



Leather Impact Accelerator (LIA) Verification Manual 1.0 DRAFT

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

Third-party verifiers will be used to confirm that the LIA requirements for Deforestation/Conversion-Free (**DCF**) are met. They will also be responsible for verifying the Farm Questions, confirming the traceability system, and registering Incentives. The requirements for third-party verifiers for Animal Welfare will be set by the individual standards participating in LIA.

A1. Requirements

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

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

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

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

Specifically for the DCF scope of LIA, 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 Contact LIA to express your 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.

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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 at LeatherImpactAccelerator.org).
- B1.2** Farms can be verified individually or as part of a group farm system (see Section D – Farm Group Verification for DCF).
- B1.2.1** Group verification is recommended for Program Partners.
- B1.3** Remote auditing using geospatial data may be used.
- B1.4** Verifiers shall confirm the following information:
1. Ownership of the farm
 2. Location and boundaries of farm (farm polygon)
 3. Total area under conservation (amount of natural forests or land)
 4. Any regional cut-off dates that apply
 5. The area has been under conservation since the applicable cut-off date
 6. Traceability system
 7. Number of incentives that can be registered
 8. Farm Questions
 9. Existing certification program

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 Program.

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.

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 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 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 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 vegetations 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.

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Section C – Partner Program Verification

C1. Requirements

- C1.1 Partner Programs shall meet the requirements for participation in LIA as outlined in the Partner Program User Guide.
- C1.2 If the Partner Program is managing a Farm Group, all requirement in Section D – Farm Group Verification for DCF shall be met.

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Section D – Farm Group Verification for DCF

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 farm are meeting the LIA requirements, and verification body will conduct a reduced number of individual farm audits.

Farm group verification only applies to the DCF scope of LIA. The Animal Welfare standards that are benchmarked against LIA may have their own group verification requirements.

D1. Requirements

- D1.1 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 traceability and DCF requirements of LIA. For the DCF scope, all farms in a Program Partnership must be verified to be DCF for the applicable cut-off date prior to becoming part of the group.
- D1.2 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.
- D1.3 The use of the term farm refers to any member farm in the group.

D2. Eligibility for Farm Group Verification

- D2.1 The farm group shall be managed by the Program Partner, which will be registered to sell the Impact Partnership Incentives.
- D2.3 The Partner Program and all farm group members shall be located in the same country or be within neighboring countries in the European Union.
- D2.4 Partner Program must verify that all individual farms are DCF for the applicable cut-off date, prior to becoming part of the group

D3. Internal Control System Requirements

- D3.1 The Partner Program shall have an *internal control system* (ICS) in place.

- D3.2** The Partner Program shall appoint an *ICS Manager* who is responsible for the management of the ICS and for ensuring compliance to the requirements for the applicable LIA scopes by all farms.
- D3.3** The Partner Program shall cooperate with the verification body's risk assessment process and with the coordination of information and auditing for member farms.
- D3.4** The ICS shall maintain documented procedures which show how Group Verification requirements are met, including procedures for at least the following elements:
- D3.4.1** Accepting, adding and removing group members;
 - D3.4.2** Maintaining records;
 - D3.4.3** Training of group members and ICS personnel;
 - D3.4.4** Internal inspection of group members; and
 - D3.4.5** Use of LIA logos and promotional claims within the group.
- D3.5** The ICS shall maintain the following records:
- D3.5.1** A documented management structure of the ICS, and
 - D3.5.2** A complete list of group members.
- D3.6** The ICS shall maintain the following records for each farm:
- D3.6.1** A signed membership agreement which specifies rights and obligations of group members to conform with the DCF requirements of LIA and to permit inspections by the ICS inspectors as well as audits by the verification body;
 - D3.6.2** Maps or sketches of the farm showing all areas where cattle graze;
 - D3.6.3** Completed Farm Questions for each farm;
 - D3.6.4** Records of internal inspection results, showing the farm's compliance or non-compliance with all applicable requirements; and
- D3.7** The ICS shall ensure that:
- D3.7.1** all group members have access to a copy of the applicable LIA requirements
 - D3.7.2** all group members understand the relevant LIA requirements and are aware of consequences of non-compliance.

- D3.8** 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.

D4. Group Member Requirement

- D4.1** Group members (individual farms) shall conform with the DCF requirements of LIA.

D5. Inspection of Members

- D5.2** The ICS shall include a process for identifying and handling non-compliances, including the following elements:

D5.2.1 Identification of non-compliance against the DCF requirements of LIA;

D5.2.4 Immediate suspension from the group in the case of critical non-compliance, until such non-compliance has been investigated and resolved (at which point the farmer will be allowed to remain or will be removed from the group).

D5.2.5 Documentation of non-compliance issued and resolution.

- D5.3** 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.

- D5.4** The ICS shall carry out annual inspections of each group member.

- D5.5** A written inspection report shall be prepared for each inspection, including identification of all non-compliance. Photos or other verification of the date and location should be included.

D6. Adding and Removing Members

- D6.1** Members may be added to the group after the following steps have occurred:

D6.1.1 Information required by D3.5 and D3.5 has been received by the ICS,

D6.1.2 The ICS Inspector has verified the information submitted by the farm and confirms that the DCF requirements have been met.

- D6.2** 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-compliance).

Section E – Animal Welfare Verification

E1. Requirements

- E1.1** The farm shall have current and valid certification to a third-party standard that is approved through the LIA Animal Welfare Benchmark.

Guidance

A list of LIA Approved standards can be found on LeatherImpactAccelerator.org.

- E1.2** The third-party verifier shall confirm which Animal Welfare benchmark criteria selection the approved standard meets.

Guidance

Refer to Section B2 of the LIA Farm Scope Benchmark Criteria to see which options may be used.

Section F – Impact Incentives and Impact Partnership Incentives Registration

Verifiers are responsible for registering all LIA Impact Incentives for farms, farm groups, and Partner Programs. This includes calculating the number of incentives, confirming that the LIA requirements for all applicable scopes have been met, and that the information being submitted is accurate.

The below information shall be confirmed or collected prior to registering the incentives on the Incentive Trading Platform (ITP).

F1. Requirements

F1.1 The farm or farm group shall meet one or more of the applicable scope requirements as described in Sections B-E.

F1.1.1 Farms or farm groups can participate in one or more scopes in order to qualify for selling Impact Incentives.

F1.1.2 Participating Partner Programs shall meet the requirements outlined in the Partner Program User Guide.

F1.3 Farm Questions submitted by the farm, farm group, or Partner Program shall be accurate and complete.

Guidance

The Farm Questions can be found in Appendix A – Farm Questions or online at LeatherImpactAccelerator.org.

F1.4 Farms or farm groups shall be working with a traceability system to track where their cattle are coming from, and where they are sold to.

F1.4.1 Any system that reliably ensures the identity of the individual cattle and keeps record of their purchase and sale may be accepted, including:

Identification

- Ear tags
- RFID ear tags
- Branding (not encouraged due to animal welfare and hide quality)
- Other*:

Tracking

- Paper documentation of purchases and sales, with individual cow identities
- Technological tracking systems (provide link to the list)
- Other*:

F1.5 The third-party verifier shall calculate the number of incentives the farm, farm group, or Partner Program qualifies for by using the Incentive Calculator.

F2 Registration of Incentives on the Platform

When all requirements are satisfied, the farm or farm group qualifies for selling Impact Incentives; participating Partner Programs will qualify for selling Impact Partnership Incentives.

To register the incentives on the Incentive Trading Platform (ITP), verifiers shall complete the following two steps:

1. Register the farm, farm group, or Partner Program with associated scope and validity dates.
2. Add production volume(s) to this certificate.

Guidance

The ITP will automatically convert the volumes into the correct amount of incentives and adds them to the farm, farm group, or Partner Program's Impact Incentive/Impact Partnership Incentive balance.

Appendix A – Farm Questions

1. Farm* Location: address
2. Total farm area in Ha
3. Farm polygon indicating:
 - Conserved area (in Ha)
 - Grazing area for cattle (in Ha)
 - Grazing area for other livestock (in Ha)
 - Agricultural area (if any)
 - Feedlot area (if any)
 - Water resources
 - Other area(s) ____
4. Ecosystem information about the conserved land (optional)
5. Number and breed of animals in 12-month period
6. Production stages being covered, and number of cows per stage
 - Cow/calf
 - Raising/Backgrounder
 - Finishing/Direct
7. Farm system
 - Farm – grassfed only
 - Farm – grassfed with supplemental feeding
 - Farm – grassfed with housing/feedlot (semi-confinement)
 - Feedlot
 - Silvo-pastoral
8. Grazing system
 - Rotational/multi-paddock
 - Continuous grazing
9. Productivity information
 - Age and weights of the animals– allow for multiple ways of reporting (eg: kg, lbs)
10. Additional information: optional
 - Area of land that has been restored or re-planted
 - Other programs or certifications (eg: social)
 - Biome or ecosystem information
11. Verification program being used (if any)
12. Verifier name
13. Traceability system being used & characteristics (individual traceability, herd, electronic, manual)
14. Additional GENERAL data from the farm will be collected in order to issue credits.