STOCK ROTATION POLICY

REASON FOR POLICY:
Stock rotation in the food section of Corner Bakery is an essential daily function to ensure only fresh, within shelf life products are presented.

ABBREVIATIONS & DEFINITIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Definition</th>
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<tbody>
<tr>
<td>FIFO</td>
<td>First-In-First-Out</td>
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<tr>
<td>FEFO</td>
<td>First-Expire-First-Out</td>
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<td>Shelf-life</td>
<td>The life span of the product during which the safety &amp; quality is guaranteed</td>
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<td>Best-Before date</td>
<td>The date within which the quality of the product is guaranteed. Safety of the product after this day is still intact, but not quality</td>
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<td>Use-by date</td>
<td>The date after which high risk products are no longer safe for human consumption. Not to be used after this date.</td>
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<td>Damages</td>
<td>Any product found to be unfit for sale or for human consumption.</td>
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<td>Stock Rotation</td>
<td>Stock rotation is the practice, used in retail, especially in food stores, of moving products with an earlier sell-by date to be packed in the front of a shelf (or in the cooler/fridge before the new product), so they get picked up and sold first, and of moving products with a later sell-by date to the back of the shelf. (FIFO – First In First Out).</td>
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POLICY:
Daily checks should be conducted by Food Sales Manager /Food Controller/Food General Assistants on all perishables to ensure products with the shortest sell by date or expiry date is always merchandised to the front of the shelf. No expired stock must be allowed on sales floor. No meat or chicken is allowed to be re-wrapped or re-packaged on site. These items must be written off to waste.

POLICY IMPLEMENTATION:
It is the responsibility of the franchisee to ensure that staff are trained on stock rotation.
PROCEDURE:

Process Flows

General Assistants

Daily (early morning) checks all stock for sell by / or expiry dates and quality (freshness) in both
- back-up areas and
- Sales Floor

Ensure that stock with an earlier sell by date are merchandised to the front of the shelf and stock with a later sell by date to the back of the shelf.

Identify the following while doing the stock rotation process:
- Stock with expiry/sell by date - 1 day
- Expired stock
- Damaged packaging
- Some of the contents not meeting required standards (quality control)

End

Stock Rotation

General Assistants

- Always apply the FIFO rule to all stock stored in back-up areas/fridges/chillers.
- Ensures that all back-up stock sell by/ expiry dates are the stock with the longest expiry/sell by dates.
- If expiry or sell off date is in the short future, move these items out of the back-up areas and merchandised on the sales floor
- Ensures that back-up areas are also merchandised correctly - i.e. stock with an earlier expiry/sell by date merchandised/moved to front of the shelf/storage area.

Sales Floor

- Ensure that stock with an earlier sell by date are merchandised to the front of the shelf and stock with a later sell by date to the back of the shelf.

Identify the following while doing the stock rotation process:
- Stock with expiry/sell by date - 1 day
- Expired stock
- Damaged packaging
- Some of the contents not meeting required standards (quality control)

Expiry date - 1 day

- Mark down the stock and move to designated area to clear
- Remove stock immediately from sales floor
- store in designated area for waste or
- Remove from sales floor to area where stock can be:
  - re-packed (No meat or Chicken to be re-packed). Once done - merchandise on sales floor or
  - Move to designated area for return to supplier (CCV)

Expired Stock

- Move to designated area for return to supplier (CCV)

Damaged Packaging

- Remove goods from the sales floor
- Remove unwanted items and write off to waste
- Repack good items and price
- Move to designated area for return to supplier (CCV)

Quality Control

- Repack good items and price
- Re-merchandise on sales floor to sell

Backup Areas

- Remove stock immediately from sales floor
- store in designated area for waste or
- Move to designated area for return to supplier (CCV)

Back-up areas

- Always apply the FIFO rule to all stock stored in back-up areas/fridges/chillers.
- Ensures that all back-up stock sell by/ expiry dates are the stock with the longest expiry/sell by dates.
- If expiry or sell off date is in the short future, move these items out of the back-up areas and merchandised on the sales floor
- Ensures that back-up areas are also merchandised correctly - i.e. stock with an earlier expiry/sell by date merchandised/moved to front of the shelf/storage area.
Stock Rotation Management

Conducts regular spot checks on perishables and other sell by stock to ensure the stock rotation process is managed effectively

End

Receiving

Food Controller and RRS Administrator:

- When receiving any FMCG goods with special reference to fresh/perishables, a detail check must be conducted with the driver once goods were off-loaded from the truck into the receiving bay, to ensure that the sell by date/expiry date on these items meet the minimum requirements for that specific product i.e. that when we receive perishables that the business has the maximum number of days shelf life available on this product.
- If it is found that the sell by date or expiry date does not meet the minimum requirements (Shelve life), those items must not be accepted and returned to the Supplier. (Delivery not accepted)

Sales Floor and back-up areas

General Assistants - Foods

- On a daily basis, conducts a detailed check on the sell by date/expiry date of all fresh produce/perishables to ensure:
- Stock kept in backup areas i.e. Fridges/coolers and stock rooms are stock with the furthest expiry or sell by dates.
- Stock on the Sales Floor is merchandised with the closest sell by date / expiry date merchandise at the front of the shelf.
• All items that were not sold by reaching the sell by date must be removed and marked down to clear using the bonus buy system.
• All expired stock/past sell by date needs to be removed from the Sales Floor, recorded on the Daily Waste Control Schedule and disposed of using the write-offs process or return to Supplier based on the supplier agreement.

**Food Manager / Food Controller:**
• Conducts regular spots checks during the day on products with sell by dates or expiry dates to ensure the stock rotation process is executed correctly and that action is taken to clear products timeously where the sell by/-/expiry date has been reached

**All Management:**
Conducts spots checks during the day on products with sell by dates or expiry dates to ensure the stock rotation process is executed correctly and if any irregularities are found, that these are brought to the Foodco Team’s attention.

**TRAINING:**
Management Training

**ACCOUNTABILITY:**
Franchisee