechería y artículos perecederos..... Época de la entrega (Excepto según lo especificado abajo en Instrucciones de Seguridad Alimentaria Adicionales)
- - Artículos congelados (con excepción de los mariscos)..... 14 días
- - Mercancía seca..... 14 días
- - El resto de los artículos..... 14 días

TEMPERATURA:

- Mantenga todas las devoluciones congeladas almacenadas en la temperatura apropiada para mantener integridad y sano del producto.

EMBALAJE:

- Los productos son recuperables para el crédito completo solamente cuando están en el paquete original libre de marcas o dañan, y dentro del marco de tiempo de vuelta especificado.

SUSTANCIAS QUÍMICAS:

- Devoluciones químicas de la invitación con la atención adicional. Las regulaciones federales de HAZMAT y del OSHA prohíben el transporte de las sustancias químicas del abierto-envase, o productos químicos no en el empaquetado original.
- Un representante de ventas de Sysco debe examinar todos los productos químicos para saber si hay daño y/o la salida, antes de la recogida y de la vuelta puede ser procesada.

Nadamas si cumple los requisitos importantes de guias de alimentos seguridad.

- Asegura sano y calidad del producto.
- Apresura el proceso de créditos.
- Asegura que toda la manipulación de productos es obediente con requisitos de HACCP, del USDA, del FDA, del OSHA y de HAZMAT.
- Reduce el riesgo que un producto tratado de forzar se podría redistribuir a otro cliente.



Sysco Standard Operating Procedure

Product Recall

Last Updated: 05/15/2013

Revision Date	Revision Number	Author	Description
02/10/2010	1	Steven Streety	Added RFR and special request customer notification text
06/30/2012		Susan Linn	Added Instant Recall information; clarified distribution list information; clarified recall team responsibilities; updated recall report information.
09/28/2012		Susan Linn	Added Consignee Contact Verification step.
10/15/2012		Susan Linn	Revised Recall Fee Schedule & Recall Fee Accounting
11/29/2012		Susan Linn	Added SAP account number to Recall Fee Accounting
01/21/2013	2	Susan Linn	Added section for Determining Affected Status, added Template Documents in the appendix.
05/15/2013		Susan Linn	Minor grammatical corrections



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PURPOSE

In the event of a supplier initiated recall or withdrawal, these guidelines are intended to facilitate prompt (i) management of in-house inventory, (ii) communication to customers and (iii) retrieval of product from the field. A recall (a term used in this document to indicate both recalls and withdrawals unless the context clearly demonstrates otherwise) can be disruptive to Sysco [Operating Company's] operations and business. This plan should minimize disruption and describe the procedures to follow in the event of a recall. If a recalling firm fails to act in a manner appropriate to the situation, Sysco [Operating Company] may determine that product be held from further distribution. This plan envisions close cooperation with Sysco Corporation's Quality Assurance Department in connection with any recall.

RECALL COMMUNICATION

The Sysco Quality Assurance Department is responsible for all Sysco intra-company communications regarding a recall and its progress. All media communications must be cleared through the Vice President-Corporate Communications. All inquiries from regulatory agencies must be directed to the CFO/Recall Coordinator of Sysco [Operating Company].

RESPONSIBILITIES

CFO/Recall Coordinator

The CFO at each location maintains the ultimate responsibility for each recall action involving the operating company. Therefore the CFO is included in the distribution list for recall communications. In the event that recall information is communicated via telephone the CFO is the individual that Sysco Quality Assurance will initially make contact with. It is common practice for Operating Companies to assign an individual, other than the CFO, as the recall coordinator.

The CFO and / or recall coordinator will have the following responsibilities related to recalls:

- Ensure that the direction provided in the recall notice is acted upon in a timely manner.
- Utilize the forms provided to ensure that all recall actions are properly documented.
- Carefully identify and document all costs associated with the recall.
- Refer calls from the media or the general public to the Vice President-Corporate Communications.
- Update Sysco Quality Assurance upon any change to the recall coordinator's contact information.
- In the event that the operating company has been contacted by the recalling firm in advance of receiving notice from Sysco Corporate, notify Sysco Corporate Quality Assurance of the recall action.

Instant Recall Contact

- Run the Recall Report (Information Central #1859 for US Broadline Operating Companies. See Appendix I for detailed information.)
- Provide the Recall Report to CFO/Recall Coordinator
- Respond to Instant Recall e-mail indicating affected status. (ALL OPERATING COMPANIES)
- Load Information Central Recall Report #1859 to Instant Recall website. (ALL *AFFECTED* OPERATING COMPANIES MUST UPLOAD)

Inventory Control (Operations/Distribution Services designee]

- Review all suspect product(s) in-house.
- Place affected product on hold.
- Report findings, including case quantities on hold, to the CFO/Recall Coordinator.

Customer Service [or specific designee for customer contact]

- For Operating Companies not on Instant Recall: Contact all affected customers.
For Operating Companies on Instant Recall: Contact customers that were not reached using Instant Recall.
- Arrange for product pick-up and credits.

Sales / Marketing Associates

- Responsible for ensuring customer contact information is valid and current in Sysco's computer systems.
- Facilitate communication of recall to customers and answer questions customer may have regarding specific recalls.

Merchandising

- Assist with confirmation of recall information with the recalling firm.
- Secure replacement product.

RECEIPT OF RECALL NOTIFICATION

Sysco [Operating Company] is alerted to potential recalls. Sources of alert may be the supplier, Sysco Merchandising and Supply Chain Services (SMS), Customers, USDA or FDA Press Release or other news source. Under no circumstances should Sysco [Operating Company] initiate recall activities solely based on a phone call or a verbal request from a brokerage firm, street customer, or multi-unit account customer.

Recall communications are directed to various individuals at Sysco [Operating Company] and may be delivered in person, via fax, mail or e-mail. An Official Recall Notification either will consist of a notice from a Regulatory Agency or be on recalling firm's company letterhead from a senior management level employee. The Operating

Company can act on an Official Recall Notification before they have received communication from Sysco Quality Assurance.

If an **Operating Company is aware of a recall action and has not received an Official Sysco Recall Notification they must notify Sysco Quality Assurance.** Sysco Quality Assurance will work with the recalling firm to obtain appropriate written recall notification and confirm the extent of the impact on Sysco Operating Companies.

INTERNAL RECALL COMMUNICATION

E-mail from Sysco QA to Operating Companies

Sysco Quality Assurance will send a broadcast e-mail from "Sysco Regulatory Communications" to "000-Quality Ctrl Prdct Recall-DL" when a recall involves three or more Operating Companies. See Appendix II for details of the "000-Quality Ctrl Prdct Recall-DL" recall distribution list. The recall communication to the Operating Companies follows a general outline that is used to effectively communicate all pertinent information for proper resolution and will reiterate the recalling firm's instructions.

1. Confirmation on whether or not the product is reportable under the FDA's Reportable Food Registry Act
2. Class of recall or withdrawal (if available)
3. Reason for recall or withdrawal
4. Product(s) involved including: brand, product name, UPC number or GTIN, SUPC, pack size, lot or date code, and code date interpretation
5. Sysco Operating Companies involved
6. Purchase order number(s) affected & date shipped
7. Number of affected cases by item shipped to company
8. Specific instructions: (product hold, process for product disposition, completion and return of forms, whether customers need to be contacted (Y/N), etc.)
9. Contact information for manufacturer recall coordinator (name, e-mail address, and telephone numbers, including a cell phone number)
10. If the recalling has notified a regulatory agency

E-mail from Supply Chain Inventory Management (SCIM) to Operating Companies:

If affected product is shipped through an RDC, the SCIM group is responsible for sending an e-mail announcement identifying the operating companies affected by the RDC shipments.

If the event does not involve a food safety issue the e-mail can be sent during normal business hours. If the event involves a food safety issue then the e-mail must be sent as soon as possible including evening, weekends and holidays. The Electronic

Data Warehouse (EDW) maintenance window is Saturday at 12 pm Central to Sunday at 5 am Central. If a recall occurs during this time frame reports will be delayed.

CONVENE RECALL TEAM

Each Operating Company must establish a multi-disciplinary Recall Team. The team must include representatives from sales, accounting, inventory control, merchandising and operations. Each member of the team should have a trained back-up. Recalls do happen outside normal business hours. The members of the recall team must be provided the resources to complete the necessary tasks associated with a recall. Resources include but are not limited to cell phones, laptops and access to Sysco inventory control, the internet and SharePoint sites.

Once the Operating Company has received an Official Recall Notification, the CFO/Recall Coordinator must be notified immediately. The CFO/Recall Coordinator will convene the Recall Team and they will review the Official Recall Notification to ensure that the directions provided are clear and to determine the next steps to be taken.

DETERMINING "AFFECTED" STATUS

An operating company is AFFECTED by a recall if:

- The operating company has **NO remaining inventory**, but did receive inventory at one point in the past and shipped out all the affected inventory to customers (even if the product has all been consumed, Sysco has a legal obligation to notify its customers of a recall\withdrawal);
- The operating company **currently has SOME** of the affected product in the warehouse and **has shipped some** of the product;
- The operating company **currently has ALL** of the product at the warehouse on HOLD
- If the product sold through ChefEx, Supplies on the Fly or other program where product is drop shipped to customers and the Operating Company receives credit for the sale then the Operating Company is "affected".

If product is in transit and the shipment is REJECTED (the Operating Company never took possession of the affected product) the operating company is considered to be NOT AFFECTED by the recall\withdrawal

If the Operating Company is involved in the recall, the [CFO/Recall Coordinator/designee] must initialize a recall log and file. All information regarding the recall must be recorded in this log. All recall documentation should be stored in one location/file. This will include but not be limited to date, time, contact name and content of pertinent phone calls, and communications with the recalling firm, customers and any regulatory agencies.

INVENTORY ASSESSMENT

The [CFO/Recall Coordinator/designee] will provide information on the product(s) being recalled, including code date information and when possible case quantities, to the [Operating Company specific Operations/Distribution Services designee].

The [Operating Company specific Operations/Distribution Services designee] will pull the Purchase Orders associated with the supplier to confirm the products received. The [Operating Company specific Operations/Distribution Services designee] will review all suspect product(s) in-house, place affected product on hold, and report findings, including case quantities by lot code on hold to the [CFO/Recall Coordinator/designee]. For instructions to place product on hold in SWMS please refer to the section on Adjusting Inventory Status in the current SWMS User Guide.

Sysco Operating Companies that stock the affected product in inventory must inspect their inventory, whether or not they are listed as one of the affected Operating Companies in recall communications. This practice is strongly recommended as Operating Companies may receive affected product through intercompany shipments, from secondary distributors or from supply chain partners other than the primary recalling firm. If an Operating Company, that was not included in the list of affected companies in the Sysco Quality Assurance recall communication, has documented, either through confirmation of affected inventory or through notification from a supplier that they are involved in recall, they must notify Sysco Quality Assurance immediately. The report must include information on how the product was obtained.

Isolation of affected product: It is strongly recommend that when product is placed on hold it is physically isolated from active inventory and the pallet is marked with a sign or sticker indicating the product is on hold due to a recall.

CUSTOMER ASSESSMENT / RECALL REPORTS

If notification of customers is indicated in the Official Recall Notification (or if the Recall Team determines that it is in their customers' best interest to be notified) the [CFO/Recall Coordinator/designee] will provide information on the product(s) being recalled to the [Operating Company specific Merchandising/Sales/Customer Service designee]. Information includes code date, case quantities and purchase order information when possible. The [Operating Company specific designee for generating recall report] must run a Recall Report to identify the customers that may have received affected product. Following are the required recall report formats

- Specialty Companies: Must run their current Recall Report
- Canadian Companies: Must run their current Recall Report
- SUS and SAP Broad line Companies: Must run Information Central Recall Report (#1859)

The recall report must be provided to:

- The Recall Team
- Uploaded to the Quality Assurance SharePoint site for the Reportable Food Registry (if required)
- Uploaded to the Instant Recall Website. The report MUST be uploaded. If Instant Recall will NOT be used to make customer contacts the Instant Recall contact must mark the "All customers on the provided list have already been contacted by the Operating Company" check box.

CUSTOMER NOTIFICATION

Recall communication to customers can be accomplished by automated telephone call, manual telephone call, facsimile transmission, e-mail, or special delivery letters. If letters are sent, the recall notice must be sent on Sysco letterhead and conspicuously marked in bold red type on the letter and envelope: "URGENT - FOOD RECALL."

It is important that the Sales / Marketing Associates are informed of recalls as they are Sysco's direct line of communication with customers.

The Recall Team will establish a specified timeframe for the communications to be completed. The timeframe will be based on the particular situation (e.g., a Class I recall would receive priority). The recall communication must be developed utilizing the guidelines provided in the Sysco Recall Policy.

Instant Recall System

Instant Recall is an automated calling system to facilitate rapid contact of affected Operating Company customers. Instant Recall is currently used by US Broad Line Operating Companies, SYGMA, and Sysco Canada. The system will be phased in with the Specialty Companies.

If the Instant Recall is not used or if contact is not successful via the automated system, Operating Companies are responsible for communication directly to their customers. Depending on the urgency of the recall action this may be done either via manual telephone call or written communication via fax, US post, or an expedited delivery service. In addition, BellTower offers human call service on request of the operating company for an additional fee.

- All Operating Companies will receive an "ACTION REQUIRED" recall notification e-mail sent from "Sysco Quality Assurance".
- The list of suspected affected Operating Companies will be provided on the notification email based on the information Sysco QA possesses at the time of notification.
- Response is required from Operating Companies that are listed as suspected to be affected by the recall, **or otherwise find that they are affected by the recall.**
- Only Operating Companies that are suspected to have the affected product are subject to the text message and phone call reminders if the deadline to respond on the e-mail is not met.
- Once automated calls are completed, the Instant Recall Coordinator will receive an e-mail indicating that the call report is available for follow-up.

The progress of the calls can be monitored real-time via the Instant Recall website. When the calling campaigns are completed if contact is not successful via the automated system, Operating Companies are responsible for follow-up communication directly to their customers. When necessary, follow-up communications should be sent to those customers who fail to respond to the initial

product removal communication within a specified timeframe. Once contact has been made with all customers the staff charged with this responsibility will provide documentation of these contacts (e.g. call logs, fax logs, recall return information forms signed by customers, or mail confirmation slips) to the Recall Team. This status report must be issued within the time frame specified by the Recall Team.

CMU Customer Notification

Sysco Quality Assurance will communicate recalls, when appropriate, via e-mail to corporate contacts at Corporate Multi-Unit (CMU) Account Customers advising them of Sysco's involvement in a recall activity. Receipt of this communication is not necessarily indicative that the customer has received the affected product but rather serves as an advanced notice to inform customers that Sysco is involved in the recall action. It remains the Operating Company's responsibility to follow-up with their individual customers that may have received product affected by a recall.

The Multi-unit Account Customer Development Coordinator is responsible for maintaining the CMU Recall public distribution list.

Template Documents

To facilitate accurate communication and documentation of recall events template documents have been developed for use by Sysco Operating Companies. Template documents to be used in the event of a recall are as follows:

RECALL NOTICE TO CUSTOMERS

The operating company utilizes this document to provide written instructions to their customer regarding the recall action. It provides information regarding the product that is being recalled, the reason for the recall, and the specific steps that the customer should take regarding the disposition of the product. The recall notice should be sent on operating company letterhead and signed by the recall coordinator or an executive of the company. (See Appendix III.)

RECALL RETURN INFORMATION FORM

This document should be included with recall notice to the customer. When completed and returned to the operating company by the customer, this serves as acknowledgement by the customer that they were informed about the recall. It also serves as documentation of the quantity of product on hand at the time of the recall announcement as well as the disposition of the affected product (on hold, returned to operating company, destroyed, etc.). (See Appendix IV.)

RECALL RECONCILIATION FORM

This form can be used by the Operating Company to summarize the information received from customers including customer name, date they responded, number of cases they received, and number of cases recovered. (See Appendix V.)

VERIFICATION

The Recall Coordinator will check on progress of the recall communication with those customers that have purchased the recalled product within two (2) business days of

the initiation of the recall communications to those customers. The Recall Coordinator will take appropriate steps to be sure the customer communications relating to the recall are completed promptly, and will enlist the help of the President of Sysco [Operating Company] as needed.

Once all communication efforts have been completed the Recall Coordinator is responsible for reviewing the original recall report (consignee list) to ensure 100% of the customers on the list have been contacted. The Recall Coordinator must sign and date the list to indicate verification was completed.

PRODUCT RETURNS

The [Operating Company specific Operations/Distribution Services designee] will notify driver check-in that there will be recall product returns. Driver-check in is responsible for placing all recall returns on hold, documenting case quantity and lot code, and reporting this information to The [Operating Company specific Operations/Distribution Services designee]

DISPOSITION

The disposition of any affected product must be provided in writing by the supplier conducting the recall and may include return to the supplier, re-labeling or destroying the product. If the recalled product is USDA regulated do not re-label the product unless you have received approval by Sysco Corporate Quality Assurance as there are regulatory requirements for this product.

The [Operating Company specific Operations/Distribution Services designee] must ensure that the appropriate action is taken with all recalled product on hold per the recalling firm's instructions. The SUPC, Brand, description, case quantity, lot codes and final status for these products must be documented.

SUPPLIER NOTIFICATION

The recall coordinator must acknowledge receipt of the recall communication to the supplier (recalling firm) on behalf of the operating company.

Once all affected product in inventory is on hold and all customers have been notified (if required) the [CFO/Recall Coordinator/designee] will provide a written summary report to the supplier (recalling firm) indicating the number of cases that have been accounted for, by SUPC and lot code, and confirmation of product disposition.

CUSTOMER CREDIT

Using information provided by the customer and verified either through driver check-in for returns or against invoices for product destroyed at the customer location; the [insert job title] will issue customer credit.

Customers can request recall credit through various means including their Marketing Associate, by calling customer service or via the Instant Recall Hotline (credit requests will appear on the Instant Recall Call Report available at the completion of the calling campaign). The [Operating Company specific Customer Service designee] must verify that the credit request against the customers' purchases to ensure the credit request is valid. Once verified, the [Operating Company specific Customer

Service designee] will provide information to the [Accounting designee] regarding customers that require credit as a result of the recall. The [Accounting designee] is responsible for issuing credit to the customer.

It is possible that customers will use recalled product as an ingredient in a further processed product. In that case, a customer may request reimbursement for additional product affected by the recall, including other raw materials, packaging, and labor. If these fees are reimbursed by Sysco, Sysco must seek reimbursement from the recalling firm for these costs by including them in the Instant Recall Billing Form.

RECALL FEE & PRODUCT COST RECOVERY

The CFO is responsible to ensure that recall fees are submitted via the Instant Recall Billing Form which uses the Sysco Corporate Recall Fee Schedule (Appendix VI). Corporate Accounts Receivable will credit recall fees to the Operating Companies. The CFO is responsible for ensuring the recall fees recovered are credited to the proper account using the Recall Fee Accounting Schedule (Appendix VII).

Cost Recovery Campaign

For recall activities involving US Operating Companies (including SYGMA and Specialty Companies), recall fees will be consolidated into a single invoice on the Instant Recall website and billed to the recalling firm by Sysco Corporate. Following are the process steps:

INITIATION OF THE COST RECOVERY CAMPAIGN

Upon completion of a recall or withdrawal communication campaign, Instant Recall Contacts at Operating Companies involved in a recall event will receive an e-mail from Instant Recall with a link to the Cost Recovery webpage. If the recall or withdrawal does not involve a customer communication campaign, email with a link to the Cost Recovery webpage will be sent 7 days after the Recall/Withdrawal initiation.

ENTERING INFORMATION

Using their Instant Recall sign-on, Instant Recall Contact must upload supporting documentation and enter information regarding the fees associated with the specific recall.

The information required for billing is listed below (see detailed descriptions on the attached Recall Fee Sheet). Please note: some of the fees are calculated automatically by the system. Others will require your Operating Company Instant Recall Contact to enter data.

- a) Operating Company Administrative Fee (calculated by the system)
- b) Customer Notification Fee (calculated by the system based on the number of customers uploaded for the recall. Additional information can be entered)
- c) Product Handling Fee (Operating Company enters case counts)
- d) Customer Returns/Credit Fees (Operating Company enters case counts)
- e) Dump/Disposal Fee (Operating Company enters fee)

- f) Special Handling Fees (Operating Company enters number of hours)
- g) Miscellaneous Fees (Operating Company enters fee(s))

DEADLINES

The standard deadline for entering information is 30 days, following the initiation of the cost recovery campaign. This deadline may be modified if necessary, depending on the situation. All deadlines will be noted in the correspondence to the Operating Companies.

REMINDERS

Instant Recall Contacts at Operating Companies will receive reminders to enter the recall fee information. Following the initial e-mail, an e-mail reminder is sent to the Instant Recall Contacts two weeks prior to the deadline. Another reminder will be sent via e-mail and SMS Text 3 days before the deadline.

Invoice Process

- Approval: If the invoice involves FreshPoint, SYGMA or Sysco Produce, BellTower will forward to the corresponding CFO for review before approval by Sysco QA. BellTower will forward all invoices to Sysco QA for review and approval.
- Sysco QA will send a copy of the invoice to the recalling firm either via e-mail or postal service and will send as an e-mail attachment to Accounts Receivable at [440-SBS SMS Accounts Receivable](#).
- Accounts Receivable will generate a "payable" for the operating companies on listed on the invoice and a "receivable" for the supplier on the AR Trial.
- When the Operating Company receive recall funds they must be credited to the following accounts:

For Legacy Companies:

XXX-30-39-1681-300-ADMIN-MISC INC.-RECALL FEES

For SAP Companies:

63913005 Miscellaneous Income-Recall Fees

Recalled Product Cost: Bill Backs to Suppliers

In the event of a product recall the Operating Company should make every effort possible to ensure that the supplier is billed back for all impacted product. There is a trend within the industry that suppliers are allowing Sysco customers to destroy the product and no pickup is required. The Operating Company must have a process in place when this happens to capture and ensure that the supplier is billed back for that product. Following is a method that may be used:

- 1 When Customer Service confirms that a customer has destroyed the product, Customer Service enters a pick up document and notifies Inventory Control. This prints out in the Will Call office and Inventory Control receives this return Pick up. Inventory control creates a tracking report in Excel to keep a record of the total number of cases returned under the recall and the total cases of

product the customers has destroyed. The Pickup documents are process as returns in SWMS generating the customer credit and charges spoilage.

- 2 Inventory Control shrinks the total cases of customer destroyed recall product back into inventory through spoilage using RE adjustment. (RE) is an adjustment in SWMS that flows through spoilage. This product is immediately put on hold by inventory control.
- 3 When the Vendor Return (VRT) for the recall product is created it will include the total number of cases on hold at the Warehouse and the number of cases that the customers have destroyed.

The pickup up document(s) should support the billback and be included with the recall file. The recall file should reflect how many actual cases were returned to the vendor and how many were disposed of at the customer.

REPORTABLE FOOD REGISTRY

The Reportable Food Registry (RFR) requirement has been added to the Food Drug and Cosmetic Act. The RFR creates additional reporting obligations for distributors of food products. The broadcast e-mail from Sysco Regulatory Communications to "000-Quality Ctrl Prdct Recall-DL" will clearly identify whether or not the recall involves a reportable food. If the recall is Reportable, the affected Sysco Companies must run the Recall Report identifying any customers who may have received the reportable food. ***The Recall Report must be submitted to Sysco QA SharePoint website within 24 hours of receiving notification of the recall.*** Sysco Quality Assurance will file reports required by this rule with the FDA on behalf of ALL Sysco Companies. See "Instructions for Submitting Reportable Food Registry (RFR) Information to Sysco Quality Assurance" (Appendix VIII). Sysco Quality Assurance will file reports, required by this rule, with the FDA on behalf of ALL Sysco Companies within 24 hours of the recall initiation.

REGULATORY INSPECTIONS

Regulatory agencies may conduct effectiveness checks on recalls and therefore, Operating Companies may be contacted as part of the effectiveness check program. All inquiries from regulatory agencies must be directed to the CFO/Recall Coordinator of Sysco [Operating Company]. A Regulatory Visit Report must be completed if your company is contacted by a Regulatory Agency regarding a recall. The form is available at:

<http://mysysco/sites/QA/regulatory/RVR/Regulatory%20Visit%20Reports/Forms/AllItems.aspx>

MOCK RECALL / TRACEABILITY EXERCISE

Recall/traceability is verified twice annually through mock recalls if an actual recall has not occurred within the previous 6 months. See Mock Recall Standard Operating Procedure for details.

APPENDIX I:
INFORMATION CENTRAL RECALL REPORT (#1859)
& INSTANT RECALL UPLOAD INSTRUCTIONS

For instructions please click on the following link or copy it and paste it in your browser:

<http://mysysco/sites/QA/Recall/PoliciesandProcedures/Instructions%20IC%20Recall%20Report%20and%20Instant%20Recall.pdf>

Information Central Recall Report (#1859) pulls data from SUS as follows:

Report Field	AS400 Table Description	Field Description	AS 400 Screens
SUPC	Obligation Detail	Item Number	
Brand	Item Master	Brand	
Item Description	Item Master	Item Description	
Pack	Item Master	Pack	
Item Size	Item Master	Item Size	
Customer Number	Item Master	Customer Ship-To	
Customer Name	Customer Ship-To Auxiliary	Customer Name	MAIN SCREEN OF SHIP-TO
Address	Customer Ship-To Auxiliary	Address Line 1	MAIN SCREEN OF SHIP-TO
City	Customer Ship-To Auxiliary	City	MAIN SCREEN OF SHIP-TO
State	Customer Ship-To Auxiliary	State	MAIN SCREEN OF SHIP-TO
Zipcode	Customer Ship-To Auxiliary	Postal Code	MAIN SCREEN OF SHIP-TO
Telephone	Customer Ship-To Auxiliary	Telephone Number	MAIN SCREEN OF SHIP-TO
Fax Number	Customer Ship-To Auxiliary	FAX Number	MAIN SCREEN OF SHIP-TO
Email	Ship-To Miscellaneous Info	E Mail Address	MISC SCREEN OF SHIP TO
Ship Date	Obligation Detail	Transaction Date	
Obligation Number	Obligation Detail	Originator Transaction	
MA	Entity Detail	Entity ID	
	Entity Detail	Entity Description	
DSM	Entity Detail	Entity ID	
RSM	Entity Detail	Entity ID	
Cases	Obligation Detail	Quantity	
Prices	Obligation Detail	Current Item Unit Price	

APPENDIX II
RECALL E-MAIL DISTRIBUTION LISTS

Sysco Quality Assurance sends e-mail communication regarding Recall, Withdrawals and other important Food Safety related events from "*Sysco Regulatory Communications*" to the **000-Quality Ctrl Prdct Recall-DL**. This distribution list consists of many sub-lists managed by the list owners.

1. The Corporate Associates appear on the **240-Quality Ctrl Prdct Recall-DL**. This sub-list also includes the following distribution lists.

000-CFO Controllers - Meat Cos
000-CFO Controllers-Specialty Cos
000-CFO-CONTROLLERS
000-CFO-CONTROLLERS-CANADIAN
000-FP-CONTROLLERS
000-FP-PRESIDENTS
000-Merch-VP-DL
000-MUA.RECALL
000-NSCM-S.C.Inv Mgmt
000-PRES EVP-Other SpecCO
000-PRES+EVP'S
000-QA-DEPT
000-QA-FP-FORWARD
000-SCS.SITE.MGRS
000-SR.VP_S.OPERATIONS
000-V.P.OPERATIONS
000-V.P.OPERATIONS-Canada
000-V.P.OPERATIONS-Specialty
000-V.P.SALES

2. Each Operating Company has a recall distribution list in the Outlook Global Address Book. An example of such a list is **xxx-Quality Ctrl Prdct Recall-DL** (xxx represents the Operating Company number). Operating Companies manage their recall distribution list at the local level. Sysco Quality Assurance does not have permission to modify these lists.

The operating company must include individuals that are involved in recall activities and do not appear on the public distribution lists identified above. Such individuals would include but not be limited to customer service and inventory control personnel. The list can include as many or as few names as necessary for each company to ensure an adequate response to a recall action.

APPENDIX III
RECALL NOTICE TO CUSTOMERS

URGENT! CLASS ___ RECALL

Customer: _____

RE:

<u>SUPC</u>	<u>Brand</u>	<u>Product Description</u>	<u>Case Qty</u>	<u>Code Date</u>

AFFECTED LOT/CODE DATES:

SYSCO <OPERATING COMPANY NAME> requests <CUSTOMER NAME> to immediately examine existing inventory, segregate and hold the above-mentioned product.

The product is being recalled because <insert reason for recall here>.

To fulfill our mutual responsibility to provide a safe and wholesome food product, we require your assistance in the removal of the subject product. This is a Class ___ Recall. The <FDA, USDA, CFIA> <has been / will be> notified.

- First, identify, segregate and hold all products matching the information included in this notice.
- Second, complete the attached Recall Return Information Form to provide the requested information. Fax a copy of the completed form to (____)_____-____ or e-mail it to: <insert return e-mail address here>.
- Third, <convey specific instructions on what should be done with the product (i.e destroy or return to operating company)>.
- Fourth, <a representative will contact you to arrange for retrieval of the products. **AND/OR** Arrangements will be made to ship replacement product as soon as possible.>

If you have any question regarding this recall please contact: < insert contact information here>

Thank you for your cooperation.

Sincerely,

Enclosure
Recall Return Information Form

NOTE: This correspondence may be sent via e-mail to utilize most effective means of rapid communications
--

APPENDIX IV
RECALL RETURN INFORMATION FORM

RECALL RETURN INFORMATION FORM

We do _____ do not _____ have any stock of recalled product.

Vendor Name/Est #: _____

SUPC: _____ Brand: _____ Pk/Size: _____

Product Description: _____

Pack Date/Can Code: _____

QUANTITY

Quantity Received: _____

Quantity On Hand: _____

By signature below, please confirm quantity on hand has been segregated and placed on hold. Fax a copy of the completed form to (____) _____ - _____.

Name (Please Print): _____

Title: _____

Company Name: _____

Phone Number: (____) _____

Signature: _____

APPENDIX V
RECALL RECONCILIATION FORM

RECALL RECONCILIATION FORM

Vendor Name/Est #: _____

SUPC: _____ Brand: _____ Pk/Size: _____

Product Description: _____

Pack Date/Can Code: _____

of cases in inventory: _____

(+) # of cases recovered from customers: _____

(=) TOTAL # of cases recovered: _____

(÷) # of cases received from vendor: _____

(x 100 =) % cases recovered: _____

COMMENTS: _____

Verified By: _____ Date: _____

Recall Call Logs or Recall Return Information Forms (or other documentation) listing customers, date of contact, cases received and cases recovered should be retained in support of this document.

APPENDIX VI:
SYSCO CORPORATE RECALL FEE SCHEDULE

November 2012

In order to recoup Sysco's administrative and physical handling costs associated with product recalls, or any other similar action whereby product is held or brought backwards through the system, due to quality or food safety / security reasons the following schedule of fees and charges will be instituted. Note that this policy covers both Sysco operating companies and any Sysco re-distribution centers that carry recalled products.

- 1) **Operating Company Administrative Fee.** There will be a charge to the supplier of \$1,000** for each operating company or re-distribution center involved in a product recall. This charge includes time/cost involved with receiving the withdrawal/recall, researching purchases, checking inventory, handling incoming shipments, running custom reports, notifying internal sales/warehousing and front desk personnel, coding and processing customer credits, completing government reporting, satisfying government effectiveness checks etc. The maximum Operating Company administrative fee that will be charged by Sysco for Operating Company Administrative Fees for any one incident is \$10,000 regardless of the number of Operating Companies or re-distribution centers involved.
- 2) **Customer Notification Fee.** There will be a charge to the supplier of \$25** per customer for every customer notified, even if the customer has no product to return or destroy. This fee covers, amongst other things, the establishment of the affected customer list, phone contact, faxes, and/or priority/registered mail costs.
- 3) **Product Handling Fee.** There will be a charge to the supplier of Sysco's AP cost plus \$7.50** per case for any product in inventory at the operating company or re-distribution center. If product is shipped back to the supplier, the supplier is responsible for the freight charges, inbound and outbound, associated with these returns.
- 4) **Customer Returns/Credit Fees**
 - a. Sysco will charge suppliers for product returned or destroyed by customers based upon AP cost plus \$7.50 per case handling fee.
 - b. Any cases returned to the operating company will be subject to a charge of AP cost plus \$15** per case Product Handling fee.
- 5) **Dump/Disposal Fee.** There will be a charge to the supplier for any costs associated with disposing of affected product. This would include but not be limited to costs such as rendering the product inedible, disposal fees for hazardous waste, taking the product to a landfill, obtaining extra onsite dumpsters, etc.
- 6) **Special Handling Fees.** There will be a charge to the supplier for any fees resulting from supplier or regulator decisions related to recall/withdrawal such as fees for longer term storage of product (> 2 weeks), a \$60**/warehouse man hour charge will be assessed for product handling requested after routine business hours.
- 7) **Miscellaneous Fees.** It is possible that customers will use recalled product as an ingredient in a further processed product. In that case, a customer may request reimbursement for additional product affected by the recall, packaging costs, labor costs, and other associated costs. If these fees are reimbursed by Sysco, Sysco must seek reimbursement from the recalling firm for these costs.

** U.S. Dollars

APPENDIX VII:
RECALL FEE ACCOUNTING

This document provides guidance to Operating Companies in the proper accounting of SYSCO's administrative and physical handling costs associated with product recalls.

The accounting for Product Recall Fees has been changed. Previous communication instructed the Recall Fees & Charges to be expensed\allocated between the Administrative, Warehouse and Delivery departments. **As of October 29, 2012 all Product Recall Fees & Charges as well as any additional expenses involved with Product Recalls should be expensed to a newly created account in the Administrative department.** The new account number is:

For Legacy Companies the account number is:

XXX-30-39-1681-300-ADMIN-MISC INC.-RECALL FEES

For SAP Companies the account number is:

63913005 Miscellaneous Income-Recall Fees

All expenses associated with a Product Recall should be tracked and consolidated into this account. The new procedure will utilize a billing tool that will result in a single consolidated billing to the vendor from the Corporate Office. When the Product Recall Fees & Charges are recovered from the vendor by the Corporate Office they will be disbursed to the Operating Companies through the intercompany process. The recovered funds should be credited to this same account (XXX-30-39-1681-300-ADMIN-MISC INC.-RECALL FEES).

APPENDIX VIII
INSTRUCTIONS FOR SUBMITTING
REPORTABLE FOOD REGISTRY (RFR) INFORMATION

For instructions, please click on the following link or paste it in your browser:

<http://mysysco/sites/QA/regulatory/RVR/Instructions/Forms/AllItems.aspx>