ECR Baltic RTI (Dairy Crates) unification initiative meeting
27th of May 2014 13:00 – 17:00

- Pieno Žvaigždės office, Perkūnkiemio g.3, 12127, Vilnius, Lietuva
Participants:
http://doodle.com/vd89wd9dzmm9vfv9

<table>
<thead>
<tr>
<th>Name</th>
<th>Company</th>
<th>Status</th>
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<tbody>
<tr>
<td>Edgars Pentjuss, ECR Baltic</td>
<td>OK</td>
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<tr>
<td>Violeta Brauklytė, Pieno žvaigždės</td>
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<td>Baiba Kopmane, Rimi Baltic</td>
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<td>Zane Silina, Rimi Baltic</td>
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<tr>
<td>Egidijus Midveris, Palink</td>
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<tr>
<td>Marius Dromantas, Zemaitijos pienas</td>
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<td>Tatjana Kornilova RIMI</td>
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<tr>
<td>Tomasz Kucharski, Container Centralen</td>
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<td>Rita Rozentale, Shoeller Allibert</td>
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<td>Justė Rimšelienė, Maxima</td>
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<td>Ernestas Jagminas, Pieno žvaigždės</td>
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<td>Rolandas Puodžiūnas, Pieno žvaigždės</td>
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<td>Ramūnas Jucius, Pieno žvaigždės</td>
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<td>Marius Kliauza, KG Group</td>
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<td>Mantas Molis, KG group</td>
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<td>Teemu Kilpiä, Prisma</td>
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<td>Žilvinas Zaviša, Rokiškio pienas</td>
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<td>Karla Polli, Bepco</td>
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<td>Margus Ārm, Bepco</td>
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<td>Margus Aaslaid, Bepco</td>
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<td>Zanda Auniņa, WSP SIA</td>
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<td>Katrīna Sajalinna, Shoeller Allibert</td>
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<td>Sandra Gegere, Shoeller Allibert</td>
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<td>Vytautas Ilgevicius, Maxima</td>
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<td>Jānis Ļubļinskis, GS1</td>
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<td>Kaspars Auniņš, WSP</td>
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<td>Saulius Reipšleger, Palink;</td>
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<td>Ben Brouwer, Container Centralen</td>
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<td>Count</td>
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Anti-trust caution and Competition Law Compliance

ECR Baltic will not enter into any discussion, activity or conduct that may infringe, on its part or on the part of its members and participants, any applicable competition laws. By way of example, members and participants shall not discuss, communicate or exchange any commercially sensitive information, including non-public information relating to prices, marketing and advertisement strategy, costs and revenues, trading terms and conditions and conditions with third parties, including purchasing strategy, terms of supply, trade programs or distribution strategy. This applies not only to discussion in formal meetings but also to informal discussions before, during or after meetings.

Message to new members, participants and/or people taking part for the first time: Please note that taking part in ECR Europe’s and ECR Baltic activities is subject to having read and understood ECR Europe’s EC Competition Law Compliance Program. If you have not done so, please do so now. http://www.ecr-baltic.org/f/docs/clcp.pdf
How we will work today?

• The working language is set to English, discussion and questions can be in Russian, ECR Baltic will help with translation were needed.

• Edgars Pentjuss, ECR Baltic to take minutes (summary of the meeting) communicated to ECR Baltic members

• For those who are first time at ECR Baltic meetings and/or not members yet, please consider to join ECR Baltic members family, please check ECR Baltic membership brochure 2014.
ECR Baltic membership 2014:

ECR Baltic encourages long-term co-operation between trading partners to better serve the consumer and drive costs out of the supply chain by developing industry best practices, promoting their adoption and providing education & guidance on key demand side & supply chain issues. It is committed to the implementation of ECR principles by Estonian, Latvian and Lithuanian companies and is a not for profit organisation. ECR Baltic is a member of ECR Europe, which is also a regional collaboration platform for the Global Consumer Goods Forum.

Principles of ECR:

Our mission
Promote the development & adoption of better practices for joint retailer/supplier initiatives. We encourage active and voluntary collaboration on non-competitive matters between all involved parties.

Our vision
Companies along the consumer goods value chain are “working together to fulfill consumer wishes better, faster, at less cost and in a sustainable way.”

ECR Baltic Members:

[List of member companies]

Status as of 31.12.2013

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Prisma
Aiga Priede,
RIM Baltic
Jevgenijs Semjajnoviks,
BLS
Janno Veskimäe,
Tere AS
Rafal Trydenski,
Unilever
Paulis Balbergs,
Royal Unibrew
Saules Bitinas,
Coca-Cola HBC Lietuva
Edite Strazdiņa,
Latvian Agricultural Cooperatives Association
Indre Lasioniene,
GS1 Lithuania
ECR Baltic General Manager
Edgars Pentjuss
ECR Baltic, BDR
Brivibas Street 149, Riga, LV-1012, Latvia
AGENDA: 13:00 – 14:30

13:00 Registration and competition law compliance and antitrust caution

13:15 Introduction and summary of the last meetings of ECR Baltic RTI unification and Lithuania subgroup by Edgars Pentjuss, ECR Baltic

13:45 Topics related to RTI unification and ECR Baltic recommendations:

- Feedback from other food retailers with substantial market share towards standardization;
- Still open question on crates for small orders (half size standard crates, currently not represented in general recommendations);
- Standard owned and rented crates (how to separate? Colour / RFID);
- Crates shrink, who are responsible in rented and owned SC business model?
- ECR Baltic recommendation on RFID tagging of standard crates?

14:30 – 14:50 Coffee break
AGENDA: 14:30 – 17:00

14:50 – 15:10 Container Centralen presentation on pooling of standard and collapsible crates by Tomasz Kucharski

15:20 – 15:50 Why there is a need to look for alternatives to the specified standard crates:
- Compliance with competition law requirements;
- The supplier’s packaging features a repeated analysis by Violeta Brauklytė, Pieno Žvaigždes

15:50 – 16:30 Alternative proposal presentation:
- Construction;
- Transportation options;
- Cost of the project;
- Terms of the project.

16:30 – 17:00 Discussion and closure
ECR Baltic RTI (Reusable-Returnable Transport Items) unification and pooling initiative (Baltic and Lithuanian subgroup)

**Brief and key competences:** Reusable Transport Items (RTI), crates, pallets and roll cages, represent the "Nuts and Bolts" of the FMCG Supply Chain. Different incompatible management systems for RTI (we have recognized more than 120 crate types in Baltics) have led to market fragmentation and supply chain inefficiencies - standardized methods are needed to organize their distribution and return.

**Aims:**
- Moving to the standard crates in meat & dairy flows in all Baltic market. Other flows possible.
- Specification and range of crates developed and agreed between suppliers and retailers.
- Generic crate specification (sizes), not owned by any solution provider

**Deliverables:**
- Survey on primary packaging fit in recommended (eliminated 3 types of crates for dairy plus 2 types for other produce). Recent feedback from Lithuanian working group shows: 2 more dairy crates needed.
- Set recommendations for the Baltic market supported by major retailers.
  **NEW:** Generic drawings for compatible RTI solutions development; simple excel tool available on request to compare carton v plastic RTI costs (ROI); Competition Law compliance assessment for the ECR Baltic RTI recommendations set up.

**Key milestones and future challenges:**
- Dissemination and offers of standardized RTIs systems with pooling (renting) option.
- (More than 7 systems besides Suppliers crates examined).
ECR Baltic RTI unification and pooling initiative, next steps?

Current recommendations based on general EUR size: 300x400 and 400x600

- Already available royalty free drawings of crates to develop compatible (nestable) solutions to existing systems;

- ECR to defend detailed standard before community (is it needed)?

[RTI standard proposal image]
ECR BALTIC RECOMMENDATIONS for
RTI (Returnable-Reusable Transport Items) for dairy, meat, bakery, fresh fruits and vegetables:

For RTIs, it is recommended to limit the number of crate types from more than 100 different types currently circulating in Baltics to 5-6. The crates must be compatible so that they can be piled up. The formats shall be limited to 60 x 40 cm and 30 x 40 cm as per recommendations below (height tolerance +/- 3 cm):
## Dairy produce 3 crates set

<table>
<thead>
<tr>
<th>External Dimensions (LxWxH mm)</th>
<th>Internal Dimensions (LxWxH mm)</th>
<th>Load Max</th>
<th>Primary packaging types:</th>
<th>Suitable for</th>
<th>Product categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>300 x 400 x 118 (H +/- 30)</td>
<td>285 x 380 x 92 (H +/- 30)</td>
<td>5 kg</td>
<td>75 mm diameter cups (18 pcs) 95 mm diameter cups: 12 pcs 200/250 ml pure packs: 15 pcs</td>
<td>Poly packs and other small packaging</td>
<td>Yogurt, cream, sour cream, cheese, quark, deserts, etc.</td>
</tr>
<tr>
<td>300 x 400 x 170 (H +/- 30)</td>
<td>285 x 380 x 144 (H +/- 30)</td>
<td>10 kg</td>
<td>95 mm diameter cups: 12 pcs 450/500 ml pure packs: 15 pcs</td>
<td>Poly packs and other small packaging</td>
<td>Yogurt, cream, sour cream, cheese, quark, deserts, milk, kefir, etc.,</td>
</tr>
<tr>
<td>300 x 400 x 290 (H +/- 30)</td>
<td>285 x 380 x 264 (H +/- 30)</td>
<td>20 kg</td>
<td>1000 ml pure packs: 15 pcs 1500 ml pure packs: 9 pcs 1000 ml plastic bottle: 12 pcs 1000 ml poly packs (pouch): 18 pcs</td>
<td></td>
<td>Milk, kefir, yogurt, jellies, etc.</td>
</tr>
</tbody>
</table>

## Meat, Bakery, Fruits & Vegetables crates set

<table>
<thead>
<tr>
<th>External Dimensions (LxWxH mm)</th>
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</tr>
</thead>
<tbody>
<tr>
<td>600 x 400 x 170 (H +/- 30)</td>
<td>560 x 360 x 144 (H +/- 30)</td>
<td>20 kg</td>
<td>Any packages that fit</td>
<td></td>
<td>Meat &amp; bakery products</td>
</tr>
<tr>
<td>600 x 400 x 240 (H +/- 30)</td>
<td>560 x 360 x 214 (H +/- 30)</td>
<td>25 kg</td>
<td>Any packages that fit</td>
<td></td>
<td>Fruits &amp; Vegetables</td>
</tr>
</tbody>
</table>

* approved by ECR Baltic working party on 11.04.2012, Riga
Competition law and antitrust compliance check: ECR EUR pallets assessment and RTI unification

• Participation in standard-setting is unrestricted
• The procedure for adopting the standard in question is transparent
• There is no obligation to comply with the standard
• Access to the standard is on fair, reasonable and non-discriminatory terms

• Conclusion: there is no doubt that they (in this case ECR RTI Standardization Initiative) can provide effective contribution to the market integrity giving economic efficiencies to all stakeholders.
Generic drawings for compatible RTI solutions development (5 standard + 2 small set)
Additionally proposed small crates set
Top of mind issues discussed during previous meetings:

• Feedback from other retailers (example: Norfa 600x400x150), using own crate:

• Manufacturers owned crates v. poolers. Cons.: shrinkage (steeling)
  Pro owning: historically preferred business model, own control, washing issues.

• Metal dollies to fit standard crates
Top of mind issues discussed during previous meetings:

• Primary packaging fit (2L plastic milk jars?)
• Washing test results BEPCO crates?
• Carton to standard RTIs (10-30%)

NEW:

• Standard owned and rented crates (how to separate? Colour / RFID);
• Crates shrink, who are responsible in rented and owned SC business model?
• ECR Baltic recommendation on RFID tagging of standard crates?
ECR Baltic recommendation on RFID tagging of standard crates?

6.2. Barcoding According to EAN 128 Standard

- GRAI (Global Returnable Asset Identifier) by GS1 as a barcode and RFID coded and EDI DESADV. Reference: http://issuu.com/ecrbaltic/docs/11_pub_2003_rti_organisational_recommendations_3?e=6462145/1364849
Marking of RTIs

Notwithstanding its type, an RTI is marked with a logo, a brand or some other labelling. For private RTIs this will be the responsibility of the owner. RTIs which are completely unmarked, can’t be used in an RTI pool.

In general there are three different ways of marking an RTI with a GRAI:

1. Human Readable: Both nGRAI and sGRAI are possible. This is often used as a back-up system for the barcode or the EPC tag. As a rule, human readable information must always be combined with one of these GS1 symbologies.

2. Barcode: The encoding of nGRAI and sGRAI in the GS1-128 barcode is possible, provided AI 8003 is used. The use of sGRAI is recommended as it is the only approach which makes possible tracking & tracing of RTIs.

3. EPC Tag: Only the sGRAI can be used.

It should be noted that the marking of RTIs is a complex issue of its own. Often, burning or engraving the information into the RTI is the only possibility, as such identifying it for its entire lifecycle.
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Thank you!

Edgars Pentjuss
+371 26546645
edgars@ecr-baltic.org