SUPPLIERS EVALUATION

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OBJECTIVE

Define the minimum requirements for the Purchasing Policy for products from direct suppliers of the organization/producer, mentioned in the LIFE Standard for Business and Biodiversity.

APPLICATION

Applies to LIFE Certified organizations and other stakeholders in the LIFE Business and Biodiversity Methodology.

APPROVAL

Document approved by the LIFE Institute Board.

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1. PURCHASING POLICY

LIFE Institute prioritizes collaborative business relationships, rather than punitive or coercive ones. In this way, it encourages organizations/producers to act in the continuous development of their suppliers, through clarification and guidance related to good environmental practices. This behavior aims to stimulate the constant search for knowledge throughout the relationship of its supply chain with biodiversity.

As a result of this collaborative development, the organization/producer must present and apply a Purchasing Policy, or similar document, that attests to a commitment to the supply chain, consistent with the minimum requirements defined in this document.

The Supplier Purchasing Policy document must be attached to the product supply agreement between the organization/producer and the supplier.

If the supplier of the company/producer has LIFE Certification, it will be automatically approved and exempt from periodic evaluations, and this condition must be explicit in the Purchasing Policy.

If the organization/producer has suppliers of materials from the **primary sector**, the Purchasing Policy must include the Sustainable Development Goals:

- Objective 2 - Zero Hunger and Sustainable Agriculture
- Objective 12 - Responsible Consumption and Production
- Objective 13 - Action Against Global Climate Change
- Objective 14 - Life on Water
- Objective 15 - Life on Earth

For the purchase of products from the **primary sector**, the document must present and require from its direct suppliers, at least, the following items:

- Compliance with all environmental legislation applicable to the primary sector;
- Compliance with all international treaties and agreements related to biodiversity signed, ratified and/or promulgated by the country where the organization/producer operates, and which are applicable to the primary sector;
- Non-purchase of primary products restricted by LIFE Institute;

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- Control, monitoring and optimization of the use of chemicals (pesticides, antibiotics, hormones, fertilizers and other inputs), in order to reduce or eliminate impacts on biodiversity and human health, always following the rules made available by LIFE Institute;
- Adoption of Chemical Use Reduction Plans and Integrated Pest and Disease Management Programs, which prioritize physical and biological control over chemical control, always following the rules made available by LIFE Institute;
- Safe application of pesticides, containment of runoff and spillage of chemicals and others, proper disposal of industrial, domestic, agricultural, and animal production waste.

2. IDENTIFICATION OF DIRECT SUPPLIERS

The organization/producer must identify 100% of its **direct** or **immediate suppliers**. A direct or immediate supplier is understood to be anyone contracted directly with the organization/producer for the supply of materials that make up the direct cost of the final products. The category of services, direct or indirect, are not considered for this document.

Direct cost is one that can be attributed (or identified) directly to a product, product line, cost center or department, not requiring apportionment to be attributed to the object costed.

Information necessary for the identification of direct suppliers in the **primary**, **secondary** and **tertiary sector**:

- Minimum identification data of direct suppliers of the **primary**, **secondary** and **tertiary sector** (supplier social data):
  - Person: Name, citizen records;
  - Entity: Corporate name, company registrations.

For direct suppliers of **primary sector** products, the organization/producer, in addition to the above, must present at least the following information:

- Registration data of the production unit:
  - Land register of the producing unit (property registration with the land management authorities);

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- Environmental registration of the producing unit, if mandatory in the country and according to local legislation.

- Geographical aspects of the production unit:
  - Address;
  - County;
  - Geographic coordinates (latitude/longitude);
  - Property size;
  - Size of the primary production area (relative to the product supplied);
  - Size of the conserved area on the property.

- Basic environmental aspects of the production unit:
  - Ecoregion;
  - Hydrographic Region.

Intermediaries will only be approved upon presentation and verification of the full information contained in this document. It is understood as intermediaries, the free traders who act in the function of passing on the product to other buyers.

3. GROUPING AND CLASSIFICATION OF THE RISK OF DIRECT SUPPLIERS FOR BIODIVERSITY

The organization/producer must have and apply criteria to identify the risk of all its direct or immediate suppliers, classifying them as low risk and high risk. The identification of risks, of direct suppliers of **secondary and tertiary sector** products, can be presented by category of suppliers that present the same characteristics. For direct suppliers of **primary sector** products, the identification of risks can be presented by category of suppliers that present the same geographic characteristics, such as being located in the same set of "ecoregion/hydrographic region", same state or micro-region, or other type of categorization that is best suited to the organization's operations.

The minimum requirements for the identification of risks of each category of direct supplier of the **primary, secondary and tertiary sectors** should be:

- Presentation of the link between the activity of the category of suppliers and significant environmental impacts resulting from their operations. The organization/producer must

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present and justify its analysis criteria to define if, and when, the aspects are considered significant.

For direct suppliers of products from the **primary sector, or suppliers of biodiversity products/resources, from any other sector**, the organization/producer must provide, at least, the following information:

- Information on the origin of biodiversity products or resources **used in primary production:**
  - In the case of a species native to the region:
    - Species (scientific name).
    - Threat level rating (according to official lists, e.g. IUCN Red List[1]).
  - In the case of an exotic species:
    - Species (scientific name).
    - Origin location.
    - Invasion Potential Category (according to official lists, e.g. Global Invasive Species Database[2]).
    - Invasion control measures.
- Environmental information:
  - Conservation priority classification of the ecoregion where production takes place, based on data provided by LIFE Institute (i.e.: LIFE Technical Publications of Ecoregions – Terrestrial and Marine Priorities) or other sources (i.e.: Key Biodiversity Areas[3]).
  - Temporal assessment of conversion of natural areas in the supplier's region/category of suppliers, using globally available geographic information (e.g. *Global Forest Change* data platform[4] *or other locally recognized*).
  - Assessment of proportion of conserved area in relation to the total area of the supplier region/category of suppliers, using geographical information available globally (e.g. Global *Forest Watch Open Data Portal* data platform[5]).

[1] https://www.iucn.org/resources/conservation-tools/iucn-red-list-threatened-species
[2] http://www.iucngisd.org/gisd/
[3] http://www.keybiodiversityareas.org/
[4] https://storage.googleapis.com/earthenginepartners-hansen/GFC-2020-v1.8/download.html
[5] https://data.globalforestwatch.org/

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- Verification of environmental compliance (e.g.: non-inclusion in the list of properties embargoed by environmental agencies, or request for a negative certificate of environmental liabilities issued by competent environmental agencies).
- Request to the supplier/category of suppliers of environmental records (when mandatory in the country) indicating the status of the mandatory preservation areas (look into legislation in force in the country).
- Request for listing of agrochemicals used by the supplier/category of suppliers and verification of non-use of agrochemicals prohibited in the country of primary production.
- Request to the supplier/category of suppliers for proof of license to use water for irrigation (if such use exists).

If the supplier is classified as low risk, it is considered as approved. If it is high risk, it must meet the requirements set out in the following item "Minimum criteria for the approval of high risk suppliers".

4. MINIMUM CRITERIA FOR APPROVAL OF HIGH RISK SUPPLIERS

The minimum criteria for the approval of direct suppliers classified as high risk must be provided for in contractual clauses, sustainable procurement processes and risk management processes, according to the size and scale of operations, considering at least:

- Legality of operations (applicable to suppliers in the **primary, secondary and tertiary sectors**).

For suppliers in the **primary sector**, in addition to the above, it must be requested:

- Presentation of a "negative certificate" of environmental liabilities (issued by the competent environmental agency), or a "conduct adjustment term" (or similar), if there are environmental liabilities in relation to the environmental legislation in force in the supplier's country.

- Evidence that the organization/producer linked to the extraction of biodiversity resources, does not contribute to the threat of native species.

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- Proof by the supplier of non-use of endangered native species in the primary production process, or non-extraction of endangered native species, in the case of management.
- Proof of absence of significant environmental impacts (fires, deforestation, water pollution, etc.) to critical habitats such as High Conservation Value Areas[6] or Key Biodiversity Areas[7].

➢ ***Commitment to zero illegal deforestation*** (evidence that the resource does not come from illegal deforestation).

5. CRITERIA FOR PERIODIC EVALUATION OF APPROVED DIRECT SUPPLIERS

The organization/producer must define and apply requirements related to biodiversity for the assessment of its approved direct suppliers, considering at least:

➢ Good environmental and/or sectoral practices (examples applicable to **all sectors**: LIFE Business and Biodiversity Certification and/or other Certifications; specific examples for **primary sector** providers: Adherence to environmental commitments (i.e. Non-deforestation sectorial pacts, application of the Integrated Pest and Disease Management Program, etc.); Environmental certifications for primary products Environmental certifications for primary products (i.e.: Forest Stewardship Council - FSC[8], Rainforest Alliance[9], Roundtable on Responsible Soy - RTRS[10], Roundtable on Sustainable Biomaterials - RSB[11])

➢ Measurement, mitigation and compensation of impacts on biodiversity. Examples: LIFE Business and Biodiversity Certification and Presentation of biodiversity monitoring reports in areas surrounding primary production areas.

[6] https://hcvnetwork.org/find-a-report/
[7] http://www.keybiodiversityareas.org/
[8] https://br.fsc.org/pt-br
[9] https://www.rainforest-alliance.org/
[10] https://responsiblesoy.org/?lang=pt-br
[11] https://rsb.org/

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It is suggested that the organization/producer rank their suppliers, differentiating them between those that have the best performance in relation to biodiversity and/or those that make the most effort to meet the requirements established in this document. From there, they can be prioritized and rewarded, for example, as follows:

- Bonus on payments.
- Shorter payment terms.
- Recognition as a "*LIFE Supplier*" linking to the fulfillment of the requirements of this document, following specific communication guidelines from LIFE Institute, when applicable.

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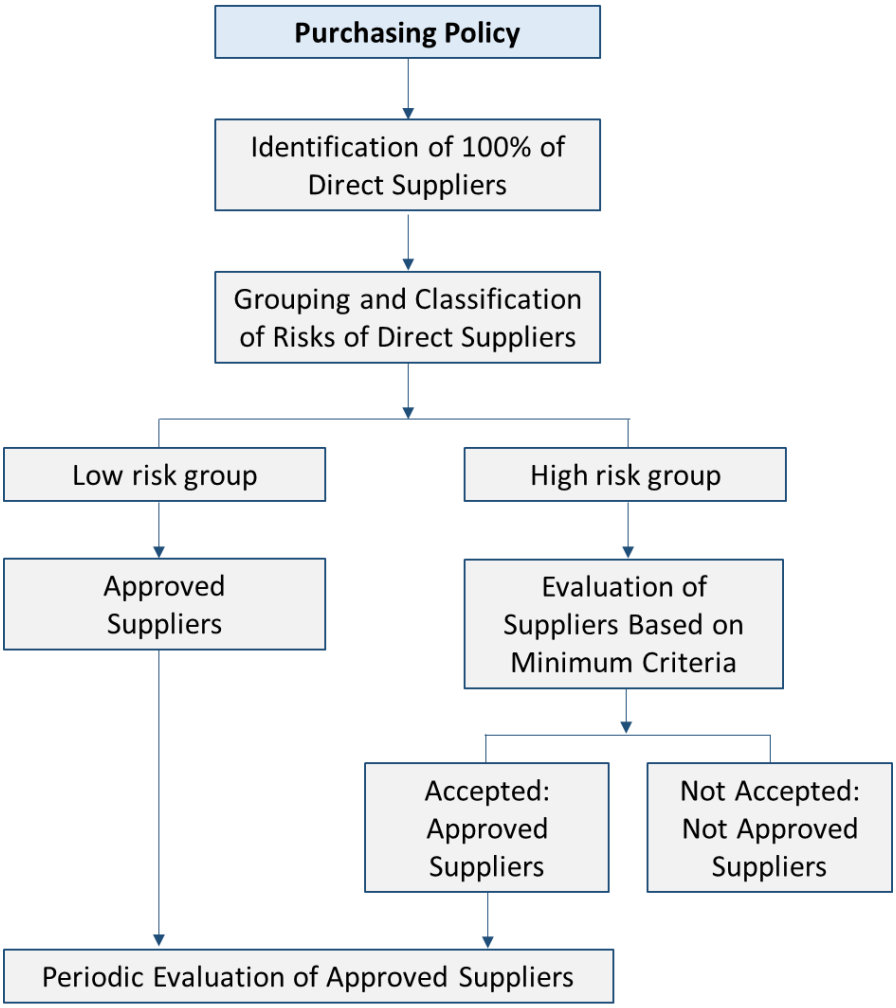
6. FLOW OF THE ASSESSMENT PROCESS OF APPROVED DIRECT SUPPLIERS

Subsequently, the flow of the evaluation process of the organization/producer's direct suppliers is observed (Image 01).

Image 01 – Flow of the Organization/Producer's Direct Suppliers Assessment Process



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7. GLOSSARY

Terms used in this document are available in the LIFE Glossary.

DOCUMENT HISTORY

Version	Date	Description of Changes
1.0	12/18/2012	Initial issue of the document under the title “Supply chain traceability”.
1.1	04/11/2016	Title change to “Supplier Assessment”, content changes, document applicability change to International.
1.1	05/17/2018	Document layout review.
2.0	01/25/2022	Inclusion of specific information for direct suppliers of primary sector products.

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