



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

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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 Certifying Bodies 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. LIFE BUSINESS AND BIODIVERSITY CERTIFICATION

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).

## 2.1 LIFE BUSINESS AND BIODIVERSITY CERTIFICATE

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 will be issued by the OC, provided that the organization/producer meets the criteria described below, in accordance with the model provided by the LIFE Institute.

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 **will be valid for five (5) years and must be issued and sent by the OC to the organization or producer at the time of Certification and Recertification**, or in the event of a necessary reissue during the certification cycle, with a copy sent to the LIFE Institute.

After issuing the LIFE Business and Biodiversity Certificate, the LIFE Institute shall issue the LIFE Certification Seal to the certified organization/producer.

### 3. LIFE BIODIVERSITY CREDITS CERTIFICATION

It applies to organizations/producers who wish to obtain **recognition** that their **conservation actions generate LIFE Biodiversity Credits (LBC)**.

The LBC can be understood as the net result of **positive actions aimed at biodiversity** in each area - or **Biodiversity Positive Performance (BPP)** - obtained after deducting the pressures exerted by the organization/producer - or **Biodiversity Minimum Performance (BMP)**.

Only the score for **Biodiversity Positive Performance (BPP)** that is directly linked to projects for the creation, adoption, or management of protected areas can be converted into LBCs. These credits must originate from actions falling under Groups 1 and/or 2 and, exceptionally, Groups 3 and/or 4, provided that they are integrated into the same project as Groups 1 or 2, as defined in the LIFE Methodology (specified in Technical Guide 02). In such cases, the guaranteed factors established in the document "LIFE Biodiversity Credits - General Rules for Management and Trading" apply.

#### 3.1 LIFE CREDITS ISSUANCE FOR ORGANIZATIONS/PRODUCERS

This assessment is also carried out through an independent audit and certification process, in accordance with the LIFE Methodology. The CB shall assess the organization/producer in accordance with the requirements related to the scope of certification, which are described in the items below.

##### 3.1.1 Issuing LIFE Credits for Organizations (Legal entities)

Organizations of any size, sector, or activity that aim at obtaining the LIFE Business and Biodiversity Certification and the LIFE Biodiversity Credits must be evaluated by the Certifying Body, according to the **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 **LIFE Biodiversity Credit Certificate** shall be issued by the CB if the organization proves compliance with the criteria established in the items mentioned above, as well as presents a positive LIFE score balance for conservation actions classified in Groups 1 and/or 2, and, when linked to the same project, in Groups 3 and/or 4, as established in the LIFE Methodology (described in Technical Guide 02 – TG02). To this end, the minimum compensation relating to pressure on biodiversity and the guaranteed factors defined in the document “LIFE Biodiversity Credits” shall be deducted.

As a result of **submitting to the complete LIFE Methodology process, the organization will also be awarded the LIFE Business and Biodiversity Certificate**, to be granted after an external audit has been carried out, containing the requirements of the LIFE Methodology that have been assessed.

The interpretation of the level of applicability of each module, for the purposes of issuing **the LIFE Business and Biodiversity Certificate**, shall be based on the scope of the audit, which is assessed on a case-by-case basis by the OC.

Examples: in the case of conservation areas without productive activities or infrastructure, the Biodiversity Pressure Index (BPI) calculation will not apply, and only non-corporate Management Indicators (LIFE Standard) will be required; on the other hand, if there is an administrative structure, even if small, both the pressure on biodiversity (BPI) and the Management Indicators (LIFE Standard) must be assessed, with the exception of corporate indicators.

In this case, the organization may also receive the **LIFE Business and Biodiversity Certificate**, which recognizes its business's commitment to biodiversity conservation and the maintenance of ecosystem services, including the requirements of the LIFE Methodology evaluated.

### **3.1.2 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 OC may issue the **LIFE Biodiversity Credit Certificate** if the producer proves compliance with the criteria mentioned above and has a positive LIFE score in conservation actions in Groups 1 and/or 2, and Groups 3 and/or 4, when these are linked to the same project in Groups 1 or 2, according to the LIFE Methodology (described in Technical Guide 02 – TG02), and applying the guarantee factors mentioned in the LIFE Biodiversity Credits document, after conducting an external audit.

**In this case, the CO shall issue only the LIFE Biodiversity Credits Certificate.**

### **3.1.3 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 OC may issue **the LIFE Biodiversity Credit Certificate** if the producer proves compliance with the criteria mentioned above and has a positive LIFE score balance in conservation actions in Groups 1 and/or 2, and Groups 3 and/or 4, when these are linked to the same project in Groups 1 or 2, according to the LIFE Methodology (described in Technical Guide 02 – TG02), discounting the minimum compensation related to its pressure on biodiversity, and applying the guarantee factors mentioned in the LIFE Biodiversity Credits document, after the external audit has been carried out.

After the external audit, the producer may also receive **the LIFE Business and Biodiversity Certificate**, which recognizes their business's commitment to biodiversity conservation and the maintenance of ecosystem services, including the requirements of the LIFE Methodology evaluated.

### 3.2 LIFE BIODIVERSITY CREDITS CERTIFICATE

The **LIFE Biodiversity Credit Certificate** attests to **the amount of biodiversity credits** held by the organization/producer.

The OC is responsible for issuing the **LIFE Biodiversity Credit Certificate**, which is granted to organizations or producers that demonstrate compliance with the criteria described in this document, in accordance with the model provided by the LIFE Institute.

**The LIFE Biodiversity Credits Certificate** must follow the current template and have a traceability code, requested by the CO from the LIFE Institute. This code must include **the acronym LIFE LBC (LIFE Biodiversity Credits), the specific identification code of the OC, the international identification code of the country of origin of the certified project, and the unique numerical information for each certificate issued, followed by the year of issue.**

For example: **LIFE.LBC.00X.BRA.XXXX.20XX.**

In addition to this coding information, the **LIFE Biodiversity Credit Certificate** shall include the **name of the certified project, the ecoregion, the address and geographical coordinates of the project's core area, the size of the certified project area (in hectares), and the name of the organization/producer holding the project.**

**It should be noted that each LIFE Biodiversity Credit Certificate must be issued per project and per ecoregion.** In other cases, **when a project covers 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, when the same project covers three different ecoregions, three certificates must be issued separately, one for each ecoregion.

**The Credit Certificate may also be issued separately for conservation and restoration projects.** In this case, the organization/producer must also differentiate between conservation projects and restoration projects in the LIFE Key software and **request for the CB to include this differentiation in the LBC Certificate.**

**The LIFE Biodiversity Credit Certificate must be issued annually, in accordance with External and Independent Audits,** considering the minimum period of 30 years of permanence of the credit-generating project(s), as per the LIFE Biodiversity Credits document.

After obtaining the LBC Certificate and the LIFE Biodiversity Credits Ownership document, organizations or producers can negotiate with institutions and/or companies interested in investing in biodiversity conservation, or that need to prove their Biodiversity Positive Performance (BPP) for LIFE Certification purposes.

### **3.3 INSTRUCIOTNS FOR THE APPOVAL OF LIFE BIODIVERSITY CREDITS**

Before the External Audit begins, the organization/producer must structure the conservation projects/actions in the LIFE Key software, according to the recommendations described in this document and in Technical Guide 02 and direct the project points to compensate for the Biodiversity Minimum Performance (BMP) of the Business Unit(s) within the scope of certification.

The entire structure and arrangement of conservation projects/actions and LBCs, as well as the compensation of the Biodiversity Minimum Performance (BMP) of the organization/producer, must be evaluated by the audit team and subsequently noted in the External Audit Report, considering:

- a) The BMP of each Business Unit and respective ecoregion.
- b) Score (BPP) separated by groups: G1+G2 and G3+G4, and by ecoregion.
- c) 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.
- d) 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)

- e) **Starting in Year 5, the Project Leakage Factor may be redeemed by the organization/producer**, according to the document LIFE Biodiversity Credits - General Rules for Management and Trading. Thus, the CB shall verify the possibility of redemption, according to performance, entering all information in the Audit Report.

**The audit team should also pay attention to cases where there are traditional communities within the project that generated LBCs, and apply the rules described in the LIFE Biodiversity**

Credits document, so that the External Audit ensures the involvement and benefits of these communities.

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

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>

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

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

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

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 deducted from the Araucaria Forests ecoregion.*

After BMP compensation, **in the first four years of the LBC Certification cycle, the balance of each credit-generating project shall 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.

#### 4. GENERAL INSTRUCTIONS FOR THE EXTERNAL AND INDEPENDENT AUDITS

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) and, iv) LIFE Biodiversity Credits - General Rules for Management and Negotiation.

- The CB must also consider the Reference Documents (RD), Policies (PO), and Management Procedures (MP) prepared by the LIFE Institute applicable to the situation of the organization/producer in the external audit and preparation of the report.
- 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 an organization/producer that is already certified wishes to include one or more business units in the scope of LIFE Business and Biodiversity Certification, the new unit(s) must undergo the same type of audit and certification cycle as the existing unit(s). See specific rules for group certification in item 9 of this document.
- LIFE Biodiversity Credit Certification is linked to the LIFE Business and Biodiversity Methodology. Therefore, assessments should be carried out through the same External Audit, always respecting the type of audit used for LIFE Business and Biodiversity Certification, when applicable
- An organization/producer that already holds a LIFE Business and Biodiversity Certificate may start the LIFE Biodiversity Credits certification cycle at a later date, without interfering with the LIFE Business and Biodiversity Certification cycle.
- The CB must conduct on-site audits (in the field), covering all areas and business units within the scope of LIFE Certification. However, remote audits may be conducted to verify compliance with Management Indicators (LIFE Standard) at any stage of the Certification process. With regard to the Biodiversity Pressure Index (BPI), the business unit must be audited in the field during the Certification and Recertification Audits, and in at least one Follow-up Audit.
- 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 field visits to protected areas and projects where Biodiversity Result Indicators (BRI) have been applied, where applicable;
  - 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.
- For LIFE Biodiversity Credit Certification, credit-generating projects must be evaluated on-site in all Audits;
  - Although remote audits are permitted for compliance with Management Indicators (LIFE Standard), auditors may also verify issues related to this module of the LIFE Methodology in the field;
  - The score obtained in conservation actions applies to the organization applying for or managing LIFE Certification;
  - LIFE Certification for Groups: check the specific rules for this modality (see document Rules for LIFE Certification for Groups and Member Groups);
  - Positive performance of the certified or 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 document Technical Guide 02 - TG02).

## **5. CONTRACTING THE LIFE CERTIFICATION AUDIT**

### **5.1 INITIAL CONTACT**

Organizations/producers wishing to undergo external and independent auditing for LIFE Business and Biodiversity Certification and/or LIFE Biodiversity Credits should contact a Certification Body accredited by the LIFE Institute.

### **5.2 CONTRACTING THE CERTIFYING BODY**

The organization/producer and the Certifying Body must formalize the hiring of external audits in accordance with their respective internal technical, administrative, and commercial procedures.

The CB is responsible for forwarding the documents related to the LIFE Certification Methodology applicable to the organization/producer applying for certification. In addition to 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 of the scope and type(s) of certification (Business and Biodiversity / LIFE Biodiversity Credits) to be contracted, so that the CB can assess the feasibility of the process and establish the Audit Plan (AP).**

### **5.3 ACCESS TO LIFE KEY SOFTWARE**

The organization/producer must complete/update LIFE Key before the start of the external audit by the CB, within a period of 15 days. This completion is mandatory and defines the scope of the audit. In addition, the CB must inform the organization/producer that it will have access to the information entered in the software and may consult it to perform a preliminary analysis and prepare the Audit Plan and, mandatorily, 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.**

#### **5.4 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 held at the beginning of each 5-year Certification cycle, between Phase I and Phase II Audits, and remain 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.

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

### 6.1 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.

In the case of hiring external auditors and technical specialists, whether self-employed or affiliated with consulting firms, the service must be provided under a written agreement in which the contracted professional undertakes to comply with the applicable procedures, safeguarding against any conflicts of interest and committing in advance to confidentiality in relation to the information obtained. The OC must request that the hired professionals sign, in advance, a term of responsibility containing at least the following statements:

- 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.

## **6.2 EXTERNAL AUDIT PLAN**

**The OC must prepare and send the Audit Plan to the organization/producer, with a copy to the LIFE Institute, at least one week before the External Audit**, considering the information obtained through the LIFE Key software and, when available, the previous year's assessment reports.

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

- a) External audit period;
- b) Audit team (name of the Lead Auditor and others (if any));
- c) Scope and type of Certification (N&B and/or LBC);
- d) LIFE Methodology documents and versions used;
- e) Minimum information to be assessed;
- f) Audit schedule;
- g) Key areas and persons to be audited, pre-agreed with the organization/producer;
- h) Field units of greatest relevance to be visited.

**The period for conducting the external audit should be established 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 LK software.**

**It is recommended that the CB prepare a preliminary Audit Plan for the entire LIFE Certification cycle, with the aim of establishing in advance the business units and conservation projects to be visited on site each year.**

### **6.3 EXTERNAL AUDIT OPENING MEETING**

The opening meeting takes place at the beginning of the External 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, provided they do not jeopardize the achievement of the audit objectives.**

**However, such changes must be noted in the Audit Plan and/or Audit Report.**

## 6.4 CLOSING MEETING

The closing meeting must be conducted by the Lead Auditor, and it aims to present the conclusions of the External Audit. 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.

## 7. TYPES OF AUDITS

**The LIFE Business and Biodiversity Certification has a 5-year cycle, and External Audits must take place annually, even though the certificate is issued every five years.**

Table 3 shows the types of audits applicable to the organization/producer during the **LIFE Business and Biodiversity Certification** cycle.

Table 3 - Certification cycle

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

**LIFE Biodiversity Credit Certification has a 5-year cycle, and External Audits must take place annually**, enabling the issuance of annual credits, considering the minimum period of 30 years of permanence of the credit-generating project(s), and always respecting the type of audit of the LIFE Business and Biodiversity Certification, according to Table 3.

**Thus, when LIFE Biodiversity Credit Certification begins simultaneously with LIFE Business and Biodiversity Certification, the CB shall consider the same cycle and the same type of audit for both certifications.**

**In cases where only LIFE Biodiversity Credit Certification occurs, the CB shall initiate a new certification cycle based on the types of audits listed in Table 3.**

The types of audits and the procedures to be adopted for the performance of assessments are described below.

## **7.1 EXTERNAL CERTIFICATION AUDIT**

The External Certification Audit corresponds to the audit performed at the beginning of the LIFE Business and Biodiversity certification process and/or the issuance of LIFE Biodiversity Credits.

This audit is conducted in the first year (Year 1) of LIFE Business and Biodiversity Certification and structured in two phases, as detailed in the following items.

### **7.1.1 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. Its purpose is 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: it occurs during Certification Audits, Recertification Audits, and whenever there are updates in 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.

### **7.1.2 Phase II Certification Audit**

It consists of a complete external audit, carried out after the Phase I Audit. Its purpose is to verify whether the audited organization/producer is eligible to receive the LIFE Business and Biodiversity Certificate and the issuance of LIFE Biodiversity Credits.

Once compliance with the requirements has been verified, the CB grants the LIFE Business and Biodiversity Certificate and the LIFE Biodiversity Credits Certificate, when applicable, to the organization/producer, initiating the certification cycle (as specified in Tables 3 and 4).

**In the Phase II Audit, unlike Phase I, an on-site visit is mandatory, both to the facilities (business units) of the organization/producer and to the field projects that generate the Biodiversity Positive Performance (BPP) score, through the projects and actions structured in the Action Plan for Biodiversity and Ecosystem Services (PABS), see item 4 of this document.**

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

## 7.2 EXTERNAL FOLLOW-UP AUDIT

It consists of external audits carried out between the Phase II External Certification Audit and the External Recertification Audit. Its purpose is to verify that the certified organization/producer can maintain the LIFE Business and Biodiversity Certificate.

**The first follow-up audit must be conducted within 12 months of the date of issue of the LIFE Business and Biodiversity Certificate. Subsequent audits must be conducted each year for four (4) years of the cycle. In the sixth (6th) year, the External Recertification Audit must be applied, respecting the expiration date of the LIFE Business and Biodiversity Certificate.**

## 7.3 EXTERNAL RECERTIFICATION AUDIT

It consists of a complete **External Audit (Phase I and Phase II)**, carried out after the last External Follow-up Audit. Its purpose is to renew the organization/producer's LIFE Business and Biodiversity Certificate.

**It must be carried out every five years, until the expiration date of the LIFE Business and Biodiversity Certificate, considering the same steps as an External Certification Audit.**

Once compliance with the certification criteria has been verified, the CB renews the organization/producer's LIFE Business and Biodiversity Certificate, restarting the new certification cycle.

## 7.4 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 scope of LIFE certification, the Certifying Body or the LIFE Institute may, exceptionally, request an External Verification Audit, not provided for in the conventional schedule of audits for the Certification cycle, which must be previously approved by the organization/producer.

All costs and expenses arising from this extra audit shall be borne by the organization/producer.

Any significant change in the certified organization/producer must be communicated to the CB, which will assess the need to conduct an External Verification Audit.

The following situations will be considered significant changes in the management of the business/enterprise: purchase and sale of business units that are part of the scope of certification; expansion of activities and increase in production and revenue by more than 50% (fifty percent) in relation to the External Certification Audit or the last audit; reduction of the PABS with a score below the minimum established in the Minimum Biodiversity Performance (DMB); extinction of the PABS; or occurrences of environmental threats, according to the specific policy of the LIFE Methodology.

The External Verification Audit is also applied in situations where it is necessary to validate new LIFE Biodiversity Credits that the organization/producer wishes to account for on the LIFE credit 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 clarification from the CB so that it may request the organization/producer to submit additional documents and/or information. When this information is not sufficient, the LIFE Institute may then request that the CB conduct an External Verification Audit.

**For both the External Verification Audit and the Complementary Assessment, the CB is responsible for on-site and documentary verification of the areas and/or units related to the scope of the assessment, as well as for ensuring the transparency of the entire process.**

During the External Verification Audit and/or Complementary Assessment, the OC may halt certification, as well as suspend the Business and Biodiversity and/or LIFE Biodiversity Credits certificate(s), until all issues are clarified and, where adjustments are necessary, these are remedied.

## 8. EXTERNAL AUDIT EVENTS

During assessments by the external audit team, audit findings may be identified, which must be duly explained in the report and clarified to the organization/producer being assessed:

- **Improvement Requirement (IR):** a requirement identified by the team of external auditors during external Certification, Follow-up, or Recertification audits to address non-compliance with any LIFE Certification criteria. Implementation by the organization/producer **is mandatory for the granting, maintenance, or renewal of the LIFE Business and Biodiversity Certificate or LIFE Biodiversity Credits within 90 (ninety) days from the date of signing the audit report.** The organization/producer may request an extension by submitting a justification to the OC.
- **Improvement Action (IA):** an action identified by the team of external auditors during external Certification, Follow-up, or Recertification audits to address deviations in compliance with any LIFE Certification criteria. **It does not prevent the granting, maintenance, or renewal of the LIFE Business and Biodiversity Certificate and/or LIFE Biodiversity Credits, but must be addressed by the next audit,** when compliance will be verified by the Certifying Body. Improvement actions, when applied to Management Indicators, may result in partial compliance with the requirements, which must be reassessed at the next external Follow-up or Recertification audit, when applicable. All partial compliance must be reviewed by the auditor. Management Indicators that are partially complied with are counted as being complied with for certification purposes.
- **Improvement Opportunity (IO):** an opportunity identified by the team of external auditors during external Certification, Follow-up, or Recertification audits, **implementation by the organization/producer is optional.**

**Failure to meet the agreed deadlines for resolving the issues identified in the external 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 has made the necessary adjustments, at the discretion of the CB.

## 9. SPECIFICATIONS FOR THE GROUP AND CLUSTER OF MEMBERS CERTIFICATION AUDIT

**Groups are not eligible for sampling during the audit, given that the assessment of all LIFE Methodology requirements must be carried out in full, considering all business units within the scope of LIFE certification.** Therefore, audits for this type of certification must follow the same rules mentioned in the previous items of this document.

**For Group Certification audits, remote audits of compliance with Management Indicators (LIFE Standard) for all business units in the group will be permitted.**

**Regarding the Biodiversity Pressure Index (BPI), all business units must be audited in the field in Certification and Recertification Audits; and in Follow-up Audits, the CB must conduct field audits in an alternating manner between units, considering at least 50% of the Group's business units. The remaining units may be assessed remotely.**

**Regarding the assessment of the Group's Action Plan for Biodiversity and Ecosystem Services (PABS), the same rules mentioned in item 4 of this document should be followed.**

The audits related to the Member Grouping are specified below.

### 9.1 SAMPLING FOR THE AUDIT OF CLUSTER OF MEMBER CERTIFICATION

**Business Units originating from Cluster of Members will always be classified as homogeneous, and their audit may be conducted through sampling to assess Management Indicators and the Biodiversity Pressure Index (BPI) and Biodiversity Minimum Performance (BMP).**

The selection of the sample for each Grouping/Business Unit must be made randomly, seeking to avoid auditing the same member in consecutive years of audits, if the random selection so indicates.

#### 9.1.1 Sample size

The following equation is used for sampling, rounded up to the nearest whole number:

$$Y = 0,5 * \sqrt{n}$$

Where:

Y: number of samples;

n: total number of units in the cluster.

**Samples example:**

Units in the cluster	Minimal Sample		
	Certification Audit	Follow-up Audit	Recertification Audit
10	2	2	2
20	2	2	2
30	3	3	3
50	4	4	4
100	5	5	5
500	11	11	11
1.000	16	16	16

**For Cluster of Members audits, remote audits of compliance with Management Indicators (LIFE Standard) will also be permitted for group members defined in the sample.**

**The field audit relating to the Biodiversity Pressure Index (BPI) of members is required for at least 70% of the members of the group defined in the sample. The remaining 30% may be assessed remotely.**

Exceptional cases may have a higher percentage of members to be assessed remotely, subject to

justification.

## 9.2 CERTIFICATE ISSUANCE FOR GROUP AND CLUSTER OF MEMBERS

Audit Certification processes whose audit results are favorable for granting will generate the LIFE Business and Biodiversity Certificate and/or the LIFE Biodiversity Credits Certificate. The issuance of the corresponding certificate(s) is the responsibility of the Certifying Body (CB).

**The LIFE Business and Biodiversity Certificate must include the name of the certified group, with the respective certified Business Units, following the rules mentioned in item 2.1 of this document.** Depending on the number of certified Business Units, the CB may list them in a document attached to the Certificate.

**In cases of Group Certification with Cluster of Members, the LIFE Business and Biodiversity Certificate must also be issued in the name of the certified group, such as a cooperative or holding company, with the respective certified Business Units/Clusters.** The list of each member that forms a Grouping, and its traceability, must be safeguarded by the Certifying Body in digital or physical lists, depending on the volume of information.

**The LIFE Biodiversity Credits Certificate must be issued in the name of the certified group, following the same rules mentioned in item 3.1 of this document.**

To clarify any other questions related to Group Certification, please refer to the LIFE document on LIFE Certification Rules for Groups and Member Groups.

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

<b>EVALUATION OF PRODUCERS (INDIVIDUALS) WITHOUT PRODUCTIVE ACTIVITY ON THE PROPERTY FOR THE PURPOSES OF LIFE BIODIVERSITY CREDITS</b>					
<b>Item</b>	<b>Requirement</b>	<b>Audit</b>			
		<b>Certification Phase I (Year 0)</b>	<b>Certification Phase II (Year 0)</b>	<b>Follow-up (Year 1, 2, 3 and 4)</b>	<b>Recertification (Year 5)</b>
<b>Biodiversity and Ecosystem Services Action Plan (BAP) and Biodiversity Positive Performance (BPP)</b>  <b>Technical Guide 02 – TG02</b>	<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), applying 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>Verification of information by Auditors</b>	Remote	In-person	In-person	In-person
<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/Remote	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 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
	Verification of information by Auditors	Remote	In-person	In-person	In-person

**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 and background check practices for Certification Bodies accredited by the LIFE Institute, for them to apply to organizations and/or producers seeking LIFE Certification.

This process aims to prevent LIFE Certification and LIFE Biodiversity Credits from being linked to land conflicts, invasions, and disputes over ownership of rural properties, removal of native vegetation, areas under embargo, and notices of violation, ensuring the integrity and credibility of the LIFE Certification process.

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

**This analysis must be carried out at the beginning of each 5-year LIFE Certification cycle, according to each situation:**

- I. For cases in which LIFE Biodiversity Credits Certification (LBC) begins simultaneously with LIFE Business and Biodiversity Certification, the CB shall perform only one risk management analysis and background check, considering the entire scope of LIFE Certification;**
- II. For cases in which LIFE Biodiversity Credits Certification begins after LIFE Business and Biodiversity Certification, without a risk management analysis and background check having been carried out previously, the CB shall perform this analysis at the beginning of LBC Certification;**
- III. In cases where the organization/producer is initiating LIFE Biodiversity Credit Certification, during the 4th Follow-up of the LIFE Business and Biodiversity Certification cycle, the CB shall apply the background check at the beginning of the LBC Certification,**

**considering the entire scope of the LIFE Certification. However, it will not be necessary to perform the analysis again in the following year's audit (Business and Biodiversity 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 Improbability 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: [\[https://servicos.ibama.gov.br/ctf/publico/areaseembargadas/ConsultaPublicaAreasEmbargadas.php\]](https://servicos.ibama.gov.br/ctf/publico/areaseembargadas/ConsultaPublicaAreasEmbargadas.php).
- Consultation for analogous work to slavery. Example: [\[https://www.cnj.jus.br/programas-e-acoas/trabalho-escravo-e-traffic-de-pessoas/cadastro-de-empregadores-que-submeteram-trabalhadores-a-condicoes-anologas-a-de-escravo-lista-suja/\]](https://www.cnj.jus.br/programas-e-acoas/trabalho-escravo-e-traffic-de-pessoas/cadastro-de-empregadores-que-submeteram-trabalhadores-a-condicoes-anologas-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 Certifying Body shall evaluate and decide, together with its legal team, whether to continue with the audit process, suspend it, or cancel the audit process for the organization/producer applying for LIFE Certification.

The result of this evaluation shall be based on reputational risks of a magnitude that could damage and/or affect the image of LIFE Certification.

**In cases where the CB does not identify any risk and decides to proceed with the audit process, the result of this analysis shall be included in the opinion of the audit team in the External Audit Report (Phase II).**

**In cases where the OC identifies any risk and decides to suspend or cancel the audit process, the organization/producer must be informed of its decision within 30 days after the start of the Phase I Audit of the certification process, and the LIFE Institute must also be informed.**

In addition to the result of this assessment, the CB shall share with the LIFE Institute all documents and information analyzed as evidence during this process.

## 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.

Version 4.0-R3: approved on 09/01/2025, by the LIFE Institute Board of Directors. Revision of text and document structure. Revision of Risk Management/Background Check analysis. Revision of the cycles and types of audits for LIFE Business and Biodiversity Certification: Change from Year 0 to Year 1, as initially established for LIFE Biodiversity Credit Certification. Rules for conducting field audits and remote audits. Inclusion of specifications for Certification audits for Groups and Member Clusters.

Version 4.0-R4: approved on 08/12/2025 by the LIFE Institute Board of Directors. Revision of the rules for conducting field audits and remote audits.