

## 1. PURPOSE

The purpose of this Standard Operating Procedure is to provide stores with the necessary information and detailed instruction on how to plan and execute merchandise damage processes. The successful completion of these processes is critical to drive profit, support customer loyalty, maintain proper merchandise presentation, and keep an accurate inventory.

## 2. GENERAL INFORMATION

Merchandise damages can come from multiple sources and can cost the company millions of dollars each year. They influence total store profit, shortage and the customer experience. There are many causes of damage, including but not limited to:

- **Warehouse & Transit** originated damage due to handling and movement between distribution centers and stores
- **Vendor** originated damage concealed within merchandise packaging
- **Store** originated damage due to mishandling or salesfloor accidents
- **Customer** originated damage from purchases and returns

When merchandise becomes damaged or otherwise unsellable in current condition, a decision must be made to process this merchandise in the best manner to serve our business and/or customer. There are four processing categories: **Mark out of Stock** (MOOS), commonly referred to as 'Destroy', **Store Generated Markdowns** (SGM), **Merchandise Salvage**, and **Merchandise Mis-mates**. Once a process is chosen, based on the merchandise condition, stores must follow the specific process steps outlined in this document and validate final placement. Management is solely responsible for executing all damages processes and ensuring that all processes are being enforced correctly.

## 3. SYSTEMS

All damage functions are completed using the *Order Management System* (OMS) application, accessible on all back-office PC's. Each member of management who will process damages must be set up in OMS *User Management* with the appropriate access level. Management will logon to the application with their Associate Identification Number (AIN). This section will cover all specific damages equipment and application information.

## Equipment

The equipment that may be required to complete merchandise damage processes includes an OMS-enabled computer with attached barcode scanner and a mobile or desktop tag printer with corresponding merchandise tags.

## **Printers**

Damaged merchandise may require a re-printed or new price tag to be processed. The current Sierra *mobile tag* printer is the Zebra ZQ-series model. This device can print all merchandise sticky tags, often referred to as 'gum tags'. The current Sierra *hang tag* printer is the Zebra ZT-series model, located at both the front-end register area and the back-end receiving area. This device can print all merchandise hang tags, often referred to as 'hard tags'.

## **Labels**

The labels used for pricing store merchandise are color-coordinated and specifically designed for merchandise pricing only. As previously indicated, these labels are often referred to as gum tags. All label stock is searchable and orderable through the existing stores supply ordering process. Store Management is responsible for ordering the proper models and quantities of labels.

The gum tags used for merchandise pricing have the following color standards:

- **RED** – standard markdown 'clearance' price changes
- **YELLOW** – end-of-season markdown 'clearance' price changes
- **WHITE** – regular-price merchandise that cannot support a hangtag

## Application

To access the OMS application, Associates must logon to OMS from any compatible store computer using their Associate Identification Number (AIN). Follow these steps in OMS to successfully access the appropriate damages functions.

**OMS Print Retail Tags** (printing of regular & clearance tags, conducting Store Generated Markdowns)

Upon successful OMS logon, Managers will navigate to the *Print Retail Tags* function following these steps:

- 1) At the OMS main screen, select the *Transaction* menu, then select *Sales Order Processing*, then select *Print Retail Tags*.

- 2) Once in the Print Retail Tags function, follow the steps listed in the Store Generated Markdown section of this document.

## **OMS Retail Damages** (Mark out of Stock & Merchandise Salvage)

Upon successful OMS logon, Managers will navigate to the *Retail Damages* function following these steps:

- 1) At the OMS main screen, select the *Transaction* menu, then select *Inventory*, then select *Retail Damages*.
- 2) Once in the *Retail Damages* function, follow the steps listed in the Mark Out of Stock or Merchandise Salvage section of this document.

## **4. DAMAGE PLANNING**

To ensure optimal sales, merchandise flow, inventory accuracy and timeliness, stores are provided with several resources to properly plan their damages processes.

### **Planning Process**

Store Management is responsible for creating the plan to conduct **weekly** processing of damages. The following steps are key to the successful planning and completion of damages:

#### **1) Create & Maintain the Space – Damage Center**

- a) Identify an easily accessible 4' wall location in the backroom and setup a 'damage center' for damaged merchandise to be collected and processed. Use the Damage Center Planogram as the setup standard for this location.
- b) Identify an easily accessible and customer-concealed location at the front-end and setup an additional damages collection area for Associates to securely place found and received damaged merchandise. The majority use of this area will be for customer returns. Again, use the Damage Center Planogram as the setup standard for this location.
- c) Ensure that both damages locations are clearly signed and kept clear of all obstructions or non-damaged merchandise. These spaces should be a permanent home for all damaged merchandise processing. The Damage Center signage kit must be used to support consistent signing.

## 2) Set Expectations

- a) Based on your volume of damages, set processing expectations with all or selected store leaders and ensure that all damaged merchandise is fully processed *at least* on a **weekly** basis.
- b) Ensure that only Managers or Coordinators are completing Store Generated Markdowns and Mark out of Stock functions.
- c) Ensure that all Associates are trained and well-versed on the appropriate damages processes, selling guidelines and location/s in which to place damaged or unsellable merchandise.

## 3) Follow Standards

- a) Discretion will often be used to support the proper processing of damaged or unsellable merchandise. Ensure consistent application of all guidelines listed below for each of the four merchandise processing categories.
- b) Dispose of damaged unsellable merchandise in accordance with TJX hazardous/Regulated Waste Guidelines AND as guided in the *Mark Out of Stock* section below.

## Planning Resources

**Damage Center Planogram & Signage** – A design plan that provides direct guidance for the setup standards and branded signing of the store damage processing areas. The planogram is located [here](#) and can be found on *The Summit*, under Operations>Merchandise Damage Program.

**Damage Execution Planner** – A damage reference tool that stores can use to reference damages, MOOS and Salvage guidelines and review damage execution standards. The planner is located [here](#) and can be found on *The Summit*, under Operations>Merchandise Damage Program.

**Leaders Guide** - A damage reference tool that Store & District Management can use to validate key success measures of the Merchandise Damage Program, including several suggested in-store observations and validation questions. The planner is located [here](#) and can be found on *The Summit*, under Operations>Merchandise Damage Program.\

## 5. DAMAGE PROCEDURES

As damaged or unsalable merchandise is found, it must be removed from the salesfloor immediately and placed in the damage center for future processing OR assessed and

processed in-the-moment. All damaged or mis-mate merchandise must be assessed as being in one of two different selling categories:

- **SALABLE** – merchandise is safe, presentable, and operationally intact (can still be of use as-is); can be purchased by customers, sold at full-price or sold at a discount.
- **UNSALABLE** – merchandise is unsafe, unsanitary, or no longer meets the quality, image or BFPQ standards of the company; must be marked out of stock and either sent to salvage or destroyed.

Based on the assessed condition and selling category, store management is responsible for processing all damaged merchandise in a timely manner, based on one of the four processing categories highlighted in this document.

## **Damaged Merchandise Collection and Tagging**

### **Collection – Damage Center**

There must be clearly designated areas in the store for a *Damage Center*, both at the front-end and in the backroom. The Damage Center is meant to temporarily store merchandise that has been deemed damaged or mis-mated by any Associate or Manager. Please refer to the *Damage Center Planogram* for more information.

The **front-end** Damage Center provides a front-of-store storage space for both damaged and mis-mate merchandise. This center is predominantly meant to collect damages and mis-mates from customer purchases and returns, as well as any damages found near the front-end. It is the responsibility of management to ensure that this Damage Center is cleared **daily** (or more frequently, as needed), with all damages and mis-mates transferred to the backroom Damage Center for future processing.

The **backroom** Damage Center provides a centralized storage and processing space for both damaged and mis-mate merchandise. The center is meant to collect ALL store damages and mis-mates from all areas of the salesfloor, processing areas and transfers from the front-end Damage Center. It is the responsibility of management to ensure that this Damage Center is processed and cleared **weekly**, at a minimum (or more frequently, as needed).

## Tagging

All merchandise that is identified as damaged **must have a corresponding Merchandise Damage Tag filled-out and attached**. The Merchandise Damage Tag template can be found on *The Summit*, under Store Operations>Merchandise Damage Program. Merchandise Damage Tags are to be printed and made available, in appropriate quantities, at both store Damage Centers. There are three main sections of the Damage Tag:

- 1) **Damage Details** – complete this section (one-side) if the merchandise is identified as being damaged, be it salable or unsalable. Tag fields include date of damage, description of damage, and origin of damage. All broken-glass or hazardous damages should immediately be brought to the attention of a manager and processed accordingly.
- 2) **Salvage Status** – check the ‘Salvage Item’ yes/no box if the merchandise is damaged and deemed as salvageable.
- 3) **Mis-Mate Details** – complete this section (one-side) if the merchandise is identified as a mis-mate and place the item/s in the mis-mate bin. Tag fields include date mis-mate was found, description of missing piece/s, and origin of mis-mate.

All Merchandise Damage Tag fields must be filled-in legibly, using a pen or pencil and must be securely attached to each item of merchandise that is damaged. Use of tape, rubber bands, or price tag fasteners are recommended for attaching Merchandise Damage Tags.

## 5a. STORE GENERATED MARKDOWNS

All damaged merchandise that is deemed to be in **salable** condition but requires a discounted price (markdown) for optimal sell-off must receive a **Store Generated Markdown**, or SGM. Only store management is entrusted with the responsibility and authority to make manual markdown decisions within stated guidelines.

### Assessing Damage for Appropriate Markdown

The five categories below provide further detail to assist in making markdown decisions.

1. **Repairable (no markdown)** – minimal cosmetic scratches, dings, loose parts. If these types of damages can be repaired and restored to ‘like new’ condition, they should not be marked down and can be sold at full/current price.

2. **Minor** – All minor damage, like cosmetic wear or small chips/nicks/scratches should be marked down to 10% off the current price
3. **Moderate** – Moderate cosmetic wear or damage, dents, washable stains, and missing hardware should be marked down to 20% off the current price
4. **Major** – Very noticeable cosmetic damage or most hardware missing (with it still being safe to sell) should be marked down to 50% off the current retail. Please use discretion when assessing major damage to ensure it is still salable.
5. **Un-salable** – Merchandise that is severely damaged, distressed, or considered unsafe and does not fit into any of the first four damage categories should be deemed unsalable and unsuitable for presentation to the customers and should be marked out of stock and salvaged or destroyed at store level.

Due to the various types of merchandise in the stores, it is impossible to establish markdown guidelines to cover all situations. However, in addition to the guidance above, the **Damages Execution Planner** provides detailed markdown guidance by department, as well as a price matrix to easily determine 'was/is' pricing on any item.

## Origin & Reason of SGM

As previously stated, merchandise damage can come from multiple sources, be it from the receiving process, within the store or from our customers. In addition to assessing the current condition and salability of an item, store management is responsible for capturing the known origin and reason for the damage. This step is complete as part of the SGM ticket creation, as detailed below. The reasons for damage are referred to as *damage codes* and are listed as follows:

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



Management is to use their best judgement in selecting both the damage origin and damage reason. Both fields are **required** to be selected prior to a markdown being created/printed.

## Processing SGM's

To process a Store Generated Markdown, Managers will use the *Print Retail Tags* function in OMS. Follow these steps to access and utilize this function:

- 1) At the OMS main screen, select the *Transaction* menu, then select *Sales Order Processing*, then select *Print Retail Tags*.
- 2) Once in the Print Retail Tags function, scan the Sierra tag of the selected merchandise or select the magnifying glass icon to search merchandise. Product information will populate on the screen, including description and current pricing.
- 3) From the *Price Type* menu, Select *Store Generated Markdown*
- 4) Select the appropriate store Tag Printer
- 5) Enter the new markdown price in the *Current Price* box.
  - a. All SGM items will have a price ending in '.00'
  - b. Use the markdown guidance box to easily calculate 10%, 20% or 50% off the current price
- 6) Select both the correct **Origin Code** and **Reason Code** from the drop-down menu
- 7) Enter the desired quantity of tags to be printed (default value is 1 tag)

As a reminder, SGM's must be printed on red markdown labels, even when replacing a hang tag, and the tag must be hand-marked with "AS-IS" to denote to the Customer that the item has already been discounted due to current selling condition/s. **All SGM items are automatically designated as a markdown and will be included in future subsequent ('sub') markdown cycles.** Ensure all subsequent markdowns are applied and the new markdown tag is again marked with "AS-IS". No SGM may exceed a 50% reduction from the current price, as outlined in the SGM section of the ***Damage Execution Planner***.

## SGM's at Point-of-Sale

In certain circumstances, Associates or Customers may identify damage to merchandise as a transaction is about to be rung or is already in-progress. In all situations where an item is deemed damaged and salable and has not yet been marked down, a Store Generated Markdown must be taken **prior to the item being rung** within



the pending or current sales transaction. A Manager must follow the SGM processing steps above, prior to ringing the item. **Transaction line-item discounts and/or price overrides must NOT be made to any damaged items.** Completing a SGM for each damaged item ensures that the proper profit and loss is captured correctly in the store financial ledger.

## 5b. MARK OUT OF STOCK (MOOS)

All damaged merchandise that is deemed to be in **unsalable** condition must be **Marked Out of Stock (MOOS)**. Only store management is entrusted with the responsibility and authority to make MOOS decisions within stated guidelines.

As identified in the *Damage Center Planogram*, there must be designated area in the Damage Center, both at the front-end and in the backroom, to store damaged merchandise that is awaiting to be marked out of stock. A member of management must regularly review and process all accumulated damages in the backroom Damages Center **weekly**, at a minimum, or more frequently based on damages volume.

### Assessing Damage

Unsalable merchandise is defined as any item that no longer meets minimum brand presentation standards or customer quality expectations, including major cosmetic or functional damage or defects in merchandise features that do not allow the item to perform as it's intended. This includes, but is not limited to, the following examples:

- Apparel, accessories, and footwear that has tears or rips, broken features such as zippers, snaps, toggles and Velcro/fasteners, or missing straps or eyelets.
- Any merchandise that has a strong, unwanted odor or a general hygienic issue
- Apparel or footwear that was returned worn, is permanently stained, or discolored (refer to Salvage process)
- Gear and all other hardlines merchandise that has all or most of its corresponding parts missing (more than 50%) or is deemed otherwise unsafe to use or operate
- All beauty, personal care and wellness merchandise that has visible tampering has been returned by the customer unsealed, regardless of physical condition.

- All unsealed or opened/tampered food merchandise that has been returned by the customer or found on the selling floor. All food items that have expired.
- Any expired, opened, damaged or imperfect gourmet food / pet food must be marked out of stock and taken off the sales floor immediately.
- Home Office directed merchandise pulled from the sales floor due to Product Safety or Trademark Recalls or other quality, brand image or vendor agreement concerns.

Due to the various types of merchandise in the stores, it is impossible to establish MOOS guidelines to cover all situations. However, in addition to the guidance above, the **Damages Execution Planner** provides detailed destruction guidance by department.

## Origin & Reason of Damage

As previously stated, merchandise damage can come from multiple sources, be it from the receiving process, within the store or from our customers. Once merchandise is deemed unsalable, store management is responsible for capturing the known origin and reason for the damage. This step is complete as the first part of the MOOS process, as detailed below. The reasons for damage are referred to as *damage codes* and are listed as follows:

Origin Codes		Reason Codes	
<b>OFF TRUCK</b>	truck/transit damage	<b>DAMAGED UNSALABLE</b>	Item/s with damage that deems it unsalable
<b>CUSTOMER</b>	customer return damage	<b>SALVAGE UNSALABLE</b>	Salvage-eligible, unsalable item/s
<b>IN-STORE</b>	in-store based damage	<b>SALVAGE MISMATE</b>	Salvage-eligible, unsalable item/s with missing piece/s
		<b>HO DIRECTED</b>	Home Office directed salvage or destroy (recall/safety, reputation, end-of-season)

## Processing MOOS Merchandise

To process a MOOS, management will use the *Retail Damages* function in OMS. Follow these steps to access and utilize this function:

- 1) At the OMS main screen, select the *Transaction* menu, then select *Inventory*, then select *Retail Damages*.
- 2) From the Destination drop-down menu, select **MOOS Destroy**

- 3) Select both the correct **Origin Code** and **Reason Code** from the drop-down menu.
- 4) Scan the Sierra tag of the selected merchandise in the Item Code box. Merchandise being marked out of stock **MUST** have a scannable Sierra tag to be processed successfully.
- 5) After an item has been successfully scanned, a confirmation window will appear, prompting the manager to verify the item being marked out of stock is accurate and true. The item will be marked out of stock and removed from inventory upon confirmation.
- 6) If any scanned item has a current on-hand system quantity of zero or less (negative inventory), the item's on-hand quantity will continue to be reduced accurately as negative inventory.
- 7) Upon completing all MOOS destroy scanning, price tags and vendor ticketing must be removed from all items before destruction and trashing.

All damaged items marked out of stock are to be immediately destroyed\* in-store and place in the appropriate trash stream (dumpster/trash receptacle, hazardous waste container, recycling toter). Be sure to follow all local, state, and/or federal recycling and waste disposal guidelines that may apply to your store location. As well, always dispose of hazardous items in accordance with TJX Hazardous/Regulated Waste Guidelines and ensure they are not placed in regular store trash or recycling bins.

\*Destroyed is defined as the purposeful destruction or defacing of damaged merchandise so that it is no longer in salable or usable condition. Please follow all company safety practices when destroying merchandise.

## 5c. MERCHANDISE SALVAGE

The Salvage program, previous known as 'Retail Donations', consists of shipping specific damaged and defective merchandise that is no longer salable to a salvage company.

Only certain merchandise, that has a resale value, may be sent to the Salvage Company instead of being destroyed. **All salvage merchandise must be marked out-of-stock.** It is Management's responsibility to ensure that any merchandise that meets the salvage criteria is sent to a salvage company, as outlined.

As identified in the *Damage Center Planogram*, there must be designated area in the Damage Center to store merchandise that will be sent to the salvage company. Store management must regularly review all accumulated damages and their corresponding Damage Tags. All merchandise matching the salvage criteria below should be marked out of stock and placed in the corresponding salvage bin/s for future shipment.

## Salvage Criteria

The following items are permitted to be salvaged:

- Apparel and footwear that has been returned worn or unsalable
- Apparel that is permanently stained or discolored
- All un-matched shoe mis-mates that have been held for no less than three full weeks from time of discovery.
- Purged seasonal and/or 'yellow ticket' merchandise, as directed by Home Office
- Any **unopened** food items that are near expiration (within one week of expiry)
- Any giftware or glassware items that are unsalable due to chip, dent, etc., so long as it is determined that further damage will not occur while in transit; can become a safety hazard
- Merchandise that is pulled from the salesfloor due to a 'MOOS & Destroy' directive or a Home Office directed 'Hold Off Salesfloor' order

The following items are **NOT** permitted to be salvaged:

- Nike Merchandise; all Nike merchandise marked out of stock **MUST** be destroyed in-store.
- Watches, Sterling Silver, fine gold, costume/fashion jewelry
- Any **opened or expired** food items
- Damp, wet, mildew or hazardous merchandise – to be destroyed in-store or placed in proper hazardous waste collection area, in accordance with TJX Hazardous/Regulated Waste Guidelines
- Merchandise that is pulled from the salesfloor due to Product Safety Recalls, Legal Recalls or Return-to-DC directives.
- All other categories of damaged merchandise as described in the *Mark Out of Stock* and *Merchandise Mis-Mate* sections of this document.

In addition to the guidance above, the **Damage Execution Planner** provides detailed salvage guidance, by department.

## Processing Salvage

To process salvage merchandise, Managers will use the *Retail Damages* function in OMS. Follow these steps to access and utilize this function:

- 1) At the OMS main screen, select the *Transaction* menu, then select *Inventory*, then select *Retail Damage*.
- 2) From the Destination drop-down menu, select **MOOS Salvage**
- 3) Select both the correct **Origin Code** and **Reason Code** from the drop-down menu.
- 4) Scan the Sierra tag of the selected merchandise in the Item Code box. Merchandise being marked out of stock **MUST** have a scan-able Sierra tag to be processed successfully.
- 5) After an item has been successfully scanned, a confirmation window will appear, prompting the manager to verify the item being marked out of stock is accurate and true. The item will be marked out of stock and removed from inventory upon confirmation.
- 6) If any scanned item has a current on-hand system quantity of zero or less (negative inventory), the item's on-hand quantity will continue to be reduced accurately as negative inventory.
- 7) Upon completing all MOOS Salvage scanning, all Sierra hangtags must be removed from the merchandise before being boxed for shipment. **If the product has a Sierra sticky tag, please cross out the UPC with a black permanent marker.**
- 8) Vendor ticketing must remain intact on all items before being boxed for shipment. Do **NOT** remove/slice/cut any brand name labels or sewn labeling on apparel items.
- 9) Follow the shipping guidelines below to complete the salvage shipment.

Shipments of salvaged merchandise must be made **at the end of each month** or anytime between the 15<sup>th</sup> and 30<sup>th</sup> of each month, based on your salvage volume. Only use empty truck cartons to ship salvages, due to carton strength and consistency. Only full cartons may be shipped to the salvage company. Hold partial cartons and fill for the next shipment. Salvage cartons may contain a mix of apparel and hardlines items.

Write your store number on the prepaid salvage company barcoded shipping label (in this format: Sierra 0####) and affix one label to each salvage carton. For carton pick-up, call FedEx at 1-800-463-3339. Use the prompts that will connect you to a representative and provide your address for pickup.

Stores should order all replacement labels through **Bunzl**, item code: **517527-00** (titled 'MERCH SALVAGE RETURN LABELS THE JAY GROUP').

## 5d. MERCHANDISE MIS-MATE

Many items across the store are intentionally merchandised and sold as a pair or a multi-piece set. A Mis-mate is any multi-piece merchandise with one or more pieces of a set are missing or have mismatched sizes. (e.g. A 2-piece swimwear set is missing the bottom or top.)

As identified in the *Damage Center Planogram*, there must be designated area in the Damage Center, both at the front-end and the backroom, to house mis-mate merchandise to be processed. Store management must regularly review and process all accumulated mis-mates. All mis-mate merchandise that is deemed unsalable, based on the guidelines in the *Mark Out of Stock* section of this document, should be moved to the damages bin for future MOOS processing.

### Mis-mate Merchandise Discovery & Hold

When apparel, hardlines, and footwear mis-mates are found on the sale floor or off the truck, associates and management should immediately check the following areas for the missing items:

- **Shipment Cartons** – if the mis-mate is found during the processing of a store shipment, hold the item/s in the mis-mate holding area until the total shipment has been processed.
- **Fitting Rooms** – check open Fitting Rooms and the Fitting Room Recovery ('Go-Back') Rack for any corresponding pieces
- **Sales Floor** – check the parent department to look for corresponding pieces or a matching pair. As well, check clearance fixtures to see if the missing item had been previously found and marked down.
- **Mis-mate holding area (Damage Center)** – check to see if the item found is part of a previously identified mis-mate.

After all areas have been checked and the missing piece/s cannot be found, the following steps are to be immediately taken to hold the merchandise for potential matching:

Footwear: Each mis-mate shoe must have a Merchandise Damage Tag attached, with the *Mis-Mate* section filled-out. This includes the *date* that the mis-mate was found (discovery), a *description* of all missing piece/s, and the *origin* of the mis-mate (customer, in-store, truck). Once complete, all footwear is to be held on the designated shelves of the Damage Center for a period not to exceed **three (3) weeks from the**

**date of discovery.** Newly discovered footwear is to be placed on the shelf labeled '*Mis-mates Week 1*'. This will begin a weekly rotation process. Store management is then responsible for ensuring that all shoe mis-mates are rotated and processed each week on a **consistent, store-designated day (Sunday-Thursdays)**. On that day, all mis-mated shoes will rotate to the next week or be processed as follows:

- 1) All mis-mated and un-matched shoes currently located on the '*Mis-mates Week 1*' shelf, regardless of how recently they were added, will then be moved to the '*Mis-mates Week 2*' shelf.
- 2) All mis-mated and un-matched shoes currently located on the '*Mis-mates Week 2*' shelf will then move to the '*Mis-mates Week 3*' shelf
- 3) Lastly, all mis-mated and un-matched shoes currently on the '*Mis-mates Week 3*' shelf are to be removed and Marked Out Of Stock as salvage merchandise. Follow all processing guidelines listed in the *Merchandise Salvage* section of this document.

Apparel & Hardlines: Each mis-mate item must have a Merchandise Damage Tag attached, with the *Mis-Mate* section filled-out. This includes the *date* that the mis-mate was found (discovery), a *description* of all missing piece/s, and the *origin* of the mis-mate (customer, in-store, truck). Once complete, all items are to be held in the mis-mates holding bin located in the Damages Center not to exceed **seven (7) calendar days from the date of discovery**. After an item(s) has been in the holding bin for 7 days without a successful match, store management is responsible for removing the item(s) from the bin, removing the Damage Tag, and processing the mis-mate for a Store Generated Markdown using the steps below.

## Processing Mis-mate SGM's

To process salable, non-footwear mis-mate merchandise, Managers will use the *Print Retail Tags* function in OMS. Follow these steps to access and utilize this function:

- 1) At the OMS main screen, select the *Transaction* menu, then select *Sales Order Processing*, then select *Print Retail Tags*.
- 2) Once in the Print Retail Tags function, scan the Sierra tag of the selected merchandise or select the magnifying glass icon to search merchandise. Product information will populate on the screen, including description and current pricing.
- 3) From the Price Type menu, Select *Store Generated Markdown*
- 4) Select the appropriate Tag Printer
- 5) Enter the new markdown price in the *Current Price* box. Follow pricing guidelines in the ***Damage Execution Planner***.



- 6) Select the correct **Origin Code** and select the '**Mismatch**' Reason Code from the drop-down menus.
- 7) Print and apply the markdown price tag on the mis-mate merchandise.
- 8) Remove and destroy any multi-piece garment tags, as necessary.
- 9) Place the merchandise in the appropriate clearance area within the correct department.

All SGM's must be printed on red markdown labels, even when replacing a hang tag, and the tag must be hand-marked with 'AS-IS' to denote to the customer that the item has already been discounted due to its mis-mate condition. SGM items will have a price ending in '.00' and are subject to subsequent markdowns. No SGM may exceed a 50% reduction from the current price, as outlined in the SGM section of the **Damage Execution Planner**.

## Mis-Mate Merchandise Disposition

- If mis-mate 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)
- If a missing piece is found that belongs to an item that was previously marked down as a mis-mate, ensure that the corresponding marked-down merchandise is still available by searching the appropriate clearance area/s. If the corresponding piece is found, combine the merchandise and re-ticket the mated merchandise to its current (non-SGM) price. Place the merchandise back on the sales floor, in the appropriate department.
- Mis-mate merchandise cannot be donated to local charities or cause campaigns.
- MOOS'd mis-mate merchandise cannot be purchased by a customer or associate or be placed in the possession of a store associate (e.g. taken home or used in-store).

## 5e. RE-WRAPPS

On occasion, merchandise may incur cosmetic damage ('shop-wear') to its packaging or have missing/opened packaging that can negatively impact its salability. Commonly affected merchandise category examples include bedding and textiles, undergarments, and footwear accessories. When re-packaging is required, this process is called a **re-wrap**. Ideally, re-wraps should be done on the selling floor, as soon as they are found, utilizing the original packaging/vendor inserts whenever possible. If the original vendor packaging cannot be used, the guidelines below will provide further instruction. **All**

**unpackaged merchandise should be addressed in-the-moment.** It is management's responsibility to ensure that re-wraps are completed in a timely manner.

As identified in the *Damage Center Planogram*, there must be designated area in the Damage Center to store re-wrap supplies and provide a processing area to complete re-wraps. A member of management must regularly review this area to ensure supply levels are adequate and the processing area is well maintained.

## Re-wrap Guidelines

Please follow the guidelines below for merchandise that is in salable condition with no missing items:

- If the vendor-package is opened or torn but otherwise intact, it should be carefully repackaged using shrink-wrap, scotch tape or contained within an appropriately sized re-wrap bag. Do not use excessive amounts of tape on torn packaging. A store-generated markdown should **NOT** be taken in these circumstances. As always, check for proper ticketing, size labeling and markdown status prior to placing the merchandise back on the salesfloor.
- If the vendor packaging is opened or torn beyond repair and cannot be utilized, remove all merchandise from the package and use the appropriately sized re-wrap bag to repackage the merchandise with the best possible presentation. A Store Generated Markdown may be taken on this merchandise, following the SGM guidelines provided in this document.

For merchandise with an item/s missing or NOT in salable condition:

- If one or more pieces of a merchandise set is missing from the original vendor package, this is considered a mis-mate and must be processed and marked down based on the guidelines described in the *Merchandise Mis-mate* section of this document. Maintain all remaining item/s in the vendor packaging or re-wrap in the appropriate-size re-wrap bag.
- All merchandise that is in shopworn packaging or is missing original vendor packaging and is NOT in salable condition should be marked out of stock based on the guidelines described in the *Mark Out of Stock* section of this document.

Stores should order all re-wrap bags through **Bunzl**.