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Düsseldorf, 18.04.2012

Termination of cooperation with the UIC working group

Amendment to the labelling of EPAL Euro pallets and box pallets

Dear Sir/Madam.

At the beginning of 2013 we informed you that the UIC working group "Questions of palletisation" had terminated its cooperation with EPAL within the framework of EPAL's tendering and reassignment of the audit contract.

EPAL subsequently held extremely positive meetings with the individual member railways of the UIC, incl. DB Intermodal Services GmbH (Germany) and SBB Cargo (Switzerland). Regretfully, these respectful discussions did not move the UIC working group to alter its decision. In fact the opposite was true:

The UIC working group rejected EPAL's offer to participate in the meeting of the UIC working group in Vienna on the 3rd and 4th April 2013, although EPAL proposed to consult with all member railways of the UIC working group on the current situation. The UIC working group failed to make any definitive decisions regarding cooperation with EPAL. It is also not possible to reckon with any such decisions being forthcoming on a short-term basis, because the next meeting of the UIC working group is not scheduled until October 2013 or spring of 2014 and the UIC working group has already rejected a request by DB Intermodal Services GmbH in January 2013 to call an extraordinary meeting.

From EPAL's perspective it is therefore unfortunately not possible to anticipate a short-term clarification of the situation for EPAL's licence holders and the pallet users. Because it is not feasible to expect you, the licence holders of EPAL, and in particular also the users of EPAL cargo carriers, to continue under the ongoing uncertainty, the board of EPAL unanimously decided - at a meeting on the 16.04.2013 - to provisionally terminate all attempts at negotiations with the UIC working group, although to signal a willingness to continue with discussions in the future. The board of EPAL includes representatives of the National Committees of Belgium, Germany, France, Great Britain, Italy, the Netherlands, Poland, Switzerland and Spain, which are accountable for approx. 90% of the production volume and 97% of the repair volume of EPAL licence holders.



For your information we herewith enclose a copy of a press release that EPAL will be publishing together with the information provided.

In addition to this, we also wish to inform you of EPAL's further steps:

1.

The termination of cooperation with the UIC working group has resulted in EPAL making an amendment to the labelling of pallets and box pallets.

1.1

The "EUR/oval" mark on the right corner block of the pallets will be replaced with the "EPAL/oval" mark. EPAL Euro pallets will therefore bear the "EPAL/oval" mark on all four corner blocks in the future. At the same time, the mark of the respective national railway will be provisionally removed from the centre block without replacement.

1.2

EPAL box pallets will exclusively bear the "EPAL/oval" mark on the inscription plate. The further "EUR/oval" and "DB/Emblem" marks will be removed without replacement.

In the future, the "EPAL/oval" mark will appear in the positions that presently bear the "EUR/oval" mark.

1.3

The amendment to the labelling of pallets and box pallets shall come into effect on the 01.08.2013. EPAL shall therefore implement a change to the licence agreements in the coming days.

2.

Further amendments are not associated with the termination of cooperation with the UIC working group.

2.1

The quality conditions applicable to production and repairs will not change.

In the future production and repairs shall continue to be subject to the Technical Regulations of EPAL and the UIC Codices, most recently modified with respect to the labelling (see point 1). EPAL will revise the Technical Regulations with consideration to the reguisite labelling amendments.

2.2

EPAL Euro pallets and box pallets will naturally remain exchangeable in the future without limitation. Decisive for exchangeability is the presence of the "EPAL/oval" and/or the "EUR/oval" mark. It will therefore remain possible to exchange EPAL Euro pallets and box pallets with all past and future pallets and box pallets produced, which bear either both marks (EPAL/oval and EUR/oval) or one of these two marks.

2.3

The execution of quality controls, the logging of monthly reports and the billing of licence fees will be carried out by EPAL (as has been the case since the 01.01.2013).



If you should have any questions regarding this letter or the contents of the press release, we advise that you contact your EPAL National Committee.

You can naturally also get in touch with EPAL directly. EPAL will respond to all questions as quickly as possible. Your inquiry is guaranteed the most rapid response if you formulate your question in the briefest possible terms in German, English or French, and submit it by email.

You will receive further information shortly, including advertising material that you can use in order to inform your customers.

Yours faithfully,

Martin Leibrandt, CEO

Robert Holliger, President



In the future EPAL will be organising the Euro pallet exchange pool, independent of the UIC.

In the future, the European Pallet Association e.V. (EPAL) will be organising the open Euro pallet exchange pool independently of the international railway association (UIC).

EPAL has been active as an international pallet organisation since 1995 and guarantees the traffic of goods by means of standardised and quality-assured pallets and box pallets - through its member associations in 18 European countries and more than 1,600 licensed companies around the world.

The production of EPAL Euro pallets rose from 21 million in 1998 to over 67 million in 2012. The number of EPAL Euro pallets presently in circulation is over 450 million. This constant growth in production figures documents the increasing national and international significance of the open pallet exchange pool.

In autumn 2012 EPAL decided, on the basis of an international tender, to commission the globally active audit company Bureau Veritas with the quality assurance assignment. By separating the organisation of the exchange pool (EPAL) from the planning and evaluation of technical controlling (Bureau Veritas), the autonomy of quality assurance is guaranteed.

Bureau Veritas has been conducting the unannounced quality controlling of EPAL-licensed production and repair operations since January 2013. The transfer of the controlling assignment took place problem-free. In the 1st quarter of 2013 the licence holders of EPAL have already produced over 15 million EPAL Euro pallets under the quality controlling of Bureau Veritas.

In the past, the organisation of the open pallet pool by EPAL took place in cooperation with the UIC, although the latter played no operative role.

The UIC rejected the tender as well as the new assignment of the controlling contract - without citing grounds for this - and terminated cooperation with EPAL in December 2012 (see also the press release from EPAL dated the 09.01.2013). EPAL subsequently attempted to agree the continuation of cooperation within the framework of a number of meetings with the individual member railways of the UIC, including DB Intermodal Services GmbH and SBB Cargo. Despite amicable and mutually respectful discussions with DB Intermodal Services GmbH and SBB Cargo, the UIC rejected the opportunity to enter into negotiations with EPAL.

The board of EPAL, in which the nine European member associations of EPAL (B, CH, D, E, F, GB / IRL, I, NL, PL) are represented, therefore unanimously agreed - in a meeting on the 16.04.2013 - to cease all efforts to continue cooperation with the UIC in the foreseeable future. With effect from the 01.08.2013, EPAL shall be solely and independently responsible for the organisation of the open Euro pallet exchange pool.

However, EPAL is expressly offering the UIC - and in particular the member railways of the UIC - the opportunity to continue with cooperation and to mutually further the success of the open Euro pallet exchange pool. For the participants of the exchange pool, the separation of EPAL and the UIC will result in no changes:

The production and repair of pallets and box pallets by the licence holders of EPAL shall continue to be subject to comprehensive quality controls by the independent controlling company commissioned by EPAL (Bureau Veritas). The conditions applicable to the exchangeability of the pallets and box pallets - uniform and standardised quality through independent quality assurance - are therefore also guaranteed in the future.

The verification of the exchangeability of new pallets shall be provided in the future through labelling of the pallets with the "EPAL in oval" brand.

The previous additional "EUR in oval" labelling on the right corner block will be replaced with the "EPAL in oval" brand. New EPAL Euro pallets will therefore bear the "EPAL in oval" brand on all four corner blocks as of the 01.08.2013.

EPAL Euro pallets bearing the new and uniform "EPAL in oval" labelling as of the 01.08.2013 will naturally continue to be exchangeable without limitation with those pallets that were produced under the EPAL licence in the past, i.e. those bearing the "EPAL in oval" brand on the left corner block only. Pallets that bear the "EUR in oval" mark and the symbol of the national railways will also remain exchangeable. Verification of the exchangeability of old pallets shall therefore be determined in the future through the branding of pallets with the "EPAL in oval" or "EUR in oval" marks.

If quality-assured pallets should be produced in the future with the "EUR in oval" branding under licences issued by the UIC then these would also be exchangeable within the Euro pallet exchange pool. As is presently the case, users would also have the option here of commissioning the quality controlling company of EPAL with assessing the exchangeability of new pool pallets, which only bear the "EUR in oval" mark without the "EPAL in oval" mark. However, it will remain impossible to exchange pallets and box pallets that do not bear either the "EPAL in oval" or "EUR in oval" mark in the future.

It is therefore assured that users of exchangeable pool pallets will experience no disadvantages. The comprehensive exchangeability of quality-assured Euro pallets remains guaranteed. It will not be necessary to sort and separate EPAL and EUR Euro pallets.

With the unanimous decision of the board on the 16.04.2013, EPAL has set the course for the assured and successful future of the open Euro pallet exchange pool. EPAL remains the world's leading pallet organisation.

Only the use of EPAL Euro pallets guarantees the unrestricted and international exchange of pallets within the framework of transport and logistics. At the same time, EPAL also offers the users of EPAL Euro pallets a quality-assured and ecologically advantageous solution for the transportation of all types of goods.



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