

### 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.



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USA 800-243-7255



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USA 877-227-7326



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USA 800-884-0225

<b>Within CANADA</b>	CHEP block pallets	PECO	iGPS
<b>Within USA</b>	CHEP	PECO	iGPS
<b>Within Mexico</b>	CHEP	PECO	iGPS
<b>BORDER Crossing: CANADA-USA</b>	CHEP block pallets <i>heat-treatment not required at Canada-USA border</i>	PECO	iGPS
<b>BORDER Crossing: MEXICO-USA</b>	CHEP-HT <i>CHEP &amp; PECO require heat-treatment at Mexico-USA border</i>	PECO-HT	iGPS
<b>EXPORT FROM: CANADA, USA, MEXICO</b>	CHEP-HT <i>use CHEP-HT for all overseas Costco locations</i>		
<b>IMPORT TO: CANADA, USA, MEXICO</b>	CHEP-HT <i>see 5.3 for more information</i>		

#### 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](mailto: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.*
  - 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](mailto:pallets@costco.com).

2019  
JULY

## 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 not required at border-entry, in either direction.)

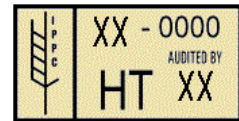
#### 5.3.2 Goods destined to cross the Mexico-USA border

- 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).
  - (HT/heat-treatment is required for wood pallets at border-entry, in either direction.)

#### 5.3.3 Overseas imports to 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.



Sample of heat treated stamp

##### 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 USA-HT or CHEP UK-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 is required. Costco requires HT/heat-treatment, and marks on both long sides of pallets.

#### 5.3.4 Overseas exports from 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 3<sup>rd</sup> 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.