LIA Verification Manual 0.2 –

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English is the official language of *LIA-211 LIA Verification Manual.* In any case of inconsistency between versions, reference shall be made to the English version.

Disclaimer

This is a voluntary procedures document and is not intended to replace the legal or regulatory requirements of any country.

Please note that all LIA documents and processes will be piloted during 2021, which will help better understand how they will work in practice. The learnings of the pilot year may lead to adjustments in these documents or processes.

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LIA-211 LIA Verification Manual will be updated at the end of the 2021 pilot year and will undergo a revision process at least every five years.

Contents

Introduction

About the LIA Verification Manual

The objective of this manual is to provide instructions for *third-party verifiers* to verify aspects of the Leather Impact Accelerator (LIA). Third-party verifiers will be used to confirm that the LIA requirements for *LIA-141 Deforestation/Conversion-Free (DCF) Protocol* are met. They will also be responsible for verifying the farm questions, confirming the traceability system, and registering *Impact Incentives*. The requirements for third-party verifiers for *LIA-121 Animal Welfare Standards Benchmark* will be set by the individual standards participating in LIA**.**

About the Leather Impact Accelerator (LIA)

LIA is a framework that sets existing industry tools into a coherent package and enables leather supply chain members – from farmers to retailers – to contribute to a more responsible leather supply chain. To this end, LIA uses benchmarks and protocols to set a minimum threshold for practices at the farm and leather production levels and gives recognition to those who meet or exceed them. Brands can use Impact Incentives to provide direct financial support to farmers that meet *LIA benchmarks*, and *LIA-311 LIA Claims Guide* provides support for all LIA participants to make credible claims.

About Textile Exchange

LIA is owned and managed by Textile Exchange. Textile Exchange is a global nonprofit that creates leaders in the sustainable fiber and materials industry. The organization develops, manages, and promotes a suite of leading industry standards as well as collects and publishes vital industry data and insights that enable brands and retailers to measure, manage, and track their use of preferred fiber and materials.

With a membership that represents leading brands, retailers, and suppliers, Textile Exchange has, for years, been positively impacting climate through accelerating the use of preferred fibers across the global textile industry and is now making it an imperative goal through its 2030 Strategy: Climate+. Under the Climate+ strategic direction, Textile Exchange will be the driving force for urgent climate action with a goal of 45% reduced CO2 emissions from textile fiber and material production by 2030.

How to Use this Document

The following terms are used throughout the document to indicate requirements, recommendations, permissions, and possibilities or capabilities:

- "shall" indicates a requirement
- "should" indicates a recommendation
- "may" indicates a permission
- "can" indicates a possibility or a capability
- "may not" indicates a prohibited action

The abbreviation "e.g." is used to indicate an example, while the abbreviation "i.e." is used to provide clarification of meaning.

Section A - How to Become a Third-Party Verifier for LIA

A1. General Requirements

A1.1   The third-party verifier shall be accredited to one of the below:

- ISO/IEC 17021-1:2015
- ISO/IEC 17065:2012 and ISO 9001:2015
- the Institute of Internal Auditors Global (IIA Global)

  A1.1.1   Other accreditation systems (e.g. national) may be accepted. These will be evaluated on a case-by-case basis. Please submit information LIA@TextileExchange.org for consideration.

A1.2   Third-party verifiers shall be competent, with appropriate skills, knowledge, experience, and expertise for the topics and context being verified.

Specifically for *LIA-141 Deforestation/Conversion-Free (DCF) Protocol*, this includes:

- Knowledge and expertise in ecological issues (deforestation and conversion);
- Proficiency in the use of geospatial tools and GIS;
- Personal qualities, such as being ethical, open-minded, a critical thinker and problem-solver, diplomatic, observant, perceptive, versatile, professional, respectful, and having a high level of professional judgment and skepticism;
- Knowledge of risk-based approaches and ability to characterize risk;
- Ability to understand documents and identify instances when documents may have been improperly manipulated;
- Ability to develop and implement stakeholder consultation methodologies; and
- Fluency in speaking the language(s) native to management and the majority of workers in the operations being audited; additional mechanisms may be employed for effectively engaging with workers who do not speak the selected language(s).

A2. Application Process

A2.1   Prospective verifiers should contact LIA@TextileExchange.org to express interest in becoming a LIA third-party verifier.

A2.2   Submit documentation to confirm that the accreditation expectations identified in the above requirement have been met.

  A2.2.1   If accredited through a process that has not been identified in the requirements above, please contact LIA@TextileExchange.org.

Section B - Deforestation/Conversion-Free (DCF) Verification

B1. Requirements

B1.1   All DCF verification shall be conducted by an authorized third-party verifier (see the requirements for verifiers in Section A1 and list of authorized verifiers, when available, at LeatherImpactAccelerator.org).

B1.2   Farms may be verified individually or as part of a farm group system (see Section D – Farm Group Verification).

       B1.2.1   Farm group verification is recommended for *partner programs*.

B1.3   Remote auditing using geospatial data may be used.

> Guidance:
>
> Geospatial data from satellite or other remote-sensing methods are increasingly capable of detecting deforestation and conversion. When the scale of a given agriculture or forestry operation is large, and its associated land-use change entails a distinct conversion event (e.g. forest to row crop production, or forest to pasture), large-scale open source products such as Global Forest Watch are generally suitable to monitor deforestation in line with the Accountability Framework and Impact Incentives.
>
> When production systems are smaller-scale or exist in mosaic landscapes (e.g. many smallholder systems), or when land-use changes are less distinct, then specialized, finer resolution or custom tools may be required (for example, Mapbiomas, Planet, GRAS, among others). In either case, when remote-sensing based methods detect potential deforestation or conversion (or when findings are unclear), validation through site visits, on-the-ground mapping, document review, or interviews with key stakeholders may be required.
>
> Exceptions to verification may apply if the only reliable and established monitoring tools for the region have an identification limit greater than one hectare. An example of this is the Amazon biome, which uses PRODES to monitor for areas of deforestation greater than 6.25 hectares.
>
> Derogations may be allowed on a case-by-case basis (eg: the government builds a road through a farm, exceeding the one hectare limit of deforestation). Please contact LIA@textileexchange.org to apply for any derogations.

B1.4   Verifiers shall confirm the following information:

1. Ownership and management of the farm

> Guidance:
>
> If the company or individual applying for the Impact Incentives is the owner of the farm, the verifier shall identify all other areas of land that are owned or leased by that same person or organization. This is an important step to prevent cattle laundering.
>
> If the company or individual applying for the Impact Incentives is the manager of the farm, or is leasing the land, the verifier shall identify all other areas of land that are owned or leased by that same person or organization.

2. Location and boundaries of the farm (farm polygon)

> Guidance:
>
> When a legal registration system exists (eg: CAR in Brazil), this must be used for verification of the farm polygon.
>
> Verifiers should compare the number of animals on the farm to the regional productivity rate to ensure that the reported farm grazing area is reasonable. For example, if the regional productivity rate is 2 head per hectare per year, and a 100 ha farm is running 500 cattle, then this would require more investigation.

3. Total area under conservation (amount of natural forests or land)

4. Any regional cut-off dates that apply

> Guidance:
>
> Verifiers will check for any applicable regional cut-off dates that are earlier than Jan 1, 2020 and evaluate the farm based on these.

5. Area of conversion or deforestation since the cut-off date

> Guidance:
>
> Verifiers shall look at satellite imagery from Jan 1, 2020, or the earlier applicable cut-off date, to confirm that there has been no deforestation or conversion over the threshold amount, as per *LIA-141 Deforestation/Conversion-Free (DCF) Protocol*.

6. Traceability system

> Guidance:
>
> Verifiers shall confirm that the farms have a sufficient traceability system in place to meet the traceability requirements set out in *LIA-141*

Deforestation/Conversion-Free (DCF) Protocol. Individual or batch level traceability will be accepted.

7. Number of Impact Incentives that can be registered

Guidance:

Verifiers shall review farm records and the calculations made using the Cow to Impact Incentives Calculator (Cow Calculator), to confirm that the number of Impact Incentives being sold equals the number of cow-year equivalents.

8. Farm Questions

Guidance:

Verifiers shall confirm that the information submitted in the Farm Questions is accurate and complete.

B2. Region-Specific Recommendations

B2.1 Regional deforestation monitoring tools may be used; such tools include:

- **Brazilian Amazon**: PRODES is the official government deforestation monitoring system. It defines deforestation as any loss of forest (defined as 10 percent tree cover or higher) in an area of 6.25 hectares or larger (regional threshold will apply in this case).
- **Brazilian Cerrado**: There is no official government monitoring system for 'deforestation.' For tracking land-use change in the Cerrado, we recommend companies use Mapbiomas or similar.
- **Argentinian Chaco:** There is no publicly available official government monitoring system for 'deforestation.' Unofficial data must be used if commitments focus exclusively on 'forests.' In this case, we recommend companies use Mapbiomas, which tracks forest loss in accordance with the definition of forest established by Argentina ́s Federal Council of The Environment (COFEMA -Consejo Federal de Medio Ambiente), defined as a minimum height of 3 meters and 20% tree cover or higher in an area of 0.5 hectares or larger.
- **Paraguayan Chaco**: There is no publicly available official government monitoring system for 'deforestation.' INFONA is initiating the use of Global Forest Watch to track property-specific deforestation. Until this national system is in place, unofficial data must be used if commitments focus exclusively on 'forests.' In this case, we recommend companies use Mapbiomas, which tracks forest loss in accordance with the definition of forest established by Paraguay's laws.

   Please contact LIA@TextileExchange.org with additional regional monitoring systems for deforestation.

B2.2   Regional conversion monitoring tools may be used; such tools include:

- **Brazilian Amazon:** There is no official government monitoring system for the conversion of natural vegetation, as PRODES only monitors forests. At this time, we recommend companies use Mapbiomas or similar.
- **Brazilian Cerrado**: PRODES Cerrado is the official government monitoring system for the conversion of natural vegetation. It tracks losses of natural vegetation greater than 1 hectare and greater than 6.25 hectares. At this time, we recommend companies use PRODES Cerrado.
- **Argentinian Chaco**: There is no official government monitoring system for the conversion of natural vegetation. Unofficial data must be used if commitments include conversion of natural vegetation. In this case, we recommend companies use Mapbiomas or similar.
- **Paraguayan Chaco:** An official government monitoring system for conversion of natural vegetation under development by the National Forest Institute and is expected to be in place in early 2019. Until it is made publicly available, unofficial data must be used if commitments include conversion of natural vegetation. In this case, we recommend companies use Mapbiomas or similar.

Please contact LIA@TextileExchange.org with additional regional monitoring systems for deforestation.

Section C - Partner Program Verification

C1.   Impact Partnership Requirements

C1.1   Partner programs shall meet the requirements for participation in LIA, as outlined in the *Partner Program Guide (coming soon)*.

C1.2   If the partner program is managing a farm group for DCF, the requirements in Section E – Farm Group Verification shall be met.

C1.3   If the partner program is managing a farm group working towards certification to a LIA-approved animal welfare standard, the requirements in Section D1 shall be met.

Section D - Animal Welfare Verification

D1. Impact Partnership Requirements

D1.1   The third-party verifier shall review the animal welfare workplan developed by the partner program and ensure that progress is being made towards the targets and timelines.

D2. Impact Incentives Requirements

D2.1   The farm shall have current and valid certification to a third-party standard that is approved through _LIA-121 Animal Welfare Standards Benchmark_.

> Guidance
> A list of LIA-approved standards, when available, will be posted on
> LeatherImpactAccelerator.org.

D2.2   The third-party verifier shall confirm which option from _LIA-121 Animal Welfare Standards Benchmark_ the approved standard meets.

Section E - Farm Group Verification

Farm group verification offers an efficient way for partner programs or groups of farmers to provide the credibility of third-party verification at a reduced cost and effort. The programs will set up their own internal control systems to verify that all of the participating farms are meeting the LIA requirements, and the verification body will conduct a reduced number of individual farm audits.

For the animal welfare scope, the certification requirements for farm groups will be set by the individual LIA-approved standards. This certification must be done by the end of the three-year impact partnership time period.

E1.   Requirements

E1.1   Farm group verification applies for partner programs with a defined *internal control system* (ICS) in place for the group. The farm group members shall demonstrate commitment and progress towards meeting the requirements of the cattle traceability and requirements of LIA.

      E1.1.1   For the DCF scope, all farms managed by a partner program must be verified to be DCF for the applicable cut-off date prior to becoming part of the group.

      E1.1.2   For the animal welfare scope, all farms managed by a partner program must be meeting the timeline and targets set out in their workplan.

E1.2   Farm group verification requires third-party audits of the ICS and sample audits of farm group members according to the risk assessment of the third-party verifier. The verification process may also include additional confirmation visits of farm group members by the verification body without notice.

E1.3   The use of the term farm refers to any member farm in the group.

E2.   Eligibility for Farm Group Verification

E2.1   The farm group shall be managed by the partner program, which will be registered to sell the impact partnership incentives.

E2.2   The partner program and all farm group members shall be located in the same country or be within neighboring countries in the European Union.

E2.3   For the DCF scope, partner program shall verify that all individual farms are DCF for the applicable cut-off date prior to becoming part of the group, *LIA-141 Deforestation/Conversion-Free (DCF) Protocol*.

E3.   Internal Control System Requirements

E3.1   The partner program shall have an *internal control system (ICS)* in place.

E3.2   The partner program shall appoint an *ICS manager* who is responsible for the management of the ICS and for ensuring conformity with the requirements for the applicable LIA scopes by all farms.

E3.3   The partner program shall cooperate with the verification body's risk assessment process and with the coordination of information and auditing for member farms.

E3.4   The ICS shall maintain documented procedures which show how group verification requirements are met, including procedures for at least the following elements:

>   **E3.4.1**   Accepting, adding, and removing group members;

>   **E3.4.2**   Maintaining records;

>   **E3.4.3**   Training of group members and ICS personnel;

>   **E3.4.4**   Internal inspection of group members; and

>   **E3.4.5**   Use of LIA logos and promotional claims within the group.

E3.5   The ICS shall maintain the following records:

>   **E3.5.1**   A documented management structure of the ICS, and

>   **E3.5.2**   A complete list of group members.

E3.6   The ICS shall maintain the following records for each farm:

>   **E3.6.1**   A signed membership agreement which specifies rights and obligations of group members to conform with *LIA-141 Deforestation/Conversion-Free (DCF) Protocol* and/or the animal welfare workplan, and to permit inspections by the ICS inspectors as well as audits by the verification body;

E3.6.2   Maps or sketches of the farm showing all areas where cattle graze;

E3.6.3   Completed the farm questions for each farm;

E3.6.4   Records of internal inspection results, showing the farm's conformity or non-conformity with all applicable requirements; and

E3.7   The ICS shall ensure that:

E3.7.1   all group members have access to a copy of the applicable LIA requirements

E3.7.2   all group members understand the relevant LIA requirements and are aware of the consequences of non-conformity.

E3.8   Group members and ICS personnel (including ICS inspectors) shall be provided with training regarding LIA, which is sufficient to meet their responsibilities. Training records shall be maintained.

E4.   Inspection of Group Members Internal Control System

E4.1   For the DCF scope, the ICS shall include a process for identifying and handling non-conformities, including the following elements:

E4.1.1   Identification of non-conformity against *LIA-141 Deforestation/Conversion-Free (DCF) Protocol*;

E4.1.2   Immediate suspension from the group in the case of critical non-conformity, until such non-conformity, has been investigated and resolved (at which point the farmer will be allowed to remain or will be removed from the group).

E4.1.3   Documentation of non-conformity issued and resolution.

E4.2   The ICS shall appoint one or more ICS inspectors to carry out inspections. The ICS manager may also be an ICS inspector. ICS inspectors shall not conduct inspections of family members' farms or their own farms.

E4.3   The ICS shall carry out annual inspections of each group member.

E4.4   A written inspection report shall be prepared for each inspection, including identification of all non-conformities. Photos or other verification of the date and location should be included.

E5.   Adding and Removing Group Members

E5.1   Group members may be added to the group after the following steps have occurred:

E5.1.1   Information required by D3.5 and D3.5 has been received by the ICS, and

E5.1.2   The ICS Inspector has verified the information submitted by the farm and confirms that the DCF requirements have been met and/or the targets and timelines of the animal welfare workplan have been met.

E5.2   The ICS shall have the authority to remove members from the group. If a member is removed, the ICS shall notify both the group member and the third-party verifier of the removal in writing, including the reason for removal (e.g. voluntary, non-payment, non-conformity).