



TextileExchange
Creating Material Change

Leather Impact Accelerator (LIA)

Draft Version 1.0 Launch Webinar

Tuesday, May 12th, 2020

Agenda

1. Introducing LIA
2. LIA 2020 1.0 Release
3. What is LIA?
 - Benchmarking
 - Incentives
 - Animal Welfare
 - Deforestation/Conversion-Free (DCF)
 - Leather Production (Environmental and Social scopes)
 - Traceability
 - Claims
4. How to Participate
 - Different roles
 - Pilots
 - Feedback





Introducing LIA

LIA provides an integrated set of tools to accelerate positive actions along the full beef/leather value chain.

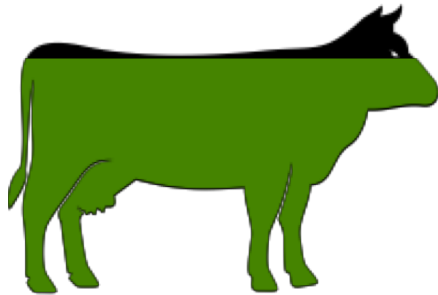
The Leather Impact Accelerator (LIA) is a program that enables members of the leather value chain to work towards shared expectations in a coordinated way. It provides a set of tools to align actions towards meaningful global impacts.

LIA is not a standard – it is designed to leverage and add value to the work that is already being done in the beef and leather industries.



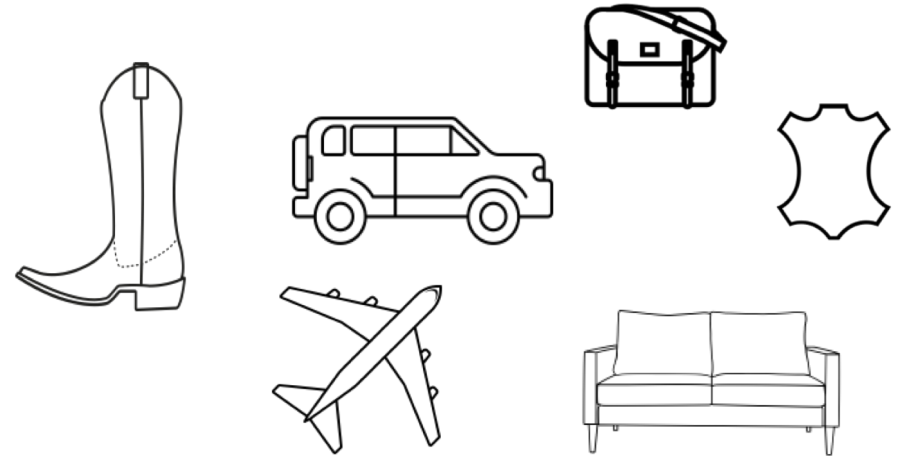
Why LIA?

In 2017, we began with the numbers.



According to LCA calculations, 95% of the economic value is allocated to food. (lcafood2014.org)
Therefore,

Leather is < 5% of the economic value of a cow



The leather industry is **\$60 billion**

The value of the Responsible Leather stakeholders is
> 750 billion



The apparel industry is **\$1.7 trillion**

Why LIA?

In 2020 the need for action is even stronger

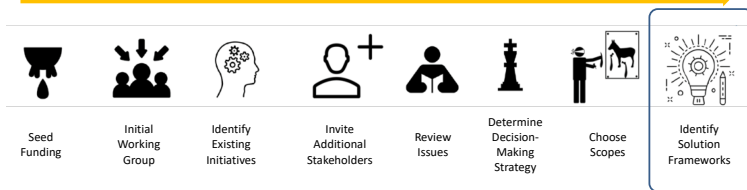
- The CFMB Insights Report confirms the interest of brands
- IPCC reports point to the urgent need to address climate change and biodiversity
- Covid 19 has shown us what a delicate balance we live in, and emphasises the need to act together to protect the health of this planet



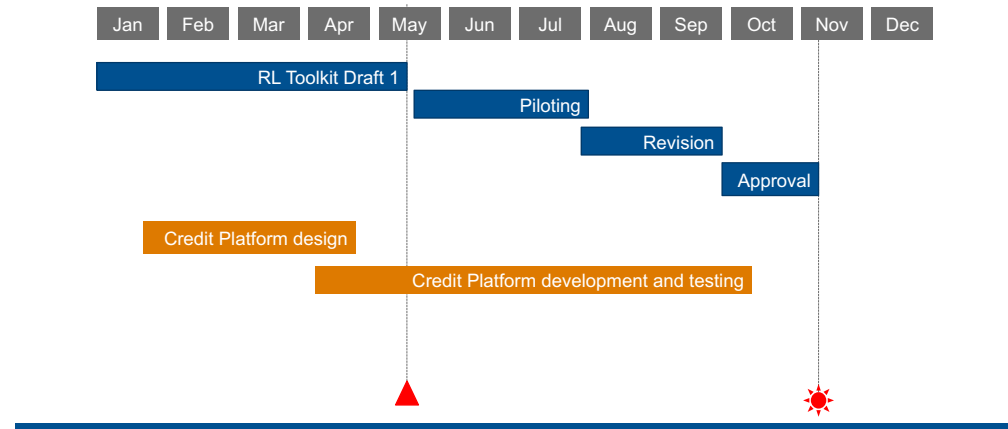
LIA 2020

Getting to Now

2017 Work



2020 Work Plan



<https://textileexchange.org/leatherimpactaccelerator/>



LIA 2020 1.0

A true collaboration

The logo features a stylized orange and white circular emblem on the left, resembling a profile of a head or a leaf. To its right, the text "Responsible Leather" is in orange and "Round Table" is in blue.

Responsible Leather Round Table

Producers – Industry Groups – Brands – Retailers – Leather Processors – Input suppliers - Professionals
Footwear – Apparel – Accessories – Furnishings – Automotive – Food – and more...



(LIA) International Working Group

Scope Committees

Animal Welfare – Anna Heaton

DCF – Josefina Eisele

Leather Production – Nicole Lambert

Claims Framework – Stefanie Pokorski

Voting Members

Brands & Retailers

Supply Chains

Producers

Civil Society

- Supported by Larysa Valachko



Thank you!

To everyone who has so
generously contributed your time
and energy.

LIA 2020 1.0 - Feedback

The collaboration Continues

Draft LIA 1.0 documents open for public stakeholder review:

[LIA Farm Scope Benchmark Criteria](#)

[LIA Standard Assurance](#)

[LIA Leather Production Scope Benchmark Criteria](#)

[LIA Verification Manual](#)

[LIA Benchmark Approval Process](#)

Stakeholders may share their feedback through the online form during the 30-day consultation period, which ends on June 5, 2020. Please note that in order to effectively collect feedback, we will only accept comments that are submitted through the feedback form.

[Submit Feedback on LIA 1.0](#) ▶

The TextileExchange logo is positioned at the top of the banner, featuring a stylized green and blue leaf-like icon to the left of the text 'TextileExchange' in a bold, sans-serif font. Below it is the tagline 'Creating Material Change' in a smaller font.

Leather Impact Accelerator (LIA) 1.0 Draft Consultation

The LIA logo is centered below the title, consisting of a brown horse head silhouette and the text 'LIA Leather Impact Accelerator'.

We invite you to review the draft documents for the Leather Impact Accelerator (LIA) and give us your feedback. This public consultation is your chance to review the program and help guide the future of its benchmarks and protocols.

The public comment period will close on June 5, 2020.

Thank you in advance for taking the time to share your feedback!

LIA 2020 1.0 - Pilots

The collaboration Continues

- Pilots for LIA scope requirement and Impact Incentives for DCF and Animal Welfare with producers, brands and retailers
- Pilots for benchmarking with standards and program owners



Pilot Process for LIA and Impact Incentives

The following a description of the process that brands will follow to work with LIA Impact Incentives for the pilot phase.

We expect the pilot process to run for at least 3 months, but final timelines will be confirmed.

1) (Optional) Call to discuss general expectations – Textile Exchange and individual brand

We will set up a call to further explain the piloting process and the roles of the different players, as well as the different ways to use LIA Impact Incentives to meet your corporate goals. We will take this opportunity to also learn about what you would like to achieve through the pilot and discuss any specific needs.

2) Call or meeting to set goals, commit to incentives, and discuss marketing needs - ACT Commodities and individual brand

This will be a more focused discussion to make a decision the types and amounts of incentives to buy. You will be choosing which scope or scopes to address (animal welfare and/or deforestation/conversion free), the types of farms or programs you'd like to support (including which region) and looking at the impacts you want to support. This will also be an opportunity to identify any specific data or information that you would like to see collected.

There will be a few farm projects that you can choose from, or you can ask that we connect with new ones for the sake of the pilot.

3) Proposal to brand and contract

ACT will take the information collected from the brand meeting, find the incentives that will deliver to expectations, and come back with a proposal that identifies the incentives. amounts. prices and timing. Once the proposal is accepted. the brand will

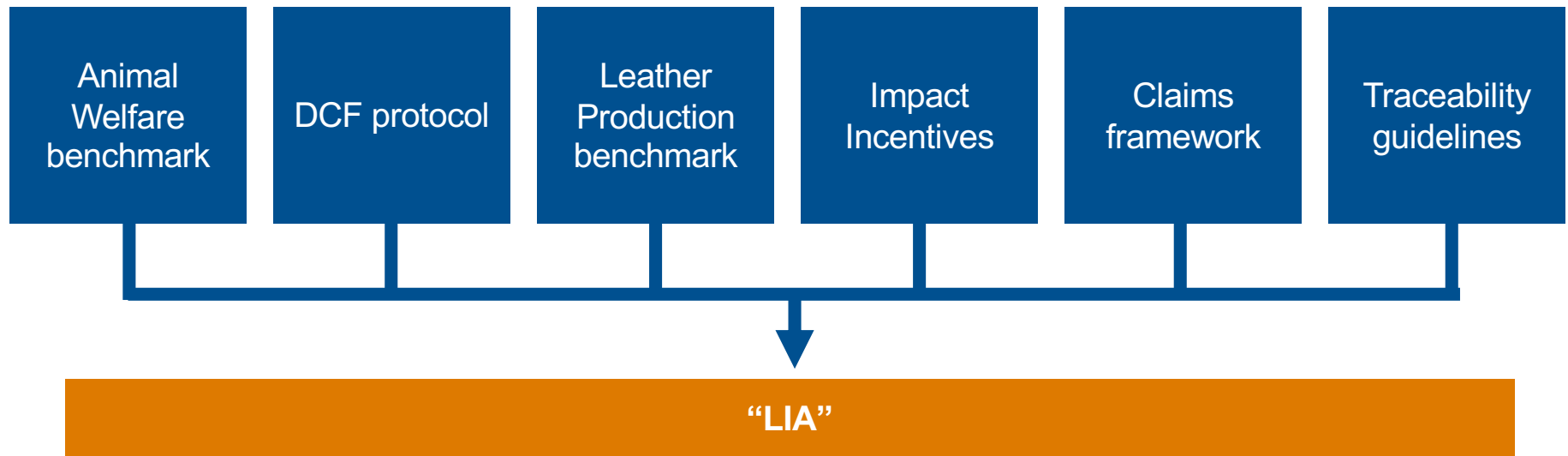
What is LIA?

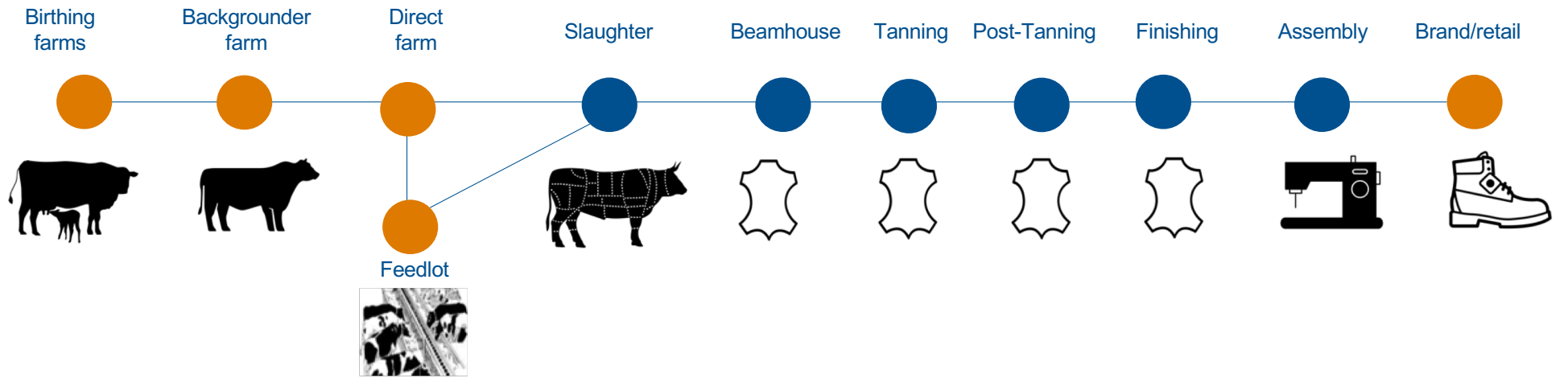


Leather Impact Accelerator (LIA) Overview



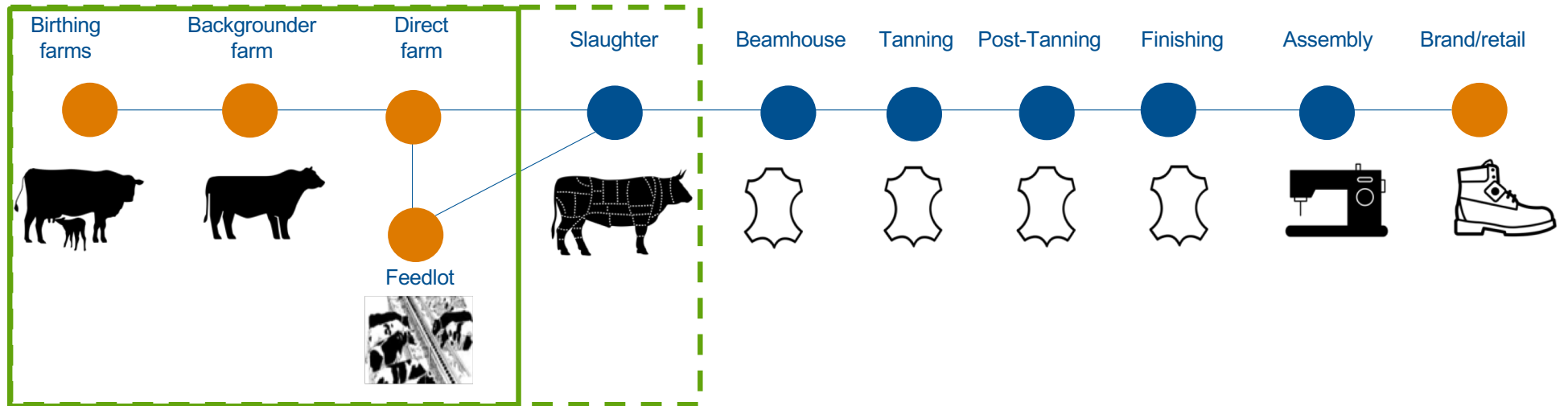
There are 6 components of Leather Impact Accelerator:



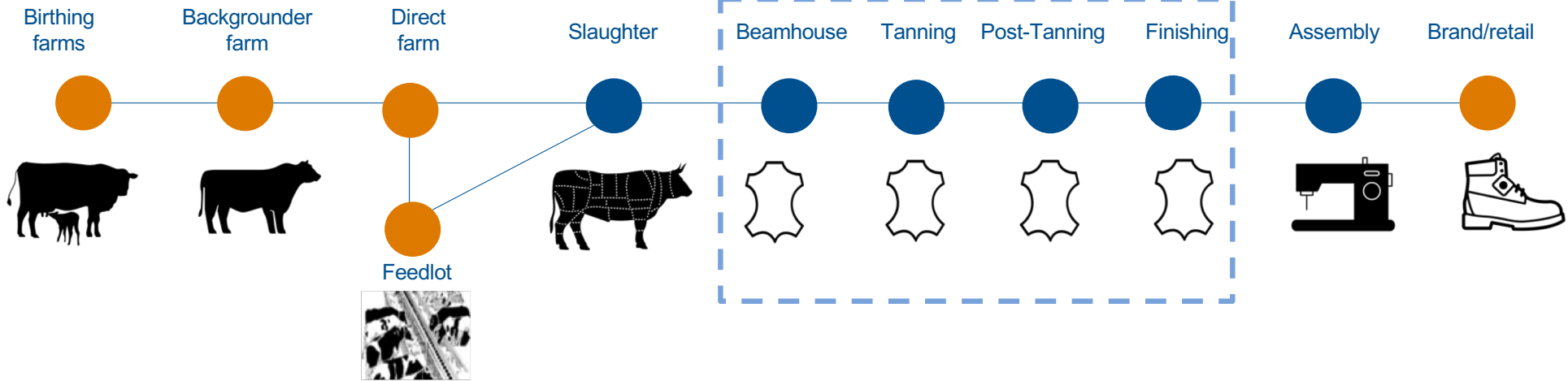


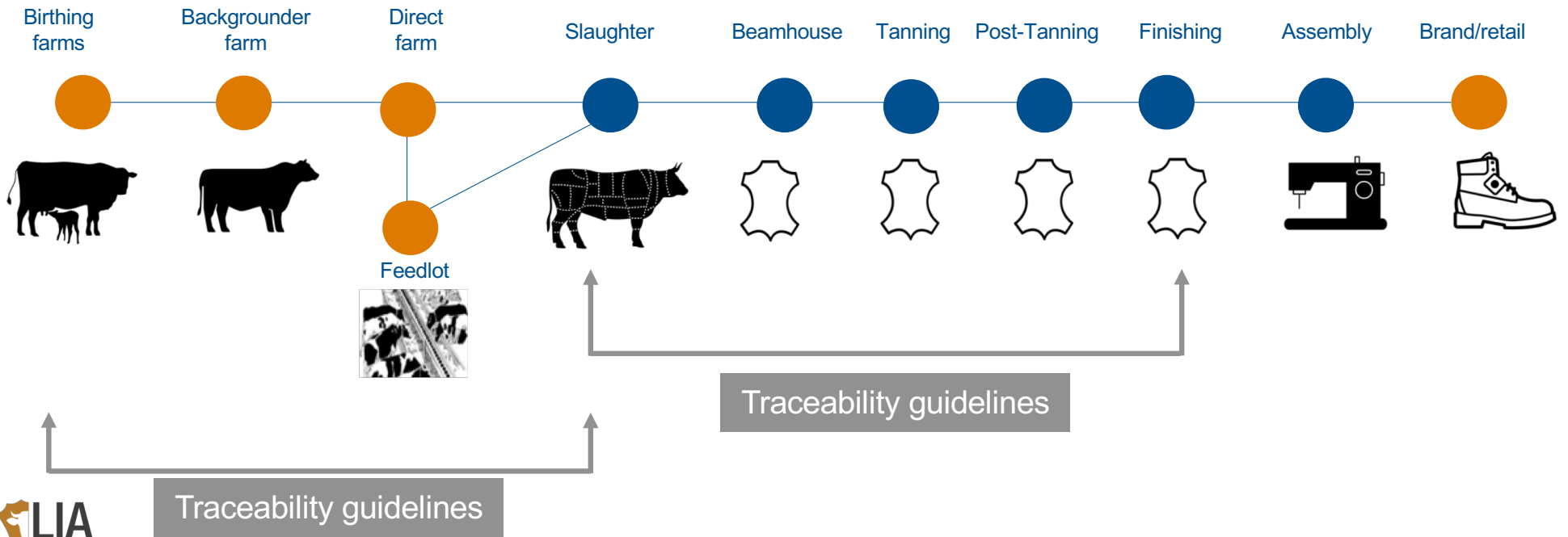
DCF protocol

Animal Welfare benchmark

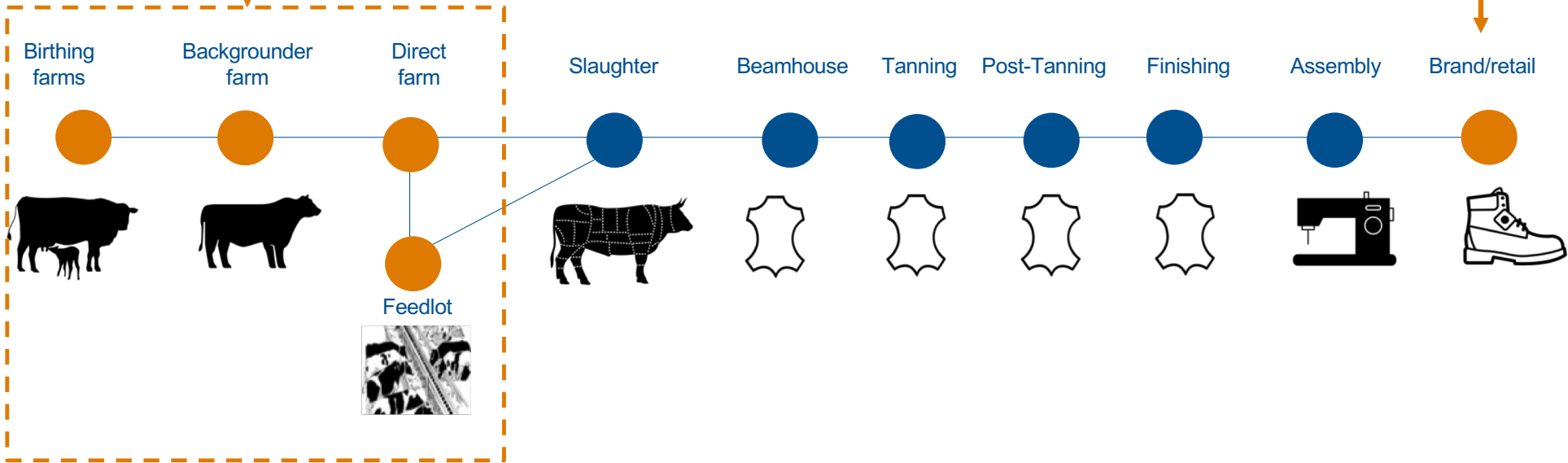


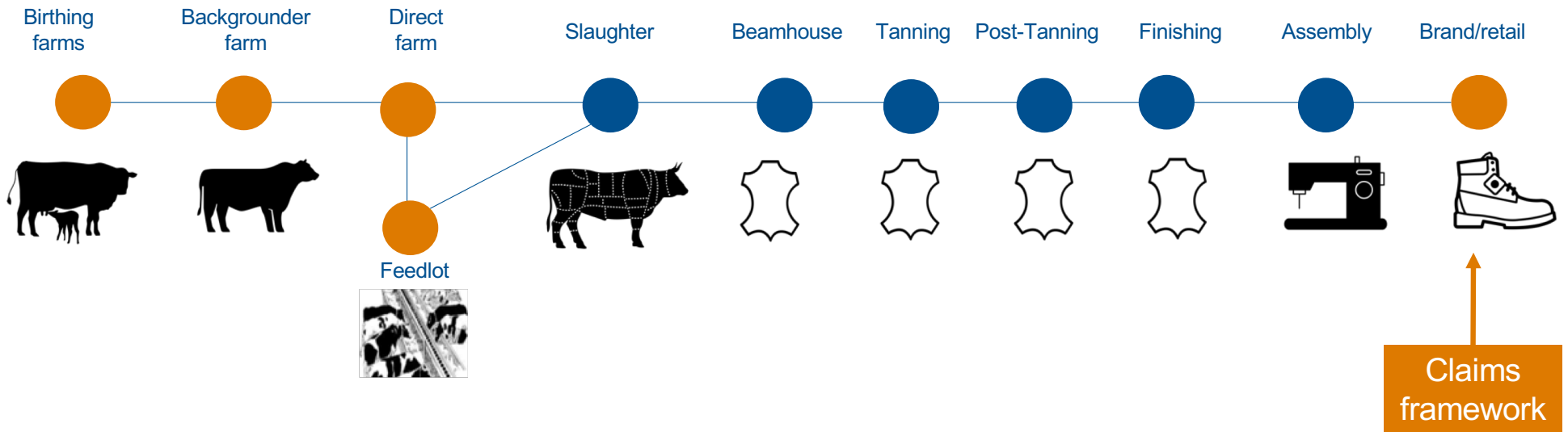
Leather Production benchmarks

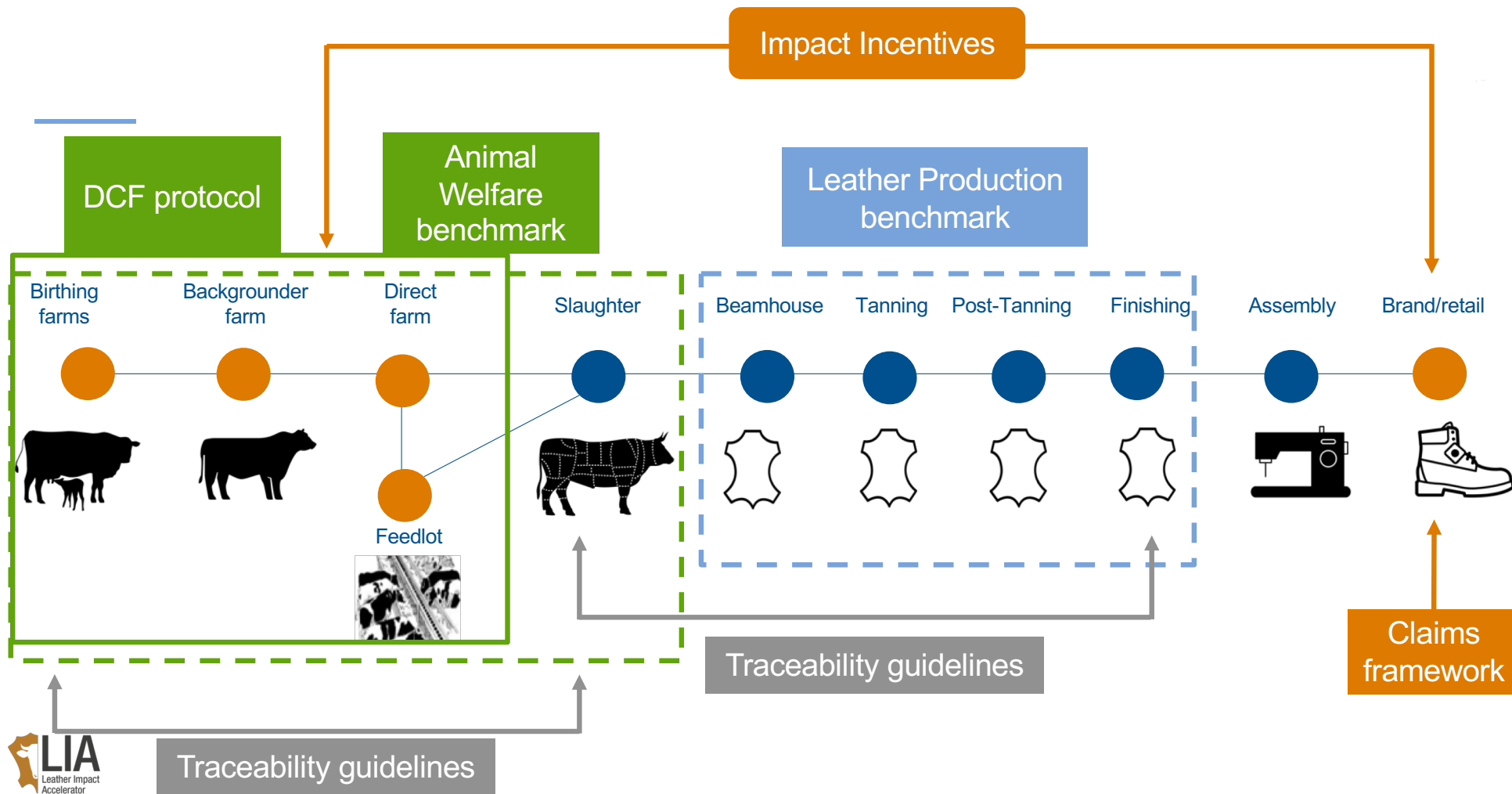




Impact Incentives

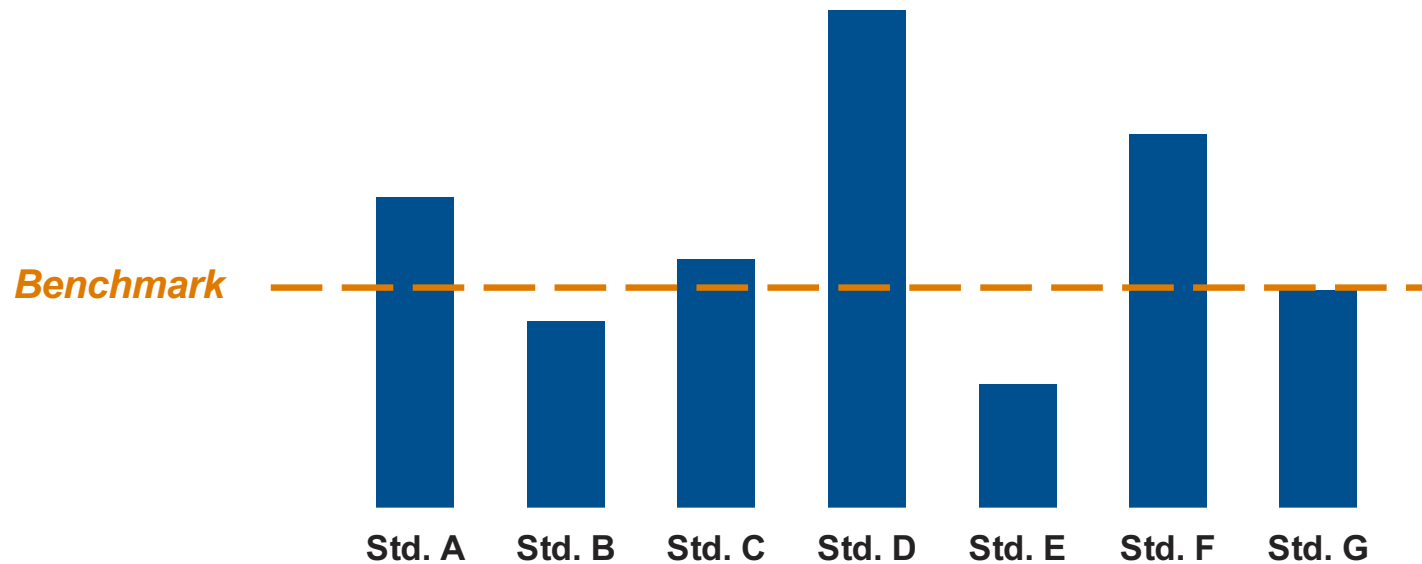






Leather Impact Accelerator (LIA) is NOT a standard

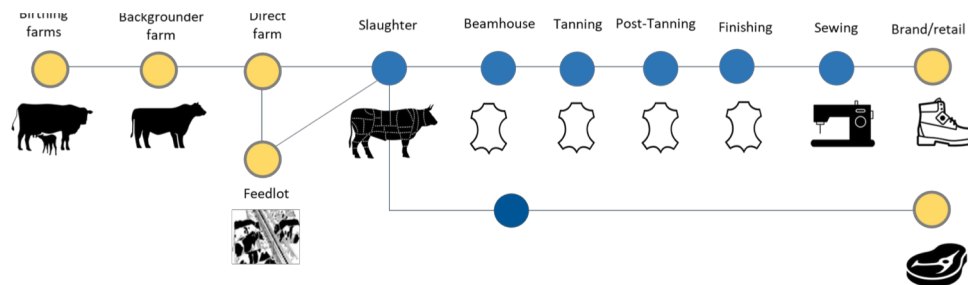
“A benchmark is a **reference point** against which something is evaluated “ (ISEAL)



LIA 2020

We needed a solution to address the complexity of the beef/leather supply chain

- ✓ There is little integration between the cattle, hide and leather sectors
- ✓ Hides are often treated as a commodity product and traded globally
- ✓ There are numerous stages and changes of ownership as the hides are processed into finished leather
- ✓ Hide identity is not preserved at the slaughter stage: even if it is theoretically possible, it is rarely done
- ✓ Traceability does not occur between farming stages in many countries
- ✓ Hides represent little or no value to the farmer, so as leather users, we have very little influence with the cattle industry



We came up with one!



IMPACT INCENTIVES

"The way they work is quite simple; farms that meet the standard or benchmark will be able to sell incentives for their volume of output, and brands can purchase these incentives to balance out their use of the output materials. "

- Impact Incentives refer to the certificates that are traded in support of a sustainability claim.
- The incentives are issued when a set of criteria have been confirmed.
- The Incentive Certificates represent a specified quantity of verified material that has been produced but has not been physically traded as verified goods. Nevertheless, brands and retailers will have an efficient and effective tool to demonstrate their commitment to their CSR goals, and to build up the supply of more sustainable commodities that they can eventually link to with physical sourcing.

Managed by Impact Alliance



We need a powerful solution

We decided to bypass the cost and complexity of tracking supply chain, and to instead invest in certificate trading as the main tool for brands to signal their expectations and support of best practices at the start of their supply chains.

fast

The thinking and technology to support certificate trading already exists; we are simply applying it to known critical sourcing areas of different commodities.

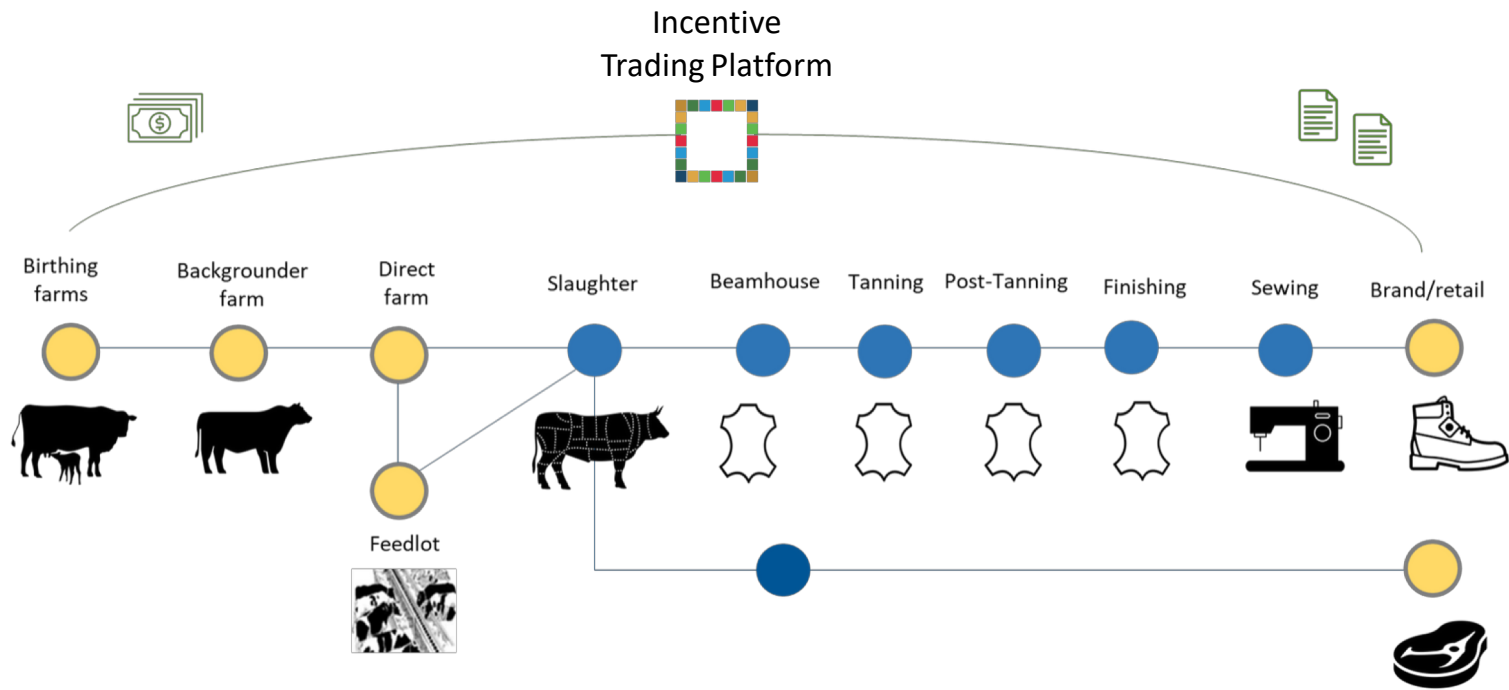
We can avoid the time it would take for brands to map their supply chains and find ways to trace materials.

flexible

Incentives can be used across multiple commodities that have overlapping supply chains and/or impacts (eg: leather and beef are linked to cattle, both cattle and soy have impacts on deforestation)

& efficient

Rather than paying farmers a premium for best practices, then having every stage along the supply chain add their margin to that premium, the end buyers (brands or retailers) can transfer their support directly to the critical sourcing areas, with just a small fee paid for the transfer of the incentives.



Managed by Impact Alliance



Impact Incentives. Making impact happen.



IMPACT PARTNERSHIP INCENTIVES

What about marginal farmers that cannot meet a standard?

Impact Partnership Incentives can also be sold by programs that are working with farmers to improve practices and meet minimum levels of best practices.

Managed by Impact Alliance



fast

Impact Partnership Incentives can also be used to help drive progress towards the benchmark thresholds. Brands will give money to program partners that will then work with producers on capacity building, data collection, verification and trading support.

Farmers can be supported through a Program for up to three years under the Impact Partnership Incentive system. After that they should achieve the minimum thresholds to have access to the Incentives.

When the farmers meet the standard or benchmark that is set, they can trade incentives directly (and gain more financial reward).

Brands can also make long-term commitments to support specific programs through the Impact Partnership Incentives.



Managed by Impact Alliance

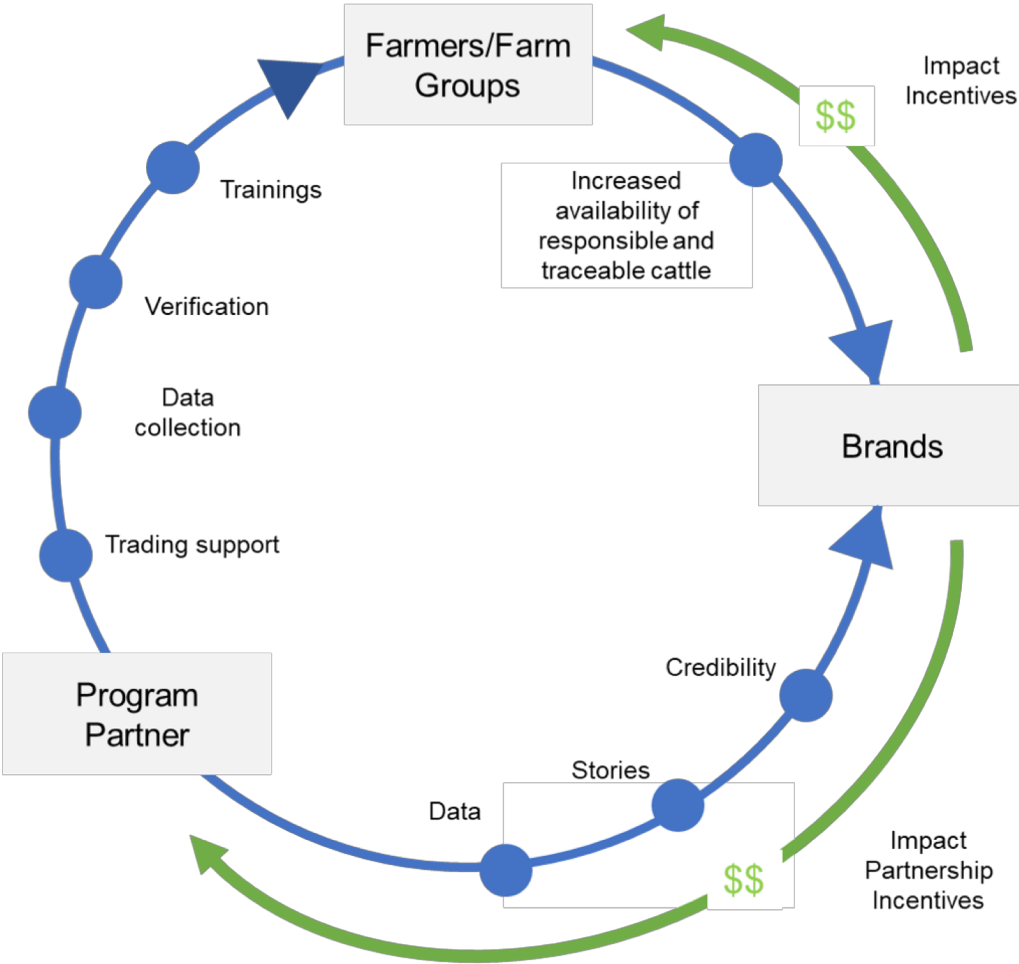
Impact
Partnership
Incentives
**support
change**
through
programs...

... while Impact
Incentives **sustain
change** with
Farmers.



& efficient

Impact Partnership is an efficient way to help more marginal farms to improve their practices and participate on the schemes.



By working together we can further **accelerate change.**

IMPACT ALLIANCE

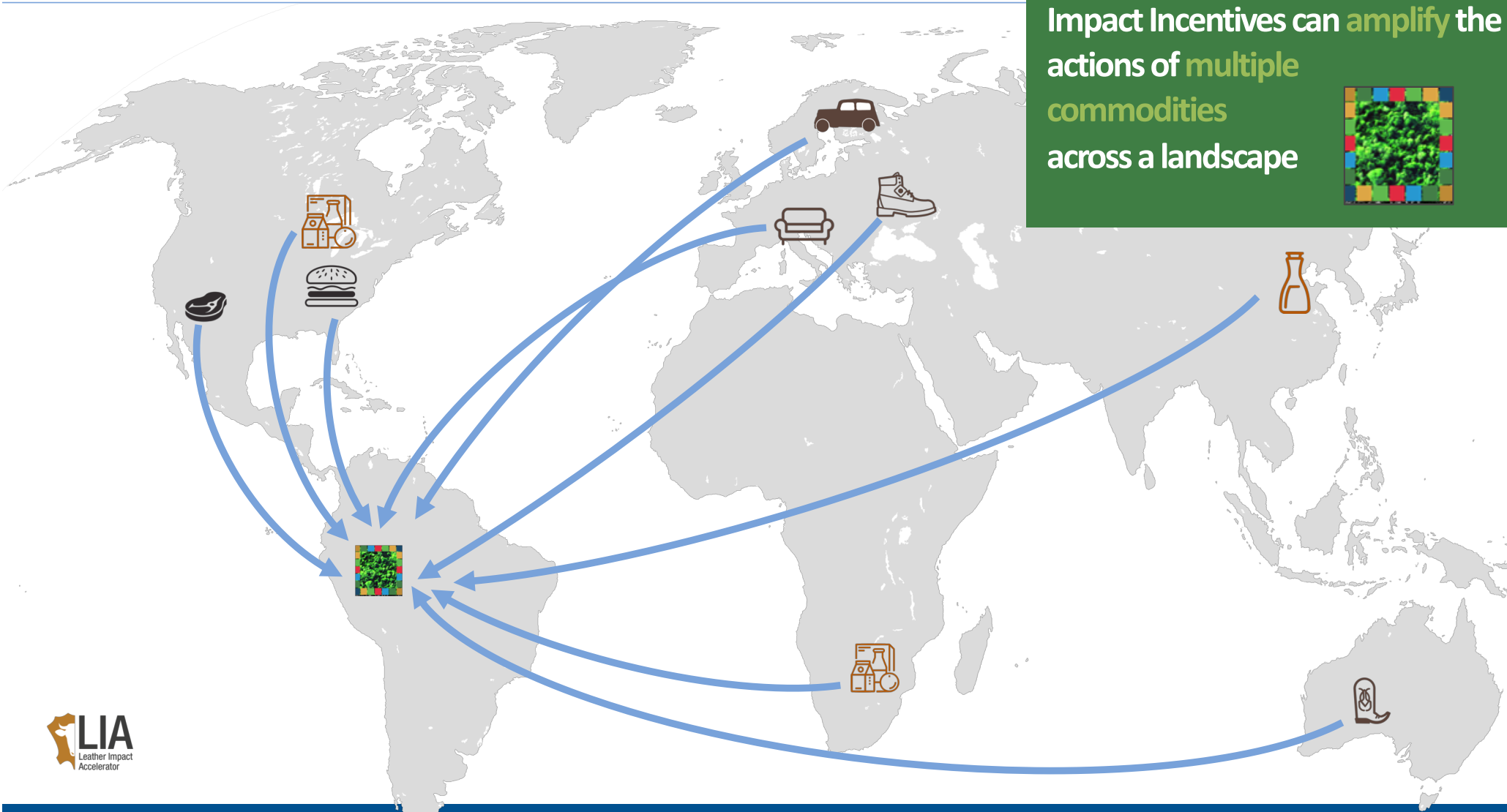
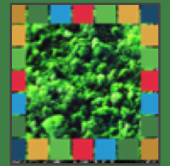


GLOBAL FOOD PARTNERS

INCENTIVE TRADING PLATFORM



Impact Incentives can **amplify** the actions of **multiple commodities** across a landscape



LIA 2020 – Animal Welfare

Providing a flexible path forward

Baseline

The baseline option of the LIA Animal Welfare Benchmark represents the minimum level of animal care that we expect from farmers. Ideally all farmers would be certified as meeting these basic requirements, but for those who don't it is critically important to improve their practices to meet this threshold, as their animals will be at the highest welfare risk.

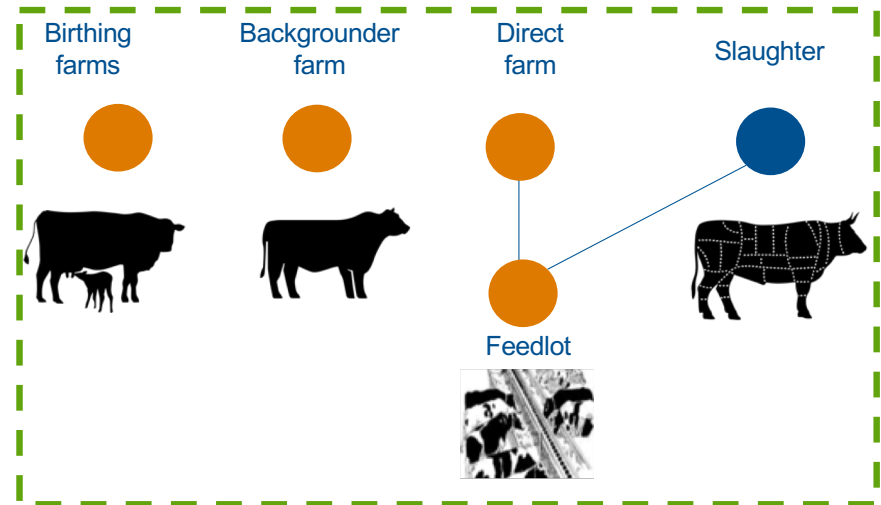
Options 1 and 2

These benchmarks build in improved animal welfare measures across all Five Domains of animal welfare, while still being applicable to the vast majority of certifications covering cattle farm systems. These options can be used for system that potentially involve confinement in feedlots or housing for a period of the animal's life.

Option 3

Option 3 of the LIA Animal Welfare Benchmark recognizes those certifications that are considered to deliver the highest level of animal welfare and applies only to fully grass-based systems for whole of life.

* All farms must be participating in a traceability program.



LIA 2020 – Animal Welfare

We need your feedback!



Leather Impact Accelerator (LIA)
Farm Scope Benchmark Criteria 1.0 DRAFT



B4.1 Nutrition - Requirements

Desired outcome: Animals have access to sufficient feed and water suited to their age and needs to maintain health and to prevent prolonged hunger, thirst, malnutrition or dehydration.

NUTRITION – REQUIREMENTS				
Number	Baseline (A)	Additional requirements for Option 1 (B)	Additional requirements for Option 2 (C)	Additional requirements for Option 3 (D)
PROVISION OF FEED				
B4.1.1	The standard shall require that a quantity and quality of feed is provided that is appropriate for the animals' age and needs.	The standard shall require that forage content in the daily diet is suitable and sufficient to avoid negative outcomes such as acidosis.	The standard shall require that no animal by-products or fishmeal are included in cattle rations.	The standard shall require that at least 60% of daily intake on a dry matter basis is from forage
BODY CONDITION SCORING				
B4.1.2	The standard shall require that body condition is monitored and			

LIVING ENVIRONMENT – RECOMMENDATIONS

Number	Baseline (A)	Additional requirements for Option 1 (B)	Additional requirements for Option 2 (C)	Additional requirements for Option 3 (D)
FEEDLOTS RECOMMENDED/FUTURE REQUIREMENTS				
B4.4.1	The standard shall require that weaned calves are acclimatised to grain/concentrate feeds and vaccinated before being moved to a feedlot.			
CLEANLINESS/MUD SCORES RECOMMENDED/FUTURE REQUIREMENTS				
B4.4.2	The standard shall require that a mud/dirt scoring system is used.			
B4.4.3	The standard shall require that cattle are not forced to lie in mud/dirt/manure or to stand/walk in deep mud/dirt/manure			

B4.5 Living Environment – Consultation Points

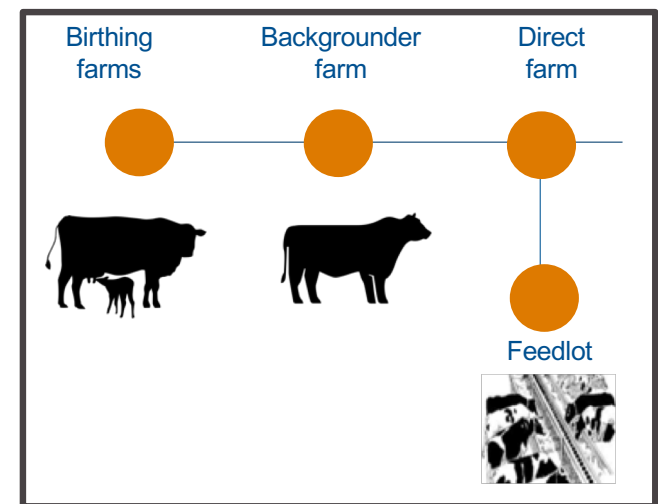
LIVING ENVIRONMENT – CONSULTATION POINTS

Number	Baseline (A)	Additional requirements for Option 1	Additional requirements for Option 2	Additional requirements for Option 3

LIA 2020 – Deforestation/Conversion-Free

Aligning with the Accountability Framework definitions and targets

- Only farms that meet the definitions of **zero gross deforestation or conversion** shall be accepted.
- The area threshold for minimal deforestation or conversion is one hectare.
 - Encroachment of woody plants into grasslands can be removed with justification.
 - Conversion of an area greater than one hectare is possible only with verification that the area is not High Conservation Value or High Carbon Stock.
 - Exceptions may apply for specific regions that make use of well established monitoring systems with different area thresholds.
- The DCF default cut-off date is January 1st, 2020.
 - Where regional cut-off dates exist, they will override the default date. Verifiers will be responsible to check for any applicable regional cut-off dates



* All farms must be participating in a traceability program.

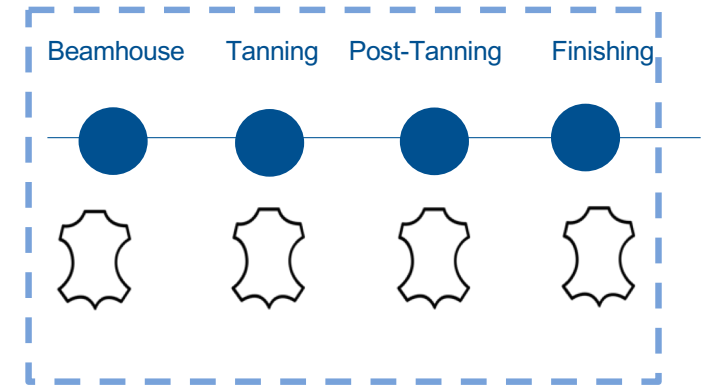
LIA 2020 – Leather Production

Leveraging and adding value to industry tools

Environmental Scope

Benchmark threshold set on LWG Bronze.

- *Operating permits • Tannery data • Environmental management systems • Restricted substances • Energy consumption • Water usage • Air and noise emissions • Waste management • Effluent treatment • Emergency plans • Housekeeping*



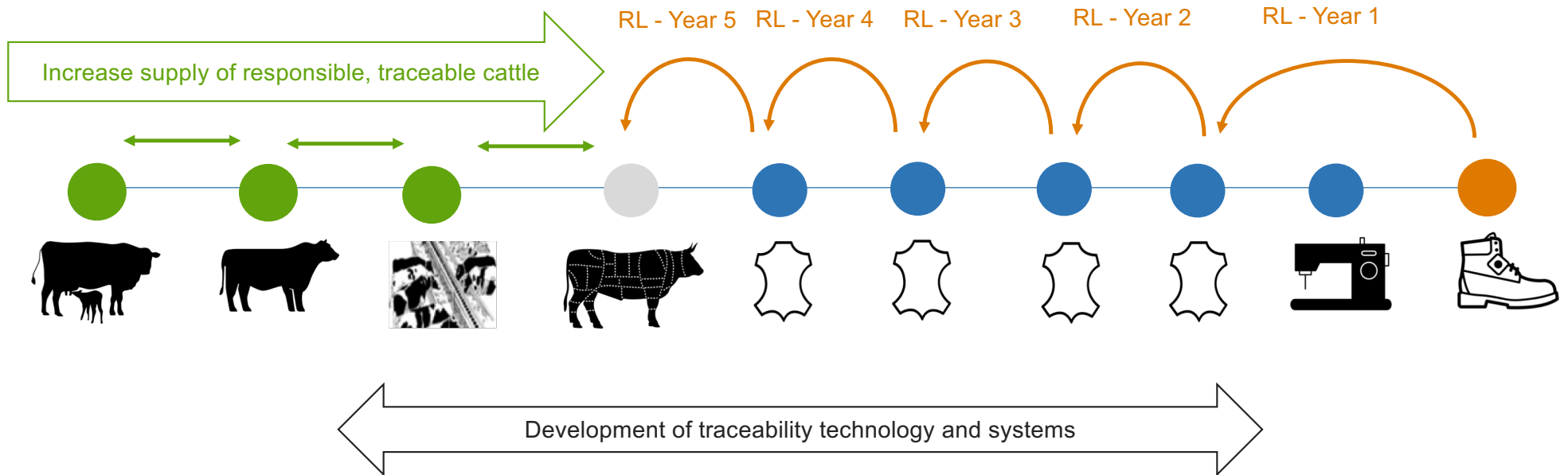
Social Scope

Benchmark based on the SSCI Benchmarking Requirements, developed by the Sustainable Supply Chain Initiative (SSCI) of The Consumer Goods Forum.

- *Social policy • Legal compliance • Forced labor • Child labor • Freedom of association • Discrimination/Fair treatment of workers • Operational health and safety • Building safety and emergency preparedness • Wages • Working hours • Grievance mechanisms • Business ethics*

LIA 2020 – Traceability

Building towards a global traceable supply network



LIA 2020 – Claims Framework

Building credibility and value



The LIA Claims Framework defines a clear set of guidelines for all participants to follow when choosing to communicate about their work with the program.

The framework covers:

- Prerequisites and general requirements for making claims
- LIA and/or Impact Incentives logo use
- Allowed primary claims, plus optional add-ons for each other group

Who can make claims:

- LIA recognized farms and farm groups
- Partner programs
- LIA recognized leather production suppliers
- LIA approved standards / standard owners
- Brands/Retailers
 - Who take part in the Brand Commitment
 - Who are purchasing Impact Incentives



How to Participate in LIA



LIA 2020 – Participation Farms

In order to participate in LIA, farms must qualify by meeting the requirements:

- Be certified to a standard that is approved to the Animal Welfare benchmark.

AND/OR

- Be verified to the Deforestation/Conversion-Free (DCF) protocol.

AND

- Participate in a traceability program that tracks the purchase and sale of individual cattle.

AND

- Complete the Farm Questions

How to Participate

Farms

LIA will offer farms the opportunity to be recognized and rewarded for the positive work they are doing in managing their animals and their land. The main form of financial reward will be through **Impact Incentives**; these are payments made by brands and retailers to farms that participate in LIA.

LIA Documents

[DRAFT LIA Farm Scope Benchmarking Criteria 1.0](#) [DRAFT LIA Verification Manual 1.0](#)

[LIA Farm User Guide \(coming soon\)](#)

▼ How to Participate

LIA 2020 – Participation

Partner Programs

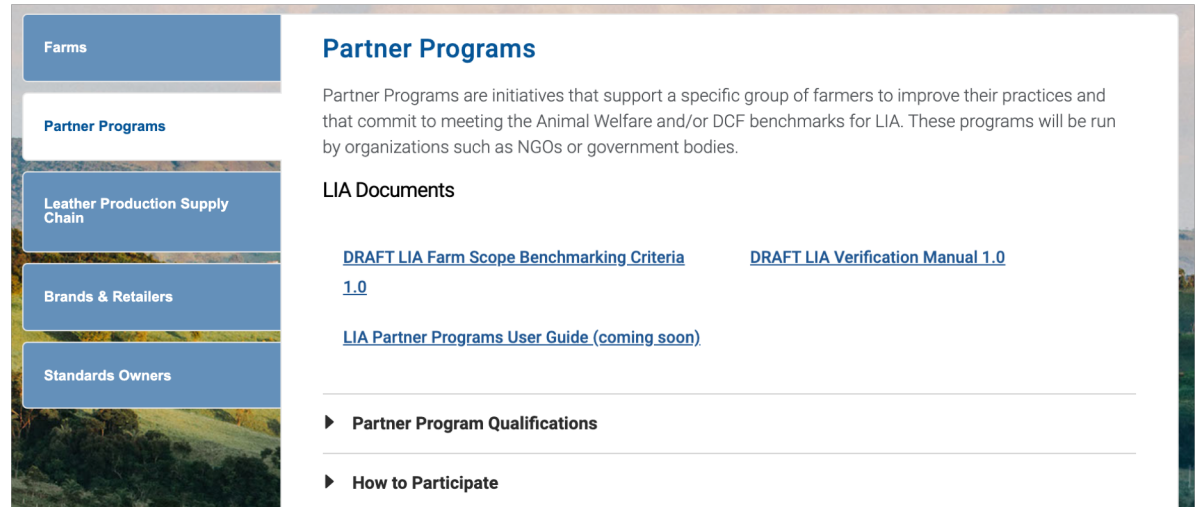
Partners Program must:

- Set up an internal control system (ICS) that will support farmers to sell Impact Incentives.
- Support farms in adopting a traceability system.
- Engage a third-party verifier to review/report progress towards the goals of LIA

AND

one or more of the following:

- Support farms to maintain their DCF status.
- Help to become verified.
- Support them in improving their understanding of importance of forests and natural ecosystems.
- Support them to develop financial resilience to maintain their forests and natural ecosystems (e.g.: silvo-pastoral systems).
- Support farms in becoming certified to an Animal Welfare standard that is approved through LIA (within 3 years).
- Identify the Animal Welfare standard they will work towards.



The screenshot shows a website interface with a navigation menu on the left and main content on the right. The navigation menu includes tabs for 'Farms', 'Partner Programs', 'Leather Production Supply Chain', 'Brands & Retailers', and 'Standards Owners'. The 'Partner Programs' tab is selected. The main content area has a heading 'Partner Programs' followed by a paragraph: 'Partner Programs are initiatives that support a specific group of farmers to improve their practices and that commit to meeting the Animal Welfare and/or DCF benchmarks for LIA. These programs will be run by organizations such as NGOs or government bodies.' Below this is a section 'LIA Documents' with links for 'DRAFT LIA Farm Scope Benchmarking Criteria 1.0', 'DRAFT LIA Verification Manual 1.0', and 'LIA Partner Programs User Guide (coming soon)'. At the bottom, there are two expandable sections: 'Partner Program Qualifications' and 'How to Participate'.

LIA 2020 – Participation

Leather Production Companies

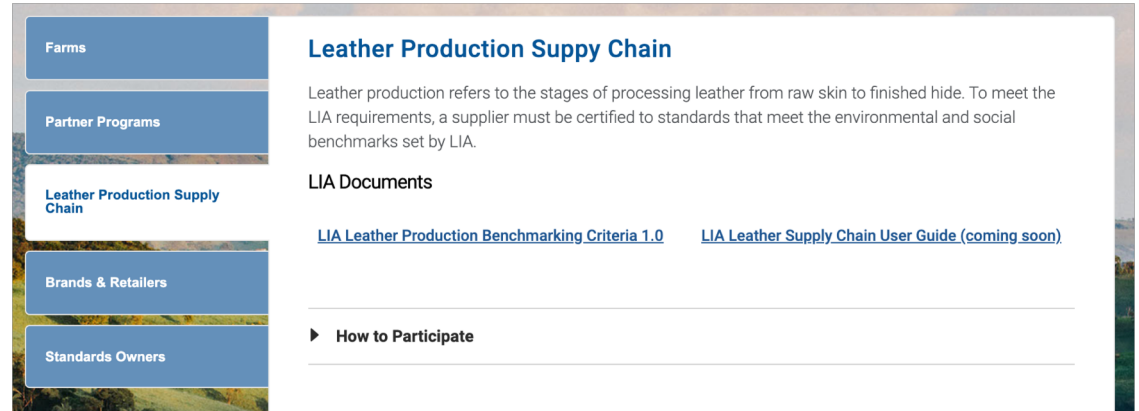
In order to participate in LIA, leather suppliers must qualify by meeting the requirements:

- Be certified to LIA Approved Standards that meet both of the environmental and social benchmarks.

AND

- Participate in a traceability program that tracks the purchase and sale of leather.

Note: Suppliers in the leather production supply chain will not be able to buy or sell Impact Incentives



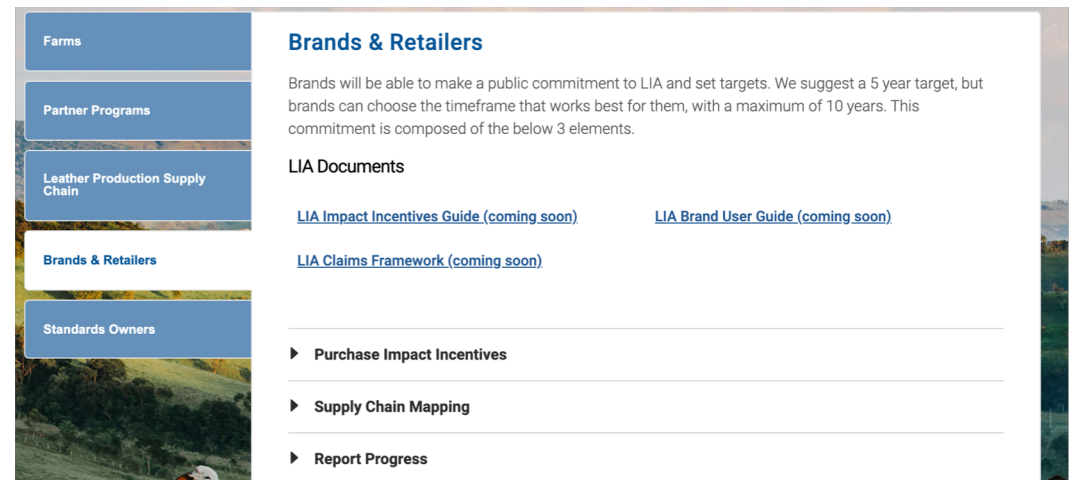
The screenshot shows a navigation menu on the left with the following items: Farms, Partner Programs, Leather Production Supply Chain (highlighted), Brands & Retailers, and Standards Owners. The main content area is titled 'Leather Production Supply Chain' and includes the following text: 'Leather production refers to the stages of processing leather from raw skin to finished hide. To meet the LIA requirements, a supplier must be certified to standards that meet the environmental and social benchmarks set by LIA.' Below this, under the heading 'LIA Documents', there are two links: '[LIA Leather Production Benchmarking Criteria 1.0](#)' and '[LIA Leather Supply Chain User Guide \(coming soon\)](#)'. At the bottom of the page, there is a section titled 'How to Participate' with a right-pointing arrow.

LIA 2020 – Participation

Brands and Retailers

Brands and retailers that wish to fully participate in LIA will be asked to:

1. Purchase Impact Incentives at an increased amount per year, to match 100% of their hide use by the end of the selected timeframe (within 10 years maximum).
2. Engage in mapping and implementing a traceability system in their leather production supply chains.
3. Report progress towards the commitment by completing the leather module of the Textile Exchange Corporate Fiber and Materials Benchmark (CFMB) on a yearly basis.

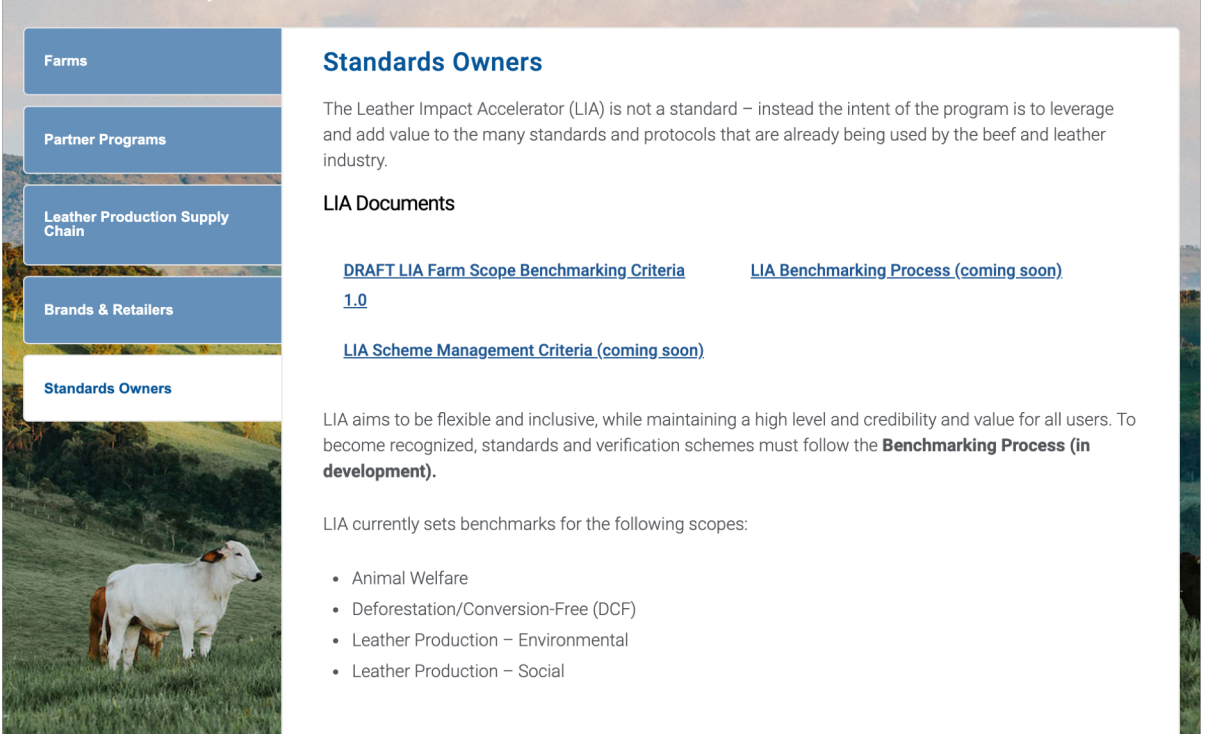


The screenshot shows a navigation menu on the left with the following items: Farms, Partner Programs, Leather Production Supply Chain, Brands & Retailers (highlighted), and Standards Owners. The main content area is titled 'Brands & Retailers' and contains the following text: 'Brands will be able to make a public commitment to LIA and set targets. We suggest a 5 year target, but brands can choose the timeframe that works best for them, with a maximum of 10 years. This commitment is composed of the below 3 elements.' Below this text, there is a section for 'LIA Documents' with three links: '[LIA Impact Incentives Guide \(coming soon\)](#)', '[LIA Brand User Guide \(coming soon\)](#)', and '[LIA Claims Framework \(coming soon\)](#)'. At the bottom of the page, there is a list of three items: 'Purchase Impact Incentives', 'Supply Chain Mapping', and 'Report Progress', each preceded by a right-pointing triangle icon.

LIA 2020 – Participation

Standard Owners

Standard owners that wish to be recognized for use in LIA can apply to have be benchmarked against the relevant scopes.



The screenshot shows a navigation menu on the left with five items: Farms, Partner Programs, Leather Production Supply Chain, Brands & Retailers, and Standards Owners. The Standards Owners section is highlighted. The main content area is titled "Standards Owners" and contains the following text:

The Leather Impact Accelerator (LIA) is not a standard – instead the intent of the program is to leverage and add value to the many standards and protocols that are already being used by the beef and leather industry.

LIA Documents

[DRAFT LIA Farm Scope Benchmarking Criteria 1.0](#) [LIA Benchmarking Process \(coming soon\)](#)

[LIA Scheme Management Criteria \(coming soon\)](#)

LIA aims to be flexible and inclusive, while maintaining a high level and credibility and value for all users. To become recognized, standards and verification schemes must follow the **Benchmarking Process (in development)**.

LIA currently sets benchmarks for the following scopes:

- Animal Welfare
- Deforestation/Conversion-Free (DCF)
- Leather Production – Environmental
- Leather Production – Social

LIA 2020 – Participation

Everyone can take part through pilots and feedback



The image shows a screenshot of a consultation document cover. At the top, the TextileExchange logo is displayed with the tagline "Creating Material Change". Below this, the title "Leather Impact Accelerator (LIA) 1.0 Draft Consultation" is centered. The LIA logo, featuring a stylized animal head and the text "LIA Leather Impact Accelerator", is also centered. The main body of text invites participants to review draft documents and provides a public comment period ending on June 5, 2020. The background of the document is a landscape with green hills and a cow.

TextileExchange
Creating Material Change

**Leather Impact Accelerator (LIA) 1.0 Draft
Consultation**

LIA
Leather Impact
Accelerator

We invite you to review the draft documents for the Leather Impact Accelerator (LIA) and give us your feedback. This public consultation is your chance to review the program and help guide the future of its benchmarks and protocols.

The public comment period will close on June 5, 2020.

Thank you in advance for taking the time to share your feedback!



Thank you !



TextileExchange.org/LeatherImpactAccelerator/



LIA@TextileExchange.org



Thank you



TextileExchange.org

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