



MEMORANDUM

From: Teresa Jones
Senior Vice President
Depots and Traffic

Date: February 22, 2023
Subject: Costco Pallet Policy

Please take a moment to review Costco's pallet policy. While the policy has not had recent changes, we feel that pallet quality and pallet safety are of paramount importance in Costco's network and suppliers play a critical role in the quality and safety of the pallets Costco receives.

Of note, section 5.4 outlines Costco's practice of performing a visual inspection of each pallet upon receipt and rejection of pallets that we consider not meeting certain criteria including:

- Sound & Serviceable In Our Facilities
- Properly Support Their Load
- Dry & Uncontaminated
- Will Continue To Meet These Standards While The Goods Remain On The Pallet

This includes pallets that come from approved sources, but may otherwise have been damaged or compromised prior to arrival to Costco. Pallets that do not pass Costco's visual inspection may be refused or reworked at the supplier's expense.

It is also the responsibility of the supplier to ensure that merchandise is properly secured to the pallet and blocked and braced to prevent load shift in transit.

Any questions can be sent to pallets@costco.com.



STRUCTURAL PACKAGING SPECIFICATIONS

NORTH AMERICA

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 Warehouses (selling locations), goods are displayed on the 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 Euro, or corrugated/paperboard pallets.



costcosupplier@chep.com

USA 800-243-7255



sales@pecopallet.com

USA 877-227-7326



info@igps.net

USA 800-884-0225

Within CANADA, USA, or MEXICO <i>heat-treatment is not required</i>	CHEP block pallets	PECO	iGPS
BORDER Crossing: CANADA-USA <i>see 5.3.2</i>	CHEP block pallets	PECO	iGPS
BORDER Crossing: MEXICO-USA <i>see 5.3.3</i>	CHEP-HT	PECO-HT	iGPS
IMPORT TO: NORTH AMERICA <i>see 5.3.4</i>	CHEP-HT	<i>Purpose-Built HT pallets only from Walk Global network</i> Packaging@WalkGlobal.com – USA 888-583-2479	
EXPORT FROM: NORTH AMERICA <i>see 5.3.5</i>	CHEP-HT <i>to Europe, Oceania, and China</i>	<i>Purpose-Built HT pallets only from Walk Global network</i> Export@WalkGlobal.com – USA 888-583-2479 <i>to Japan, Korea, and Taiwan</i>	

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5.2 PURPOSE-BUILT PALLETS

- 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, pallets must conform to our detailed technical specifications.
- 5.2.3 Approval is required in advance.
 - 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 from an overseas location.

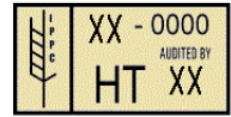
To minimize cost, we require iGPS, PECO, or CHEP whenever possible. This includes Heat-Treated (HT) pallets.
 - b **Purpose-Built pallet approvals are specific by item and destination country.**
 - Each Costco item number requires its own approval.
 - The same item shipping to Costco in multiple countries requires pallet approval for each destination country.
 - c Approvals are valid for one season or rotation, only for pallets from the source(s) of the document(s) we approved.
CAUTION: *Seek new approval each season, to add items or destination countries, or to use a different pallet provider.*
- 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.

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5. PALLETS

5.3 IMPORTS AND EXPORTS

- 5.3.1 **Most countries require wood pallets to be ISPM 15 compliant for border entry.** Costco requires ISPM 15 Heat-Treatment (HT). ISPM 15/HT marks must be on both long pallet sides and fully legible.
- 5.3.2 **Shipments between Canada and USA (in either direction)**
- ISPM 15 Heat-Treatment is not required at Canada/USA border-entry, in either direction.
 - iGPS, PECO, or CHEP USA pallets are required. (See 5.2 regarding Purpose-Built pallets)
- 5.3.3 **Goods destined to cross the Mexico-USA border (in either direction)**
- iGPS, PECO-HT, or CHEP USA-HT are required. (See 5.2 regarding Purpose-Built pallets)
 - Includes deliveries to USA Costco sites (Katy, TX or Mira Loma, CA) but destined to Mexico.
- 5.3.4 **Overseas imports to North America**
- NON-COSTCO FACILITY UNLOADS CONTAINERS:
 - Goods must deliver to Costco already palletized. Three alternatives:
 - CHEP USA-HT pallets may be available overseas.
 - Once goods are in North America, move to iGPS, PECO, or CHEP USA pallets prior to delivery to Costco.
 - Costco may pre-approve Purpose-Built pallets – see 5.2.
 - 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 HT pallets may be available overseas. Only CHEP USA-HT or CHEP UK-HT pallets are accepted.
 - Costco may pre-approve Purpose-Built HT pallets built overseas – see 5.2.
 - Caution: When containerized, pallet moisture content cannot exceed 19%.
- 5.3.5 **Overseas exports from North America**
- CHEP USA-HT pallets to **Europe** (UK, Spain, France, Iceland, Sweden), **Oceania** (Australia, New Zealand), and **China**
 - Purpose-Built HT pallets to **Japan, Korea, and Taiwan** Contact Walk Global Export@WalkGlobal.com
 - Applies to all overseas Costco destinations, regardless of where goods are containerized or destined.
 - Caution: When containerized, pallet moisture content cannot exceed 19%.



Sample of heat treated stamp

5.4 INSPECTION, NON-COMPLIANCE, PALLET REJECTION

- 5.4.1 Pallet quality is visually assessed at delivery.
- 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
 - While we generally observe the inspection criteria of the brands in 5.1, all pallets are subject to our visual assessment.
 - Visual assessment applies at each delivery, regardless of prior approval or acceptance of the same or similar pallets.
- 5.4.2 We reject:
- Pallets failing our visual quality assessment.
 - Pallets intended for export but lacking Heat-Treatment (HT) – see 5.3.
 - Purpose-Built pallets without prior approval or that appear non-conforming to the approved specification – see 5.2.
 - 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:
- Delivery refusal, regardless of who arranges or pays for transportation – see our Standard Terms.
 - Border entry denial due to ISPM 15/HT non-compliance, regardless of importer-of-record – see 5.3.
 - Corrective actions. Examples: Arrangements and costs for a 3rd party to transfer goods to approved pallets, transportation costs, detention/demurrage, fumigation, import containers returned to origin (such as consumables that cannot be fumigated for border entry), and remediation charges from Costco.