

PALLETS SUPPLEMENTAL REQUIREMENTS

Originally
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August 2011

5.5 48"x40" WHITEWOOD BLOCK PALLETS BUILD REQUIREMENTS

5.5.1 General-use pallets not from a supplier named in 5.1.1 of our pallet policy:

- A Must be equivalent to PECO and CHEP block pallets (in structure and **performance**, per these specifications).
 - B Are not returned or exchanged.
 - C Must be a **better value than the pallets in 5.1.1** [see 5.1.3-B].
 - D Must be pre-approved by Costco [see 5.5.12]. Approvals must be renewed seasonally/annually.
- See 5.2 to determine if goods should instead ship on purpose-built (custom) pallets.

MAR 2013

5.5.2 For **COSTCO APPROVAL**, Costco suppliers must include in one email to nlc@costco.com and packaging@costco.com:

- A **An explanation why it is a BETTER VALUE to pay full price to purchase no-return/no-exchange compliant block pallets** (vs low-cost short-term leasing of one of the pallets of equal quality named in 5.1.1).
- B **PDS™ Report(s)** [see 5.5.3 & 5.5.12]. If pallets will be manufactured by different companies, or using different materials at different times, each unique pallet must be represented by its own PDS™ Report, and each Report must be approved.
- C Costco supplier name-of-record with Costco, Costco vendor number(s), and Costco department(s) for the goods that will ship on the pallets in the PDS™ Report(s), and your contact information (*phone numbers, email address, etc*).

5.5.3 **DESIGN pallets with PDS™ SOFTWARE, and manufacture accordingly.** Pallets must be **machine built** [see 5.5.10].

PDS™ (PALLET DESIGN SYSTEM™) is required to ensure design conformance with necessary safety and performance criteria. To source pallet providers with PDS™ email info@9BLOC.com or info@palletcentral.com.

5.5.4 See 5.4 regarding **NON-COMPLIANCE** and **VISUAL ASSESSMENT AT COSTCO**

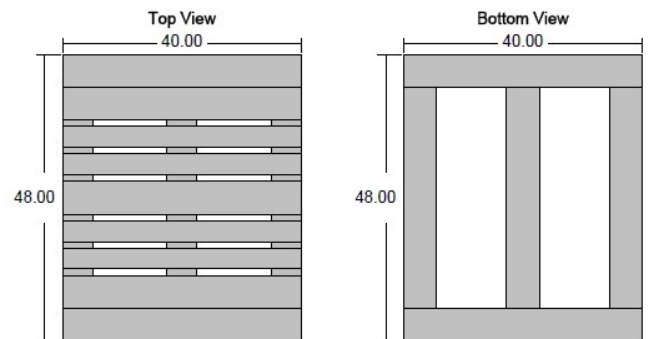
5.5.5 **PDS™ GENERAL SPECIFICATIONS**

-A **Classification:**

- **48"x40"**
- Block class, perimeter base. (full 4-way entry)
- Double-face, non-reversible
- **Multiple-use/reusable**
- New manufacture

-B **Lumber:**

- **New lumber** (*no processed/engineered wood or composites*)
- **Standard grade** or better
- Softwood must be **kiln-dried**
- **All wood for pallets shipping overseas must be dried to a moisture content of 19% or less** [see also 5.3.7].



5.5.6 **PDS™ STRUCTURAL SPECIFICATIONS**

- A Unit Load Type: Uniformly Distributed – Full Pallet Coverage
- B Unit Load Weight Variability: **49.5% Load Weight Coefficient of Variation** and **2.15 Max to Avg Load Ratio**
- C Support Condition:

- Racked Across **Width** (deckboards), **2 Beam Support**
- **34" span**
- **USER SPECIFIED Deflection Limit of .65"**
- **Maximum Load FOR DEFLECTION LIMIT no less than 3,250 lbs**

PDS™ REPORTS must include USER SPECIFIED DEFLECTION LIMIT and MAXIMUM LOAD for DEFLECTION LIMIT

5.5.7 **PDS™ DURABILITY/SERVICE LIFE SPECIFICATIONS**

- A Service Environment Conditions: **Average** Handling and Treatment; **Heavy-Duty** Loads; Dry Environment
- B Predicted **Cycles Until First Repair 6** or more; Predicted Service Life 24 or more cycles

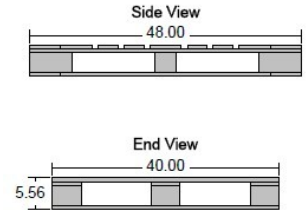
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5.5.8 COMPONENT LUMBER DIMENSIONS

- A TOP DECK *deckboard/stringerboard style; flush*
 - **11/16"** (.688") thick x 40" long
 - Lead-edges consisting of (at least) 2 **butted** boards; outermost lead-edge boards 5.5" wide
 - At least one other board 5.5" wide; all other boards at least 3.5" wide
 - Interboard gap/deckboard span no more than 1.75"; top-deck coverage at least 78%
- B BOTTOM DECK *perimeter-base; flush*
 - **CHAMFERED** (stop style; 0.34" deep)
 - 5 boards
 - **5.5"** wide x **11/16"** (.688") thick; 2 boards 40" long, 3 boards **37"** long
 - **JOINTS MUST BE BUTTED**
- C STRINGERS/STRINGERBOARDS
 - 3 boards
 - 5" to 5.5" wide; *must be same width as blocks*
 - **11/16"** (.688") thick x 48" long
- D BLOCKS
 - 5" to 5.5" wide; *must be same width as stringers/stringerboards*
 - **3.5"** tall
 - 6 outer blocks **7.5"** long; 3 inner blocks **3.75"** long



5.5.9 Pallets (and packing materials) shipping **internationally** must comply with 5.3. [See especially 5.3.4 thru 5.3.8]

5.5.10 **MAT (TOP DECK) MUST BE MACHINE BUILT.** Assembly with nail guns does not qualify as machine built. Clinched nails must be fully flattened. No fasteners can have sharp points exposed.

5.5.11 Pallets can have no markings or paint, except those required by regulations (such as ISPM 15 [see 5.3.4]).

5.5.12 **Pallet providers must supply a PDS™ Report to the Costco supplier seeking approval for whitewood pallets:**

- #1 Address all specifications, including:
 - **Racking capacity** [see 5.5.6-C] *NOTE: Reports must include user-specified deflection and corresponding max load.*
 - **Service Life Analysis** [see 5.5.7-B]
- #2 Use U.S. customary units.
- #3 Include an **EMAIL** address for the organization that **produced the PDS™ Report**.
- #4 Include the **company** name and **location** where the pallets will be **built**, and an **email** address for them.



5. PALLETS

Last Revision Sept 2018

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 damage, 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 US 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, and 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 #1/Grade A stringers, CHEP stringers, CHEP Europe, or corrugated/paperboard pallets.



costcosupplier@chep.com
800-243-7255



sales@pecopallet.com
877-227-7326



info@igps.net
800-884-0225

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

5.2 PURPOSE-BUILT (WHITE/BLOND/BROWN) PALLETS

5.2.1 **Must be approved in advance.** Approval involves a quality-assurance process.

5.2.2 Reasons Costco approves Purpose-Built pallets:

- a Oversized goods.
- b Display fixtures or bracing are secured to pallets with bolts, screws, or nails.
- c The pallet itself is included in the sale to our Member.
- d iGPS, PECO, and CHEP cannot supply pallets.
To minimize cost, we require iGPS, PECO, or CHEP whenever they can be used. (This includes HT/heat-treated pallets.)

5.2.3 For safety in our facilities pallets must be solid wood, and compliant with our comprehensive technical specifications.

- a Pallet providers must use PDS™ software. Providers can download our specs from the software licensor’s website.
- b Our specs explain the report pallet providers must furnish; suppliers email reports to packaging@costco.com.
Many pallet providers lack the software or expertise to design and build to our needs. To source Costco-approvable pallets, we suggest emailing Walk Global at packaging@walkglobal.com or 9BLOC at info@9BLOC.com.
- c Approvals are effective for one year. (A new approval must be processed to continue using Purpose-Built pallets.)
- d We do not participate in pallet exchange. We do not return pallets to suppliers/shippers.

5.2.4 For more information, or to submit a pallet for approval, email packaging@costco.com.

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Last Revision Sept 2018

5.3 IMPORTS AND EXPORTS

5.3.1 Shipments between Canada and USA

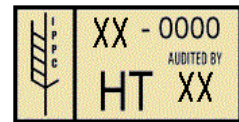
- a Must deliver on iGPS, PECO, or CHEP US pallets (*unless we pre-approved Purpose-Built pallets – see 5.2*).
- b (*HT/heat-treatment is not required at border-entry, in either direction.*)

5.3.2 Goods destined to cross the Mexico-USA border

- a Must deliver on iGPS, PECO-HT, or CHEP US-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 at border-entry, in either direction.*)

5.3.3 Overseas imports to North America

- a If a NON-Costco facility unloads the containers:
 - Goods must deliver to Costco already palletized. There are three alternatives:
 - CHEP US-HT pallets are often available overseas.
 - Once goods are in North America, stack onto iGPS, PECO, or CHEP US pallets (prior to delivery to Costco).
 - Costco may pre-approve Purpose-Built pallets – see 5.2.
- b If 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:
 - CHEP US-HT pallets may be available overseas.
 - Costco may pre-approve Purpose-Built HT pallets built overseas – see 5.2.
 - When containerized, pallet moisture content must be less than 19%.
 - At border-entry, ISPM 15 regulatory compliance is required. Costco requires HT/heat-treatment, and marks on both long sides of pallets.



Sample of heat treated stamp

5.3.4 Overseas exports from North America

- a Use CHEP US-HT pallets (*unless we pre-approved Purpose-Built pallets – see 5.2*).
- b When containerized, 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 Pallets are visually assessed at delivery.

- a For safety, we must consider pallets to meet these criteria:
 - ✓ Dry & uncontaminated
 - ✓ Sound & serviceable in our facilities
 - ✓ Properly support their load
 - ✓ 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 assessment.
- b White/blond/brown pallets without, or that we consider do not conform to, our prior approval – see 5.2.
- c Pallets intended for export but lacking HT/heat-treatment – see 5.3.

5.4.3 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: Costco charges, 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, and import containers returned to origin (such as food that cannot be fumigated for border entry).*