



SHRINKAGE AND CLAIMS POLICY OVERVIEW

The information contained in this Policy explains in detail the correct Management of Shrinkage and damaged stock claims processes for Toymate stores.

It is not only important for you to be able to understand this policy, but to also realise the consequences to the business if our best practices are not followed as outlined in this Policy. The Policy is designed to ensure shrinkage in stores is correctly managed and authorised at all times. Failure to comply with the Toymate Policy's may lead to termination of employment. Following the guidelines set out in this policy will ensure that the business expectations are met. **IN THIS POLICY**

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1. PURPOSE

- 1.1 This Policy outlines the procedures and guidelines for business shrinkage and claims policy.
- 1.2 This Policy, where relevant, operates in conjunction with an employee's contract of employment.

2. COMMENCEMENT OF THE POLICY

2.1 This Policy will commence from 11/7/2020. It replaces all other leave policies of Toymate ('Toymate') which deal relating to Shrinkage and Claims.

3. APPLICATION OF THE POLICY

- 3.1 This Policy applies to employees (including temporary employees) of Toymate.
- 3.2 This Policy does not form part of any employee's contract of employment. The Policy is not intended to override the terms of any award, enterprise agreement or contract that applies to an employee.

4. SHRINKAGE

- 4.1 Shrinkage also known as wastage can be in the form of stock returned by customers which is faulty or damaged. Empty packaging found, products stolen or damaged on the shop floor are also all contributors to wastage.
- 4.2 Correct management of shrinkage in a business is crucial in ensuring correct inventory is maintained and wastage is controlled. Failure to correctly manage shrinkage can lead to huge unknown loss for the business and poor inventory. It can potentially destroy a business.

5. MANAGING SHRINKAGE CORRECTLY

5.1 Manager is to set up one designated area in the storeroom for wastage and claims. The wastage bay must have a sign SWAT Stop wastage and theft as shown below.



- 5.2 Plastic tubs or a cage must be set up and one labelled wastage and the other claims. Wastage and claims are not to be stored at registers.
- 5.3 All faulty returns/wastage must have a completed faulty item wastage slip attached to it. The slip is displayed below

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FAULTY ITEMS WASTAGE SLIP TOYMATE	FAULTY ITEMS WASTAGE SLIP TOYMATE	FAULTY ITEMS WASTAGE SLIP TOYMATE
Item Description:	Item Description:	
Item Number:	Item Number:	Item Number:
Price:	Price:	Price:
What is the Fault?:	What is the Fault?:	What is the Fault?:
Cashiers Name:	Cashiers Name:	
Date Entered into Spreadsheet/Processed:	Date Entered into Spreadsheet/Processed:	Date Entered into Spreadsheet/Processed:
Date Claim was Raised:	Date Claim was Raised:	_ Date Claim was Raised:

- 5.4 All faulty, damaged, ex display stock must be stock adjusted to remove from inventory and the following steps must take place.
 - I. Take a photo of the item.
 - II. In the stock adjustment spreadsheet enter all details regarding the item including a clear photo of the item.
 - III. If the item is under \$50 ensure it is stock adjusted and disposed of only after approved by Area Manager or Loss Prevention. Enter the item in the spreadsheet and note if the item was disposed of.
 - IV. Items over \$50 are to be written up in the stock adjustment spreadsheet and secured in the claim's tub/cage awaiting claims processing.
 - V. Supplier collecting the item must supply the manager with a collection slip/form acknowledging collection of the item or sign out the item on the back of the faulty item's wastage slip. Name, Signature, Date and time.
 - VI. The slip/form is held with EOD paperwork for weekly auditing purposes.
 - VII. Faulty returns will be held for two weeks. For instance, returns in week 1 are disposed of at end of week 3 or returns in week 2 and disposed of in week 4.
 - VIII. After the two-week period any stock which can be marked down, repaired etc. should be actioned. Any non-saleable stock is to be disposed of.
 - IX. Where stock can be easily repaired and resold all effort is to be made to do this.
- 5.5 No Toymate employee has the authority to instruct a store Manager or staff member to dispose of any stock unless it is firstly authorized.
- 5.6 All items to be wasted and or claimed must be reported weekly to Loss Prevention in the form of the stock adjustment spreadsheet.

Date	Store	Item Number	Qty	Item Fault Description	Reason Code	Photo	Stock Adjusted Y/N
					RDAMAGED		

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- 5.7 It is important to select the correct reason code for the stock adjustment. If its theft, then select theft. Stock adjustments are audited by Loss Prevention weekly.
- 5.8 It is the managers responsibility to ensure the stock adjustments being processed in their store are correct. Entering incorrect quantity or codes can have a detrimental effect on stock integrity.
- 5.9 All wasted items are to be destroyed, discolored etc., to prevent them being taken from the garbage bin and returned.

6. CLAIMS

6.1 The stock adjustment spreadsheet is viewed by the Buyers who will establish if we can potentially raise a claim for an item. All effort is to be made at store level in checking the outdoor manual to establish if parts can be obtained for some items such as scooters and bikes. In such cases the Manager is to follow this up with the supplier.

7. AUTHORITY TO DISPOSE OF STOCK

- 7.1 At times head office may make a directive for stores to take certain steps in locating, recording and disposing of stock. There will be specific steps issued to stores in each case as in some cases the items may be a compliance issue requiring return to supplier or wasting the item. The instructions would generally come from the buyers and must be actioned as per the instructions issued.
- 7.2 Once the stock to be wasted has been approved by Loss Prevention to be stock adjusted, the manager or person they elect will stock adjust the items and dispose of the stock.
- 7.3 Loss Prevention and Area Managers will routinely Audit stores wastage controls and items to be disposed of.
- 7.4 No employee is authorized to direct a manager or staff member to dispose of stock unless Loss Prevention have approved it first regardless if the employee is of the belief the item is not claimable. Loss Prevention will investigate to confirm the item.

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