

MERCHANDISE DAMAGE PLANNING

1) Create & Maintain the Damage Center

- a) Identify a visible and accessible location within both your front-end and backroom for damaged merchandise to be collected, prior to processing. Follow the *Damage Center Planogram & Signage* guide for all setup instructions.
- b) Ensure that both Damage Centers are clearly signed and remain clean, neat and organized. These spaces must never block safety paths or points of egress.

2) Set Expectations

- a) Based on your damages volume, set processing workload expectations with all store leaders. All damaged merchandise categories must be fully processed on a weekly basis, at a minimum. All processing should be completed within no less than 3 weekdays from the end of each fiscal month.
- b) Ensure that only trained Managers or Coordinators are completing **Store Generated Markdowns** and **Mark out of Stock (MOOS)** functions.
- c) Ensure that all associates are trained and adhering to merchandise damage standards, including knowing the location of both Damage Centers and how to complete a Damage Tag.

3) Follow Standards

- a) Management discretion will often be used to support the proper disposition of damaged or unsellable merchandise. Merchandise may be processed in one of four categories:
 - 1) **Mark out of Stock:** An item is unsalable in current condition, cannot be made salable, or is unsafe to sell and must be removed from sales floor, marked out of stock and destroyed
 - 2) **Store Generated Markdown:** An item is salable in current condition and requires a discounted price to ensure optimal sell-off
 - 3) **Merchandise Salvage:** An item that has resale value and is in safe, salable condition but deemed unsalable by TJX and is sent to a salvage company
 - 4) **Merchandise Mis-mate:** An item sold as a multi-piece unit that is found to be missing one or multiple pieces and is salable, requiring a discounted price to ensure optimal sell-off
- b) Dispose of damaged, unsalable merchandise in accordance with TJX hazardous/regulated waste guidelines, local recycling laws, and as guided in the Merchandise Damage Program SOP, under the *Mark out of Stock* section.

COMPLIANCE & PREVENTION EXPECTATIONS

Stores' adherence to merchandise damage processes will be monitored and assessed by their DM and/or DLPM during both regularly scheduled and unannounced visitation. Store management is responsible for ensuring that proper staffing and workload planning considerations are made to meet or exceed the process standards outlined in the Merchandise Damage Program SOP.

Damage Prevention is a key element in driving profitable sales. All Associates play a role in processing, stocking, handling and recovering all merchandise with care and safety per Company guidelines. Store Management should partner with their DM to provide early reporting and clear documentation of any in-transit or vendor-based damage trends.



Damage Execution Planner

MERCHANDISE DAMAGE SGM GUIDE

Use this guide to determine appropriate price adjustments for damaged merchandise while following all standards of the **Store Generated Markdown** (SGM) process. Remember that all SGM items will have a price ending in '.00' and are subject to subsequent markdowns. Only use red markdown labels and be sure to write 'AS-IS' on the front of the markdown price tag. **SGM's are not to exceed a 50% reduction.**

ALL MERCHANDISE MUST CONSISTENTLY MEET COMPANY QUALITY AND SAFETY STANDARDS

Damage Level	Department & Category	Store Generated Markdown Price Adjustment Guidance																
Minor	Apparel & Accessories - missing button/s	Markdown \$1.00 for each missing button. <i>No more than a total of \$5.00 unless buttons are unique and cannot be replaced individually.</i>																
Minor	Apparel & Accessories - missing belt or removable strap	Take a 10% markdown																
Minor	Footwear - missing laces or minor cosmetic damage	Take a 10% markdown																
Minor	Gear & Toys - <i>minor</i> cosmetic damage	Take a 10% markdown on any gear, toys, and luggage items (includes trophy items) <i>(e.g. out-of-box/missing vendor package, shopwear, small scratch/dent/mark, minor use)</i>																
Minor	Pet - <i>minor</i> cosmetic damage	Take a 10% markdown on any non-food pet items; includes toys, leashes, and pet beds <i>(e.g. out-of-box/missing vendor package, shopwear, minor use, washable stain)</i>																
Minor to Moderate	Apparel & Accessories - soiled garment, fabric, or shell	If garment, fabric, or shell is machine washable and the stain is small or minor, explain that item may be returned if the stain does not come out. If customer is not satisfied or if garment is dry clean only, allow for the approximate laundering costs by taking the following markdown: <table border="1"><tr><td>SHIRTS/TOPS</td><td>\$2.00</td><td>DRESSES</td><td>\$6.00</td><td>SNOWSPORT</td><td>\$8.00</td><td>ACCESSORIES</td><td>\$6.00</td></tr><tr><td>PANTS/BOTTOMS</td><td>\$4.00</td><td>OUTERWEAR</td><td>\$8.00</td><td>SILKS/SUEDES</td><td>\$8.00</td><td>SWIMWEAR</td><td>\$4.00</td></tr></table>	SHIRTS/TOPS	\$2.00	DRESSES	\$6.00	SNOWSPORT	\$8.00	ACCESSORIES	\$6.00	PANTS/BOTTOMS	\$4.00	OUTERWEAR	\$8.00	SILKS/SUEDES	\$8.00	SWIMWEAR	\$4.00
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Minor to Moderate	All Departments - mis-mates	Multi-piece merchandise with one or more pieces of its set missing or having mismatched sizes must be marked down between 10-40% off current retail, dependent upon the number of pieces missing from the set, in relation to the total pieces. Merchandise must still be able to perform its intended function and be safe to sell as-is. (e.g. single sock, glove or shoe cannot be sold)																
Minor to Major	Total Home & Giftware - cosmetic damage that does not impact function or safety	Take a 10% markdown for <i>minor</i> cosmetic damage; small scratch/dent/tear or discoloration Take a 20% markdown for <i>moderate</i> cosmetic damage; noticeable scratch/dent/tear or some non-critical hardware is missing Take a 50% markdown for <i>major</i> cosmetic damage or unmatched mis-mate; very pronounced scratch/dent/mark or significant/all non-critical hardware is missing																
Moderate	Apparel & Accessories - broken zipper	Take a 20% markdown if garment or accessory can still perform its intended function <i>(e.g. jacket can still fully zip to protect from cold, handbag can still fully zip closed for security)</i>																
Moderate	Apparel & Accessories - torn seam or hem	Take a 20% markdown if garment or accessory has a seam or hem that can be repaired by customer under reasonable considerations																
Moderate	Apparel & Accessories - tear or hole in fabric or shell	Take a 30% markdown if garment or accessory can still perform its intended function <i>(e.g. waterproofing, sun protection, safety features)</i>																
Moderate	Foods - torn or shopworn packaging	Take a 20% markdown on any food or pet food items that are NOT expired, unsealed or tampered-with; have minor wear or are missing vendor packaging																
Moderate	Footwear - <i>moderate</i> cosmetic damage	Take a 20-30% markdown in consideration of customer repair costs, as long as shoe can still perform its intended function. (e.g. waterproofing, broken straps/eyelets/zippers, safety features)																
Moderate	Gear & Toys - <i>moderate</i> cosmetic damage	Take a 20-30% markdown if gear or toy can still perform its intended function <i>(e.g. scratched sunglass/goggle lens, operational electronic or mechanical components)</i>																
Moderate	Wellness - torn or shopworn packaging	Take a 20% markdown on any beauty and wellness items that are NOT expired, unsealed or tampered-with; have minor wear or are missing vendor packaging																



Damage Execution Planner

MERCHANDISE DAMAGE SGM PRICE MATRIX

Original Price	MD Price 10%	MD Price 20%
\$2.99	\$2.50	\$2.00
\$3.99	\$3.50	\$3.00
\$4.99	\$4.50	\$4.00
\$5.99	\$5.00	\$4.00
\$6.99	\$6.00	\$5.00
\$7.99	\$7.00	\$6.00
\$8.99	\$8.00	\$7.00
\$9.99	\$9.00	\$8.00
\$10.99	\$10.00	\$9.00
\$11.99	\$11.00	\$9.00
\$12.99	\$12.00	\$9.00
\$13.99	\$13.00	\$10.00
\$14.99	\$13.00	\$11.00
\$15.99	\$14.00	\$12.00
\$16.99	\$15.00	\$12.00
\$17.99	\$16.00	\$13.00
\$18.99	\$17.00	\$14.00
\$19.99	\$18.00	\$14.00
\$20.99	\$19.00	\$15.00
\$21.99	\$20.00	\$16.00
\$22.99	\$21.00	\$17.00
\$23.99	\$22.00	\$17.00

Original Price	MD Price 10%	MD Price 20%
\$24.99	\$22.00	\$18.00
\$25.99	\$23.00	\$19.00
\$26.99	\$24.00	\$19.00
\$27.99	\$25.00	\$20.00
\$28.99	\$26.00	\$21.00
\$29.99	\$27.00	\$22.00
\$30.99	\$28.00	\$22.00
\$31.99	\$29.00	\$23.00
\$32.99	\$30.00	\$24.00
\$33.99	\$31.00	\$24.00
\$34.99	\$31.00	\$25.00
\$35.99	\$32.00	\$26.00
\$36.99	\$33.00	\$27.00
\$37.99	\$34.00	\$27.00
\$38.99	\$35.00	\$28.00
\$39.99	\$36.00	\$29.00
\$44.99	\$40.00	\$32.00
\$49.99	\$45.00	\$36.00
\$54.99	\$49.00	\$40.00
\$59.99	\$54.00	\$43.00
\$64.99	\$58.00	\$47.00
\$69.99	\$63.00	\$50.00

Original Price	MD Price 10%	MD Price 20%
\$74.99	\$67.00	\$54.00
\$79.99	\$72.00	\$58.00
\$84.99	\$76.00	\$61.00
\$89.99	\$81.00	\$65.00
\$94.99	\$85.00	\$68.00
\$99.99	\$90.00	\$80.00
\$104.99	\$94.00	\$76.00
\$109.99	\$99.00	\$79.00
\$119.99	\$108.00	\$86.00
\$129.99	\$117.00	\$94.00
\$139.99	\$126.00	\$101.00
\$149.99	\$135.00	\$108.00
\$159.99	\$144.00	\$115.00
\$169.99	\$153.00	\$122.00
\$179.99	\$162.00	\$130.00
\$189.99	\$171.00	\$137.00
\$199.99	\$180.00	\$160.00
\$209.99	\$189.00	\$151.00
\$219.99	\$198.00	\$158.00
\$229.99	\$207.00	\$166.00
\$239.99	\$216.00	\$173.00
\$249.99	\$225.00	\$180.00

MERCHANDISE DAMAGE SGM CODING

When completing a Store Generated Markdown, you must select the appropriate damage *origin* code and *reason* code from the selection menu in the *Print Retail Tags* function of OMS, as detailed below.

Origin Codes	Reason Codes
OFF TRUCK	truck/transit based damage
CUSTOMER	customer return damage
IN-STORE	in-store based damage
	DAMAGED SALEABLE saleable item with damage, discounted
	CORP DIRECTED Home Office directed price change
	MISMATE saleable item missing piece/s, discounted
	MISSED MARKDOWN Saleable seasonal/aged item, discounted
	MGR DISCRETION Customer Satisfaction or other reason



Damage Execution Planner

MERCHANDISE DAMAGE MOOS GUIDE

Use this guide to determine when to MOOS damaged merchandise instead of completing a Store Generated Markdown. All merchandise must be marked out of stock following the process standards outlined in the Merchandise Damage Program SOP.

Disposition	Department & Category	Mark Out Of Stock Guidance
MOOS - DESTROY	Apparel & Accessories - safety	Any apparel and accessories merchandise that is deemed unsafe to sell must be destroyed and placed in the appropriate waste stream.* Any apparel and accessories merchandise that has become contaminated as hazardous waste must be placed in the appropriate hazardous waste bin. <i>*not applicable to stores located in MA for any merchandise primarily made from textiles/fabric</i>
MOOS - DESTROY	Foods - safety	ALL food and pet food merchandise that has exceeded the printed expiration date, is seven calendar days away from expiry, has been visibly tampered-with or has a broken/opened seal; ALL merchandise that has been returned by the customer, regardless of return reason.
MOOS - DESTROY	Footwear - safety	Any footwear and footwear accessories merchandise that is deemed unsafe to sell due to significant functional damage must be destroyed and placed in the appropriate waste stream.* <i>*not applicable to stores located in MA for any merchandise primarily made from textiles/fabric</i>
MOOS - DESTROY	Pet - safety	Any pet toys, leashes, beds, garments and any other pet merchandise that is deemed unsafe to sell must be destroyed and placed in the appropriate waste stream.* <i>*not applicable to stores located in MA for any pet merchandise primarily made from textiles/fabric</i>
MOOS - DESTROY	Total Home & Luggage - safety	Any home and luggage merchandise that is deemed unsafe to sell due to significant functional damage (broken glass, missing legs, large cracks, missing more than 50% of accompanying pieces, large rips, stains or tears in upholstery/carpeting that cannot be repaired).* <i>*not applicable to stores located in MA for any home merchandise primarily made from textiles/fabric</i>
MOOS - DESTROY	Wellness - safety	ALL wellness and beauty merchandise that has major cosmetic damage, exceeds the printed expiration date, is seven calendar days away from expiry, has been visibly tampered-with or has a broken/opened seal; ALL merchandise that has been returned by the customer unsealed .
MOOS - DESTROY	Vermont Locations - non-saleable food recycling	Stores located in the state of Vermont must separate food scraps from the trash. Any damaged or expired food (including pet food) found on the sales floor must be MOOS'd, unpackaged, and added to the Toter. Do not place any non-food waste trash inside the Toter. Remove all packaging from food before placing it in the Toter. The store Toter will be serviced weekly. When full, bring the Toter outside next to the trash bin on collection day.
MOOS - SALVAGE	Apparel & Accessories - Mismate and non-saleable damage	1) one or more pieces of an apparel or accessory set are missing and cannot be found after reasonable pairing efforts have been made. If the mis-mated merchandise can no longer perform its intended function or is unsafe to sell as-is, it must be MOOS'd as Salvage. (e.g. a single sock or glove) 2) Any apparel or accessories merchandise that no longer meets presentation standards or customer quality expectations, including major cosmetic or functional damage. All HO-directed pulls due to reputational risk.
MOOS - SALVAGE	End-of-Season Merchandise	Any 'yellow ticket' seasonal clearance merchandise, including both hardlines and apparel, that has been selected to be purged (as directed by Home Office) must be MOOS'd as Salvage.
MOOS - SALVAGE	Footwear - Mismate and non-saleable damage	1) One shoe of corresponding style, color and size is missing its pair. After waiting no less than 3 full weeks for potential re-pairing, the mis-mated shoe must be MOOS'd as Salvage. 2) Any footwear or footwear accessories merchandise that no longer meets presentation standards or customer quality expectations, including major cosmetic or functional damage.
MOOS - SALVAGE	Gear & Toys	Any gear and toys merchandise that no longer meets presentation standards or customer quality expectations, including major cosmetic or functional damage; many or all parts missing.
MOOS - SALVAGE	Jewelry	Any jewelry merchandise with major cosmetic damage or can no longer meet quality, hygiene, or safety expectations; ALL earring mis-mates.
MOOS - SALVAGE	Pet - non-saleable damage	Pet toys, leashes, beds, garments and any other pet merchandise that no longer meets presentation standards or customer quality expectations, including major cosmetic or functional damage.
MOOS - SALVAGE	Total Home & Luggage - Mismate and non-saleable damage	1) One or more pieces of any home or giftware merchandise set are missing and cannot be found after reasonable paring efforts have been made. If the mis-mated merchandise can no longer perform its intended function or is unsafe to sell as-is, it must be MOOS'd as Salvage. 2) Any home and luggage merchandise that no longer meets presentation standards or customer quality expectations, including major cosmetic or functional damage.
MOOS - SALVAGE	Massachusetts Locations - non-saleable textiles/fabric	Stores located in the Commonwealth of Massachusetts must salvage all merchandise that is manufactured as textiles or fabric. This includes all apparel and footwear, soft home, pet and accessories merchandise that is primarily made of a textile material. These items may not enter the general waste stream.* <i>*the only exception is textiles deemed as hazardous waste</i>