

# Standard Operating Procedure (SOP): Damaged, Obsolete, and Expired Inventory Handling

This SOP details the procedures for managing **damaged, obsolete, and expired inventory**, including identification, segregation, documentation, and disposal methods. It ensures compliance with regulatory requirements and company policies while minimizing financial loss and environmental impact. The process covers monitoring inventory status, reporting damaged or expired items, and coordinating with appropriate departments for proper handling and record-keeping.

## 1. Purpose

To establish standardized processes for the identification, segregation, documentation, and disposal of damaged, obsolete, and expired inventory in compliance with company policy and regulatory requirements.

## 2. Scope

This SOP applies to all employees involved in inventory management, storage, and disposal at [Company Name].

## 3. Responsibilities

Role	Responsibility
Inventory Staff	Identify and report damaged, obsolete, or expired items. Segregate affected items from usable inventory.
Warehouse Manager	Verify reports, authorize further action, and ensure proper documentation.
Quality/Compliance Team	Assess compliance risks and environmental impact. Approve disposal methods.
Records/Finance Department	Maintain documentation for audits and financial records. Adjust inventory valuation as needed.

## 4. Procedure

### 4.1. Identification

- Conduct regular inventory audits and inspections.
- Identify items that are damaged, obsolete, or past expiration date.
- Clearly label or tag identified items as **“Damaged”**, **“Obsolete”**, or **“Expired”**.

### 4.2. Segregation

- Immediately remove affected items from the active inventory area.
- Place items in designated quarantine or holding areas.

### 4.3. Documentation and Reporting

- Complete a Damaged/Obsolete/Expired Inventory Report (see Appendix A).
- Attach pictures or supporting documents, if necessary.
- Submit the report to the Warehouse Manager for validation.
- Update inventory management system to reflect the status.

### 4.4. Evaluation and Approval

- Warehouse Manager and Quality/Compliance Team verify reported items.
- Determine proper handling and disposal method based on item classification and regulatory guidelines.

### 4.5. Disposal

- Dispose of items according to approved methods (recycling, destruction, return to supplier, or donation when permitted).
- Coordinate with licensed disposal vendors, if required.

- Obtain disposal certificates or proof of destruction (retain for records).

### 4.6. Record Keeping

- Maintain all related reports, photos, disposal certificates, and approvals for a minimum of [X] years.
- Ensure accurate adjustment of inventory and financial records.

## 5. Compliance

- Adhere to applicable local, state, and federal regulations on waste, safety, and environment.
- Follow company's internal policies and ethical guidelines for inventory handling and loss prevention.

## 6. Appendix A: Sample Damaged/Obsolete/Expired Inventory Report

Item Name/Code	Type	Date Identified	Quantity	Reason	Reported By	Approval
[Example: Product A123]	[Damaged/Obsolete/Expired]	[YYYY-MM-DD]	[Number]	[Describe reason]	[Employee Name]	[Manager Name/Signature]

## 7. Revision History

Version	Date	Description	Approved By
1.0	[YYYY-MM-DD]	Initial release	[Manager Name]