Leather Impact Accelerator (LIA)

LIA Version 0.1 Launch Webinar

Tuesday, January 12th, 2021
Agenda

1. Welcome/Introductions
2. International Working Group Activity Overview
3. LIA 0.1: Structure and Scopes
4. LIA in action:
   o Charton Locks
   o How to Participate
   o Next Steps
5. Q&A
Welcome
Anti-Trust Statement

Textile Exchange convenes the textile community and values diversity of views, expertise, opinions, backgrounds, and experiences. It is expected that members of this community will collaborate by sharing ideas, information, and resources of publicly available information only and avoid discussions on price, strategic plans or other private and sensitive information.
Textile Exchange Vision

We envision a global textile industry that protects and restores the environment, while enhancing lives. By 2030 we aspire to guide the textile industry to reduce GHG emissions (CO2 equivalents) by 45% from a 2020 baseline.

La Rhea Pepper, CEO
Special Guest Speaker

Charton Jahn Locks
Chief Operation Officer
Thanks to our contributors

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<th>H&amp;M</th>
<th>IKEA</th>
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<td>Clarks</td>
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<td>Control Union Certifications</td>
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<td>Deckers Outdoor Corporation</td>
<td>Mulberry</td>
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<td>EOG</td>
<td>Next</td>
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<tr>
<td>Garnet Hill, Inc.</td>
<td>Proudly Made in Africa</td>
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LIA Scope Committees

Animal Welfare Committee
- Anna Heaton, Chair
- Anne Gillespie, Co-chair
- Sara Shields, Humane Society International
- Marlene Kirchner, Four Paws
- Max Makuvise, Makera
- Kaley Segboer, CRSB

DCF Committee
- Josefina Eisele, Chair
- Anne Gillespie, Co-Chair
- Mauricio Bauer, NWF
- Simon Hall, NWF
- Charton Locks, Aliança da Terra
- Gert van der Bijl, Solidaridad

Leather Production Committee
- Nicole Lambert, Chair
- Anne Gillespie, Co-Chair
- Deborah Taylor, Co-Chair
- Egbert Dikkers, Leather Naturally
- Twan de Bie, Pali Group
- Haiko Schulz, FILK
647 Responsible Leather individual stakeholders

39 voting LIA IWG members (companies)

In 2020, we had

4 LIA IWG progress report and stakeholder consultation meetings

2 webinars
Vote Results

... YES!
Implementation of all LIA components will begin

Impact Incentives can be traded and claimed during the pilot year

We will continue to review feedback and results throughout the year

Revisions may be made at the end of the year; if major changes are needed, we will engage with stakeholders again
Farm Scopes: DCF

- Only farms that meet the Accountability Framework definitions of zero gross deforestation or conversion shall be accepted.
- The area threshold for minimal deforestation or conversion is one hectare.
- The DCF default cut-off date is January 1st, 2020.
  - Where regional cut-off dates exist, they will override the default date.
Farm Scopes: Animal Welfare

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.
Leather Production Scope: Social

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
Leather Production Scope: Environmental

Environmental Scope

Benchmark based on the LWG Environmental Audit Protocol

- Operating permits • Tannery data • Environmental management systems • Restricted substances • Energy consumption • Water usage • Air and noise emissions • Waste management • Effluent treatment • Emergency plans • Housekeeping
Impact Partnerships support change in critical landscapes through programs, and Impact Incentives sustain change with farms.
**Verification Body**

- **Incentives Trading Platform**
  - **Verification Body**
    - Meets requirements? Data
      - Yes
  - **Incentives Trading Platform**
  - **Impact Reports**
    - **Data**
      - **Incentives & Data**
        - **Facilitator**
          - **Brands/Retailers**

**Impact Partnership**

- **Shared Data**
  - **Impact Reports**
  - **Data**
  - **Incentives Trading Platform**

- **Incentives**
  - **Farm**
  - **Impact Alliance**

- **Incentives**
  - **Export data to NGO's, Government, etc**
  - **Interface with third parties**

**Impacts**

- **Incentives & Data**
  - **Claims**
  - **Impact Alliance**

- **Incentives**
  - **Farm**
  - **Verification Body**
  - **Impact Partnership**
  - **Incentives Trading Platform**
  - **Impact Reports**
  - **Data**
  - **Incentives & Data**
  - **Facilitator**
  - **Brands/Retailers**
• Aligns with the Textile Exchange Standards Claims Policy and includes logo use specifications

• Three categories for making claims about LIA and Impact Incentives:
  • General Marketing Claims – claims about the LIA corporate commitment
  • Assured Claims – claims that can be verified through a standards benchmark approval, certification, purchase of Impact Incentives, or other data
  • Informational Statements – statements that provide details about LIA and/or Impact Incentives
LIA Corporate Commitments

• The LIA corporate commitment is composed of two modules:
  • Commitments to purchasing Impact Incentives
  • Commitments to mapping your leather production supply chain and making sure they are certified to LIA-approved standards
• Progress is both modules is reported through the annual Textile Exchange Corporate Fiber and Materials Benchmark (CFMB)
Leather Impact Accelerator (LIA) Document Guide

LIA is a framework for textile and leather industry stakeholders to align metrics and sustainability benchmarks with global standards, enabling transparent and accountable supply chain management.

Core LIA Documents

- LIA-161-V0.1-2021.01.05: Leather Production Environmental Standards Benchmark
- LIA-162-V0.1-2021.01.05: Leather Production Social Standards Benchmark
- LIA-213-V0.1-2021.01.05: LIA Inception Manual 0.1
- LIA-344-V0.1-2021.01.05: Leader Supply Chain Mapping & Traceability Guidelines
- LIA-345-V0.1-2021.01.05: LIA Corporate Commitment Guide

Fore Level LIA Documents

- Leather Production Sustainability Chain LIA Level Documents

LIA User Groups & Accompanying Documents
LIA in Action
How to make Impact Happen?

LIA in action

1) Produzindo Certo

2) Selected ranches

3) Results on the ground
NICE TO MEET YOU ALL

Charton Jahn Locks

• Chief Operation Officer at Produzindo Certo;
• Environmental engineer;
• +15 years working with sustainable agriculture;
• Rural producer (small);
• Father (02 amazing boys)
• Brazilian.
MORE VALUE FOR RESPONSIBLE AGRIBUSINESS

+ 2.2 MILLIONS
HECTARES OF PRESERVED FOREST

20,000 PEOPLE
WORKING WITH GOOD, HEALTH AND SAFETY CONDITIONS

1.5 BILLION
TONS OF CO₂ EMISSIONS AVOIDED

TOTAL
5,838,605 ha
1.310 properties
Produzindo Certo, the Partner Program for this pilot, seeks to form Impact Partnerships with brands who share their goals to protect valuable ecosystems from deforestation and to improve the welfare of cattle.

The standards and benchmarks that define best practices are powerful tools, but if the burden of meeting them is put solely onto the producers, then we will never see the desired rate of adoption.

Impact Partnerships allow producers to receive on-the-ground support to meet the sustainability requirements to qualify for Impact Incentives.
Farms that will be part of the pilot

Amazon region:
- Bang Bang - São José do Xingu/MT
- Telle Pires – Nova Canaã do Norte/MT
- Militância – Vera/MT
- Jatobá – Paranatinga/MT

Cerrado region
- Mosqueira Grandal – Buri/SP

With your support, even more can be done!
## DCF - KPIs overview

**Traceability & data analysis**

<table>
<thead>
<tr>
<th>PILLAR</th>
<th>ICON</th>
<th>DESCRIPTION</th>
<th>UNIT</th>
<th>CURRENT STATUS</th>
<th>MINIMUM REQUIREMENT</th>
<th>DESIRABLE</th>
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<tbody>
<tr>
<td>DCF</td>
<td><img src="image1" alt="Native vegetation preserved" /></td>
<td>Native vegetation preserved</td>
<td>Hectares (ha)</td>
<td>4,051</td>
<td>32</td>
<td>11,110</td>
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<tr>
<td>DCF</td>
<td><img src="image2" alt="Carbon stored in preserved areas" /></td>
<td>Carbon stored in preserved areas</td>
<td>Tons of CO₂ eq</td>
<td>119,200</td>
<td>1,370</td>
<td>236,325</td>
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<tr>
<td>DCF</td>
<td><img src="image3" alt="Well managed pasture land" /></td>
<td>Well managed pasture land</td>
<td>Hectares (ha)</td>
<td>7,100</td>
<td>168</td>
<td>7,739</td>
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<tr>
<td>DCF</td>
<td><img src="image4" alt="Preserved spring" /></td>
<td>Preserved spring</td>
<td>Number</td>
<td>28</td>
<td>8</td>
<td>59</td>
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<td>DCF</td>
<td><img src="image5" alt="Fire prevention and firefighting training" /></td>
<td>Fire prevention and firefighting training</td>
<td>Trained people</td>
<td>9</td>
<td>3</td>
<td>5</td>
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<tr>
<td>DCF</td>
<td><img src="image6" alt="Area affected by fires" /></td>
<td>Area affected by fires</td>
<td>Hectares (ha)</td>
<td>0</td>
<td>0</td>
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## AW - KPIs overview

### Traceability & data analysis

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<th>DESCRIPTION</th>
<th>UNIT</th>
<th>CURRENT STATUS</th>
<th>MINIMUM REQUIREMENT</th>
<th>DESIRABLE</th>
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</thead>
<tbody>
<tr>
<td>AW</td>
<td>![Icon]</td>
<td>Raised animals (number of cattle affected)</td>
<td>Heads</td>
<td>13,000</td>
<td>282</td>
<td>17,602</td>
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<tr>
<td>AW</td>
<td>![Icon]</td>
<td>Investment to achieve animal welfare certification</td>
<td>USD</td>
<td>TBD</td>
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<td>TBD</td>
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<tr>
<td>AW</td>
<td>![Icon]</td>
<td>Animal welfare certification</td>
<td>Certificate</td>
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</tr>
<tr>
<td>AW</td>
<td>![Icon]</td>
<td>Mortality rates</td>
<td>Number</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
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**Less than baseline**
# AI - KPIs overview

## Traceability & data analysis

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<th>PILLAR</th>
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<th>DESCRIPTION</th>
<th>UNIT</th>
<th>CURRENT STATUS</th>
<th>MINIMUM REQUIREMENT</th>
<th>DESIRABLE</th>
</tr>
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</table>
| **AI** | ![Score](image) | **Score “Produzindo Certo”** | Points | Farm 1 – Bang Bang: 89,5  
Farm 2 – Mosquera Grandal: 93,7  
Farm 3 – Telles Pires: 87,3  
Farm 4 - Militância: 76,7  
Farm 5 - Jatobá: 89,9 | Maintain current score | Increase |
| **AI** | ![Soil](image) | Soil organic matter | g/dm³ | Farm 1 – Bang Bang: 19,4  
Farm 2 – Mosquera Grandal: 20,3  
Farm 3 – Telles Pires: 13,5  
Farm 4 - Militância: 33,0  
Farm 5 - Jatobá: TBD | Maintain current status | Increase |
| **AI** | ![River](image) | River water quality | pH, Turbidity, Oxigen | Farm 1 – Bang Bang: 5.3, 15.1, 8.0  
Farm 2 – Mosquera Grandal: 6.5, 1.7, 5.5  
Farm 3 – Telles Pires: 7.0, 17.8, 7.0  
Farm 4 - Militância: 5.8, 7.3, 6.0  
Farm 5 - Jatobá: 5.0, 8.8, 8.0 | Do not pollute | Improve water quality |
How to Participate

Brands
• Complete the CFMB to understand your leather usage
• Make a corporate commitment
• Contact us about a pilot!
  • Source from LIA-approved farms or suppliers
  • Purchase Impact Incentives

Supply Chain
• Use LIA approved standards
• Encourage other standards to get benchmarked
• Work with brands to map supply chains
• Work with brands to implement traceability systems
• Contact us to be listed in the LIA webpage

Farmers and Partner Programs
• Determine which standards you will work with
• Encourage them to get benchmarked with LIA
• Work with your verification bodies to register Impact Incentives
• Contact us about a pilot!

Standards
• Contact us to be benchmarked
## Next Steps

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<th>Month</th>
<th>Categories</th>
<th>Subject</th>
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<td>Q1</td>
<td>January</td>
<td>LIA</td>
<td>LIA 0.1 Launch Webinar</td>
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<td>February</td>
<td>RLRT</td>
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<td>Forest in South America</td>
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<td>recording</td>
<td>Collective Action on Pain Relief</td>
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<td>May</td>
<td>RLRT</td>
<td>RLRT Meeting</td>
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<td>Q3</td>
<td>September</td>
<td>RLRT</td>
<td>RLRT meeting</td>
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<tr>
<td>Q4</td>
<td>November</td>
<td>RLRT</td>
<td>RLRT Summit</td>
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Q&A
Thank you!

LIA@TextileExchange.org

TextileExchange.org/LeatherImpactAccelerator/
Thank you

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