Objectives

Our goal at Costco continues to be to provide quality products to our members at a great value. To achieve this, we continue to focus on opportunities to lower costs. By utilizing Costco's Structural Packaging Specifications, you will help to lower costs and ensure that our products arrive safely, without damage to our warehouses.

Costco's depots are managed as cross-dock facilities. We do not hold or store inventory at our depots. Products are received and shipped out to warehouse locations on the same day. Packaging must be engineered to maintain its structural integrity throughout Costco's entire supply chain. *Refer to 1.0 Package Engineering Factors and Performance Requirements.*

Costco merchandises its inventory on 48" x 40" pallets. Pallet loads of product are moved into place by forklifts or pallet jacks. Additional product for daily replenishment is stored in the steel shelves above the pallet run. Our packaging specifications help to ensure that Costco's employees and members are working and shopping in a safe environment. *Refer to 2.0 Unitized Pallet Requirements.*

Costco's goal is to drive out costs by eliminating extra packaging, handling, and corrugate waste, whenever possible. However, when trays are required to transport and protect the product from damage, it is a requirement of doing business with Costco that the trays are useful in every way, including functional boxes for members to carry out their purchases. Packaging must be display-ready, with no handling required. *Refer to 3.0 Corrugated Master Display Modules and Trays.*

Costco's Structural Packaging Specifications may not be able to encompass each and every circumstance. *Refer to Addendums (additional or modified requirements for specific departments).* If you have any concerns that your packaging cannot meet our specifications, contact your Costco buyer. In limited circumstances, exceptions or extensions may be granted.

On an ongoing basis, Costco will be conducting random performance compliance audits to confirm that packaging meets our specifications. If packaging is non-compliant, the item may be at risk of deletion, or subject to a 2% charge back reimbursing Costco's operational and handling costs as a result of non-compliant packaging. No new items will be brought into the system unless it is compliant with Costco's packaging requirements.

Please join us in supporting Costco's objectives to drive out costs and bring greater value to our members. We appreciate your participation and support.

1.0 Package Engineering Factors and Performance Requirements
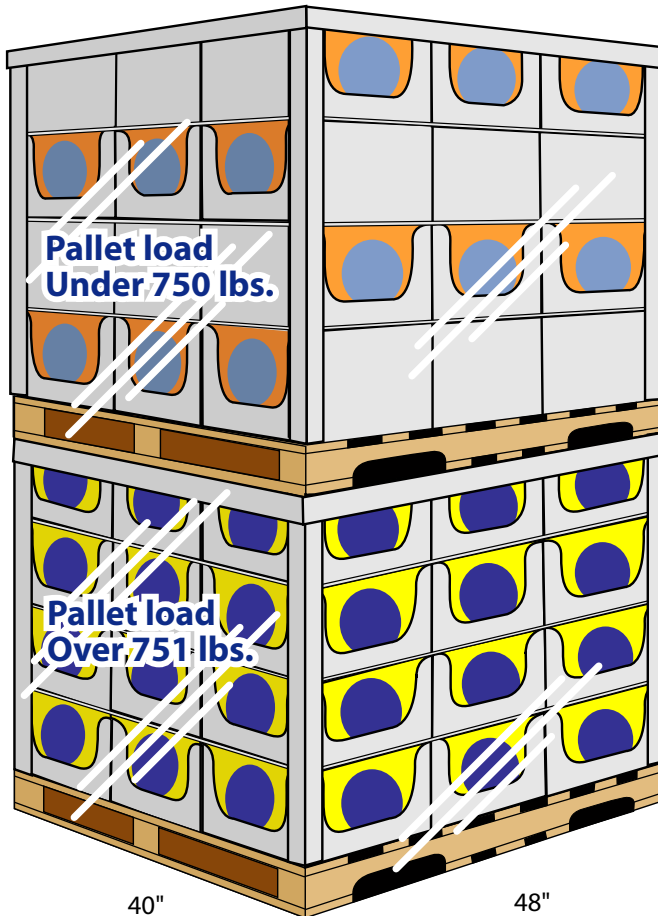
1.1
Package Engineering Requirements:
(safety factor calculation)

1.1.1 Packaging must be engineered to comply with ISTA (International Safe Transit Association www.ista.org) pre-shipment tests 1a and 3e, freight carrier rules and government regulations that are mandatory within their respective jurisdiction.

1.1.2 Packaging must be engineered to withstand long haul transit dynamic load factors (over 500 miles) without damage.

1.1.3 Packaging must be engineered to withstand forklift, pallet jack handling and mechanical layer clamping without damage.

1.1.4 Packaging must be engineered to withstand 80-90% high humidity environmental conditions without failing.

1.1.5 Packaging must be engineered to withstand a minimum of four weeks storage time under load weight without failing.

1.1.6 Packaging for cooler/freezer products must be able to withstand refrigerated temperatures in a moist environment without failing.

1.2
Minimum DYNAMIC Stacking Strength Requirements:

1.2.1 Each palletload *under* 750 lbs/340 kg must be capable of withstanding 1500 lbs/680 kg of weight on the bottom product layer without damage.
To determine overall packaging performance requirements, include environmental factors in 1.1 Package Engineering Requirements.

1.2.2 Each palletload weighing 750 lbs/340 kg or more must be capable of withstanding 2500 lbs/1134 kg of weight on the bottom product layer without damage.
To determine overall packaging performance requirements, include environmental factors specified in 1.1 Package Engineering Requirements.

Pallet load Under 750 lbs.

Pallet load Over 751 lbs.

40"   48"

2.0 Unitized Pallet Requirements

2.1

Unitload & Palletload Configuration:

2.1.1 Unitload footprint must not exceed 48"x40", and cannot be smaller than 44"x37". Recommended footprint is 47.5"x39.5".

2.1.2 Footprint exceptions are made for oversized goods. (All other packaging must be engineered to comply with 2.1.1.)

2.1.3 Unitload must maximize pallet area without gaps between sell units or mastercartons.

2.1.4 No false bottoms that ship with empty space below goods. False bottom skirted displays allowed only when requested by Costco.

2.2

Unitized Requirements
Goods shipped in display-ready packaging

2.2.1 Unitload weight must not exceed 2500 lbs.

2.2.2 Packaging and unitload height must support double-stacking in-transit whenever our Whses/stores receive full unitload quantities and for ecommerce. *(If double-stacking exceeds shipable weight limits, total palletload height can be up to 58".)*

If our Depots use clamping equipment to distribute single layers to Whses/stores, unitload height is limited only by the loadable height of in-bound shipping equipment.

2.2.3 Column stack to optimize stacking strength. With more than 6 mastercartons per layer, use palletizing adhesive on all layers, plus a paper sheet between topmost layers to stabilize columns when stretchfilm/strapping is not present. Non-skid coated paper sheets may be used when palletizing adhesive isn't possible.

2.2.4 No layer caps. Avoid corrugated sheets between layers. Use paper sheets between layers to 'tie' columns together *(see 2.2.3)*. Use caps or layer pads atop unitloads to protect goods in open-top display trays.

2.2.5 Use cornerposts only if necessary. No plastic cornerposts.

2.2.6 Contain the unitload, and secure it to the pallet, with stretchwrap or strapping.

Stretchfilm must be uncolored, minimum .79 gauge wrapped three times or the performance equivalent.

No metal strapping, no metal buckles, no stretchable tape, no netting.

CAUTION: Anticipate shipping and handling dynamics to ensure unitloads will be properly contained and secured to the pallet at delivery.
CAUTION: Stretchfilm or strapping must not damage display trays or consumer packaging.

2.2.7 Unitload must be stacked in display ready mode, primarily facing a long side of the pallet. To optimize displayability, some goods should also face a short pallet side.

2.2.8 Vertically unstable goods with multiple units per unitload (tall rugs, mirrors, brooms, etc) must use supports to prevent partially-full palletloads from tipping over on our sales floor.
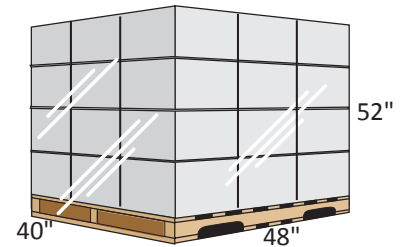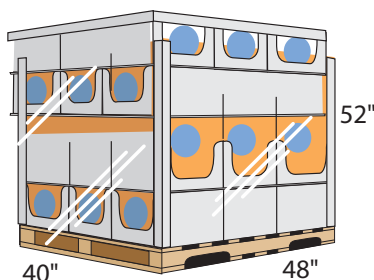
2.3

Unitized Requirements
Fully-enclosed corrugated containers

2.3.1 Unitload weight must not exceed 2500 lbs.

2.3.2 Unitload height must support double-stacking in-transit whenever our Whses/stores receive full unitload quantities and for ecommerce. *(If double-stacking exceeds shipable weight limits, unitloads can be up to 58" including pallet height.)*

If our Depots use clamping equipment to distribute single layers to Whses/stores, unitload height is limited only by the loadable height of in-bound shipping equipment.

2.3.3 Contain the unitload, and secure it to the pallet.

Stretchfilm must be uncolored, minimum .79 gauge wrapped three times or the performance equivalent.

No metal strapping, no metal buckles, no stretchable tape, no netting.

CAUTION: Anticipate shipping and handling dynamics to ensure unitloads will be properly contained and secured to the pallet at delivery.

2.4 Unitized Requirements - *Bags exceeding 10 lbs*

2.4.1 Unitload weight must not exceed 2500 lbs.

2.4.2 Palletload height must not exceed 50" (including pallet).

2.4.3 Layer sheet or tray required between bottom layer and pallet, and atop unitload.

2.4.4 Unitload contained and secured to pallet one of these ways:

   A) 1.2 mil one-side-cling puncture-resistant <u>uncolored</u> stretchfilm. At least three layers of film around the top third and bottom third of the palletload. Unitload must be secured to the pallet.

   B) Corrugated shroud fully enclosing palletload. Stretchwrap top-to-bottom, and secure to the pallet.
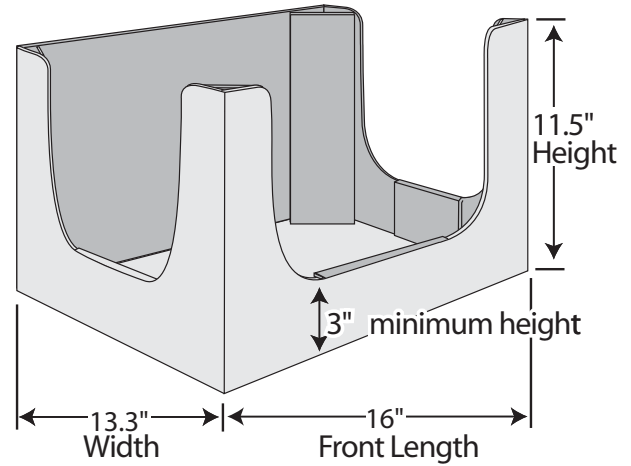
   C) Pallet-sized tray, minimum height of 12". Stretchwrap top-to-bottom, and secure to the pallet.

Anticipate shipping and handling dynamics to ensure unitloads will be properly contained and secured to the pallet at delivery.

3.0 Corrugated Master Display Modules, Trays or Shipping Containers
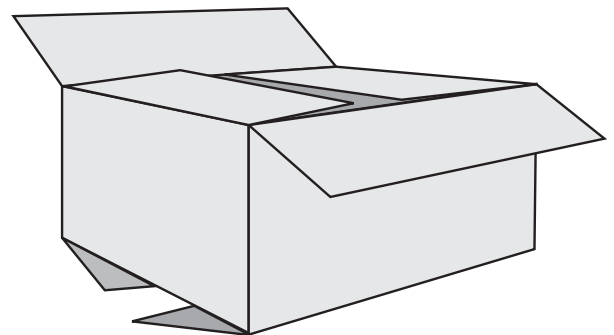
3.1
Master Display Module and Tray Specifications:

3.1.1 Ship products in a display module or tray only if necessary to transport and protect the product from damage. Master display module must be display-ready without knives or labor required to stock product.

3.1.2
Rev. 1/31/04
Tear front panels, plastic strapping, tear tape, telescoping lids and display module covers are not allowed.
Exceptions:
Telescoping lid or display module cover may be used if products are distributed in layer quantities.

3.1.3 Master display modules must incorporate a design feature that prevents the case above from nesting into the case below (i.e., triangle corners or wide shoulder stacking surfaces.)

3.1.4
Rev. 8/7/02
Master display modules and trays must have a minimum of 3" front panel height. 4" front panel height is recommended.
Exceptions:
 a.) If product is single stacked with a height equal to or less than 8", the minimum front tray height may be reduced to 2" if the remaining three sides are a minimum of 4".
 b.) If product is single stacked with a height equal to or less than 5", the product is exempt from the minimum front height requirements.

3.1.5
Rev. 3/15/05
Product bearing 100% of load weight may be contained, using a low tray, provided that it meets the requirements of 3.1.4.

3.1.6
Rev. 3/15/05
a.) When master display module/tray contains multiple sell units, the maximum dimensions allowed are 24" front length and 20" width.
 b) Use of large 48" x 40" pallet trays are NOT allowed. Exception: If 24 or less sell units on a layer, a large pallet tray may be used.

3.1.7 Maximum weight cannot exceed 40 lbs. Safety handling guidelines recommend case weight not to exceed 25 lbs.

3.1.8
Rev. 9/27/02
Center support dividers are required for large display boxes containing vertically unstable products such as mirrors, picture frames, bulletin boards etc.

3.1.9 Optimum display module size is 16" Front length x 13.3" Width x 11.5" Height for front end functionality and maximizing pallet cube.

3.1.10 Master display module or tray must be able to support product weight without buckling, independent of the structural support of the unitized pallet load.

3.1.11 Master display module presentation is as important as unit presentation at point of sale.

*Notation: All box measurements are outside dimensions.

Optimum Size (Generic Example Only. Side cut outs are not mandatory.)

3.2
Master Shipping Container Specifications:
(When display packaging is NOT required.)

3.2.1 Products must be shipped in fully enclosed corrugated shipping container with a Box Manufacturer's Certificate stamped on the bottom outside surface of each box.

3.2.2 Maximum weight cannot exceed 50 lbs when master case is of the size to be hand lifted.

3.2.3 MRA (Moisture Resistant Adhesive) is required for all corrugated packaging that is exposed to a moist, refrigerated environment.

3.2.4 Use of wax coated containers is restricted with the exception of crab, broccoli and asparagus.

See addendums for additional category-specific requirements.

4. BLISTER PACKAGING & VOUCHER CARDS *Revised May 2009*

These requirements do NOT apply to produce clamshells or unit-dispensing blister cards (as for pharmaceuticals and chewing gum).

| Card-and-Blister | Stretch Card | Blister Box | Blister Card | Voucher | Clamshell |

4.1 GENERAL COMMENTS & REQUIREMENTS

4.1.1 **BLISTER STYLE** – Costco prefers card-and-blister *(trapped blister)*, stretch card *(stretch pack)*, box-and-blister *(blister box)*, or blister card *(skin board or mock clamshell)* packaging to clamshells *(two-piece blister packs)*.

4.1.2 **SUSTAINABILITY OF MATERIALS** – All packaging component materials should be readily recyclable, compostable, or biodegradable by consumers in the areas where the product will be sold.

Rigid PVC plastic *(vinyl)* is not readily recyclable by consumers; therefore, **rigid PVC is not acceptable** *(see 4.2.1)*.

Virgin and recycled paper are equally sustainable environmentally. Virgin fibers offer greater strength - high-performance paperboard made primarily from virgin fiber often provides a sustainability advantage by enabling source reduction.

4.1.3 **SUPPLY CHAIN** – Our supply chain extends to our sales floor, where packaging and full-pallet displays must maintain their integrity during handling by Costco Members and employees. Conventional testing cannot predict failures on our sales floor. (For example, display trays that fail on our sales floor – by nesting, for example – often perform quite well during ship tests.) Engaging the expertise of a packaging engineer/designer who specializes in club design *(see 4.1.4)* can ensure that your packaging, unit (pallet) load, and trailer/container load meets Costco's requirements, is efficient and effective in production, and optimizes your Costco sales opportunity.

4.1.4 **STRUCTURAL INTEGRITY** – Packaging must comply with this and all areas of our Structural Packaging Specifications.

Costco does not give structural approval of packaging. Suppliers are responsible for the structural quality and integrity of packaging throughout the supply chain *(see 4.1.3)*. A packaging engineer/designer with specialization in both unit load and Costco's sales floor can ensure that packaging meets our requirements. (These engineers/designers are usually employed by box manufacturers. Their services are included in the price of the materials you purchase from their company.)
⊗ *Packaging non-compliant with our specifications is refused or otherwise considered unsaleable (see 4.1.6).*

4.1.5 **AESTHETICS** – Costco must approve the "look and feel" of packaging. Provide production-quality samples of each unique sell unit and display tray. *Costco approvals do not include packaging structural integrity (see 4.1.3).*
⊗ *Product is unsaleable (4.1.6) if we deem that the packaging shipped differs materially from the samples we approved.*

4.1.6 ⊗ **NON-COMPLIANCE** – Packaging non-compliant with our specifications, that differs materially from the samples we approved, that Costco's deems unsafe, may be refused or otherwise considered unsaleable, at Costco's discretion. Refused or unsaleable goods are the supplier's responsibility *(see your Costco Basic Vendor Agreement and our Standard Terms).*

4.2 PLASTIC COMPONENTS

4.2.1 Rigid PVC is not acceptable *(see 4.1.2)*.

Identify rigid plastic with the appropriate SPI resin code and common abbreviation. Place it on the exterior so it can be viewed without opening the package. SPI markings must comply with SPI guidelines, applicable laws, and FTC guidelines.
SPI Resin Codes: www.plasticsindustry.org   FTC Guides: www.ftc.gov/bcp

4. BLISTER PACKAGING & VOUCHER CARDS
Revised May 2009

4.2.2 Shape rigid plastic cavities appropriately to the product they hold. Product must be held securely and must not be able to move about as the package is handled. **(See also 4.3.7.)**

4.2.3 Structurally, plastic must be thick enough to hold the product(s) securely and resist damage throughout the supply chain *(see 4.1.3)*. Visually, plastic must have great clarity and must not show defects.

   During normal handling and over time:

- Rigid plastic must not crack, chip, shatter, shard. There can be no sharp edges or points that could cause injury. It must not easily bend, dent, or otherwise deform. There must be no visible defects (such as changes in gauge thickness, air bubbles, clouding, discoloration, or warping).

- Shrink film must not tear, puncture, or stretch out of shape. It must be taut and remain so throughout the supply chain and over time. It must not have visible defects (such as changes in gauge thickness, air bubbles, wrinkling or pleating, clouding, or discoloration).

⊗ *Plastic with cracking, sharp edges, or other defects that can cause injury is unsafe. At Costco's discretion, we consider unsaleable (see 4.1.6) entire product lots if we deem that some or all of the packaging is, or is likely to become, unsafe.*

4.3 FINISHED PACKAGES

4.3.1 Clamshells should not be used *(see 4.1.1)*.

4.3.2 Design finished package size to be proportionate to the product, its display tray, and the selling space available for the product. Your Costco Buyer can tell you if your proposed package size is acceptable.

4.3.3 Size the front and back appropriately to one another. They must line up exactly (there can be no misalignment).

4.3.4 Position product so the finished package's center of gravity prevents it from falling or leaning while on display.

4.3.5 Size cavity openings (die cut holes) proportionately to the product and plastic cavities within them.

4.3.6 Some products require security. Finished packages must be highly tear-resistant when they contain products requiring security. *Contact your Costco Buyer to find out if your product requires security. (See also 4.3.7)*
⊗ *The need for security is not sufficient reason to substitute a clamshell.*

4.3.7 **PLASTIC MUST BE SECURED SUCH THAT IT CANNOT BE PULLED FROM THE FINISHED PACKAGE UNTIL THE PACKAGE IS OPENED.** This applies to all blister package types (including box-and-blister). Exercise additional care with heavy goods and those requiring security *(see 4.3.6)*.
⊗ ***Suppliers are responsible for losses due to improperly secured plastic***. *At Costco's discretion, we may deem unsaleable entire product lots if we determine that the plastic is not properly secured in some or all finished packages (see 4.1.6).*

4.3.8 Seal finished packages fully on all sides and corners. Seals must remain intact throughout the supply chain *(see 4.1.3)*. "Easy-Open" features must maintain their integrity (and must not begin to open) during normal handling on our sales floor.
⊗ *Finished packages that are not properly sealed are unsaleable (see 4.1.6).*

4.3.9 Finished packages must remain rigid and maintain their intended shape, including flatness, throughout the supply chain *(see 4.1.3)*. Packaging must not bend or bow, delaminate, loose shape, crease, bulge, bubble, warp, or develop visual defects while on display and over time. *(See also 4.2.3)*

   (Extra-heavy-duty or laminated cardstock, corrugated inserts or exteriors, and/or over-sized rigid plastic flanges may be necessary. In packages containing multiple products, strategically position goods to inhibit bending while still optimizing aesthetic appeal.)
   See section 1.0 of Costco's Structural Packaging Specifications for stacking strength requirements.
   ⊗ *Failed structural integrity renders the package unsaleable (see 4.1.3 and 4.1.6).*

4.3.10 Engineer reusable packages (vouchers) to maintain their structural integrity and aesthetic appeal while
   sustaining handling by Costco Members and employees multiple times over an extended time.
   Contact your Costco Buyer for more definitive handling and time requirements for each voucher.

4. BLISTER PACKAGING & VOUCHER CARDS   *Revised May 2009*

4.4 DISPLAY TRAYS AND UNITIZATION

4.4.1   Display trays must comply with section 3.0 of our Structural Packaging Specifications. Unitized loads must comply with sections 2.0 and 1.0. Pay particular attention to stacking strength, recommended footprint, and display facing requirements. See 4.1.2 for paperboard sustainability guidelines.
   ⊗ *Display trays or unitization non-compliant with our specifications renders the product unsaleable (see 4.1.6).*

4.4.2   Interior display tray partitions must hold finished packages securely, especially while trays and packages are handled on our sales floor. Partitions should not be glued or otherwise semi-permanently attached to the display tray *(to better facilitate reuse of the tray as a carry-out box for our Members purchases).*

4.4.3   Slotted display trays should contain only as many partitioned slots as will be filled by product. (Any exceptions must be requested by Costco and cannot be assumed based on items or programs formerly shipped to Costco.)

4.4.4   Engineer display trays for <u>reusable</u> packages (vouchers) to maintain their structural integrity and aesthetic appeal while sustaining handling by Costco Members and stockers multiple times over an extended time.
   Contact your Costco Buyer for more definitive handling and time requirements for each reusable tray.

4.4.5   **Pallets must comply with section 5.0 of our Structural Packaging Specifications**.
   (Note that Stringer/GMA pallets are unacceptable.)
   ⊗ *Product on pallets non-compliant with our specifications is refused (see 4.1.6).*

4.4.6   See Costco's Loadable Dimensions and Standard Routing Guides for additional shipping and transportation guidelines.

Costco Wholesale Industries (CWI) provides contract packing for card-and-blister packaging and displays:

Karen Langston	*klangston@costco.com*	*619-205-3359*
Steve Bogan	*sbogan@costco.com*	*619-205-3356*
Frances Prado	*fprado@costco.com*	*619-205-3361*

5. PALLETS

For SAFETY and efficiency, our pallet standards are quite high, structurally and aesthetically.
Goods remain on their delivery pallets throughout Costco - to optimize overall cost, product condition, and efficiency.
Overstock is stored on delivery pallets, in open-span (no deck) pallet racking above selling stock.
At Costco Whses/stores, goods are displayed on their delivery pallets.
We encourage our suppliers to use the lightest weight, most durable pallets in the marketplace.

5.1 iGPS, PECO, OR CHEP USA BLOCK PALLETS ARE REQUIRED THROUGHOUT NORTH AMERICA.

a Over-land shipments must arrive palletized. This includes many imports – *see 5.3*.
b Applies to all deliveries and locations – including Business Centers, E-commerce, production and packaging sites.
c Only when iGPS, PECO, and CHEP cannot be used may Costco approve alternate pallets – *see 5.2*.
d We do not accept GMA/grade A stringers, CHEP stringers, CHEP Europe, or corrugated/paperboard pallets.

	CHEP	PECO	iGPS
	costcosupplier@chep.com	sales@pecopallet.com	info@igps.net
	USA 800-243-7255	USA 877-227-7326	USA 800-884-0225
Within CANADA	CHEP *block pallets*	PECO	iGPS
Within USA	CHEP	PECO	iGPS
Within Mexico	CHEP	PECO	iGPS
BORDER Crossing: CANADA-USA	CHEP *block pallets* *heat-treatment not required at Canada-USA border*	PECO	iGPS
BORDER Crossing: MEXICO-USA	CHEP-HT *CHEP & PECO require heat-treatment at Mexico-USA border*	PECO-HT	iGPS
EXPORT FROM: CANADA, USA, MEXICO	CHEP-HT *use CHEP-HT for all overseas Costco locations*		
IMPORT TO: CANADA, USA, MEXICO	CHEP-HT *see 5.3 for more information*		

5.2 PURPOSE-BUILT PALLETS

2019 JULY
5.2.1 Applies to any pallet not from iGPS, PECO, or CHEP, and all platforms or "feet" for equipment handling.

5.2.2 For SAFETY, must conform to our detailed technical specifications. Engineering and PDS™ software are required.
- *Most pallet providers lack the engineering expertise or software to comply with our safety needs. Walk Global can supply Costco-spec pallets in most areas of the world – email Packaging@WalkGlobal.com.*

5.2.3 Approval is required in advance – *see 5.4.2b*.
a Reasons Costco approves items to use Purpose-Built pallets:
- Oversized goods • Bolts or screws secure fixtures or goods to pallets • Pallet is included in the sale to our Member
- iGPS, PECO, and CHEP cannot supply pallets. (This is true in some overseas locations – *see 5.3.3*.)
  To minimize cost, we require iGPS, PECO, or CHEP whenever they can be used. This includes HT/heat-treated pallets.

2019 JULY
b **Approvals are specific by Costco item number, destination country, and palletizing location**.
- Each Costco item number requires its own approval.
- The same item shipping to Costco in multiple countries requires pallet approval for each destination country.
- The same item palletized in multiple locations requires separate approvals for each palletizing location.

c **Approvals are valid for one season or rotation. Long-term items require annual approval/renewal**.
Caution: Seek new approvals each season, and whenever adding an item, destination country, or palletizing location.

5.2.4 We do not participate in pallet exchange. We do not return pallets to suppliers/shippers.

5.2.5 *For more information, or to submit information for item pallet approval, email pallets@costco.com.*

5. PALLETS

5.3 IMPORTS AND EXPORTS

5.3.1 Shipments between Canada and USA
- *a* Must deliver on iGPS, PECO, or CHEP USA pallets *(unless we pre-approved Purpose-Built pallets – see 5.2)*.
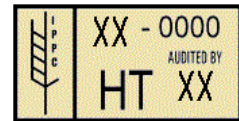- *b* (HT/heat-treatment is <u>not</u> required at border-entry, in either direction.)

5.3.2 Goods destined to cross the Mexico-USA border
- *a* Must deliver on iGPS, PECO-HT, or CHEP USA-HT pallets *(unless we pre-approved Purpose-Built pallets – see 5.2)*.
  - Includes goods destined to Mexico but delivered to USA Costco sites (Laredo or Mira Loma).
  - *(<u>HT/heat-treatment is required</u> for wood pallets at border-entry, in either direction.)*

5.3.3 Overseas imports <u>to</u> North America
- *a* NON-COSTCO FACILITY UNLOADS CONTAINERS:
  - Goods must deliver to Costco already palletized. There are three alternatives:
    - *#1* CHEP USA-HT pallets are often available overseas.
    - *#2* Once goods are in North America, stack on iGPS, PECO, or CHEP USA pallets (prior to delivery to Costco).
    - *#3* Costco may pre-approve Purpose-Built pallets – *see 5.2*.
- *b* COSTCO UNLOADS CONTAINERS:
  - We unload many containers without pallets. Contact our Buying team to explore this option.
  - To ship on pallets, there are two alternatives:
    - *#1* CHEP HT pallets may be available overseas. Only CHEP <u>USA</u>-HT or CHEP <u>UK</u>-HT pallets are accepted.
    - *#2* Costco may pre-approve Purpose-Built HT pallets built overseas – *see 5.2*.
    - · When containerized, pallet moisture content cannot exceed 19%.
    - · At border-entry, ISPM 15 regulatory compliance <u>is</u> required. Costco requires HT/heat-treatment, and marks on both long sides of pallets.

Sample of heat treated stamp

5.3.4 Overseas exports <u>from</u> North America
- *a* Use CHEP USA-HT pallets *(unless we pre-approved Purpose-Built pallets – see 5.2)*.
- *b* Pallet moisture content cannot exceed 19%.
- *c* Applies to all overseas Costco destinations, regardless of where goods are containerized or destined.

5.4 INSPECTION, NON-COMPLIANCE, PALLET REJECTION

5.4.1 Pallet quality is visually assessed at delivery.
- *a* For safety, we must consider pallets to meet these criteria:
  - ✓ Sound & Serviceable In Our Facilities   ✓ Properly Support Their Load   ✓ Dry & Uncontaminated
  - ✓ Will Continue To Meet These Standards While The Goods Remain On The Pallet
- *b* While we generally observe the inspection criteria of the brands in *5.1*, all pallets are subject to our visual assessment.
- *c* Visual assessment applies at each delivery, regardless of prior approval or acceptance of the same or similar pallets.

5.4.2 We reject:
- *a* Pallets failing our visual quality assessment.
- *b* Pallets intended for export but lacking HT/heat-treatment – *see 5.3*.
- *c* Purpose-Built pallets without, or that we consider do not conform to, our prior approval – *see 5.2*.
- *d* Pallets that appear to be iGPS, PECO, or CHEP with unauthorized modifications or repairs.

5.4.3 Goods on rejected pallets are refused delivery – or, at our discretion, we may transfer goods to acceptable pallets.

5.4.4 Suppliers are responsible for pallet rejection, including:
- *a* Delivery refusal, regardless of who arranges or pays for transportation – *see our Standard Terms*.
- *b* Border entry denial due to ISPM 15/HT non-compliance, regardless of importer-of-record – *see 5.3*.
- *c* Corrective actions. *Examples: Arrangements and costs for a 3rd party to transfer goods to pallets in 5.1, transportation arrangements and costs, detention or demurrage, border entry fumigation, import containers returned to origin (such as consumables that cannot be fumigated for border entry), and remediation charges from Costco.*

3.0 Corrugated Master Display Modules, Trays or Shipping Containers

3.1 Master Display Module and Tray Specifications:

(Modified)

3.1.1   Ship products in a display module or tray only if necessary to transport and protect the product from damage. Master display module must be display-ready without knives or labor required to stock product.
Exception: Products replenished by vendors on a direct store delivery do not require corrugated master display modules or trays if stocked on shelves or racks.

(Modified)

3.1.2   Gum/Mints products distributed in individual case quantities may be shipped in a master display module with a telescoping lid taped to the bottom on two sides.

3.3 Date Coding Requirements

3.3.1   Date coding is required on a minimum of two sides and the front of each display module or tray.

3.3.2   The format must read: Best Before mm/dd/yy (i.e. 06/12/ 05)

3.3.3   Font size must be a minimum height of 3/8".

Best Before:

06/12/ 05 ← 3/8" Tall

Month   Day   Year

Dept 14 Addendum Sundries

Modified or supplemented requirements to 1.0, 2.0, and 3.0. structural packaging specifications

Last Revision Aug 2018

3.0 Corrugated Master Display Modules, Trays or Shipping Containers

3.1 Master Display Module and Tray Specifications:

(Supplemented)
3.1.12 Display modules with stacking tabs are restricted.

3.3 Master display requirements for floor cleaning products (i.e. mops/brooms):

3.3.1 (RSC) Regular Slotted Container bottom with 2 1/4" roll over top flaps and pop in tray supports in all four corners. 32 ECT/200 lb Mullen test board, C flute minimum requirement.

3.3.2 Two corner cut trays with die cut holes at top and bottom to ensure vertical pole stability.

3.3.3 Each master displayer must be banded to its pallet, so the displayer cannot tip off the pallet in-transit or on our sales floor.

3.3.4 A corrugated shroud may be necessary for stability and protection of the goods in-transit and during handling.

2" roll over edge

2 3/8"

20"

2 3/8"

20"   24"

3.4 Bulk bin requirements for pet beds or throws:

3.4.1 44 ECT/ 275 pound Mullen test board, C flute minimum requirement.

3.4.2 Bulk bins must have smile display openings on the front 48" side and two 40" sides. Tear panels are restricted. Smile display openings must not exceed 50% of the front panel height. Cutouts must have full depth roll overs for enhanced panel strength.

3.4.3 Inner triangular corner supports fastened or adhesed to inside four corners required.

3.4.4 Corrugated shroud is required to completely enclose unitload. A deep-skirt pallet cap is required on top of unitload.
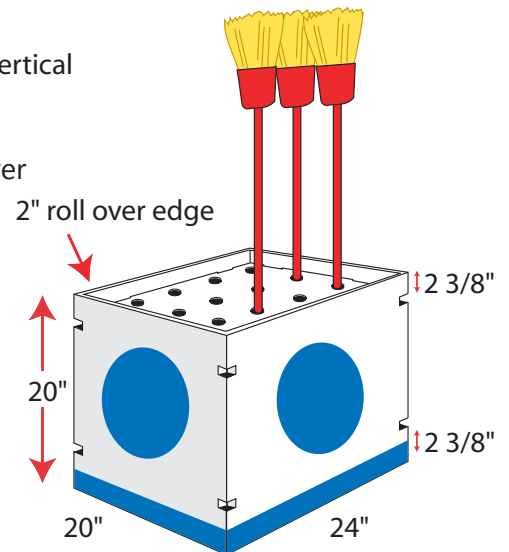
Triangular corner posts.

PETS   PETS

40"   48"
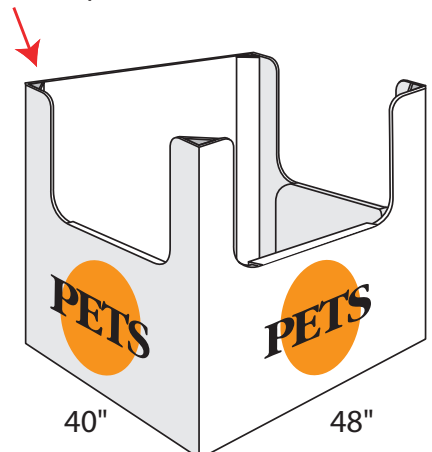
Dept.16 Addendum Liquor
Modified or supplemented requirements to 1.0, 2.0 and 3.0

Corrugate Master Display Modules, Trays or Shipping Containers

3.1   (Modified) Master Display Module and Tray Specifications:

3.1.1 - 3.1.11 Non applicable to Dept 16 Liquor.

3.2   Packaging Requirements for Beer

3.2.1   All beer packaging must have functional carry handles or side access holes.

3.3   Display Ready Tray Pack Specifications (when required for wine and spirits):

3.3.1   Tray pack must measure a minimum height of 50% of the total bottle height, not to exceed a maximum height of 65%.

3.3.2   Tray pack dividers/inserts must be removable. (No glue.) Dividers should not extend above the top edge of the tray pack. Prior buyer authorization must be obtained if dividers extend to the top of the bottle.

3.3.3   Corrugated tray pack specifications:
Minimum B or C flute 200 pound Mullen test board
(HSC) Half Slotted Container.

3.4   BATF Laws and Regulations:

3.4.1   All packaging and labeling must comply with BATF laws and regulations.

50-65% of bottle height
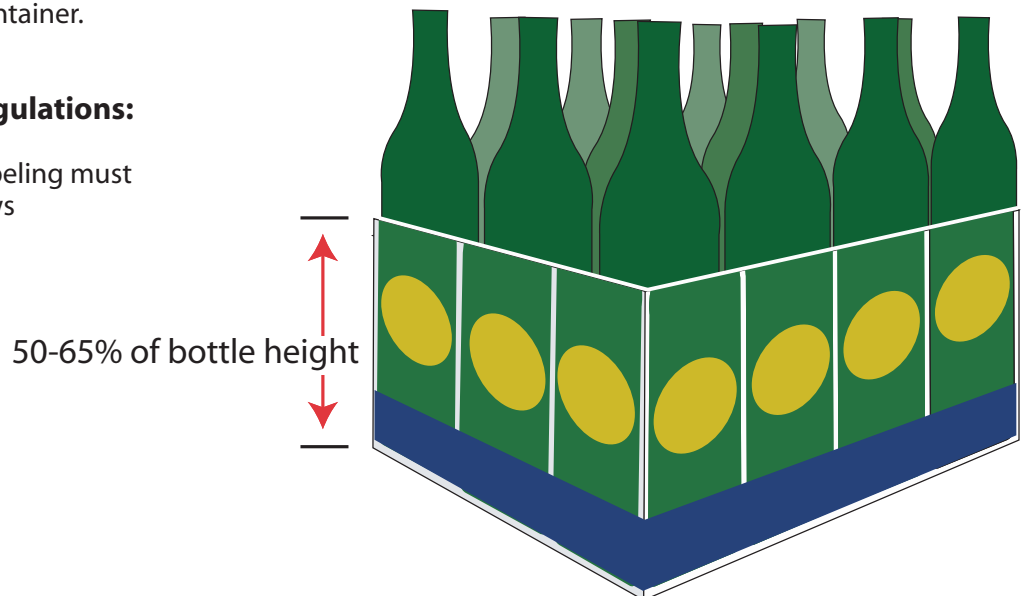
Dept 17/18 Addendum Cooler/Freezer

Modified or supplemented requirements to 1.0, 2.0 and 3.0 structural packaging specifications.

COSTCO WHOLESALE®

2.0 Unitized Pallet Requirements

2.1 Pallet Load Configuration Specifications:

(Supplemented)
2.1.5 Pallet loads are mechanically clamped for layer distribution. Master display modules should be oriented to sustain mechanical clamping on the 48" sides of the pallet. Hydraulic pressure gauge defaults to 2,500 pounds unless operator manually adjusts setting.

40"   48"
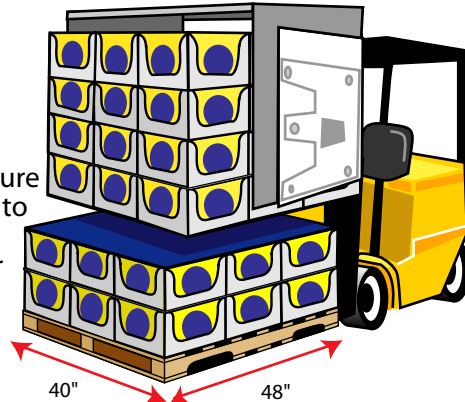
2.2 Unitized Pallet Requirements
(For products shipped in display-ready corrugated packaging.)

(Modified)
2.2.2 Pallet load height may exceed 52" when pallet loads are distributed in layer quantities.

(Modified)
2.2.8 Exposed front of master display modules may be turned toward center of pallet to protect from damage in shipping.

3.0 Corrugated Master Display Modules, Trays or Shipping Containers

3.1 Master Display Module and Tray Specifications:

(Modified)
3.1.2 Products may be shipped in display modules or trays with telescoping lids Telescoping lids must be taped to the bottom on two opposing sides.

(Supplemented)
3.1.12 Display modules with stacking tabs are restricted to allow product to be pulled forward in cooler.

(Supplemented)
3.1.13 Master display module must be able to withstand side compression without damage from mechanical layer clamping.

(Supplemented)
3.1.14 MRA (Moisture Resistant Adhesive) is required for all freezer and cooler corrugated packaging.

(Supplemented)
3.1.15 Raw, cut exposed corrugated edges with single wall construction do not perform well in a cooler/freezer environment. Rolled over edges, double wall construction, and wide stacking surfaces are recommended.
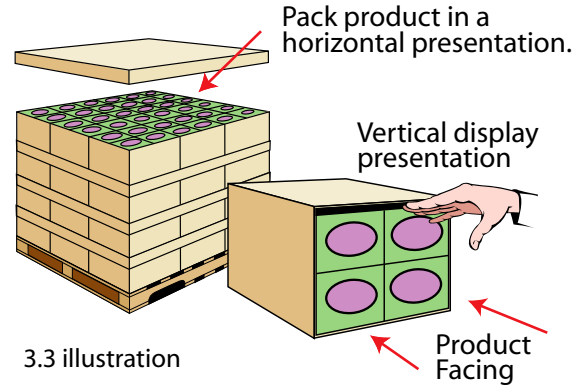
3.3 Display Module Guidelines for Carton-Style Primary Packaging.

3.3.1 Pack product in an open top HSC (half slotted container) in a horizontal presentation.

3.3.2 HSC (half slotted container) must have a minimum rating of 40 ECT/250 pound Mullen test board. Corrugation direction must be in vertical orientation for shipping.
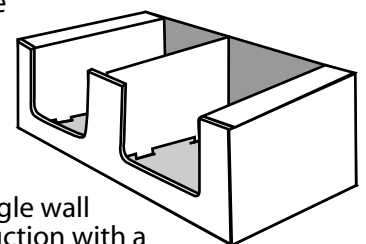
3.3.3 Add 4" deep pallet caps between product layers and top of each pallet load also. Telescoping lids on each case is acceptable.

3.3.4 Carton style product will be displayed vertically with front display panel in a vertical presentation. Allow additional 1/4" finger space at top of HSC presentation for product accessibility. Do not add U shape cut outs at top of box for accessibility.

Pack product in a horizontal presentation.

Vertical display presentation

3.3 illustration

Product Facing

3.4 Display Module Guidelines for Bagged-Style Primary Packaging.

3.4.1 Corrugated display modules containing bagged-style products must be able to support 100% of the load bearing weight of multiple display modules stacked up to 52" high (without using telescoping lids or layer sheets/caps.) Wide stacking surfaces are required as shown in the illustration to eliminate nesting problems in the freezer/cooler. Single wall side panel construction with a center divider has proven NOT to be sufficient for stacking purposes.

Dept 38 Addendum Home Furnishings
Supplemented requirements to Structural Packaging Specifications

COSTCO WHOLESALE®

38.1 Packaging Requirements for Upholstered Furniture: (i.e. Sofas, Loveseats)

38.1.a Corrugated end caps are required on both ends in a minimum of 200 pound single wall Mullen test board.

38.1.b Product must be shipped on a corrugated bottom tray with a minimum of 275 pound single wall Mullen test board.

38.1.c Attached legs must be wrapped in cohesive micro foam to prevent abrasion from corrugated tray.

38.1.d Detached legs must be contained in a separate bag.

38.1.e If product has exposed wood frame, wood trim must be protected with corrugated foam.

38.1.f Dust covers must be completely covered with poly film. Do NOT leave the dust cover exposed.

38.1.g Product must be wrapped in a minimum of 8 mil two ply, clear poly film or equivalent poly film and poly foam combination. If product is completely cartoned, one 3-4 mil poly cover between fabric and carton wall is acceptable.

38.1.h Secure with poly tape, or stretch film. No staples allowed.

38.1.i Product must be packaged so that it can be loaded in a trailer set perpendicular to the floor on either end. The product must be vertically stable independent of any other structural support.

38.1.j Identify "SOFA" versus "LOVESEAT" in bold 2-inch-tall print, below the Costco item number on the label. Special Orders must also have the customer name printed in bold 1-inch-tall print.

38.2 Tamper Resistant Master Carton Requirements
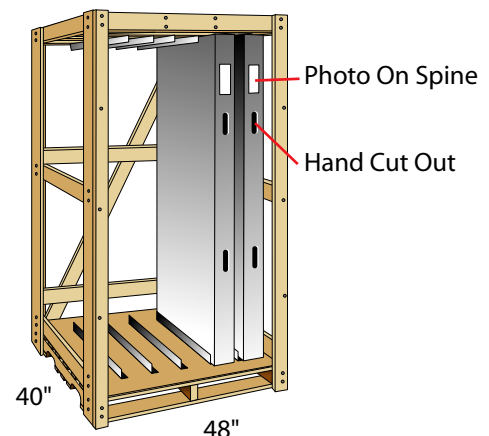### For office products, juvenile products, and home décor weighing 75 lbs and under.

38.2.a When tamper resistant packaging is requested by the buyer, master cartons require full overlap flaps on top and bottom.

38.2.b Flaps must be glued with a non-toxic, 100% biodegradable water resistant adhesive applied to the entire area of contact between flaps.
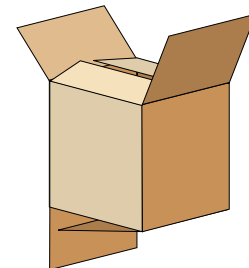
Example: Full overlap flaps top and bottom

38.3 Wood Pallet Side-Load Crate Requirements for Large Mirrors and Framed Art
(when required by buyer).

38.3.a Products must be shipped in a wood crate with dividers or plastic runners at top and bottom to separate and secure products into place.

38.3.b Wood crate must be attached to a 48" x 40" wood pallet that meets Costco's Wood Pallet Requirements. (See 5.0 Structural Packaging Specifications)

38.3.c A header label is required to show assortment. Each item must be identified with a photo sticker or illustration on the spine.

38.3.d A plastic strap handle or reinforced hand cut out must be added to each item for accessibility to slide product in and out of pallet crate.

Photo On Spine

Hand Cut Out

40"

48"

Dept 65 Addendum Produce
Modified or supplemented requirements to 1.0, 2.0 and 3.0 structural packaging specifications

2.0 Unitized Pallet Requirements

2.1 Pallet Load Configuration Specifications:

(Supplemented)
2.1.5 Master display modules should be oriented on the pallet to sustain mechanical clamping on the 48" sides for layer distribution.

2.2 Unitized pallet requirements
(Products in display-ready corrugatedbpackaging.)
(Modified)
2.2.2 Pallet load height may exceed 52" when pallet loads are distributed in layer quantities.
(Modified)
2.2.4 4" deep pallet cap is not required on top of pallet.
(Modified)
2.2.6 Stretch wrap is not required on products unless specified by buyer.
(Modified)
2.2.7 Each pallet load must have a minimum of three straps to secure the product on the pallet. Straps must be placed over top of the corner posts to prevent damage to the master display modules.

Stretchfilm can be used when approved by Costco. No metal straps, metal buckles, stretchable tape, or netting.

(Modified)
2.2.8 Exposed front of master display modules may be turned toward center of pallet to protect product from damage in shipping.(Supplemented)

3.0 Master Display Modules, Trays or Shipping Containers

3.1 Master Display Module and Tray Specifications:

(Supplemented)
3.1.12 MRA (Moisture Resistant Adhesive) is required for corrugated produce packaging that requires refrigeration.
(Supplemented)
3.1.13 Use of wax coated boxes are restricted except when shipping asparagus.
(Supplemented)
3.1.14 Stacking tabs may not exceed 3/4" height. Corrugate direction must be in a vertical orientation on a minimum of two sides. A minimum of two ply tabs are required, unless approved by the buyer.

3.3 Specifications for octagonal style bulk bin (when style is requested by buyer.):

3.3.1 Triple wall corrugated fiberboard is a minimum requirement for an octagonal bulk bin.
3.3.2 4" deep octagonal bulk bin lid with a minimum of 32 ECT C Flute is required on top of pallet load.
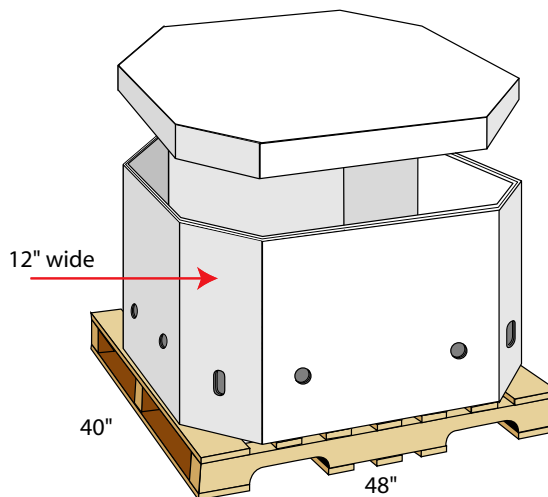
6.0 Trailer Loading

6.1 Trailer Loading Requirements:

6.1.1 Driver must pulp 50% of pallets per pick up. (Thermometer must be sterilized before pulping each item.)
6.1.2 Vendor must pulp 50% of pallets per pick up. (Thermometer must be sterilized before pulping each item.)
6.1.3 Trailer must be pre-cooled. Air temperature must be under 40 degrees Fahrenheit.
6.1.4 The following items must be checked prior to loading to ensure proper refrigeration: Air chute, walls, doors, floors, floor drains or any other conditions that exist that may affect proper refrigeration. A minimum of 8 inches air chute between the product and rear doors is required.
6.1.5 All cooler items must have a temperature recorder. The instrument number must be written on the bill of lading. Vendor at first pick up must install a temperature recorder. Note: On multiple pick-up loads, the vendor at the first pick-up and the last pick-up must each install a temperature recorder.
6.1.6 Product must deliver on pallets named in 5.1.1
6.1.7 Product must be loaded correctly (pinwheeled) and cannot come in contact with inside walls.
6.1.8 Use airbags to secure loads. Always use load locks to secure the tail end of the trailer.

IMPORTS TO NORTH AMERICA

Costco prefers to unload containers ourselves whenever feasible (whether or not Costco is the importer of record).

Email nlc@costco.com for guidance and advice regarding how to prepare imports unloaded by Costco, including how to load the containers.