

AIM-Progress Mutual Recognition of Audits

To reduce audit fatigue and align on key issues of responsible sourcing, several AIM-Progress members agree to mutual recognition of social compliance audits¹

The companies listed on the following page are part of AIM-Progress, a global forum of branded consumer goods companies and common suppliers established under AIM – European Brands Association. AIM-Progress seeks to promote respect for human rights through responsible sourcing while reducing the duplication of supplier audits. These companies have responsible sourcing programmes which may include the request for on-site audits of suppliers. The companies listed below agree, in principle, to recognise supplier audits completed on behalf of another company and will review submitted audit reports to confirm whether they meet internal company requirements. Our common benchmark for the mutual recognition of physical audits is based on the SMETA 4-pillar audit protocol or equivalent standards².

Suppliers are encouraged to share their audit reports directly with these companies upon request (for instance via SEDEX or other data sharing platforms, or bilaterally). Suppliers may only share audit reports³ which they own the rights to or for which they have received prior authorisation to share.

The companies listed below promote suppliers' sharing of audit results while retaining the following rights:

1. To accept or not accept any audit or part of an audit.
2. To require additional follow-up or conduct a full audit at a timing of their choosing

In line with the principle of Mutual Recognition, companies will endeavour to reduce audit duplication where possible and avoid unnecessary or excessive auditing of suppliers.

To verify the scope and integrity of a report the audit report must have the auditor's name, affiliation, contact information and APSCA registration number (if any). Other relevant information such as the standards used to measure compliance may be deemed necessary for a company to accept any report.

¹ Social compliance audits cover the four pillars of responsible sourcing: Labour Standards & Human Rights, Health & Safety, Environmental Management and Business Integrity, as well as due diligence management systems.

² The SMETA 4-pillar audit protocol is based on the new updated SMETA 7.0 standard. AIM-Progress uses a bespoke internal tool, based on the [ITC Sustainability Map](#), to compare audit protocols used by member companies. If the majority of elements are common to our benchmark (85% commonality) a company protocol is deemed acceptable and therefore mutually recognisable.

³ The data contained in such reports must be free of information confidential to the supplier-buyer relationships, such as any reference to commercial terms (prices, volumes) and indeed free of any descriptions of materials or services provided etc.

Member companies participating in Mutual Recognition

Companies that agree to consider mutually recognising social compliance audits include:

Associated British Foods		Haleon	
AB Inbev		Henkel	
Barry Callebaut		The Hershey Company	
Beiersdorf		Kellanova	
Britvic		Kimberly-Clark	
Carlsberg		Mars	
Church & Dwight		McDonald's	
The Clorox Company		Mondelez International	
The Coca-Cola Company		Nestlé	 Good Food, Good Life
Colgate-Palmolive		Orkla	
Danone		PepsiCo	
Diageo		Procter & Gamble	
Estée Lauder Companies		Reckitt	
Ferrero		SC Johnson	 A family company at work for a better world
General Mills		SIG	
Givaudan		Symrise	
Unilever			

Mutual Recognition Criteria

Objective: List set of base criteria to facilitate companies' acceptance and use of supplier audits completed on behalf of other companies while respecting code differences, with the aim of reducing audit duplication, cost and fatigue where possible, and supporting focus on continuous improvement and remediation. These criteria are based on SMETA 7.0 which is used by a large majority of AIM-Progress member companies.

Four Criteria:

- Acceptable Audit Coverage
- Acceptable Auditor
- Acceptable Process
- Audit Integrity

Relevant Information included on Audit Form

1. Date of audit
2. Auditor Firm Name; Auditor Name
3. Announced, semi-announced or unannounced
4. Number of person-days spent at supplier
5. Sample size methodology used

I. Acceptable Audit Coverage

- Verify compliance and conformance⁴ against the following key topic areas⁵:

○ Management Systems	
○ Compliance with local law	
○ Human Rights	○ Land Rights
○ Environmental compliance	○ Discrimination/harassment
○ Freedom of association	○ Forced labour/Migrant workers
○ Physical and mental abuse	○ Health and safety
○ Working hours and overtime	○ Wages and benefits
○ Business Integrity	○ Child Labour
○ Grievance mechanisms	○ Responsible Recruitment

- Standard being verified is clearly stated so as to facilitate individual company decisions
- Details of key subject areas are listed in Appendix

II. Acceptable Auditor

- Use of external third-party auditors provides an assurance of objectivity which facilitates sharing among companies.
- Audit companies should be accredited or approved by organisations such as APSCA, FLA, ICTI, SEDEX⁶, SAI.

Caveats

1. Companies will retain right to recognise (or not recognise) any audit or part of an audit
2. Companies will retain right to require additional follow-up
3. Companies are not responsible for audits they sponsor

⁴ SMETA 7.0 methodology distinguishes between compliance and conformance. Compliance refers to meeting local, national, and international laws, while conformance refers to meeting the ETI Base Code or customer-specific requirements, even when exceeding legal obligations.

⁵ Based on coverage of 4-Pillar SMETA and requirements of leading AIM-Progress members

⁶ Members of SEDEX requesting SMETA audits will require auditors to be affiliated

- AIM-Progress recommends, in particular, that acceptable audit companies/auditors are APSCA registered and/or preferably certified.⁷
- In line with the principle of Mutual Recognition, suppliers should be able to choose an audit body provided that they are paying for the audit, that the audit company complies with the aforementioned criteria and meets customers' expectations.

III. **Audit Process**

- The methodology used by an auditor to determine a non-compliance or non-conformance is based on visual inspection, documentation, review, and group and individual interviews. The audit process includes, at a minimum, the following components:
 - All workers on-site are considered in-scope (migrant, contract, seasonal, hired through labour/service providers, etc.), with a minimum of 60%, ideally 80% of the workforce present during peak times.
 - Minimum 2 person-days for facilities >100 workers with potential to increase with number of workers
 - Opening and closing meetings
 - Review of relevant documents regarding site's compliance with applicable requirements
 - Facility inspection
 - Confidential interviews with workers selected randomly by the audit company. Worker participation in the interview process must be voluntary.
 - Draft corrective action plan with findings and recommended corrective actions and timeframes

IV. **Audit Integrity**

- An acceptable audit report is complete and not redacted (except confidential information concerning production or the supplier-buyer relationship)
- Audit firm and auditor name listed to facilitate verification
- Suggested means to obtain audit report is directly from audited supplier, auditor, or by means of an audit sharing platform.

⁷ The auditor's full APSCA Membership Number enables you to validate the credentials of the auditor, incl. level and membership status.

APPENDIX: AUDIT COVERAGE: Below each of the topic areas are the key elements which represent the collective expectations of AIM-Progress members, and which are reflected in the SMETA 4-pillar audit standard. Audit tools are suggested to cover information pertaining to these elements where feasible to enable other companies to make informed decisions with regard to their internal standards.

<p>Management Systems for labour standards (human rights), health & safety, environment and business integrity</p> <ul style="list-style-type: none"> - Policies & Procedures - Resources for Operational Responsibility & Accountability - Employee/worker communication & training - Monitoring of effectiveness 	
<p>Compliance with local law Suppliers are expected to fully understand and comply with all applicable local laws and regulation</p>	
<p>Child Labor</p> <ul style="list-style-type: none"> - No worker under the age of 15 or local legal requirement if this is higher, except where ILO Convention No.138 developing country exceptions apply. - Workers under 18 (but above legal minimum age) can only carry out age appropriate, non-hazardous work that is properly supervised. No night shifts, compliance with other relevant laws on young workers' employment. - Young Workers - Training/Apprentice Programmes properly registered and supervised - Remediation Plan <ul style="list-style-type: none"> o Written policy and process (in line with ILO guidance and local legal requirements where in place). o Where applicable, provide remediation and safeguarding of underage workers (in line with ILO guidance). 	<p>Discrimination/Harassment</p> <ul style="list-style-type: none"> - Employment policies and processes to prevent discrimination and support equity at all stages of employment (hiring, compensation, access to training, promotion, termination or retirement) - Health checks to be avoided (except if local law requirement) - Non-discrimination covers race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation. - Grievance Procedure
<p>Environmental compliance</p> <ul style="list-style-type: none"> - Compliance with local law, including permits - Environmental Policy endorsed at highest level and communicated to relevant stakeholders - Management System (including identification of potential negative environmental impacts and systems to 	<p>Forced Labour & Responsible Recruitment</p> <ul style="list-style-type: none"> - All forms of forced labour, human trafficking, debt bondage/ bonded labour or any other form of modern slavery are forbidden. - Local Law Compliance - Voluntary Employment Relationship - Right to Refuse Overtime

<p>prevent, mitigate or remedy those impacts).</p> <ul style="list-style-type: none"> - Relevant staff training - Hazardous Material / Chemicals Handling - Recording of Water/Energy/solid waste/hazardous substance/material use and waste and effluent discharge - Resource use targets and plans - Monitoring and mitigation of impacts on biodiversity. 	<ul style="list-style-type: none"> - Freedom of movement <ul style="list-style-type: none"> o no retention of identity and travel documents, deposits, or valuable possessions. o Security guards cannot restrict freedom of movement beyond what is reasonable. - No use of involuntary prison labour - No payment of recruitment fees by workers and process for identification of responsible parties for reimbursement of any fees/costs in service agreements; ensure any charges are reimbursed to workers in full and in a timely manner - Clear employment contracts in understandable language - Verification process that all workers are recruited legally and fairly, including appropriate due diligence that any third-party employment agencies / recruitment brokers are following ethical practices. - Homework and subcontracted work: <ul style="list-style-type: none"> o authorized by clients o meeting ETI base code o no discrimination of employed home workers vs onsite workers o indirectly employed homeworkers: regular checks of contracts, pay, legal rights and visits to place of work -
<p>Wages and benefits (incl. Living Wage)</p> <ul style="list-style-type: none"> - Ensure legal minimum wage (Local Law – cite minimum wage) or wage agreed through collective bargaining agreements, whichever is higher - Payroll Records & Pay slips maintained provided to workers - Timely Payment of wages for all time worked, including training - No deductions from workers’ pay for disciplinary sanctions - Ensure workers receive Insurances & Benefits they are legally or contractually entitled to - Equal remuneration policy - Calculate living wage gap and put in place improvement plans to reach living wage within a stated timeframe 	<p>Health and safety</p> <ul style="list-style-type: none"> - Local Law - required business certificates/licenses - H&S Policy/Management System - Conduct risk assessments regarding the potential hazards arising from work. - Coverage of H&S inspection during audit: <ul style="list-style-type: none"> o Building structure integrity (permits) o Potable Water o Accidents / Injuries o First Aid and medical provision o Provision of PPE o Hazardous substances storage, use, disposal o Machine/equipment safety o Electrical hazards o Air Quality

	<ul style="list-style-type: none"> ○ Emergency preparedness & response plans ○ Fire safety processes (exits, detection, equipment, drills) ○ Sanitation / changing facilities ○ Dormitories ○ Canteen ○ Worker transport ○ Personal storage space ○ Accident log & investigation - H&S Worker Training
<p>Working hours and overtime</p> <ul style="list-style-type: none"> - Right to refuse overtime - Overtime compensated at a premium rate, not less than 125% of the regular rate - Local Law or collective bargaining agreements, whichever gives more protection to workers - Rest and meal breaks as required by local law - 1 day off every week or, where allowed by national law, 2 full days off (24 hours) within a 14-day period - Wage and working hour records available for inspection 	<p>Freedom of association</p> <ul style="list-style-type: none"> - Right to join a trade union or choose other form of worker representation, in line with local law - Right to CBA (Collective Bargaining Agreement) Adherence, in line with local law
<p>Physical and mental abuse</p> <ul style="list-style-type: none"> - Workplace policy prohibiting harsh or inhumane treatment - Disciplinary policies and procedures in place and communicated to all - Worker privacy: not conduct bodily searches. Non-bodily searches only where legitimate business reason and meeting legal requirements. 	<p>Human Rights</p> <ul style="list-style-type: none"> - Written human rights policy <ul style="list-style-type: none"> ○ approved at most senior level ○ communicated to all and trained to relevant personnel - Identification of stakeholders, human rights impacts and salient issues - Procedures in place to address human rights impacts
<p>Business Integrity</p> <ul style="list-style-type: none"> - Business Ethics policy (covering bribery, corruption or any type of fraudulent or unethical business practice) - Communicate business ethics policy to all parties deemed as high risk, including the site's own suppliers. - Assess risks and implement measures to mitigate these. - Implement appropriate and effective corrective actions where they have 	<p>Land Rights</p> <ul style="list-style-type: none"> - Ability to demonstrate, where appropriate, that licences and permissions are held relating to ownership and/or leasing of the land where the site operates.

been subject to any fines/prosecutions for non-compliance to business ethics, regulations or equivalent.	
Grievance Mechanism – Provision of access to grievance mechanism for all workers aligned with UNGPs	

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