

5. PALLETS

For safety and efficiency, our pallet standards are quite high, structurally and aesthetically.
 Goods are displayed and sold on their delivery pallets, to reduce cost and product damage, and improve efficiency.
 Palletized overstock is stored above our sales floor in structural racking with no decking.
 We encourage our suppliers to use the lightest weight, most durable pallets in the marketplace.

5.1 GENERAL-USE PALLETS

5.1.1 Costco requires **iGPS, PECO, or CHEP** BLOCK pallets throughout North America.

JAN 2011

- A **GMA #1 STRINGER PALLETS** are **NO LONGER ACCEPTED** [see 5.1.3].
- B Includes **IMPORTS** and **EXPORTS** [see 5.3], **E-Commerce**, and deliveries from contract packagers and logistics services.
- C Includes all Costco facilities - Depots (distribution centers); Warehouses (stores); production and packaging sites, etc.



APPROX. 70 LBS WOOD
USA, CANADA, MEXICO
 SOME OVERSEAS IMPORTS

877-227-7326
sales@pecopallet.com



48 LBS PLASTIC
USA, CANADA, MEXICO

800-884-0225
info@igps.net



APPROX. 70 LBS WOOD
USA, CANADA, MEXICO
 SOME OVERSEAS IMPORTS

ALL OVERSEAS EXPORTS (AUSTRALIA, UK, EUROPE, ASIA)
 800-243-7255
costcosupplier@chep.com

OCT 2014

5.1.2 OverLAND deliveries must arrive palletized. This includes many **imports** [see 5.3].

5.1.3 In limited circumstances, we approve alternative whitewood pallets:

- A Purpose-built (custom) pallets [see 5.2].
- B Block pallets **EQUAL** to, but a **BETTER VALUE** than, those named in 5.1.1. [For **imports** or **exports** see 5.3]
Purchasing compliant whitewood block pallets is twice (or more) the cost of rental pallets (PECO, iGPS, CHEP). Since purchasing is rarely a better value, whitewood block pallets are rarely acceptable. [see also -D]
- C Email info@9BLOC.com to source pallet providers qualified to design and build to our specifications. All pallets except those named in 5.1.1 require prior written approval [see 5.4].
- D We do **not** participate in pallet exchange. This includes direct-Whs/store deliveries on whitewood, PECO, iGPS, or CHEP.

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5.2 PURPOSE-BUILT (WHITWOOD CUSTOM) PALLETS

Situations That Justify Purpose-Built Pallets:

- A **Oversized goods**, which we usually require to ship on custom pallets. (We **rarely** approve pallets smaller than 40"x40".)
- B Costco requires a support or display structure (rack, bin, etc) be **screwed/bolted to the pallet**.
 - #1 If the structure can be secured to a 48"x40" pallet with **cable/zipties or strapping**, use a pallet named in 5.1.1. Use **double** the quantity of cable/zipties or strapping you would otherwise use (for added safety/security). Joints should be under or inside the display, must not protrude, and must not pose an injury or tripping hazard.
 - #2 If the pallet must be custom sized, or the structure must be secured using screws or bolts, see 5.1.3-C.
 Email safety@costco.com for guidance and feedback on the display structure and how it's secured.
- C The pallet itself is included in **full-pallet-quantity sales to our Members**. Contact your Costco Buyer for confirmation.
- D The pallet companies in 5.1.1 will not supply pallets (due to potential contamination, volume of less than 50 pallets, etc).
- E **Overseas IMPORTS** that MEET ALL THREE CONDITIONS: [see also 5.3.2]
 - #1 The **OVERSEAS CONTAINER is UNLOADED BY COSTCO**.
 - #2 There is a compelling reason to palletize overseas.
 - #3 CHEP will not supply North American export pallets to your overseas factory.

DEC 2013

Email nlc@costco.com if you think your goods qualify to use purpose-built pallets.

Few pallet providers are qualified to design and build to our safety-oriented specifications. To SOURCE PALLETS, see 5.1.3-C.

5. PALLETS

5.3 IMPORTS AND EXPORTS

5.3.1 OVERLAND IMPORTS TO MEXICO, CANADA, OR U.S. (*shipments across a national border within America*)

- A Goods destined to **Mexico** (including deliveries to **Laredo**): Ship on pallets named in 5.1.1 AND that comply with 5.3.4.
- B Goods to be sold in Costco Whses/stores in **Canada** or the **U.S.**: (*does NOT include goods destined overseas [see 5.3.3]*)
 - #1 Ship on pallets named in 5.1.1.
 - #2 Shipments *between* Canada and the U.S. (in either direction) do NOT (yet) require compliance with 5.3.4.
 - #3 Shipments *FROM* any country in the Americas except Canada or the U.S. must comply with 5.3.4.
- C For custom (**oversized**, etc) pallets see 5.2 & 5.1.3-C.
- D To purchase standard-sized (48"x40") whitewood pallets see 5.1.3.

5.3.2 OVERSEAS IMPORTS TO NORTH AMERICA

- A If **CONTAINERS are UNLOADED at a NON-COSTCO SITE, goods must DELIVER PALLETIZED.**
 - #1 Use contact info in 5.1.1 to source **CHEP B4840A-HT** pallets overseas (well in advance).
 - #2 Unless goods are palletized overseas on CHEP, stack onto pallets named in 5.1.1 in North America.
 - #3 For purpose-built (**oversized**, etc) pallets see 5.2.
 - #4 To purchase standard-sized whitewood pallets see 5.1.3.
- B If **COSTCO UNLOADS the OVERSEAS CONTAINERS:** (*applies regardless of which company is the Importer-Of-Record*)
 - #1 Goods that are not oversized usually ship withOUT pallets. Email nlc@costco.com for guidance.
 - #2 To ship on pallets, use contact info in 5.1.1 to source CHEP B4840A-HT pallets overseas, or see 5.1.3-C.
 - #3 Goods that need custom (**oversized**, etc) pallets should ship overseas on purpose-built pallets. See 5.2 & 5.1.3-C.

5.3.3 OVERSEAS EXPORTS FROM NORTH AMERICA (*Applies whether or not Costco containerizes the goods*)

- A Deliveries to a Costco Depot destined overseas **must deliver to our North American Depot on export pallets.**

OCT 2014

- B Use **CHEP B4840A-HT (heat-treated)** pallets for **ALL overseas Costco locations.** To purchase whitewood pallets, see 5.1.3.
- C Goods that require custom (**oversized**, etc) pallets should arrive on purpose-built pallets. See 5.2 & 5.1.3-C.

5.3.4 ISPM 15 compliance is required by government customs on all imported raw wood, including pallets. Costco requires **heat-treatment.**, and **marks on BOTH 48" SIDES** (or both outer stringers [*see 5.2*]). (*see also www.ippc.int & 5.3.1-B#2*)

5.3.5 Overseas shipments cannot use pallets of engineered wood, paperboard, or plastic.

5.3.6 Pallets must comply with all other applicable import requirements of destination countries.

5.3.7 Wood pallets **SHIPPING OVERSEAS** must be **CONTAINERIZED at a MOISTURE CONTENT of 19% or less.** *Work with your pallet provider to understand how to prevent moisture content from exceeding 19% prior to containerization [see 5.3.8].*

5.3.8 Suppliers are responsible for issues relating to moisture content and ISPM 15 compliance (and other applicable regulations), throughout the supply chain. This **includes goods containerized by Costco.** [*see also 5.4*]

5.4 NON-COMPLIANCE AND VISUAL ASSESSMENT AT COSTCO

5.4.1 **Whitewood** (purpose-built or block) pallets without prior approval are rejected. [*see 5.1.3*]

5.4.2 Pallets for **export** that require, but are non-compliant with, ISPM 15 are rejected. [*see 5.3.4, 5.3.1-A, & 5.3.3-A*]

5.4.3 **Acceptance** of all pallets is **conditional on visual assessment**, regardless of prior approval or acceptance of the same pallets:

- A We must consider pallets sound and serviceable and that they properly support their load. **This includes pallets named in 5.1.1 irrespective of conformity to the inspection criteria published by those companies.**
- B We must consider whitewood pallets to conform to our approval [*see 5.1.3-C*].

5.4.4 Pallet **rejection** at delivery results in refusal of the goods. **Suppliers are responsible for delivery refusals** (including reworks), regardless of whom arranges or pays for transportation [*see our Standard Terms*]. At our discretion, we may instead restack goods onto acceptable pallets, at our supplier's expense.

5.4.5 If we later conclude that pallets were shipped in non-compliant condition, we may return all remaining goods (or, at our discretion, restack them onto acceptable pallets). Our supplier is responsible for all associated costs.

DEC 2013