

# Maximizing Value of Unsold Inventory



**RETAIL INDUSTRY  
LEADERS ASSOCIATION**

May 15, 2020

# HOUSEKEEPING REMINDERS

## **Everyone is muted upon entry**

- This reduces background noise during the presentations.

## **Recording**

- The slide presentations are being recorded and will be housed on RILA's member only site for future views; the open Q&A discussion at the end of the webinar will not be included in the recordings

## **Posing a question/commenting – two options**

- Option 1 - Use the Q&A box at the bottom of the tool bar to pose questions or comments. These will go directly to the panelists and moderators only.
- Option 2 – Click on the “Raise your Hand” Icon at the bottom of your tool bar to request to be unmuted so that you can verbally ask a question.
- Use either Option 1 or Option 2 to ask questions throughout the various presentations or during the Q&A session at the end of the webinar.

# ANTITRUST STATEMENT

RILA believes strongly in competition. Our antitrust laws are the rules under which our competitive system operates. It is RILA's policy to comply with both the letter and the spirit of antitrust laws. This Antitrust Statement has been adopted to avoid even the appearance of impropriety under the antitrust laws.

At any association meeting, participants must avoid any discussion of the following subjects in order to avoid even an appearance of impropriety:

- **Do not** discuss current or future prices, price quotations or bids, pricing policies, discounts, rebates, or credit terms.
- **Do not** discuss cost information such as production costs, operating costs, or wage and labor rates.
- **Do not** discuss profits or profit margins, including what is a "fair" profit margin.
- **Do not** discuss allocating markets, territories, or customers.
- **Do not** discuss current or future production or purchasing plans, including plans to take facility downtime, production quotas, or limits on output.
- **Do not** discuss refusing to deal with any suppliers, customers, or competitors (or any class or type of suppliers or customers).
- **Do not** require or pressure any supplier, customer, or competitor to adopt any particular actions or policies.
- Never agree on any aspect of future pricing or output.

Do not engage in prohibited discussions before a meeting or after a meeting is over. These antitrust guidelines apply not only in formal RILA meetings, but also in hallways, casual conversations, phone calls, emails, text messages, cocktail parties, golf outings, or any other setting that is related in any way to the RILA. If you have questions or concerns, or if you are uncertain about the propriety of any subject of discussion or proposed activity, you should stop the discussion immediately and bring the issue to the attention of RILA staff or consult your company's general counsel.

# AGENDA

- Strategic Inventory Management Strategies
- Reduce 2021 Inventory Costs by Holding 2020 Merchandise for Future Sale
- Increase Revenue by Liquidating Unsold and Excess Merchandise
- Do Good, Give Back – Donate Products to Charitable Organizations
- Tax Considerations for Donations
- Alternative Disposal – Repurposing and Recycling Products
- End of Product Life Cycle – Merchandise Destruction or Disposal
- Recouping Custom Duties Paid on Destroyed Merchandise
- Q&A

# Strategic Inventory Management Strategies



**Tom Enright**

*Vice President of Supply Chain Research,  
Gartner*

# POLL QUESTION

*Strategic Inventory Management  
Strategies*

What options are your company considering for seasonal/unsold inventory? (check all that apply)

- Keep for next year / future
- Liquidate
- Donate
- Recycle/repurpose
- Destroy

# **Covid19** **Inventory** **Management** **Strategies**

Tom Enright - Research VP

## PROBLEMS KEEP MOUNTING

STORES CLOSED

EXCESS INVENTORY

UNSEASONAL INVENTORY

FURLOUGHED STAFF

INCREASING RETURNS

SATURATED LIQUIDATION CHANNELS



## EXIT PLAN

INNOVATION

CALCULATED RISKS

ACCELERATED PILOTS

COMPETITIVE GAINS

COST CONTAINMENT

**SOLVING INVENTORY  
ISSUES REQUIRES THE  
USE OF MULTIPLE  
APPROACHES**

**SELL  
MOVE  
RECIRCULATE  
CANCEL**



# SELL - TACTICAL

## FULL-PRICE TACTICS

- Offer full assortment on-line
- Develop or expand pick-up & delivery services
- Create temporary darkstore fulfillment
- Optimize attachment sales & basket size
- Create grocery pop-up partnerships
- Develop marketplace presence

## REDUCED PRICE TACTICS

- Multibuy Promotions & Markdowns on-line
- Disposal in bulk to wholesalers or jobbers
- Create outlet retailer pop-up partnerships



# SELL - STRATEGIC

- Expand market penetration through increased consumer order fulfilment services - BOPIS, Curbside, Ship from Store
- Create multi-retailer self-service stores
- Develop in-store grocery partnerships
- Launch Outlet stores to clear excess merchandise



# MOVE

## **MUCH INVENTORY WILL BE IN THE WRONG PLACE**

Movement cost must be de-prioritized in the wider context of ultimate realizable value over time:

- Full-price order fulfilment
- Market launch or expansion opportunities
- Sustainability and avoidance of landfill



# RECIRCULATE

## FUTURE ASSORTMENTS

- Reposition products into future seasons

## RETURNS

- Prioritize best-sellers and exchanges
- Develop realizable revenue approach
- For non-priority product
  - Extend consumer refund window
  - Divert to manufacturer
  - Donate to charitable causes



# CANCEL

Future seasonal assortments may be incomplete, slow recovery and extend issues into 2021.

## FLEXIBLE OPEN TO BUY SPEND NEEDED

- Use raw materials for alternative products
- Re-assign production capacity to alternative products
- Pay for production not to be completed
- Pay supplier to dispose of products



# THANK YOU

Tom Enright  
Vice President of Supply Chain Research,  
Gartner  
[Tom.Enright@gartner.com](mailto:Tom.Enright@gartner.com)



Reduce 2021 Inventory Costs by Holding  
2020 Merchandise for Future Sale

# Increase Revenue by Liquidating Unsold and Excess Inventory



**Tyler Grundmeier**

*Vice President of Sales,  
Optoro*



**Brian Plott**

*Director of Reverse Logistics,  
Best Buy*



RILA Webinar

# The Impacts of COVID-19 on Liquidating Unsold and Excess Merchandise

May 15, 2020



# COVID-19's Impact on Returns

---



**In these uncertain times...** apparel brands have shown customers they're in this together by extending online return windows on top of Black Friday-esque discounts. It's a nice customer service touch, but it encourages shoppers to act on their silk pajama buyers' remorse.

As **stores reopen**, Optoro expects IRL returns will spike. Before the pandemic, pushing in-store returns saved retailers on shipping expenses. Now, it'll cost them.



While retail analysts **are comparing** the current level of discounting to Black Friday, and Target's online sales are **outpacing Cyber Monday**, some anticipate another holiday-inspired retail phenomenon: bloated returns, which could place added stress on an already-under pressure e-commerce infrastructure.



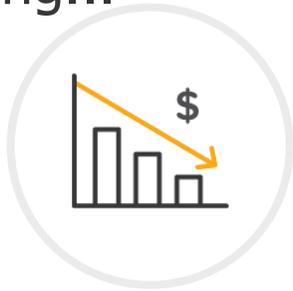
RETAIL

**Retailers face another challenge during coronavirus: Handling returns**

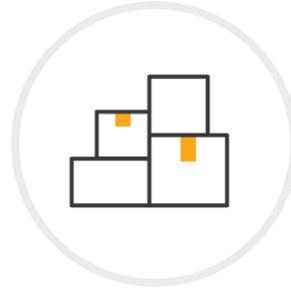
# Liquidity and ReCommerce is Priority after COVID-19

---

Establishing a resale operation in the current environment is imperative, but challenging...



**Retailers  
extremely short  
on cash**



**Lots of excess  
inventory and space  
constraints**



**Limited established  
channels**

Having a reliable resale strategy is essential to **efficiently moving large quantities** of inventory, while **preserving brand integrity** and **maintaining recovery**.

# POLL QUESTION

*Liquidating Unsold and Excess Inventory*

In addition to employee safety considerations, what is your top liquidation consideration post-COVID-19?

- Maximizing gross recovery
- Balancing velocity/capacity
- Brand protection
- Recycle/repurpose
- Managing operations/logistics costs

# How COVID-19 Changed Best Buy's Approach to Liquidation

## Best Buy's Pre-COVID Priorities

- Diverse channel set for disposition
- Predictable recoveries for product categories and conditions
- Transparency in logistical costs
- Feedback loop for recovery and secondary market considerations

## Best Buy's Post-COVID Priorities

- Op model with new safety standards
- Managing velocity/capacity
- Preserving pre-COVID recovery

# Best Buy's Reverse Supply Chain Looking Forward

---



**New disposition capabilities  
& sales channel  
enhancements**



**Product preservation and  
efficient movement through  
the supply chain network**



**Continued adaptability as the  
retail op model evolves**

# The Impact of COVID-19 on ReCommerce

---

## Secondary Markets

Strong demand on online channels

**+177%**

increase in units sold within 1 day of listing on ReCommerce channels

## White Label

More brand-protective retailers seeking white label solutions



## Capacity

Brands and retailers seeking the flexibility to solve for short term capacity issues while also building longer-term strategies



# Key Takeaways

---

## How retailers can be set up for success post-COVID-19

- Expect a sudden spike in returns once stores reopen
- Establish a strong ReCommerce strategy as a way to manage the increased volume of returns
- Ensure returns strategies reflect new patterns of customer behavior and demands

**Top brands and retailers use Optoro's ReCommerce solution to unlock maximum value on excess and returns. **We're here to help!****

# Thank You

---



**Tyler Grundmeier**  
Vice President of Sales,  
Optoro  
tgrundmeier@optoro.com



**Brian Plott**  
Director of Reverse Logistics,  
Best Buy  
Brian.Plott@bestbuy.com

# Do Good, Give Back – Donate Products to Charitable Organizations



**Shari Rudolph**

*Chief Development  
Officer and CMO,  
Good360*



**Jaclyn Allen**

*Director of Corporate  
Sustainability, Guess? Inc.*



**Lisa Davis**

*Sustainability  
Manager, IKEA U.S.*



# Product Donations: Transform Excess Inventory

Shari Rudolph  
Chief Development Officer & CMO

[shari@good360.org](mailto:shari@good360.org)



# POLL QUESTION

*Product Donation*

What perceived barriers or obstacles does your company face when evaluating whether to donate goods?

- Low capacity of resources – challenges managing logistics and delivery of goods
- Identifying need – uncertain where to send the goods
- Lack of transparency –lack internal resources and expertise to properly vet the charities
- Brand protection – concern that product may end up on online auction sites or flea markets, or returned to stores
- We have not explored making donations / I am not sure



# Good360's Mission



**\$9 BILLION+**

in product  
distributed



**400+**

corporate  
partners



**90,000+**

nonprofit  
members



**37 YEARS**

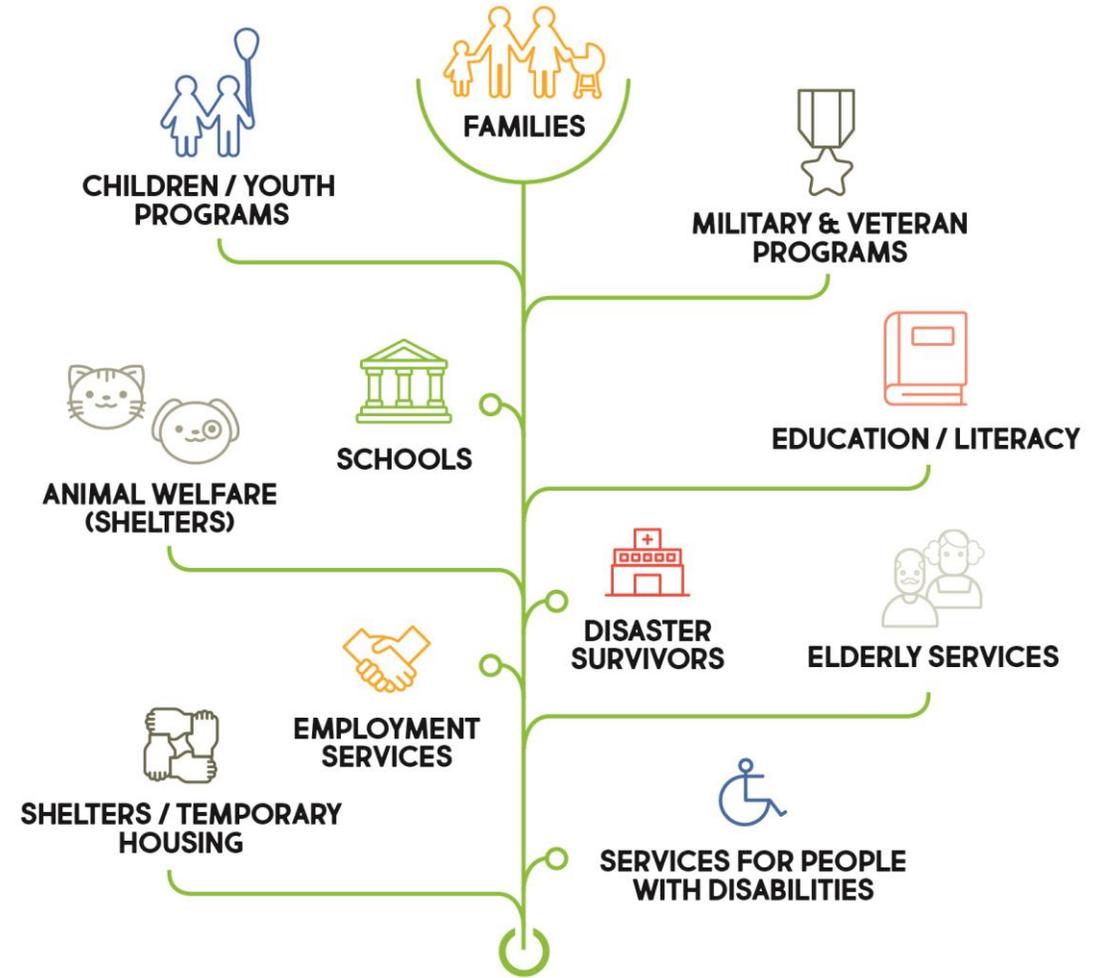
of purposeful  
giving





# Good360 and Partners: Forecasted 2020 Impact

**\$500  
MILLION**  
in needed goods



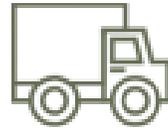


# How Good360 Distributes Goods



**National  
Distribution  
Center  
(Omaha, NE)**

—  
Cartons  
and  
pallets



**Direct  
Truckload  
Program**

—  
Point-to-point  
coordination  
of truckloads  
and LTL



**Retail  
Matching  
Program**

—  
Match stores  
with local  
nonprofits  
(one-time &  
ongoing)



**Managed  
Programs**

—  
Customized;  
multiple  
elements



# State of the Donations Landscape

- The need is significant ... and growing
- Wide variety of products can be donated
- Nonprofits are facing uncertainty
- Some individual nonprofits may not be able to accommodate large volumes
- Nonprofits focusing on needs & may not be able to take risks



# POLL RESULTS

## *Product Donation*

What perceived barriers or obstacles does your company face when evaluating whether to donate goods?

- Low capacity of resources – challenges managing logistics and delivery of goods
- Identifying need – uncertain where to send the goods
- Lack of transparency –lack internal resources and expertise to properly vet the charities
- Brand protection – concern that product may end up on online auction sites or flea markets, or returned to stores
- We have not explored making donations / I am not sure



# Why Donate Through Good360?

## Social Impact

We transform lives by making sure the greatest good is done through a network of 90k nonprofits

## Risk Mitigation

Good360 vets all member nonprofits to ensure donations are used as intended

## Positive Business Impact

Demonstrate your leadership in responsible business practices to key stakeholders

## Potential Financial Benefits

Donation may be less expensive than other disposition options; possible tax benefits

## Operational Ease

Good360 handles logistics and coordination of donation placement & distribution

# Good360 Partners with Hundreds of Companies



GUESS

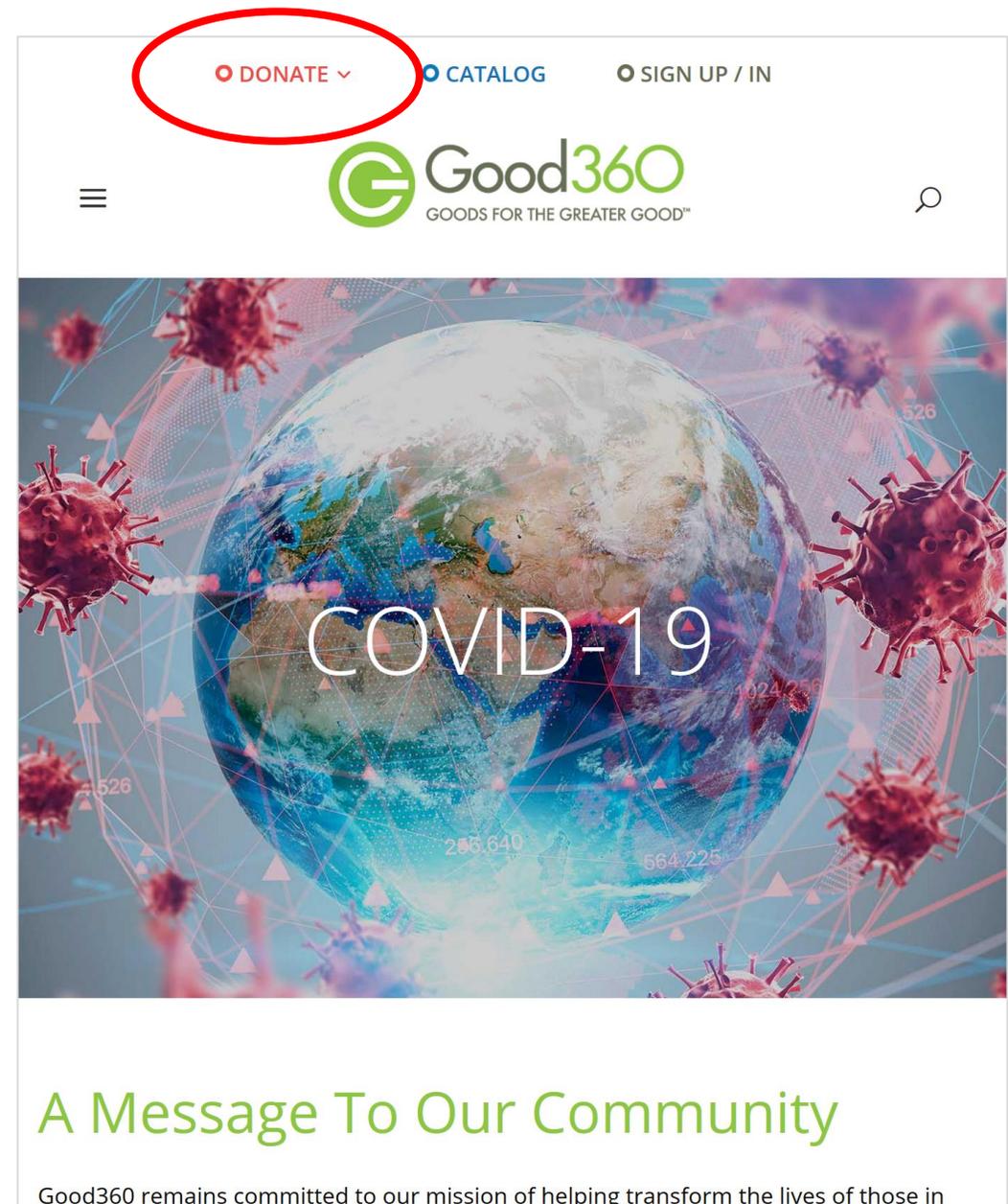


# How to Donate

## Good360.org

Shari Rudolph  
Chief Development Officer  
& CMO

[shari@good360.org](mailto:shari@good360.org)



Good360.org website header and hero section. The 'DONATE' button is circled in red. The hero image features a globe with 'COVID-19' text and virus particles.

Good360 remains committed to our mission of helping transform the lives of those in



"Do Good, Give Back"  
May 2020

Jaclyn Allen  
Sustainability Director





# 3 PILLARS OF SUSTAINABILITY

OPERATING WITH *INTEGRITY*

EMPOWERING OUR *PEOPLE*

PROTECTING OUR *ENVIRONMENT*

*Evolution!*  
**CHANGE FOR GOOD**  
GUESS FISCAL YEAR 2018 – 2019 SUSTAINABILITY REPORT

## NOTABLE ACHIEVEMENTS



10% GREENHOUSE GAS REDUCTIONS SINCE 2016



15% OF GUESS DENIM IS "ECO"



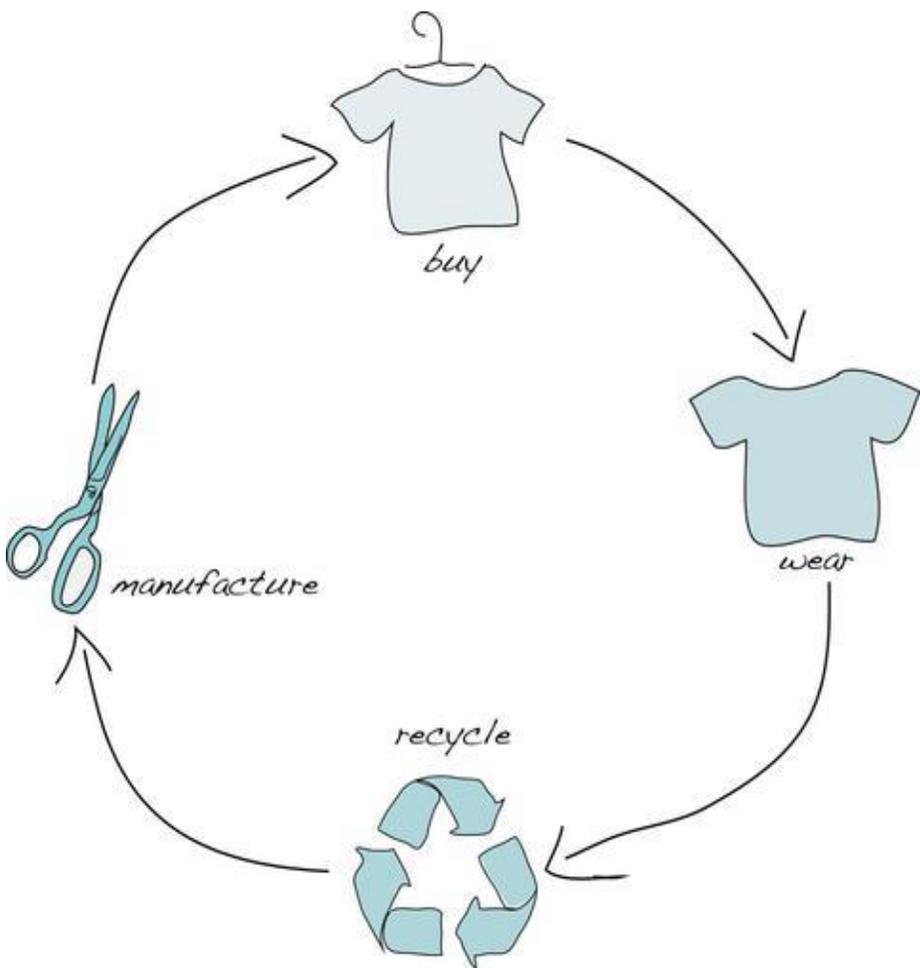
RECYCLING AWARD FROM CITY OF LA



250+ STUDENTS & ASSOCIATES EDUCATED

# Our Commitment to Promote Circular fashion

The concept that clothing and shoes should be continuously re-worn, reused and recycled



**THE  
JEANS  
REDESIGN**



4/4/20



# In This Together

Give. Protect. Inspire

GUESS? INC. COVID-19 RELIEF EFFORTS



#InThisTogether



---

# Give.

---

Partnering with **Good 360** we will give back **\$300,000** worth of goods to our communities, including Apparel, products, Blankets and Coloring Books.

- 30,000 Apparel products including Activewear, Outerwear and Knitwear
- 1,000 Blankets
- 2,500 Coloring Books made as part of the J Balvin Collection

# GIVE BACK TO COMMUNITY FACING EXTREME HARDSHIP

GUESS pledges \$300,000+ in kind donation of clothing and children's coloring books



Global leader in product philanthropy and purposeful giving

Trusted GUESS Retail partner

90,000 diverse non-profit network

Over its 35-year history, Good360 has distributed more than \$9 billion in donated goods.





**THANK YOU!**

Jaclyn Allen  
Sustainability Director



# IKEA Donation Pilot

Reverse Logistics Solution

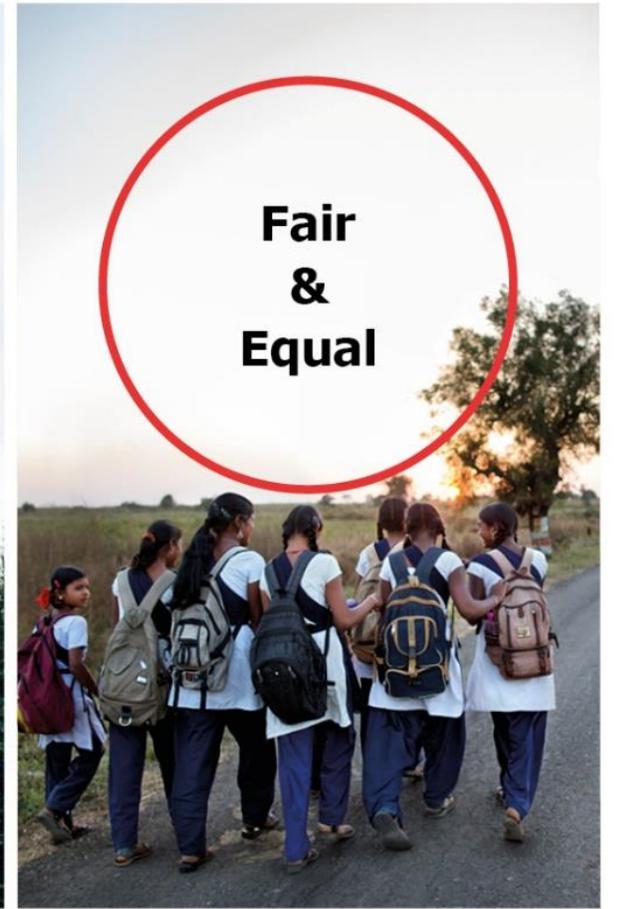
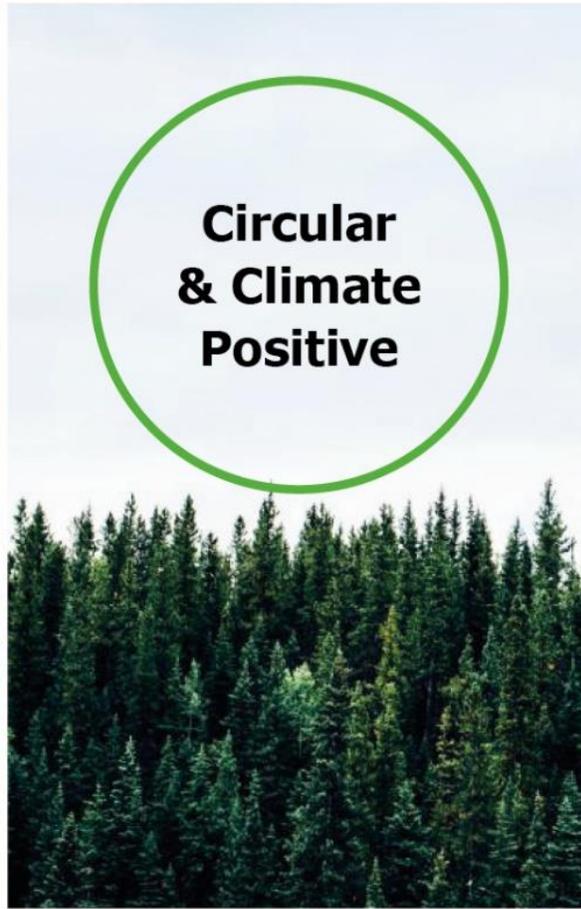
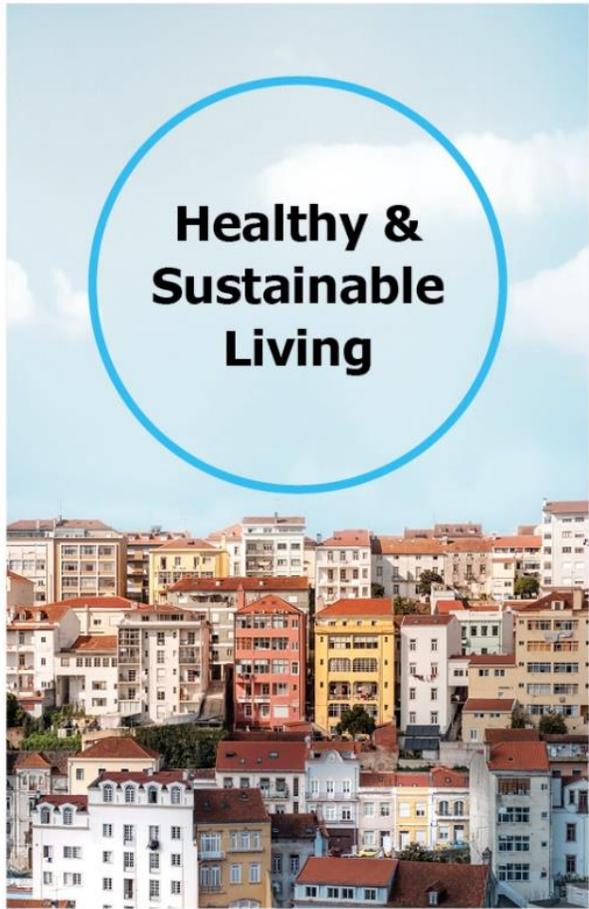
**LISA DAVIS, SUSTAINABILITY MANAGER, IKEA U.S.**





# People & Planet Positive

**People  
& Planet  
Positive**





CIRCULAR &  
CLIMATE POSITIVE

**By 2030 our ambition is to  
become climate positive and  
regenerate resources  
while growing the IKEA  
business**

**We are committed to:**

100% circular flows

100% zero waste to landfill

*Over \$400 billion in goods are returned every year in the US.\**

**Retail Return Rate**

**Brick and mortar**  
8-10%

**Ecommerce**  
20%

**Holiday ecommerce**  
30%

**Luxury products**  
50%

\*National Retail Federation Report

# Optoro Reverse Logistics



## Benefits to IKEA

Reduction in waste

Reuse vs recycling

Reduction in waste costs

Tax benefits

Reporting data

# Recovery Process



Customer return

Scan

Assess product quality

Return to stock/repackage/recycle or dispose

Sort for recycling

Goodwill pickup

# Product Assessment



Scan

Inspect

Determine Disposition

Confirmation

Sort

Data + reporting

# Donations to Goodwill



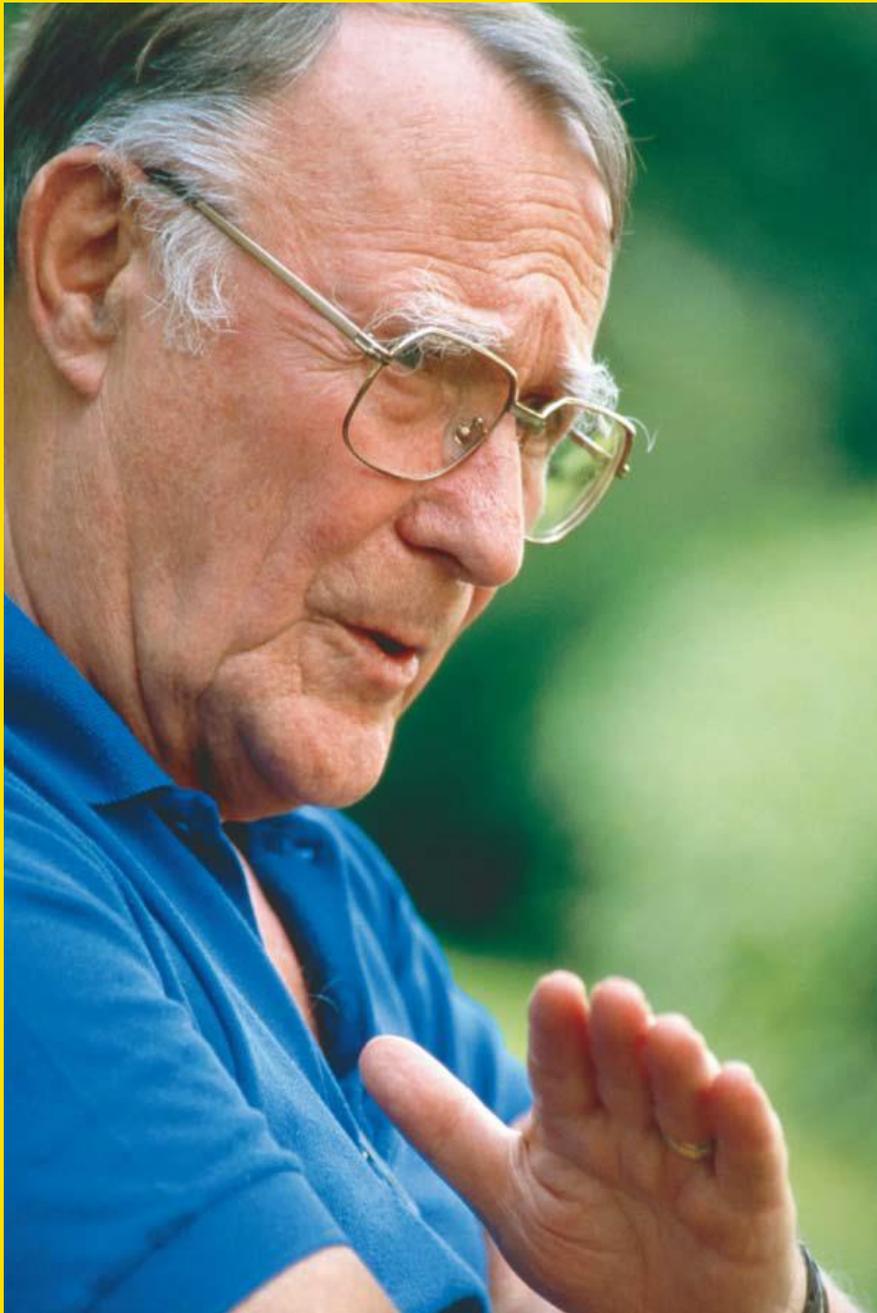
Potential Categories for Donation

Textiles

Home accessories

Small storage

Small furniture



*Waste of resources is  
one of the greatest  
diseases of mankind.*

Ingvar Kamprad

**Lisa Davis**  
**Sustainability Manager,**  
**IKEA U.S.**  
**[lisa.davis@ikea.com](mailto:lisa.davis@ikea.com)**



# Tax Considerations for Donations



**Alexandra Minkovich**

*Partner, Baker McKenzie*

# **Tax Considerations for Inventory Contributions**

Alexandra Minkovich  
Baker McKenzie

# POLL QUESTION

*Tax Considerations for Donations*

Has your company considered the tax implications in determining what to do with unsold inventory?

- Yes
- No, but will in the future
- No

# General Rules for Charitable Contributions

- Tax deductions are generally available for charitable contributions made during the tax year
- For corporations, the amount of the deduction is limited to 10% of the corporation's taxable income
  - Any excess amount can be carried forward and deducted in the next 5 taxable years
- Special rules apply to contributions of inventory
  - The deduction for inventory contributions must be reduced by the amount of gain (other than long-term capital gain) that would have been realized if the property had been sold at its fair market value.
  - "Bump up" in deduction available to C corporations that donate food, clothing, medical equipment, and supplies in certain circumstances
  - Bump up = Half the appreciation or 2x basis, whichever is lower

# Rules for Contributing Inventory Other than Food

To qualify for the "bump up" in the amount of the deduction, these requirements must be met:

1. The property must be contributed to a §501(c)(3) organization;
2. The use of the property must be related to the purpose or function for which the organization claims exemption under §501(c)(3);
3. The property must ultimately be transferred to or for the use of the ill, needy, or infants for their care;
4. The donee organization, or any transferee thereof, may not require or receive any money, property, or services for the transfer or use of the contributed property;
5. The taxpayer receives a written statement from the donee organization certifying that requirements 3 and 4 are satisfied.
6. Donations of property regulated by the Federal Food, Drug, and Cosmetic Act must fully satisfy the requirements of that Act and its regulations on the date of transfer and the 180 days prior to transfer.

# Rules for Contributing Food Inventory

- Deduction available only for contributions of "apparently wholesome food"
  - "Apparently wholesome food" is defined in the Bill Emerson Good Samaritan Food Donation Act (42 USC 1791(b)(2))
- Amount that can be deducted is the food's fair market value
  - Determined by taking into account the price at which the same or substantially same food items are sold by the taxpayer at the time of contribution (or, if items not currently sold, price at which items were sold in recent past)
- Available deduction amount is higher—up to 15% of taxable income
  - 5-year carryforward rule for excess contribution amounts still applies

# Temporary Enhancements in the CARES Act

- Increases the limit on the amount of charitable contributions that can be deducted by corporations:
  - A corporation may deduct up to 25% of its taxable income for cash contributions made in 2020
- Increase the limit for deductions of food inventory from 15% of taxable income to 25% of taxable income for food inventory donated in 2020

**THANK YOU**

Alexandra Minkovich

Partner, Baker McKenzie

[Alexandra.Minkovich@bakermckenzie.com](mailto:Alexandra.Minkovich@bakermckenzie.com)

# Alternative Disposal – Repurposing and Recycling Products



**Marisa Adler**

*Senior Consultant,  
Resource Recycling  
Systems (RRS)*



# RECYCLING AND REPURPOSING UNSOLD INVENTORY

Maximizing Value of Unsold Inventory, RILA

Friday, May 15, 2020



Managing change  
in a resource-  
constrained world.



ORGANICS  
MANAGEMENT



WASTE  
RECOVERY



GLOBAL CORPORATE  
SUSTAINABILITY

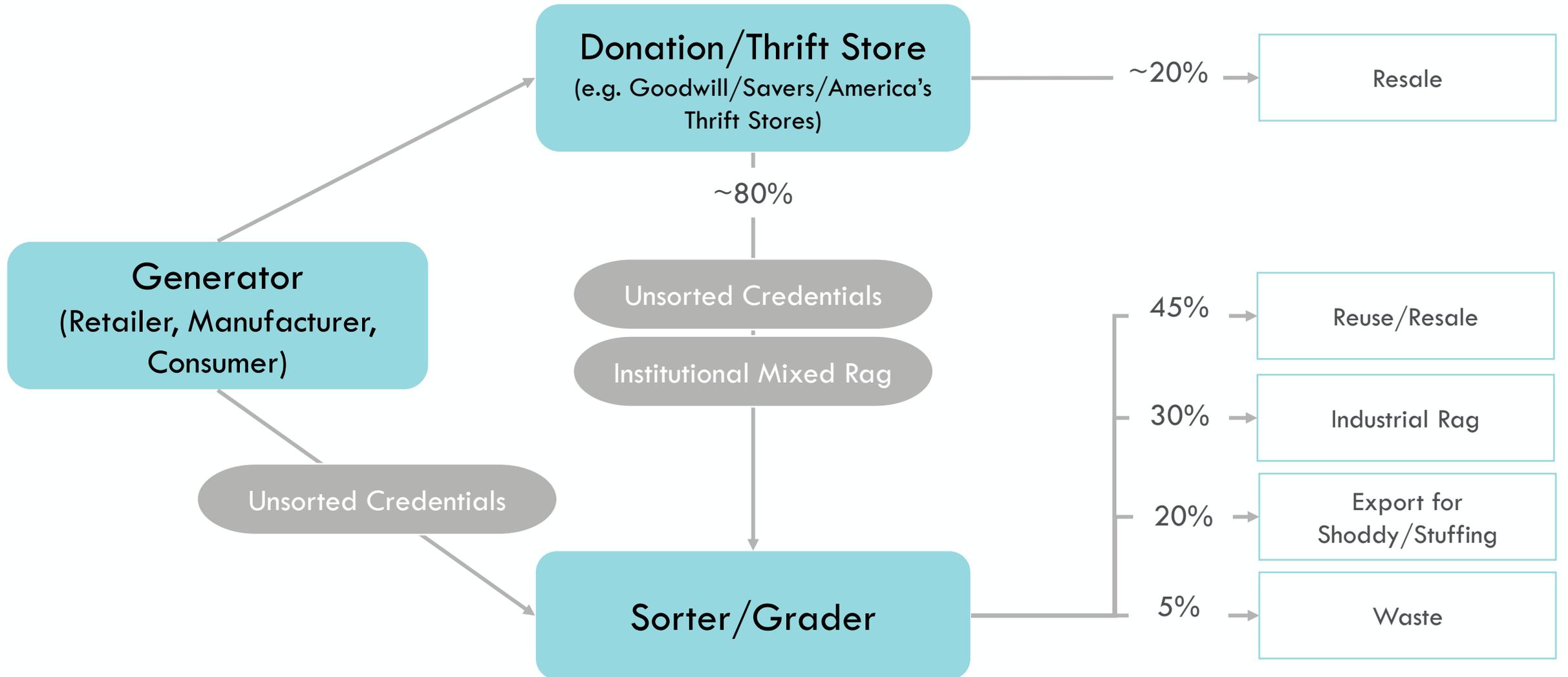
since 1986

# FOCUS



Textiles, Apparel and Home Goods

# SCHEMATIC OF CURRENT POST CONSUMER TEXTILE VALUE RECOVERY FLOW





**SECONDARY MATERIALS®  
AND RECYCLED TEXTILES**

THE ASSOCIATION OF WIPING MATERIALS, USED CLOTHING AND FIBER INDUSTRIES

MEMBER LOGIN

Search

**CONTACT:**  
 Jackie King, President  
 Phone: 443-640-1050  
 Email: [smartinfo@kingmgmt.org](mailto:smartinfo@kingmgmt.org)  
[www.smartasn.org](http://www.smartasn.org)

ABOUT SMART

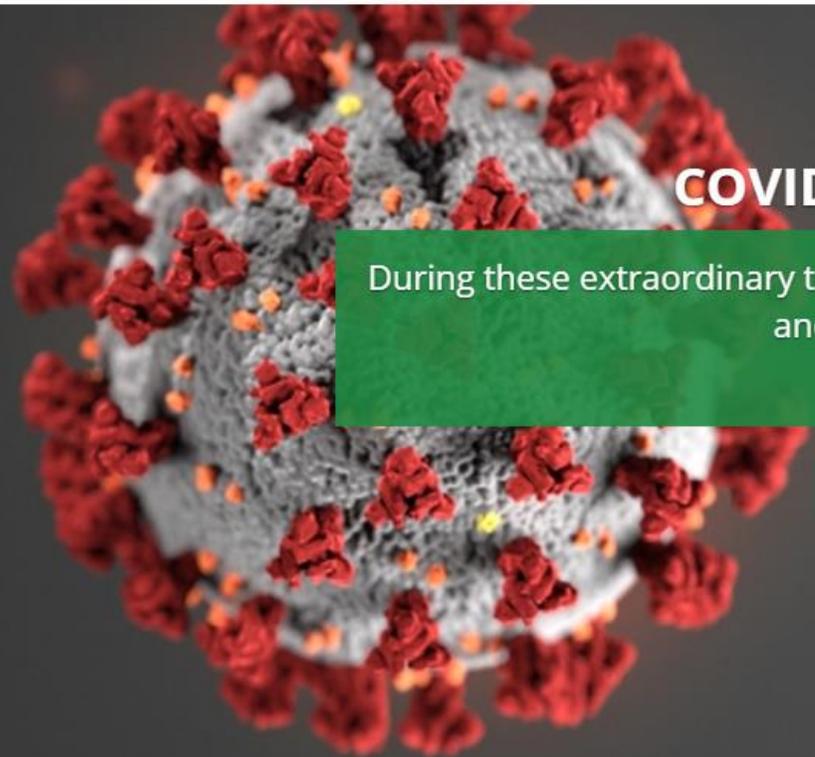
RESOURCES

MEMBERSHIP

EVENTS

ADVOCACY

WHERE TO RECYCLE



## COVID-19 Resources

During these extraordinary times, SMART is here to assist the textile reuse and recycling industry.

Read More

Can serve as clearinghouse





**CONTACT:**  
Todd Wilson, Vice President  
Star Wipers, Inc.  
Email: [twilson@starwipers.com](mailto:twilson@starwipers.com)  
[starwipers.com](http://starwipers.com)

Home

About Us

Products

Services ▾

Clearance

Contact Us

Careers



Industry Exclusive State of the Art Laundry Facility



Innovative Machine Compressed Packaging



Knitting Operation in North Carolina



Automated Metal Detection Machines



Large Rag Sorting and Cutting Operation on Site



100% USA Made Rags

**Material Accepted:**

- Cotton-rich tee shirts

**End Market:**

- Rag/wipers



CURBSIDE CLOTHING RECYCLING CHARITY / UNIVERSITY FUNDRAISING PARTICIPATION

SUPPLIES & FAQ'S

14.3 MILLION TONS OF CLOTHING FILLS OUR LANDFILLS EACH YEAR

A SIMPLE SOLUTION

**CONTACT:**

Adam Winfield, President

Email: [Adam@SimpleRecycling.com](mailto:Adam@SimpleRecycling.com)

[simplerecycling.com](http://simplerecycling.com)



**REQUEST MORE BAGS  
CLICK HERE**



**NOTIFY US OF A MISSED PICK UP  
CLICK HERE**



**FREQUENTLY ASKED QUESTIONS  
CLICK HERE**

**Material Accepted:**

- Apparel and home textiles
- Small home goods

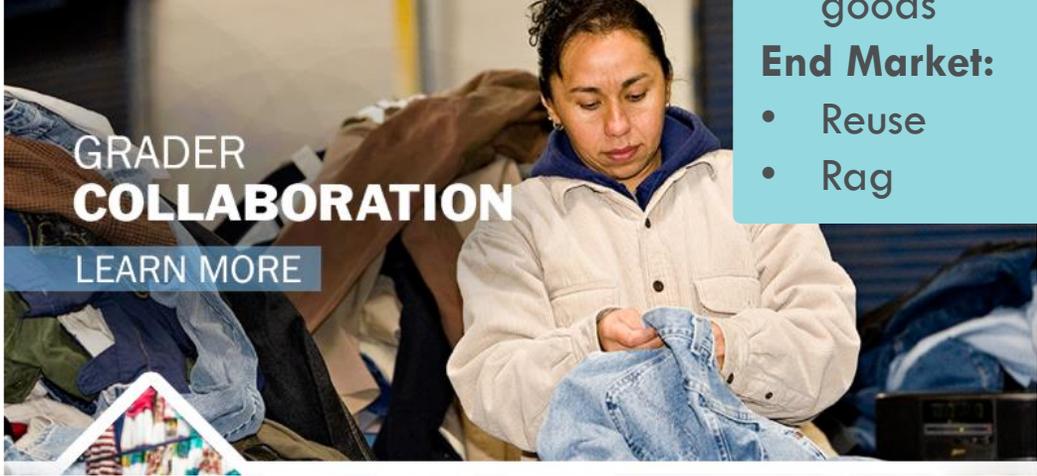
**End Market:**

- Reuse



**Whitehouse & Schapiro, LLC**  
*Generations Dedicated to Recycling*

**CONTACT:**  
Brian London, MD, President  
Email: [brian@webuyrags.com](mailto:brian@webuyrags.com)  
[www.webuyrags.com](http://www.webuyrags.com)



- Material Accepted:**
- Apparel and home textiles; home goods
- End Market:**
- Reuse
  - Rag



## TRANS-AMERICAS TRADING CO.

• Recycling textiles since 1942 •

### CONTACT:

Eric Stubin, President

Phone: (973) 778-4611

Email: [e.stubin@tranclo.com](mailto:e.stubin@tranclo.com)

[tranclo.com](http://tranclo.com)

### Export Buyers of Used Clothing

Trans-Americas FSC produces and sells quality grades of secondhand used clothing to markets worldwide. [Review our list of Secondhand Clothing for Export](#), and [Tour our Facility](#). If this is your first time inquiring about used clothing, [visit our page for First Time Export Buyers](#). Retail, thrift, and export buyers interested in our finest quality graded clothing [visit our Crème and Premium department](#).

Read more →

### Material Accepted:

- Apparel and home textiles

### End Market:

- Reuse



**TYTON**  
**BioSciences**

**CONTACT:**

Email: [info@tytonbio.com](mailto:info@tytonbio.com)

[www.tytonbio.com](http://www.tytonbio.com)

[Our Technology](#)

[About Us](#)

[Latest News](#)

[Contact Us](#)

## Our Solutions



### Dissolving Pulp

At Tyton, we have developed a textile recycling solution that makes high-grade pulp. This pulp can be made into viscose and Lyocell type fabrics. We can environmentally and economically process pure cotton and poly-cotton blends, shifting the linear fashion system to a circular one.



### Polyester Monomers

Our Tyton technology can recycle polyester or poly-cotton blends into the building blocks of virgin-grade polyester. Using our clean process, we reduce polyester to its monomers (terephthalic acid and ethylene glycol), which allows us to recover value from old apparel and textiles.

#### Material Accepted:

- Polyester, cotton, and polycotton textiles

#### End Market:

- Fiber to Fiber Recycling

**CONTACT:**

Barbara French

Email: [barbara@evrnu.com](mailto:barbara@evrnu.com)

[www.evrnu.com](http://www.evrnu.com)

**EV<sub>R</sub>NU<sup>®</sup>**  
INVENTORS OF NUCYCL™

**Evrnu<sup>®</sup>**  
**Circular Ecosystem**  
**Pilot Program**

**Coronavirus Impact:**

COVID-19 is dramatically accelerating waste accumulation in a highly compressed time period.

**Solution:**

NuCycl™ Technologies by Evrnu<sup>®</sup> offer a powerful solution to the problem of textile waste.

## Information about Materials Marketplace



United States Business Council for Sustainable Development

 About →

 How it works

 Privacy Policy

 Terms of use

### Welcome to the Materials Marketplace

The Materials Marketplace connects businesses and organizations to develop and scale new reuse and recycling market opportunities. Our program aims to create a collaborative network of businesses, organizations and entrepreneurs where one organization's hard-to-recycle waste and by-products become another organization's raw material. In addition to diverting waste from landfills, these recovery activities generate significant cost savings, energy savings, and create new jobs and business opportunities.

### Our Users

Materials Marketplace users represent businesses and organizations at every stage of the circular economy - from collection and processing to manufacturers making new goods with recycled materials. The Materials Marketplace can be used as tool for companies to explore real-time data on waste and by-product materials and make decisions on infrastructure and process investments; or as a tool to help find new solutions for hard-to-recycle materials.

**Material Accepted:**  
Any  
**End Market:**  
Varied





# MARISA ADLER

SENIOR CONSULTANT

914.714.3673

[MADLER@RECYCLE.COM](mailto:MADLER@RECYCLE.COM)

# End of Product Life Cycle – Merchandise Destruction or Disposal



**Vince Scheerer**

*Vice President of Business Development,  
National Programs, US Ecology*



# Identifying Disposal Options for Unsellable Products

# Get To Know US Ecology

## Our Mission

To provide safe and compliant solutions to protect human health and the environment.

## What We Do

Provide a broad array of environmental and response services to commercial and government customers each and every day:

- **COVID-19 response**
- **Waste treatment**
- **Recycling and disposal**
- **Industrial cleaning**
- **Field services**
- **Remediation**
- **ER services**

## Who We Are

A team of highly trained professionals delivering service excellence by managing complex waste management and response needs.



# POLL QUESTION

*Merchandise Destruction*

Which of the following products do you think would be regulated once becoming waste?  
(Select all that apply)

- Nail polish remover
- Compressed air keyboard cleaner
- Musical/singing greeting card
- Multi-vitamins with minerals

# When Does a Product Become Waste?

## When it is intended for:

- Offsite disposal
- Recycling or reuse\*

## If the product is inherently waste:

- Broken
- Leaking material



# Disposal Decision Tree - Is it Regulated?

## As hazardous waste under RCRA

- Ignitable (i.e. aerosols, alcohols, perfumes, paint, pool chlorine)
- Corrosive (lime removers, degreasers, toilet bowl cleaners, pool acid)
- Reactive (fireworks, ammunition)
- Toxic (pesticides, herbicides, paint stripper, pharmaceuticals)

## E-waste

- Products containing circuit boards

## Universal waste

- Fluorescent light bulbs
- Batteries (and devices containing batteries)
- Mercury containing devices

## State regulated waste



# Disposal Decision Tree - Is it Non-regulated?



## Considerations for non-regulated waste

- Does the product contain a liquid?
- Is it food?
- Are there licenses or merchandising agreements controlling disposition?
- Is there brand sensitivity?

## Options for disposal

- Secure destruction
- Incineration
- Wastewater treatment
- Landfill
- Recycling
  - Plastics (including fibers)
  - Glass
  - Metals
  - Organics
- Waste to energy



# Contact



Vince Scheerer, Vice President of Business Development, National Programs

[vince.scheerer@usecology.com](mailto:vince.scheerer@usecology.com)

(800) 592-5489

[www.usecology.com](http://www.usecology.com)



# Recouping Customs Duties Paid On Destroyed Merchandise



**David Corn**

*Executive Vice President,  
Comstock and Holt*

# What is Drawback?

## Drawback:

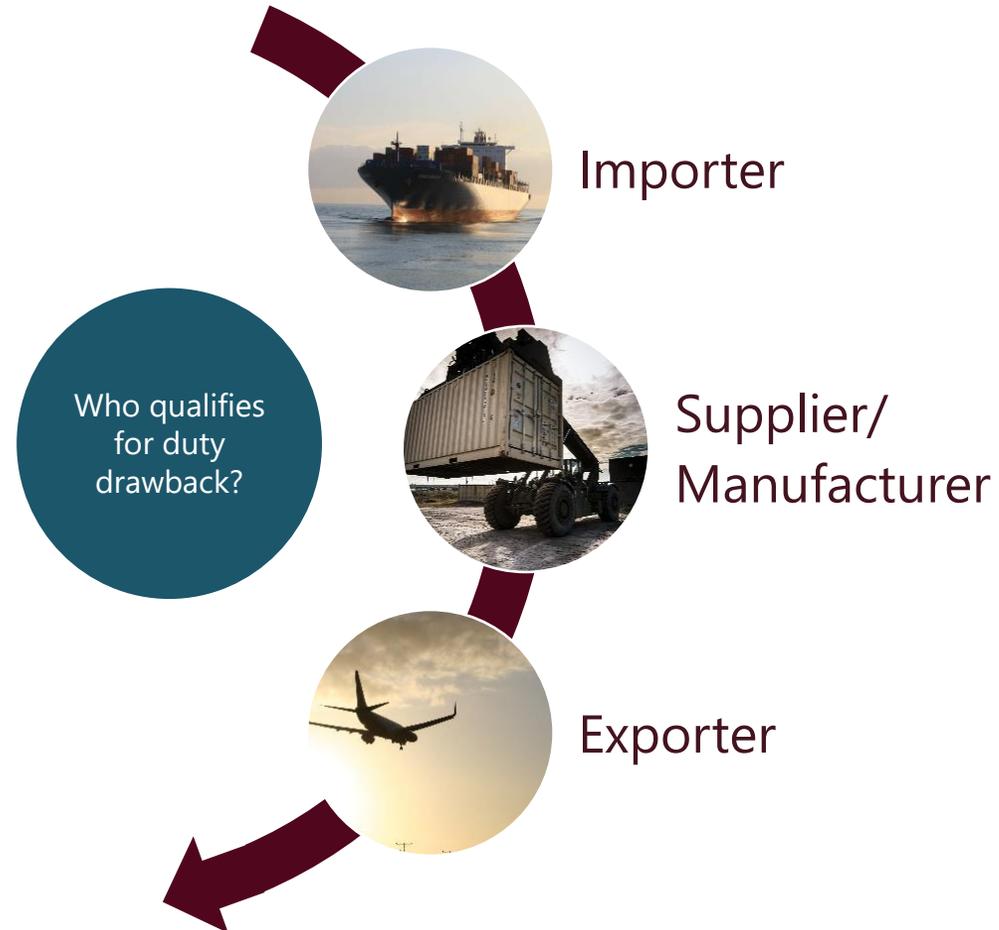
- Program started in 1789
- Lot of history, not a lot of change
- A refund of Customs duties on goods unused before...

**Destruction** - Drawback is allowed on imported merchandise, finished articles, or rejected merchandise which is destroyed under Customs supervision. Such destruction can be used to satisfy the requirement of exportation.

- Includes a process by which materials are recovered from imported merchandise or from an article manufactured from imported merchandise.
- In determining the amount of duties to be refunded as drawback, no valuable material is deducted
- No commercial value remains

# Who Can Claim Drawback?

- Downstream – someone other than importer is claimant
- Upstream – someone other than exporter is claimant
- Can be suppliers or parties who own the merchandise
- Flexible program



# Drawback: Destruction Considerations

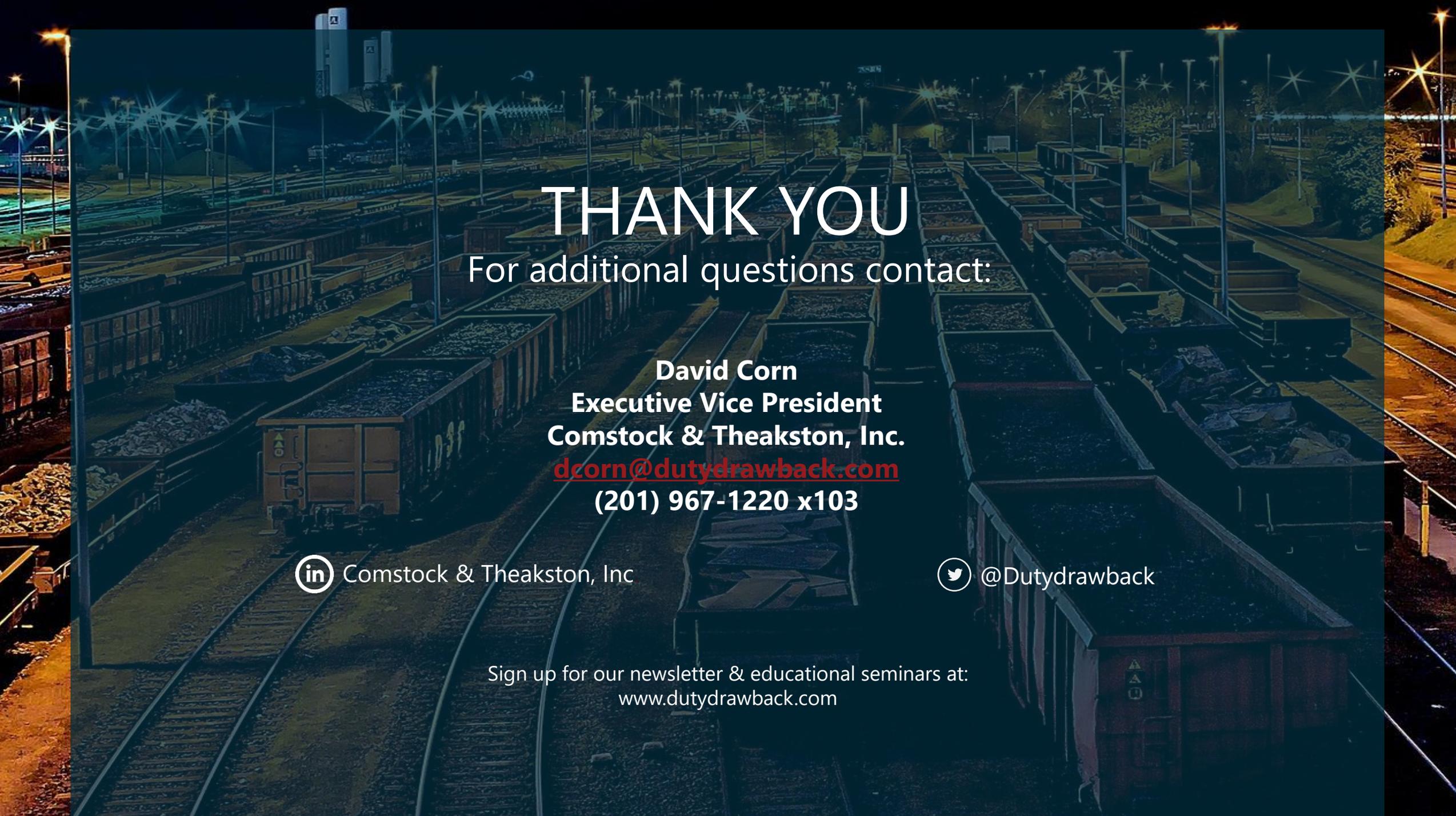
- **What do I need to consider for destruction and still claim drawback?**
  - Independent 3<sup>rd</sup> party provider – cannot be any company related to yours
  - Merchandise needs to be considered completely destroyed, with no retail value remaining
  - Do I have all the information that I need?
    - Destruction date
    - Quantity destroyed
    - Description of merchandise
    - HTSUS/Schedule B
    - UOM
    - Value at time of destruction, if any (or reduced by recycled materials, if manufacturing)
    - Third party certification
  - Do I have documentation to support the information provided to CBP, in case of a CBP Request for Information?

# POLL QUESTION

*Recouping Customs Duties*

Do you think drawback is an option for your company or organization?

- Yes, company is already filing drawback claims
- No, we do not export or destroy merchandise
- No, the potential return is not worth investing company resources
- Maybe, would need more information on next steps



# THANK YOU

For additional questions contact:

**David Corn**  
**Executive Vice President**  
**Comstock & Theakston, Inc.**  
**[dcorn@dutydrawback.com](mailto:dcorn@dutydrawback.com)**  
**(201) 967-1220 x103**

 Comstock & Theakston, Inc

 @Dutydrawback

Sign up for our newsletter & educational seminars at:  
[www.dutydrawback.com](http://www.dutydrawback.com)

# QUESTIONS??

## **Reminder - Posing a question/commenting – two options**

- Option 1 - Use the Q&A box at the bottom of the tool bar to pose questions or comments. These will go directly to the panelists and moderators only.
- Option 2 – Click on the “Raise your Hand” Icon at the bottom of your tool bar to request to be unmuted so that you can verbally ask a question.

# THANK YOU FOR YOUR ATTENDENCE!

Be on the lookout for a follow up email with recording link and survey

# RILA STAFF



Kathleen McGuigan  
Executive VP and Deputy General  
Counsel  
Kathleen.McGuigan@rila.org



Jess Dankert  
VP, Supply Chain  
Jess Dankert  
Jess.Dankert@rila.org



Blake Harden  
VP, International Trade  
Blake.Harden@rila.org



Dave Koenig  
VP, Tax  
David.Koenig@rila.org



Erin Hiatt  
Senior Director, Sustainability  
and Innovation  
Erin.Hiatt@rila.org



Susan Kirsch  
Director, Regulatory Affairs &  
Compliance  
Susan.Kirsch@rila.org



Kaela Martins  
Manager, Retail Compliance  
Center  
Kaela.Martins@rila.org



Kevin Gibney  
Coordinator, Programs and Retail  
Compliance Center  
Kevin.Gibney@rila.org