



OPERATING PRINCIPLES AND STANDARDS

FOR THE EXCHANGE OF EUR PALLETS

Prepared by ECR Hungary in co-operation and with the support of MÁV-REC Kft.



Preamble

A precondition for the fast, safe and efficient management of the product circulation is the use of exchangeable pallets which have been produced and repaired according to the EUR standards and which can be turned over to a maximum in the course of their life cycle.

To achieve this goal the signers of this document are striving to establish a close co-operation on the basis of mutual trust between suppliers, retailers and service providers on one side and MÁV-REC Kft. as the exclusive owner of the trade mark on behalf of MÁV Cargo and the producing and repairing companies on the other side.

The signing companies will – to the best of their knowledge – work together to improve the processes of exchanging pallets, to ensure proper and fair handling of the exchange between the different players and finally to improve the overall quality level of pallets.

To achieve this goal the following basic principles are being recommended:

1. Only those pallets will be regarded as exchangeable which correspond to the standards, bear the EUR logo and are certified by licensed domestic or international organizations.

This means that at any point in the supply chain (supplier, service provider, retailer) where activities are undertaken with the pallets (loading of products, exchange of pallets, delivery of empty pallets) those units which are inappropriate for exchange (broken, fake etc.) must be withdrawn from the pallet circulation and should be repaired by licensed companies or scrapped.

The licensed company will certify the repair by burning their identification code into the pallet and using the certification clam. The licensed company will provide a written document about all repaired items.

The companies who participate in the pallet circulation commit to offer only such pallets for exchange to logistics providers or their employees (first of all truck drivers) which correspond to the EUR standards and will not accept return pallets which are inappropriate for exchange.

The participating companies will – according to the current principles – train their employees (warehouse workers, truck drivers, goods-in, buyers) with the help of the services provided by MÁV-REC Kft. and will continuously monitor the implementation of the current principles and will take disciplinary measures should the principles be violated.

The participating companies may individually or collectively use the professional guidance and the trainings provided by MÁV-REC Kft. to fully implement current principles.

Using the services provided by MÁV-REC Kft. however is not an exemption from the responsibility related to potential misuse of the trade mark.



2. At any stage in the supply chain two quality levels will be used for EUR pallets:
 - appropriate / exchangeable pallets
 - inappropriate pallets

The definition of exchangeable pallets is identical with the EUR standard, (appendix 1). To support employees in relevant places of the supply chain to quickly assess whether the quality of the pallets meets the standards ECR will provide posters for the warehouses and leaflets for the trucks which contain precise but easy-to-read information about the quality standards.

Inappropriate pallets are if they contain broken elements, exhausted material, or if they are contaminated (i.e. do not allow the safe transport of goods), fake (repaired by a non-licensed company). These pallets partly might require scrapping, the other part can – after repairing by a licensed company – put back into the circulation of exchangeable EUR pallets.

3. The EUR pallets must be treated the same way as finished products, thus quality and quantity will be checked in an identical manner and irregularities will be documented - by destination - on the delivery note (szállítólevél). Only exchangeable pallets will be accepted, and products arriving on inappropriate pallets must be repacked or the pallets will not be counted as exchangeable.

4. Every participating company in the supply chain will define her own processes and responsibilities.
ECR has developed a process proposal which is available to all pallet users.

5. Arguments or differing interpretations have to be documented on the delivery note.

The following data must be provided:

- number of pallets being subject to different interpretation
- reason(s) of the argument where possible
- readable names of the involved employees and their signature.

6. Every signing company accepts, uses and communicates the EUR standards, and the compliance with the respective legal regulations. They will support MÁV-REC by promoting the use and compliance of the EUR standards in the circulation of pallets.

7. Every signing company will work exclusively with pallet manufacturers and repairing companies which are registered and licensed by MÁV-REC.
(appropriate contracts will be signed for purchase resp. repair of pallets)



8. MÁV-REC Kft. continuously supervises the activities of the licensed manufacturing and repairing companies.

- It will use all possible tools to take action against illegal practises of any participants (manufacturer, repairing companies, users, traders) in the pallet exchange process.
- It will efficiently communicate the respective regulations relative to the EUR pallets in such a way that it will accessible for all pallet users.

9. The signing companies will – under the leadership of ECR and MÁV-REC continuously monitor progress based on agreed KPI's.

The two organizations will meet on a quarterly basis, exchange informations and learnings and will agree on next steps and actions.

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