



# GUIDE TO EXTERNAL AND INDEPENDENT AUDIT - LIFE BUSINESS AND BIODIVERSITY CERTIFICATION AND LIFE BIODIVERSITY CREDITS

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Contact:

LIFE Institute

Rua Victor Benato, 210 – Bosque Zaninelli – Pilarzinho

ZIP Code: 82.120-110 – Curitiba – PR – Brasil

Phone: +55 41 3253 7884

[lifeinstituteglobal.org](http://lifeinstituteglobal.org)

[contato@institutolife.org](mailto:contato@institutolife.org)

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## **OBJECTIVE**

Present the guidelines and directions for conducting external and independent audits of the LIFE Certification for Business and Biodiversity and LIFE Biodiversity Credits (LBC), carried out by Certifying Bodies (CBs) accredited by the LIFE Institute.

## **APPLICATION**

It applies to Certifying Bodies accredited by the LIFE Institute, as well as to organizations/producers and other parties interested in LIFE Business and Biodiversity Certification and LIFE Biodiversity Credits.

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## 1. INTRODUCTION

Audits, whether for LIFE Business and Biodiversity Certification or LIFE Biodiversity Credits, must be carried out by LIFE Institute accredited Certifying Bodies (CBs). They are classified as third-party because they are external and independent processes.

The CB's must evaluate the compliance of the organization/producer's service according to the LIFE Business and Biodiversity Methodology criteria, through the LIFE Key software, considering the type of certificate:

- **LIFE Business and Biodiversity Certificate:** attests to the organization/producer's commitment to biodiversity management in its business model.
- **LIFE Biodiversity Credits Certificate:** certifies the amount of biodiversity credits of the organization/producer.

## 2. EVALUATION CRITERIA ACCORDING TO THE TYPE OF CERTIFICATE

### 2.1 LIFE BUSINESS AND BIODIVERSITY CERTIFICATE

It applies to organizations (legal entities)/producers (individuals) that wish to obtain recognition of their business commitment to the conservation of biodiversity and the maintenance of ecosystem services.

The Certifying Body must evaluate the organization/producer, according to **APPENDIX I**, considering:

- LIFE Standard for Business and Biodiversity (LIFE-CS);
- Biodiversity Pressure Index – BPI and Biodiversity Minimum Performance – BMP (Technical Guide 01 - TG01);
- Biodiversity and Ecosystem Services Action Plan – BAP and Biodiversity Positive Performance – BPP (Technical Guide 02 -TG02);
- Applicable Reference Documents (RD), Policies (PO) and Management Procedures (MP).

The CB may issue the **LIFE Business and Biodiversity Certificate** to the organization/producer that proves compliance with the criteria of the mentioned items.

The LIFE Business and Biodiversity Certificate **attests to the organization/producer's commitment to biodiversity management in its business model.**

In addition to this, the organization and/or producer may also receive the LIFE Biodiversity Credit Certificate, as described in the following items related to LIFE Biodiversity Credit Certification.

The **LIFE Business and Biodiversity Certificate** must follow the current model sent to the CB by the LIFE Institute and include an identification number for traceability. The certificate number should contain the LIFE BB code, specific identification codes of the CB, the international country identification code, and a unique numerical identifier for each issued certificate, followed by the year of issuance. Example: **LIFE.BB.00X.BRA.XXXX.20XX.**

In addition to the information related to the coding, the **LIFE Business and Biodiversity Certificate** must also include the name of the certified company, its tax identification number, and the address of the certified business unit(s). In cases where business units are located in rural areas without an official address, the certificate should also include the geographical coordinates of the central point of the unit.

**The LIFE Business and Biodiversity Certificate must be issued at the beginning of the Certification process and during Recertification.**

## **2.2 LIFE BIODIVERSITY CREDITS CERTIFICATE**

It applies to organizations/producers that wish to obtain recognition that their conservation actions generate LIFE Biodiversity Credits.

**LIFE Biodiversity Credits (LBC)** represent the positive balance of an organization/producer, which is tangible and traceable. It can be understood as the net result of positive actions for biodiversity in a specific area, after accounting for the pressures exerted on it. This balance is assessed through an independent auditing and certification process.

The **LIFE Biodiversity Credits Certificate certifies the amount of biodiversity credits of the organization/producer.**

Once LIFE Biodiversity Credits have been obtained, organizations/producers can negotiate them with institutions that are interested in investing in biodiversity conservation or that need Biodiversity Positive Performance (BPP).

The Certificate must follow the current model sent to the CB by the LIFE Institute and must include an identification number for traceability. The certificate number must contain the LIFE LBC code, specific identification codes of the CB, an international identification code for the country of origin, and a unique numeric identifier for each certificate issued, followed by the year of issuance. Example: LIFE.LBC.00X.BRA.XXXX.20XX.

In addition to the coding-related information, the LIFE Biodiversity Credits (LBC) Certificate must include the name of the certified project, the ecoregion, the address and geographic coordinates of the project's central area, the certified project area size (in hectares), and the name of the organization/producer holding the project.

It is important to note that each LIFE Biodiversity Credits Certificate must be issued per project and per ecoregion. In cases where a project spans more than one ecoregion, the LBC score must also be differentiated by ecoregion, and different certificates must be issued according to the number of ecoregions. For example, if a project covers three different ecoregions, three separate certificates must be issued, one for each ecoregion.

The Certificate of Credits may also be issued separately for conservation and restoration projects. In this case, the organization/producer must differentiate conservation projects from restoration projects within the LIFE Key software.

Therefore, prior to the start of the External Audit, the organization/producer must structure conservation projects/actions according to the recommendations in Technical Guide 02 and request the CB to differentiate them in the LIFE Biodiversity Credits Certificate.

The entire structure and arrangement of conservation projects/actions and LBC must be evaluated by the audit team during Phase I of the External Audit and later included in the External Audit Report.

The audit team must pay special attention to cases where communities are involved in the project that generated the LBC and apply the rules described in the LIFE Biodiversity Credits document, ensuring that the External Audit guarantees the involvement and benefits of these communities.

The LIFE Biodiversity Credits Certificate must be issued annually during the Certification, Monitoring, and Recertification audits.

### **2.2.1 Issuing LIFE Credits for Organizations (Legal entities)**

Organizations of any size, sector, or activity must be evaluated by the Certifying Body, according to **APPENDIX II**, considering:

- LIFE Standard for Business and Biodiversity (LIFE-CS);
- Biodiversity Pressure Index – BPI and Biodiversity Minimum Performance – BMP (Technical Guide 01 - TG01);
- Biodiversity and Ecosystem Services Action Plan – BAP and Biodiversity Positive Performance – BPP (Technical Guide 02 -TG02);
- Applicable Reference Documents (RD), Policies (PO) and Management Procedures (MP).

The CB may issue the **LIFE Biodiversity Credits Certificate** if the organization proves compliance with the criteria for the items mentioned, and if it has a positive LIFE score balance in conservation actions in Groups 1 and/or 2 of the LIFE Methodology (described in the document Technical Guide 02), discounting the minimum compensation related to its pressure on biodiversity and the assurance factors mentioned in the document LIFE Biodiversity Credits. Combined with this, as you have undergone the complete LIFE Methodology process, you will also be able to receive the **LIFE Business and Biodiversity Certificate**.

For the issuance of the LIFE Biodiversity Credits Certificate, the interpretation of the level of applicability of each module will always be related to the scope of the audit evaluated on a case-by-case basis by the CB. Examples: the existence of a conservation area without productive and infrastructure activities, and the calculation of the pressure on biodiversity (BPI) is not applicable;



small administrative structure and the corporate management indicators (LIFE Standard) are not applicable.

### **2.2.2 Issuing LIFE Credits for Producers (Individuals) without productive activity on the property**

Producers (Individuals) who **only have conservation areas on their property and do not carry out any type of productive activity** must be evaluated by the Certifying Body, according to **APPENDIX III**, considering:

- Applicable legal requirements (legislation in force in the country);
- Biodiversity and Ecosystem Services Action Plan – BAP and Biodiversity Positive Performance – BPP (Technical Guide 02 -TG02);
- Applicable Reference Documents (RD), Policies (PO) and Management Procedures (MP).

The CB may issue the **LIFE Biodiversity Credits Certificate** if the organization proves compliance with the criteria for the items mentioned, and if it has a positive LIFE score balance in conservation actions in Groups 1 and/or 2 of the LIFE Methodology (described in the document Technical Guide 02), discounting the minimum compensation related to its pressure on biodiversity and the assurance factors mentioned in the document LIFE Biodiversity Credits.

### **2.2.3 Issuing LIFE Credits for Producers (Individuals) with productive activity on the property**

Producers (Individuals) who **have productive activities on the property where the conservation area is located** must be evaluated by the CB, according to **APPENDIX IV**, considering:

- Applicable legal requirements (legislation in force in the country);
- Biodiversity Pressure Index – BPI and Biodiversity Minimum Performance – BMP (Technical Guide 01 - TG01);
- Biodiversity and Ecosystem Services Action Plan – BAP (Technical Guide 02 -TG02);

- Applicable Reference Documents (RD), Policies (PO) and Management Procedures (MP).

The CB may issue the **LIFE Biodiversity Credits Certificate** if the producer proves compliance with the criteria for the items mentioned and if it has a positive LIFE score balance in conservation actions in Groups 1 and/or 2 of the LIFE Methodology (described in the document Technical Guide 02), discounting the minimum compensation related to its pressure on biodiversity, and applying the assurance factors mentioned in the document LIFE Biodiversity Credits.

### 2.3 GUIDELINES FOR THE APPROVAL OF LIFE BIODIVERSITY CREDITS (LBC)

The organization/producer must present a statement in the audit of the score achieved in the actions carried out (BPP), which must be verified and approved by the audit team, and must contain:

- The BMP of each Business Unit and respective ecoregion.
- Score (BPP) separated by groups: G1+G2 and G3+G4, and by ecoregion.
- Deduction of the BMP of each BPP Business Unit of groups G3 and G4 that are in the same ecoregion (30%) and the rest (70%) can be discounted from another ecoregion, considering the need of each case.
- After all discounts in the BPP, the BALANCE of the G1+G2 groups multiplied by 0.8 will be considered LCB:

$$\text{LBC} = [(BPP \text{ pG1} + \text{pG2} + (G3Pa, G4Pa)) - (BMP)] * 0,8$$

**Where:**

LBC= LIFE Biodiversity Credits

p = Projects of the LIFE Methodology Groups

Pa = Protected Area

BPP = Biodiversity Positive Performance

BMP = Biodiversity Minimum Performance

0.8 = Index of assurance factors (Project Assurance Factor and Project Leakage Factor, according to the document LIFE Biodiversity Credits)

### 2.3.1 Example of analysis for calculating LIFE Biodiversity Credits:

Chart 1: Biodiversity Positive Performance (BPP) by group and ecoregion:

Ecoregion	BPP per group		
	G1 + G2	G3 + G4	Sum/ ecoregion
Araucaria Forests	150	20	170
Cerrado	50	0	50
<b>TOTAL BPP</b>	<b>200</b>	<b>20</b>	<b>220</b>

Chart 2: Biodiversity Minimum Performance (BMP) by Business Unit:

Business units	BMP	30% BMP/ Ecoregion	
		Araucaria Forests	Cerrado
Business Unit A	100	30	0

Business Unit A BMP is 100. Unit “A” is within the Araucaria Forest ecoregion.

The BMP required in the Araucaria Forests ecoregion is 30 points, which corresponds to 30% of the BMP value, as per regulatory requirements. The BPP in the same ecoregion, which does not apply to LBC (G3+G4), is 20 points. Therefore, there are still 10 points remaining to be deducted from the BMP in the Araucaria Forests ecoregion for projects in Groups G1+G2. After the BMP deduction, there remains a balance of BPP (G1+G2) in the Araucaria Forests of 140. *The organization can choose to offset the remaining BMP using the BPP from either the Cerrado ecoregion or the Araucaria Forests ecoregion. In this example, the remaining BMP (70) is being deducted from the*

*Araucaria Forests ecoregion. The balance of each project should be multiplied by 0.8, resulting in LIFE Biodiversity Credits (LBC).*

Calculation of LBC by Ecoregion:

$$\text{LBC} = [(BPP \text{ pG1} + \text{pG2} + (G3Pa, G4Pa)) - (BMP)] * 0,8$$

- **LBC Araucaria Forests (G1+G2) = [(140) – (70)] \* 0,8 = 56**
- **LBC Cerrado (G1+G2) = [50] \* 0,8 = 40**

Thus, this organization has 56 LIFE Biodiversity Credits in the Araucaria Forests ecoregion and 40 in the Cerrado ecoregion.

This arrangement can be structured according to the decision of the organization/producer seeking certification of LIFE Biodiversity Credits, in accordance with the rules specified by the LIFE Institute.

## 2.4 GENERAL INSTRUCTIONS

The following are general instructions applicable to LIFE Business and Biodiversity Certification and LIFE Biodiversity Credits audits:

- Audits must be conducted through the LIFE Key system, a software that encompasses the LIFE Methodology, automatically calculates metrics, and generates reports. The organization/producer needs to have the system properly filled out to be submitted for evaluation by the audit team designated by the CB. The organization/producer must demonstrate compliance with the requirements by providing evidence, with the option to upload it to the system or present it in another manner.
- The CB must apply the LIFE Methodology documents in the organization/producer evaluations considering the requirements of each type of certificate. The documents are: i) LIFE Standard for Business and Biodiversity (LIFE-CS); ii) Calculation of the Biodiversity Pressure Index – BPI and Definition of Biodiversity Minimum Performance – BMP (Technical Guide 01 - TG01) and

iii) Biodiversity and Ecosystem Services Action Plan – BAP and Calculation of Biodiversity Positive Performance – BPP (Technical Guide 02 -TG02).

- When auditing, the CB must also consider the Reference Documents (RD), Policies (PO), and Management Procedures (MP) applicable to the situation of the organization/producer.
- The CB must verify that the organization/producer is considering the scope of evaluation according to the sector of its activity (primary, secondary, or tertiary), per the Scope Rules.
- If it is not feasible to evaluate all field units, the Certifying Body must define the sampling of the places to be visited, considering:
  - a) Specificities of the organization/producer and the conservation actions carried out, considering their representativeness in the Biodiversity Positive Performance (BPP) score;
  - b) The size and relevance of conserved and/or restored areas;
  - c) Alternation of field units visited each year;
  - d) Prioritization of the field visit of protected areas, if any;
  - e) Random draw of actions registered in BAP by the organization/producer.
  - f) Processes or actions not evaluated or partially evaluated in previous audits, when in follow-up audits.
  - g) The conservation actions not audited *in loco* may be pointed out by documentary evidence, always based on the Guide for Evidence and Content for Verification (GECV) mentioned in Technical Guide 02.
- The score obtained in conservation actions applies to the LIFE Certification candidate or managing organization.
- LIFE Certification for Group: check the specific rules for this modality.
- Positive Performance of the certified or certification candidate organization/producer based on financial support for conservation actions carried out by independent institutions (NGOs, OSCIPs, public agencies, etc.): check the specific rules for this case (see the document Technical Guide 02 - TG02).

### **3. CONTRACTING THE LIFE CERTIFICATION AUDIT AND LIFE BIODIVERSITY CREDITS AUDIT**

#### **3.1 INITIAL CONTACT**

The organization/producer that wishes to receive the LIFE Business and Biodiversity Certification audit or LIFE Biodiversity Credits audit must contact a LIFE Institute accredited Certifying Body.

#### **3.2 CONTRACTING THE CERTIFYING BODY**

The organization/producer and the Certifying Body must formalize the contracting of audits under the internal technical and administrative procedures of the parties.

The CB is responsible for sending the documents related to the LIFE Certification Methodology applicable to the certification candidate organization/producer. It is also responsible for updating already certified organizations and/or producers with the appropriate versions and/or revisions of the applicable documents.

At the time of contracting, the organization/producer must inform the CB about the scope and types of certification (Business and Biodiversity / LIFE Biodiversity Credits) to be contracted, so that the CB can assess the feasibility of the process.

#### **3.3 ACCESS TO LIFE KEY SOFTWARE**

The organization/producer must complete/update the LIFE Key before the start of the external audit by the CB, allowing a deadline of 15 days. This completion is mandatory and defines the scope of the audit. Additionally, the CB must inform the organization/producer that they will have access to the information entered in the software, which can be consulted to conduct a preliminary analysis and prepare the Audit Plan and, necessarily, during the audit, to verify compliance with the LIFE Certification requirements.

The Certifying Body will have access to the data filled in by the organization/producer in the LIFE Key, through the reader profile and auditor profile.

**Access with the reader profile must be requested from the organization/producer** to prepare the Audit Plan (AP). Occasionally, this access may be requested from the Instituto LIFE, always copying the organization/producer in the email request. **In this reader profile, the auditor can only view the information entered in the LK software, with no editing capabilities for any information provided by the organization/producer.**

**The CB must inform the Instituto LIFE of the organization/producer to be audited, as well as the auditing team responsible for the external audit assessment, to release access as an auditor to the LIFE Key. In this profile, the auditor can make their considerations on specific screens, for the exclusive use of the CB, to record audit occurrences and request information deemed pertinent for the effective demonstration of compliance with the requirement in question and the issuance of the external audit report.**

The auditing team must inform the audited organization/producer that the information filled in the LIFE Key should not be altered until the final approval of the External Audit Report issued by the CB, **unless duly agreed upon by the parties.**

### **3.4 PUBLIC CONSULTATION**

This is a consultation with the aim of enabling the stakeholders in the organization/producer's certification process to express themselves. Contributions should be used to identify relevant information related to certification requirements and can serve as complementary guidance during the assessment carried out by the CB.

**The public consultation must be conducted for the initial Certification and for the Recertification of the organization/producer, between Audit Phase I and Phase II, remaining available for at least 15 days.**

The Certifying Body must request from the organization/producer a list of stakeholders that may have, in some way, interest in relation to the certification process to be carried out. This list must be evaluated by the CB and, where appropriate, supplemented, and must contain at least the following actors:

- a) Suppliers;
- b) Customers;
- c) Environmental Agencies;
- d) Surrounding Communities;
- e) Environmental Entities;
- f) Teaching and Research Institutions.

**The public consultation must be sent by the CB to the interested parties, with a copy to the LIFE Institute, through electronic means or other forms of communication, and must also be made available on its website.** It should include a description of the scope of the certification and the intended LIFE Credits, along with an explanatory text about the ongoing external audit process provided by the organization/producer, which should also include a brief history and the location of the unit(s) to be audited, both for the LIFE Certification of Business and Biodiversity and for the LIFE Biodiversity Credits.

After the public consultation period ends, the CB reviews all comments received from interested parties, which must be treated with confidentiality. **The information and comments collected during the public consultation are integrated into the audit process and must be included in the External Audit Report to be issued by the CB.** If necessary, additional site visits may be conducted or supplementary information may be collected.



## 4. MINIMUM PROCEDURES TO BE ADOPTED IN EXTERNAL AUDITS

### 4.1 AUDITING TEAM

External audits must be conducted independently, carried out by teams composed of qualified auditors according to the internal requirements of the Certification Body accredited by the LIFE Institute and **with specific training in the LIFE Methodology for Business and Biodiversity.**

**For the external LIFE Business and Biodiversity Certification audit, the evaluations must be conducted by at least 01 (one) auditor with training and/or experience in environmental management and 1 (one) auditor with training and/or experience in biodiversity conservation.** However, if the same auditor possesses both qualifications, they may carry out the entire external audit independently.

**For the external LIFE Biodiversity Credits audit, the evaluations must be conducted by at least 1 (one) auditor with training and/or experience in biodiversity conservation.**

The number and specialization of the auditors needed to conduct the audits may vary depending on aspects such as the size, type, and location of the organization/producer, as well as the characteristics of the conservation actions carried out and/or supported by the organization/producer, and the CB must identify the needs and structure the team.

Eventually, the CB may recruit external experts to comprise the audit teams to evaluate specific issues. In this case, an expert does not act as an auditor but provides knowledge or experience to the team. The biodiversity conservation external auditor can also fulfill the role of specialist, but the specialist can only fulfill the role of auditor if they have the required training.

Auditors in training may accompany the team, under the supervision and responsibility of the Lead Auditor, provided that their participation is informed in advance to the organization/producer.

When hiring external auditors and technical experts, whether independent or linked to consulting companies, the service must occur through a written agreement committing the contracted professional to comply with the applicable procedures; safeguarding themselves from any conflicts of interest. The CB must request the contracted professionals to sign a term of responsibility

containing at least the following information:

- a) The inexistence of any direct or indirect employment relationship with the company to be audited, within a period of up to 2 (two) years before the audit.
- b) Signed declaration of responsibility for the impartiality and absence of conflict of interest with the company to be audited.

**The external audit procedure cannot be carried out by any member directly or indirectly linked to the organization/producer being audited.**

The professional conducting the external audit as Lead Auditor must be the same person who signs the report issued by the CB.

#### **4.2 EXTERNAL AUDIT PLAN**

**The CB must prepare and send the Audit Plan to the organization/producer, with a copy to the LIFE Institute, at least one week before Phase II of the Audit.** This plan should consider the information obtained through the LIFE Key software and, if applicable, the reports from the previous year's evaluation.

The External Audit Plan must contain at least the following information:

- a) External Audit period;
- b) Auditing team (Name of the Lead Auditor, and others (if applicable));
- c) LIFE Methodology documents and versions used;
- d) Audit schedule;
- e) Areas and key people to be audited, pre-agreed with the organization/producer;
- f) Most relevant field units to be visited;
- g) Minimum documents and information to be evaluated.

The period for conducting the external audit must be determined considering the number of business units and their locations, as well as the number of conservation projects and actions to be audited.

**The audit team must also attach the Audit Plan to the LIFE Key (LK) software.**

### **4.3 OPENING MEETING**

The opening meeting takes place at the beginning of Phase II of the Audit and must be led by the Lead Auditor. All members of the audit team and the representatives designated by the audited organization/producer must be present. This meeting aims to:

- a) Comment on the general results of the Phase I Audit or audit of the previous year;
- b) Confirm the External Audit Plan;
- c) Inform documents, versions, and tools used during the audit;
- d) Inform about the confidentiality agreement signed by the CB to carry out the audit;
- e) Explain the reasons why an audit can end before the deadline: the impossibility of access to documents, information, and locations that are essential for the evaluation, etc.;
- f) Confirm the availability of basic resources (e.g., owned and outsourced personnel to serve the auditors; transportation; food; personal protective equipment), previously informed in the Audit Plan;
- g) Inform about the expected results, deadlines, and referrals of the audit.

During the opening meeting, changes to the External Audit Plan may be made, as long as they do not affect the fulfillment of the audit objectives.

#### 4.4 CLOSING MEETING

The closing meeting must be governed by the Lead Auditor and aims to present the audit findings and conclusions of the External Audit Phase II. The entire audit team and all of those responsible for the audited organization/producer must be present. The following are mandatory points to be mentioned at the closing meeting:

- a) Delivery of the Audit Report and the Public Summary, automatically issued by the LIFE Key software, for information follow-up;
- b) General review of the audit carried out: audit objective; team of auditors; those responsible for the organization/producer that monitored the audit; areas evaluated in the office and visited in the field; people interviewed; positive points observed by the team; points with pending clarification, if any; points for future monitoring;
- c) Report on the overall performance of the organization/producer, based on the report delivered;
- d) Consensus on the results;
- e) Signature of the External Audit Report by both parties, in 2 (two) copies, one for the organization/producer and the other for the Certifying Body. It is permitted to print only the pages containing the main audit results for signature. A copy of this report must be sent by the CB to the LIFE Institute;
- f) Acknowledgments.

The audit team must inform the organization/producer that the External Audit Report will be forwarded to the CB for final approval and will be subject to review within 30 (thirty) days from the completion of the external audit. During this period, the organization/producer must not make any changes to the information in the LIFE Key, unless previously agreed upon by both parties. The organization/producer may be contacted for clarifications, and non-conformities may be recorded.

The CB must publish the Public Summary of the audited organization/producer on its website within 30 days after the issuance of the final version, and it must remain available until the next evaluation. The Public Summary is a condensed audit report that includes the main results of the

assessment. It must be publicly accessible to ensure transparency and credibility in the certification process. The Certifying Body must inform the organization/producer about this procedure.

Thus, if it is ensured that there was understanding and recognition by the auditees of all the conclusions presented, the CB should end the audit.

## 5. TYPES OF AUDITS

Table 1 shows the types of audits applicable to the organization/producer during the LIFE Business and Biodiversity Certification cycle, as well as the LIFE Biodiversity Credits Audit.

**Table 1 - Certification cycle**

YEAR	AUDIT	TYPE OF AUDIT
0	1	Certification
1	2	1st Follow-up
2	3	2nd Follow-up
3	4	3rd Follow-up
4	5	4th Follow-up
5	6	Recertification

The following describes the types of audits and the procedures that must be adopted to carry out the evaluations.

### 5.1 EXTERNAL CERTIFICATION AUDIT

The Certification Audit refers to the audits performed at the beginning of the certification process or the initial issuance of LIFE Credits.

It is performed in Year 0 (zero) and organized into 2 Phases, as explained in the following items.

### 5.1.1 Phase I Certification Audit

This phase of the audit aims to prevent the organization/producer from making long-term commitments before the opinion on the feasibility of meeting the minimum requirements for obtaining the LIFE Business and Biodiversity Certificate or LIFE Biodiversity Credits is issued.

It consists of a prior and simplified audit without the need to collect evidence and can be carried out remotely. It aims to evaluate whether the organization/producer has the minimum conditions to be submitted to the certification process, as well as to plan and size the resources for Phase II (if it is able on Phase I).

It is important to highlight that the result of Phase I of the Audit may differ from Phase II, due to the verification of information on-site by the external auditors at the organization/producer.

Phase I of the Audit must be carried out in two stages:

- i. **Evaluation of information in the LK software: this occurs during Certification Audits as well as Recertification Audits when there is a change in the version of the Methodology.**
- ii. **Application of Risk Management and Background Check: this will occur during Certification and Recertification Audits and must be completed before Phase II of the Audit.** A detailed description of this step can be found in the Appendices of this document.

### 5.1.2 Phase II Certification Audit

It consists of a complete external audit, carried out after the Phase I Audit. It aims to verify that the audited organization/producer can receive the LIFE Business and Biodiversity Certificate or LIFE Biodiversity Credits.

Once the requirements are met, the CB grants the LIFE Business and Biodiversity Certificate or LIFE Biodiversity Credits to the organization/producer, initiating the certification cycle (according to Table 1).

In Phase II of the audit, unlike Phase I, the *in loco* visit is mandatory, both to the facilities of the

organization/producer and to the field units that generate the Biodiversity Positive Performance (BPP) score through the projects and actions structured in the Biodiversity and Ecosystem Services Action Plan (BAP).

For Phase II of the Audit, the audit team must enter the Audit Opinion into the LIFE Key system, which will be included in the Report and the Public Summary issued through the system. The information regarding compliance with the Management Indicators, the Biodiversity Pressure Index (BPI), the Biodiversity Minimum Performance (BMP), and the Biodiversity Positive Performance (BPP) must be included. The opinion should also mention the number of credits generated per project and per ecoregion, multiplied by the assurance factors, when applicable.

## **5.2 EXTERNAL FOLLOW-UP AUDIT**

It consists of the audits carried out between the Phase II Certification Audit and the Recertification Audit. It aims to verify that the certified organization/producer can maintain the LIFE Business and Biodiversity Certificate and/or the LIFE Biodiversity Credits Certificate.

They are conducted annually, within a period of up to 12 (twelve) months from the date of issuance of the LIFE Certificate for Business and Biodiversity and/or LIFE Biodiversity Credits, or from the External Audit Report, and so on for 4 (four) years, as in the 5th (fifth) year an External Recertification Audit is applied.

## **5.3 EXTERNAL RECERTIFICATION AUDIT**

It consists of a complete external audit, carried out after the last Follow-up Audit. It aims to renew the organization/producer's LIFE Business and Biodiversity Certificate or LIFE Biodiversity Credits.

It is carried out every five years, counted from the date of issuance of the certificate.

Once the Certification criteria are met, the CB grants the LIFE Business and Biodiversity Certificate

or LIFE Biodiversity Credits to the organization/producer, initiating the certification cycle.

#### **5.4 EXTERNAL VERIFICATION AUDIT AND/OR COMPLEMENTARY ASSESSMENT**

In cases of complaints and/or grievances and/or reports and/or significant changes in the conditions of the certified organization/producer related to the certification object, the Certifying Body or LIFE Institute may exceptionally require the execution of an External Verification Audit, not foreseen in the conventional audit schedule of the Certification Cycle. This must be previously approved by the organization/producer. All costs and expenses resulting from this additional audit will be borne by the organization/producer.

Any significant change in the certified organization/producer must be communicated to the CB, which will evaluate the need to carry out the External Verification Audit.

The following situations will be defined as significant changes in business management will be considered: purchase and sale of units that are part of the scope of certification; expansion of activities and increase in production and revenue by more than 50% in relation to the Certification Audit or the last audit; reduction of BAP with a score below the minimum established in the Biodiversity Minimum Performance (BMP); or extinction of BAP; environmental accidents and/or natural disasters, in accordance with the specific policy of the LIFE Methodology.

The External Verification Audit is also applied in situations that require the validation of new LIFE Biodiversity Credits that the organization/producer wants to account for in the LIFE Credits trading platform, between audit intervals.

In cases where there is a need for a Complementary Assessment regarding the LIFE Certification process of an organization/producer, the LIFE Institute may request clarifications from the CB which in turn can ask the organization/producer to provide additional documents and/or information. If this information is not sufficient, the LIFE Institute may then require the CB to conduct an External Verification Audit.



**For both the External Verification Audit and the Complementary Assessment, the CB is responsible for the document verification and other forms of analysis, as well as ensuring the transparency of the entire evaluation process.**

During the External Verification Audit and/or Complementary Assessment, the CB may suspend the certification, as well as the Business and Biodiversity and/or LIFE Biodiversity Credits certificate(s), until all issues are clarified and, when applicable, any necessary adjustments have been resolved.

## **6 EXTERNAL AUDIT EVENTS**

Audit events can be identified during the evaluations, which must be duly explained in the report and clarified to the evaluated organization/producer:

- **Improvement Requirement (IR):** is the requirement identified by the audit team during Certification, Monitoring, or Recertification audits, to address non-compliance with any certification criteria. The implementation by the organization/producer **is mandatory to receive, maintain, or renew the LIFE Business and Biodiversity Certificate or LIFE Biodiversity Credits, within 90 days from the date of signature of the report**, and the organization/producer may request an extension upon justification sent to the Certifying Body.
- **Improvement Action (IA):** is the action identified by the team of auditors, during Certification, Monitoring, or Recertification audits, to address deviations in any certification criteria. It does not prevent granting, maintaining, or renewing the LIFE Business and Biodiversity Certificate or LIFE Biodiversity Credits, but must be met until the next audit, in which the service will be verified by the Certifying Body.
- **Improvement Opportunity (IO):** is the opportunity identified by the audit team during Certification, Monitoring, or Recertification audits, whose implementation by the organization/producer is **optional**.

Failure to comply with the agreed deadlines for resolving the pending issues identified in the audit will result in the suspension of the organization/producer's certificate and the CB must notify the

LIFE Institute. The process may be resumed after the organization/producer adjusts to the compliance, by the decision of the CB.

## **7 CERTIFICATE ISSUANCE**

The Certifying Body is responsible for issuing the LIFE Business and Biodiversity Certificate and LIFE Biodiversity Credits Certificate, according to the model provided by the LIFE Institute.

The code to be inserted in the certificate must be requested from LIFE Institute by the CB.

**The LIFE Business and Biodiversity Certificate is valid for years and must be sent by the CB to the organization/producer, and a copy to the LIFE Institute, at the time of certification and when there is a need for reissue during the certification cycle.**

The LIFE Biodiversity Credits Certificate must be sent by the CB to the organization/producer, with a copy to the LIFE Institute, at the time of certification, as well as after each annual audit. Following this, the LIFE Institute will update the LIFE Biodiversity Credits Platform. However, until the LIFE Institute issues the Ownership document, the credits cannot be traded.

**APPENDIX I – EVALUATION OF ORGANIZATIONS (LEGAL ENTITIES)/PRODUCERS (INDIVIDUALS) FOR LIFE BUSINESS AND BIODIVERSITY CERTIFICATION PURPOSES**

EVALUATION OF ORGANIZATIONS/(LEGAL ENTITIES)/PRODUCERS (INDIVIDUALS) FOR THE PURPOSE OF LIFE BUSINESS AND BIODIVERSITY CERTIFICATION					
Item	Requirement	Audit			
		Certification Phase I (Year 0)	Certification Phase II (Year 0)	Follow-up (Year 1, 2, 3 and 4)	Recertification (Year 5)
LIFE Standard for Business and Biodiversity  LIFE-CS	Compliance with applicable General Indicators	70%	70%	100%	100%
	Compliance with applicable Essential Indicators	100%	100%	100%	100%
	Verification of information by Auditors	Remote	In-person	In-person	In-person
Biodiversity Pressure Index (BPI) and Biodiversity Minimum Performance (BMP)  Technical Guide 01 – TG01	Calculation of BPI	Calculated BPI	Calculated BPI	Updated BPI	Updated BPI
	Definition of Biodiversity Minimum Performance (BMP)	Calculated BMP	Calculated BMP	Updated BMP	Updated BMP
	Verification of information by Auditors	Remote	In-person	In-person	In-person

EVALUATION OF ORGANIZATIONS/(LEGAL ENTITIES)/PRODUCERS (INDIVIDUALS) FOR THE PURPOSE OF LIFE BUSINESS AND BIODIVERSITY CERTIFICATION					
Item	Requirement	Audit			
		Certification Phase I (Year 0)	Certification Phase II (Year 0)	Follow-up (Year 1, 2, 3 and 4)	Recertification (Year 5)
<b>Biodiversity and Ecosystem Services Action Plan (BAP) and Biodiversity Positive Performance (BPP)</b>  <b>Technical Guide 02–TG02</b>	<b>Compliance with Biodiversity Minimum Performance (BMP)</b>	100% of BMP  Minimum of 30% in the same ecoregion of the audited business unit.	100% of BMP  Minimum of 30% in the same ecoregion of the audited business unit.	100% of BMP  Minimum of 30% in the same ecoregion of the audited business unit.	100% of BMP  Minimum of 30% in the same ecoregion of the audited business unit.
	<b>Preparing the BAP</b>	Prepared BAP	Prepared BAP	Prepared BAP	Prepared BAP
	<b>Calculation of Biodiversity Positive Performance (BPP)</b>	Calculated BPP	Calculated BPP	Updated BPP	Updated BPP
	<b>Verification of information by Auditors</b>	Remote	In-person	In-person	In-person
<b>Reference Documents (RD), Policies (PO), and Management Procedures (MP) applicable to the organization/producer’s situation. E.g.: Scope Rules</b>					

**APPENDIX II – EVALUATION OF ORGANIZATIONS (LEGAL ENTITIES) FOR LIFE BIODIVERSITY CREDITS PURPOSES**

EVALUATION OF ORGANIZATIONS (LEGAL ENTITIES) FOR LIFE BIODIVERSITY CREDITS PURPOSES					
Item	Requirement	Audit			
		Certification Phase I (Year 0)	Certification Phase II (Year 0)	Follow-up (Year 1, 2, 3 and 4)	Recertification (Year 5)
LIFE Standard for Business and Biodiversity  LIFE-CS	Compliance with applicable General Indicators	70%	70%	100%	100%
	Compliance with applicable Essential Indicators	100%	100%	100%	100%
	Verification of information by Auditors	Remote	In-person	In-person	In-person
Biodiversity Pressure Index (BPI) and Biodiversity Minimum Performance (BMP)  Technical Guide 01 – TG01	Calculation of BPI	Calculated BPI	Calculated BPI	Updated BPI	Updated BPI
	Definition of Biodiversity Minimum Performance (BMP)	Calculated BMP	Calculated BMP	Updated BMP	Updated BMP
	Verification of information by Auditors	Remote	In-person	In-person	In-person

EVALUATION OF ORGANIZATIONS (LEGAL ENTITIES) FOR LIFE BIODIVERSITY CREDITS PURPOSES					
Item	Requirement	Audit			
		Certification Phase I (Year 0)	Certification Phase II (Year 0)	Follow-up (Year 1, 2, 3 and 4)	Recertification (Year 5)
<b>Biodiversity and Ecosystem Services Action Plan (BAP) and Biodiversity Positive Performance (BPP)</b>  <b>Technical Guide 02–TG02</b>	<b>Compliance with Biodiversity Minimum Performance (BMP)</b>	100% of BMP  Minimum of 30% in the same ecoregion of the audited business unit.	100% of BMP  Minimum of 30% in the same ecoregion of the audited business unit.	100% of BMP  Minimum of 30% in the same ecoregion of the audited business unit.	100% of BMP  Minimum of 30% in the same ecoregion of the audited business unit.
	<b>Preparing the BAP</b>	Prepared BAP	Prepared BAP	Prepared BAP	Prepared BAP
	<b>Calculation of Biodiversity Positive Performance (BPP)</b>	Calculated BPP	Calculated BPP	Updated BPP	Updated BPP
	<b>Verification of information by Auditors</b>	Remote	In-person	In-person	In-person
<b>LIFE Biodiversity Credits</b>  <b>LIFE-BB-IN-RD007</b>	<b>Positive balance of LIFE points in conservation actions in Groups 1 and/or 2 (Technical Guide 02), discounting the minimum compensation relating to pressure on biodiversity and the assurance factors mentioned in the document LIFE Biodiversity Credits.</b>	Calculated LIFE Credits Points	Calculated LIFE Credits Points	Updated LIFE Credits Points	Updated LIFE Credits Points
<b>Reference Documents (RD), Policies (PO), and Management Procedures (MP) applicable to the organization/producer’s situation. E.g.: Scope Rules</b>					

**APPENDIX III – EVALUATION OF PRODUCERS (INDIVIDUALS) WITHOUT PRODUCTIVE ACTIVITY ON THE PROPERTY FOR THE PURPOSES OF LIFE BIODIVERSITY CREDITS**

EVALUATION OF PRODUCERS (INDIVIDUALS) WITHOUT PRODUCTIVE ACTIVITY ON THE PROPERTY FOR THE PURPOSES OF LIFE BIODIVERSITY CREDITS					
Item	Requirement	Audit			
		Certification Phase I (Year 0)	Certification Phase II (Year 0)	Follow-up (Year 1, 2, 3 and 4)	Recertification (Year 5)
<b>Biodiversity and Ecosystem Services Action Plan (BAP) and Biodiversity Positive Performance (BPP)</b>  <b>Technical Guide 02 – TG02</b>	Preparing the BAP	Prepared BAP	Prepared BAP	Prepared BAP	Prepared BAP
	Calculation of Biodiversity Positive Performance (BPP)	Calculated BPP	Calculated BPP	Updated BPP	Updated BPP
	Verification of information by Auditors	Remote	In-person	In-person	In-person
<b>LIFE Biodiversity Credits</b>  <b>LIFE-BB-IN-RD007</b>	Positive balance of LIFE points in conservation actions in Groups 1 and/or 2 (Technical Guide 02), applying the assurance factors mentioned in the document LIFE Biodiversity Credits.	Calculated LIFE Credits Points	Calculated LIFE Credits Points	Updated LIFE Credits Points	Updated LIFE Credits Points
<b>Legal requirements: consider the legislation in force in the country applicable to the producer's activity.</b>					
<b>Reference Documents (RD), Policies (PO), and Management Procedures (MP): consider those applicable to the producer's situation.</b>					

**APPENDIX IV – EVALUATION OF PRODUCERS (INDIVIDUALS) WITH PRODUCTIVE ACTIVITY ON THE PROPERTY FOR THE PURPOSES OF LIFE BIODIVERSITY CREDITS**

EVALUATION OF PRODUCERS (INDIVIDUALS) WITH PRODUCTIVE ACTIVITY ON THE PROPERTY FOR THE PURPOSE OF LIFE BIODIVERSITY CREDITS					
Item	Requirement	Audit			
		Certification Phase I (Year 0)	Certification Phase II (Year 0)	Follow-up (Year 1, 2, 3 and 4)	Recertification (Year 5)
Biodiversity Pressure Index (BPI) and Biodiversity Minimum Performance (BMP) Technical Guide 01 – TG01	Calculation of BPI	Calculated BPI	Calculated BPI	Updated BPI	Updated BPI
	Definition of Biodiversity Minimum Performance (BMP)	Calculated BMP	Calculated BMP	Updated BMP	Updated BMP
	Verification of information by Auditors	Remote	In-person	In-person	In-person
Biodiversity and Ecosystem Services Action Plan (BAP) and Biodiversity Positive Performance (BPP) Technical Guide 02– TG02	Compliance with Biodiversity Minimum Performance (BMP)	100% of BMP Minimum of 30% in the same ecoregion of the audited business unit.	100% of BMP Minimum of 30% in the same ecoregion of the audited business unit.	100% of BMP Minimum of 30% in the same ecoregion of the audited business unit.	100% of BMP Minimum of 30% in the same ecoregion of the audited business unit.
	Preparing the BAP	Prepared BAP	Prepared BAP	Prepared BAP	Prepared BAP
	Calculation of Biodiversity Positive Performance (BPP)	Calculated BPP	Calculated BPP	Updated BPP	Updated BPP
	Verification of information by Auditors	Remote	In-person	In-person	In-person
LIFE Biodiversity Credits LIFE-BB-IN-RD007	Positive balance of LIFE points in conservation actions in Groups 1 and/or 2 (Technical Guide 02), discounting the minimum compensation relating to pressure on biodiversity and the assurance factors mentioned in the document LIFE Biodiversity Credits.	Calculated LIFE Credits Points	Calculated LIFE Credits Points	Updated LIFE Credits Points	Updated LIFE Credits Points



**Legal requirements: consider the legislation in force in the country applicable to the producer's activity.**

**Reference Documents (RD), Policies (PO), and Management Procedures (MP): consider those applicable to the producer's situation.**

## **APPENDIX V - RISK MANAGEMENT AND BACKGROUND CHECK**

This appendix aims to provide guidance on the implementation of effective risk management practices and background checks for Certification Bodies (CBs) accredited by the LIFE Institute, which they should apply to organizations and/or producers seeking LIFE Certification. This process intends to prevent the LIFE Certification and LIFE Biodiversity Credits from being linked to land conflicts, invasions, and disputes over ownership of rural properties, suppression of native vegetation, areas with embargoes, and notices of infraction, ensuring the integrity and credibility of the LIFE Certification process.

The CB must conduct this detailed and thorough risk management analysis and background check during Phase I of the LIFE Certification process. This analysis should be completed before the start of Phase II Audit and is essential to ensure that all parties involved comply with the minimum legal and environmental requirements established by the LIFE certification.

**This analysis must be repeated at the beginning of each 5-year Certification cycle (during both Certification and Recertification).**

### **I. EVALUATION OF BACKGROUND CHECK**

This process will be used to verify the integrity and credibility of the organizations and/or producers applying for LIFE Certification.

Documents to be evaluated:

- i. Individual and/or partner of a legal entity:**
  - Personal identification document.
  
- ii. Legal entity:**
  - Registration number issued by the national tax authority.
  - Articles of Association/Bylaws and updated simplified certificate.
  - List of company partners and affiliated companies within the same economic group.

**iii. Scope area(s):**

- Copies of the property registrations related to the scope of the LIFE certification process: A legal document that proves property ownership. The registration includes all information about the property, including description, location, area, and transaction history.
- Document proving payment of the annual rural property tax, which is necessary for the property's fiscal regularity.
- Proof of Enrollment and Registration Status.
- Applicable environmental licenses for the operation of the business units related to the scope of the LIFE certification process.

**iv. Individuals and/or Legal Entities and/or Areas of Scope:**

- Reputational research in the media (Google and others) regarding environmental crimes, invasions, land disputes, fraud, or deceit related to the organization, its partners, or areas seeking LIFE Certification.
- Declarations of absence of convictions in environmental proceedings for the legal entities and/or individuals involved in the process.
- Certificates from civil court registries regarding civil actions in general, including actions related to interdictions and guardianships, special courts, and municipal and state tax executions issued by the Court of Justice of the locality of the property/properties and the jurisdiction of the owner(s).
- Certificate from criminal registries and criminal executions issued by the Court of Justice of the locality of the property/properties and the jurisdiction of the owner(s), in order to verify environmental crime executions committed by the Legal Entity and/or its partners.
- Certificates of distribution of lawsuits and executions, civil, in the 1st and 2nd instances of the Judicial Section of the Federal Court of the location of the Property(ies) and the jurisdiction of the Owner(s)' headquarters.
- Certificates from the State and Federal Public Prosecutor's Office of the Environmental Prosecutor's Offices in the locality of the Property(ies), regarding the existence of administrative proceedings (civil inquiries, preparatory procedures, and other proceedings)

and any agreements entered into by the Owner(s), such as Conduct Adjustment Agreements.

- Certificate of the "National Registry of Civil Convictions for Acts of Administrative Improbity and Ineligibility". Example: [[https://www.cnj.jus.br/improbidade\\_adm/consultar\\_requerido.php](https://www.cnj.jus.br/improbidade_adm/consultar_requerido.php)] (or similar).
- Environmental Enforcement and Embargo Consultations/IBAMA or a similar document from the responsible Environmental Agency in the country. Examples: [<https://servicos.ibama.gov.br/ctf/publico/areaseembargadas/ConsultaPublicaAreasEmbargadas.php>].
- Consultation for analogous work to slavery. Example: [<https://www.cnj.jus.br/programas-e-acoos/trabalho-escravo-e-traffic-de-pessoas/cadastro-de-empregadores-que-submeteram-trabalhadores-a-condicoes-analogas-a-de-escravo-lista-suja/>] (or similar).
- Detailed report from the lawyers responsible for the case, accompanied by the main procedural documents of all the points indicated in the certificates mentioned above.

**These additional documents ensure a comprehensive and thorough analysis of the legal and environmental conditions of rural properties, organizations, and the integrity of their partners, reinforcing the integrity and credibility of the LIFE Certification process.**

## II. BACKGROUND CHECK RESULTS

After collecting the information/data mentioned above, the Certification Body must assess and determine, together with its legal team, whether to continue the audit process, suspend it, or cancel the audit process of the organization and/or producer applying for LIFE Certification.

The result of this evaluation must be based on reputational risks of a magnitude that could harm and/or affect the image of LIFE Certification. **In cases where the CB identifies any risk and decides to suspend or cancel the audit process, the organization and/or producer must be informed of its decision within 30 days after the start of Phase I of the certification process, and the LIFE Institute must also be notified.**

## NOTES ON DEVELOPMENT OF THIS DOCUMENT

Version 1.0: approved on 05/08/2012, by the LIFE Institute Board of Directors. Initial issuance of the document.

Version 2.0: approved on 01/29/2013, by the LIFE Institute Board of Directors. Content update.

Version 3.0: approved on 09/15/2013, by the LIFE Institute Board of Directors. Content and layout update.

Version 3.1: approved on 04/11/2016, by the LIFE Institute Board of Directors. Change of methodology acronym and content review.

Version 3.2: approved on 05/17/2018, by the LIFE Institute Board of Directors. Content review.

Version 4.0: approved on 08/31/2023, by the LIFE Institute Board of Directors. Change in document layout of the document, insertion of the new LIFE Institute logo, change in the methodology acronyms, content review, and inclusion of LIFE Biodiversity Credits.

Version 4.0-R1: approved on 03/28/2024, by the LIFE Institute Board of Directors. Text revision on LIFE Biodiversity Credits, auditor access to LIFE Key, the report review process and the codes for the LIFE Biodiversity Credits Certificate and the LIFE Business and Biodiversity Certificate.

Version 4.0-R2: approved on 09/17/2024, by the LIFE Institute Board of Directors. Text revision. Inclusion of Complementary Assessment and of Risk Management/Background Check.