North America Memo

HOW TO DONATE MATERIALS?

Do you want to supply materials to a charity, whether it is supported by the Saint-Gobain Foundation or not?

It is very simple. You just need to comply with a few rules:

• **MANAGING RISK**

We have product liability coverage for products manufactured in North America. The policies do not cover warranties, only third-party property damage, bodily injury, and personal and advertising liability claims resulting from manufacture, sale, or use of Saint-Gobain’s products. The coverage is subject to limits, notably a self-insurance retention or deductible.

For CertainTeed product claims in the United States, the policy has a self-insured retention of $5M per occurrence. Most individual claims would fall within the retention and would have to be funded by CertainTeed directly. In Canada the applicable policy has a deductible of $250,000 per occurrence, still a relatively high threshold for individual claims.

To manage risk we want to make sure the recipient organization (a) understands we are not providing a warranty, (b) does not re-sell the product, and (c) signs a release (a suitable release form is attached as Appendix A to this memo). We also need to recognize and be willing to accept the risk that we may not know where the product has been installed and cannot identify that the product was donated, possibly resulting in situations where a property owner makes a warranty or other claim for donated product.

• **TAX AND BUSINESS CONTROLS**

On a positive note, in the US and Canada corporations can deduct charitable contributions to qualified organizations.

This deduction is generally our cost in the inventory donated. In the US, we can receive an enhanced deduction for contributions of inventory equal to one-half the difference between cost and fair market value, as long as the total charitable deduction does not exceed two times cost. Charitable contributions of inventory are usually done by the individual legal entity, since the SGC Foundation does not own inventory.

In addition, in order to qualify for the enhanced deduction, the manufacturer of the inventory must make the contribution.
When inventory is donated, a “Product and In-Kind Donations Request” form should be completed by the business and forwarded to the delegation Tax Department. This form assures that an appropriate business head/officer approves the inventory contribution and allows the tax department to confirm that the recipient organization is a qualified charity.

[Access the donation contract template.]

If you have any questions about donations, please do not hesitate to reach out to a Delegation Risk Management, Tax or Legal team member as appropriate.