Audit Assessment
Overview

LWG Leather Manufacturer Audit P7

Leather Working Group

Leather Working Group sets the LWG Audit Standard of environmental and social criteria against which tanneries are independently measured and certified, and through a process of continual review and improvement continues to advance responsible environmental practices in the leather supply chain.

There are four audit standards:

- Leather Manufacturer Audit (flagship)
- Trader Audit
- Commissioning Manufacturer Audit
- Sub-contractor Audit

LWG has a **global presence**, with:

- Over 2,000 audited facilities in **more than 60 countries** world-wide
- Approx. **39% of global finished leather** production is LWG audited

2,000+
Audited facilities

60+
Countries
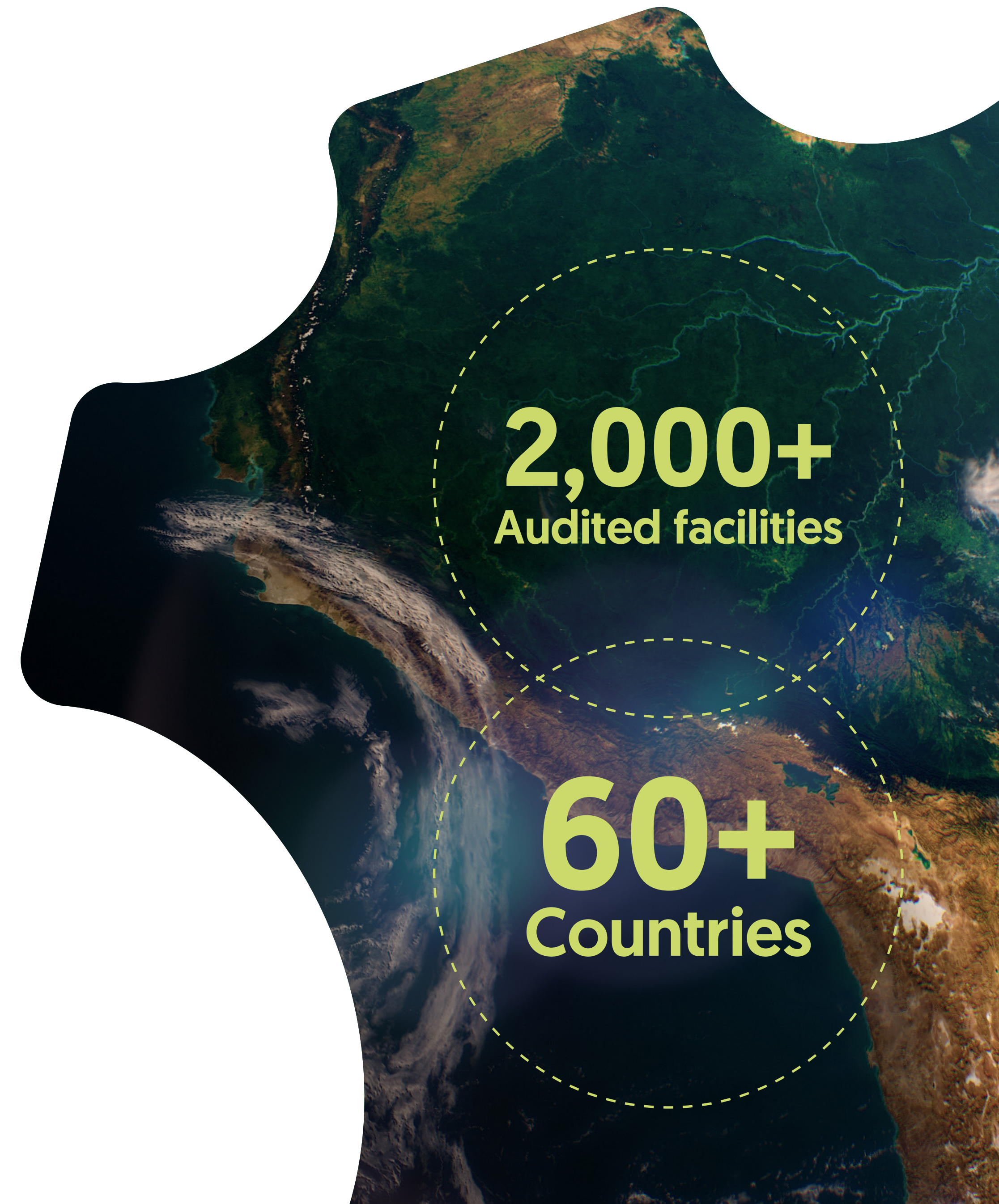
LWG Audit Assessment
(Leather Manufacturer Audit)

Introduction

- The current version of the LWG Leather Manufacturer Audit Assessment, (known as P7) was launched on **22 February 2021**.

- It became mandatory for all audits on **22 August 2021**.

- This overview sets out the broad remit of each of the assessed sections. It is not a technical document but intended to provide an overview of the requirements of the audit assessment.

Contents

Definitions

Critical Sections

All sections have critical questions that set a minimum requirement for a medal rating. There are 13 critical sections and Four non-critical sections.

The minimum requirements for each critical section and for the overall audit result are:

Gold: **85 – 100%**

Silver: **75 – 84%**

Bronze: **65 – 74%**

Audited: **50 – 64%**

Non-critical Sections

Non-critical sections do not contribute to the final medal rating, but all tanners must be evaluated against them in preparation for the time that they become critical, (mandatory.)

Overall Audit Result

Each section is awarded a medal rating, and the overall medal rating is the lowest achieved.

For example, a leather manufacturer, to achieve a gold medal, must score over 85% in all sections. If any section is scored below 85% (silver or bronze for example) then the overall rating will be the lower rating.

General Facility Information

This section gathers the basic identifying information of the facility, such as legal company name, address, coordinates, named contact details, etc.

Overview

Non-scoring

Subcontracted Operations

This section gathers information on all subcontractors used by the main facility being audited. The result of the subcontractor assessments will feed into and will affect the final audit result of the leather manufacturer.

Overview

Critical, scored section

Minimum threshold: 50%

Details of all sub-contractors assessed against the LWG Leather Manufacturer and Sub-Contractor Audit Protocols

Audit score of all subcontractors, based on their environmental score are factored into the report and will affect the final medal rating.

Social Audit

This section seeks to determine if the organisation can demonstrate social responsibility through independent assessment. This list may be expanded on application to and approval by LWG.

Overview

Non-critical, scored section

LWG does not carry out social audits but recognises existing social audit certifications from **approved** third-party providers. (See next page for details.)

This section is expected to become mandatory in future assessments

Social Audit Note

To support current initiatives and reduce the duplication of efforts in this space LWG recognises the following leading social audits from third-party providers.

Links

Business Social Compliance Initiative (BSCI)

Social & Labor Convergence Program (SLCP)

Sedex Members Ethical Trade Audit (SMETA)

Worldwide Responsible Accredited Production (WRAP)

Higg Facility Social & Labor Module (FSLM)

SA8000 Standard, Social Accountability International

UNIC Code of Conduct and Social Accountability

FSSC 2400

Initiative for Compliance & Sustainability (ICS)

Responsible Business Alliance (RBA) Validated Assessment Programme (VAP)

Responsible Supply Chain Initiative (RSCI)

Sustainable Leather Foundation

Operating Permits

This section assesses the facility's compliance with the applicable licences, permits and legislation. Violations, warnings or fines, and subsequent corrective actions must be recorded.

Overview

Critical, scored section

Register of operating permits

Record of all required operating permits, permit limits and recorded values, including water, air emissions, solid waste disposal and chemicals

Reporting of regulatory enforcement actions or fines, (including CETP)

Record of regulatory visits and resulting actions

Compliance with local or national regulations

Note: it is compulsory to report violations, cautions, warnings and fines to LWG

Production Data

This section is designed to connect the leather supply chain together and assess the risk and rating of those that are supplying part-processed and raw material. For those starting from part-processed material, (for example wet blue) the supplier's LWG rating, (or not) will contribute to the final medal rating.

Overview

Critical, scored section

Verification of LWG origin material supplied from other tanneries or traders, (leather produced at another site)

Material type, (for example, hides, skins, wet blue, etc.)

Type of production, (for example hide to tanned, crust to finished leather etc.)

Tanning method including Chrome use and water testing

To be awarded Gold in this section ALL part-processed input material MUST come from LWG audited tanneries or traders

Incoming Material Traceability

This section assesses the ability of leather manufacturers to trace their incoming material back to the specific slaughterhouse or region of origin. It also provides a breakdown of country of origin and a description of the traceability system used.

Overview

Non-critical, scored section

Documentation that sets out the procedure by which the organisation ensures traceability of incoming material to the slaughterhouse or region

Documented countries of origin of marked and/or documented hides and skins identifiable to the slaughterhouse

Documented countries of origin of marked and/or documented part-processed hides and skins identifiable to a group of slaughterhouses

Documented countries of origin of hides and skins that are geo-located, (traceable to region)

Evidence that hides originating from Brazil or Paraguay are sourced from Deforestation and Conversion Free suppliers to the slaughterhouse

Additional evidence is required when sourcing exotic material to demonstrate it is from a legal source

This section is expected to become mandatory in future assessments

Incoming Material Traceability

Points are scored for the percentage (%) of material that is traceable, weighted by:

- **Method of traceability** (Physically marked, documented, etc.)
- **Depth of traceability** (To a region, a slaughterhouse, etc.)

This section introduces additional due diligence for sourcing exotic material and from areas at-risk of deforestation.

Level	Type	Reference point	Applicability	Weighting
Physical	Physical traceability	To a slaughterhouse	Sourcing from commercial slaughterhouses	100%
Documented	Documented traceability	To a slaughterhouse	Sourcing from commercial slaughterhouses	80%
Source Group	Physical traceability	To a group of slaughterhouses	mostly applicable to splits, marked to identify supplier	70%
Regional	Documented traceability	To a region (e.g. collection point or a geo-referenced location)	mostly applicable to non-commercial material sourcing	60%

Deforestation due diligence
Evidence is required to support claim of **due diligence** measures taken for all material sourced from **Brazil and Paraguay**

- **Full compliance** — Robust evidence, such as a copy of a monitoring report
- **Partial compliance** – simple declaration of compliance
- **No compliance** – no evidence – zero score for this section

Exotic material due diligence

- All exotic materials must be fully traceable to legal sources.
- If evidence of legal sourcing is not provided, the leather manufacturer will fail the audit.
- Certification is further dependent upon **approval** by LWG.

Outgoing Material Traceability

This section assesses the ability of leather manufacturers to trace their material through their own manufacturing processes. It assesses the way outgoing material (i.e., material leaving the site) is identified and the extent to which the identifier allows data recorded about each process stage to be retrieved.

Overview

Non-critical, scored section

Documented procedure that sets out the way an organisation manages traceability through its own manufacturing process

In the case of exotic materials subject to CITES requirements, supporting dispatch documentation of required permits and identification to legal sources

Environmental Management Systems

This section assesses if the facility has a documented, effective, and active system for managing the environmental aspects of their business.

Overview

Critical, scored section

Company environmental policy, including legal and customer requirements

Evidence of policy implementation

Evidence of environmental objectives, and their implementation

Written procedures for employee communication, training and competence of environmental policy and objectives, supported by evidence of implementation

Evidence of process for internal audits and management review, and their implementation

Environmental responsibility and reporting

Impact assessments and their use for improvement

Evidence of implementation of the EMS as routine practice

Restricted Substances, Compliance & CrVI Management

This section assesses the extent to which the facility manages, understands and enacts the Restricted Substance List (RSL) requirements of its customers, including minimising the risk of formation of CrVI.

Overview

Critical, scored section

Management system and communication of RSL procedures

Maintenance and review of compliance data

Specification and testing of facility's internal RSL

RSL is aligned with AFIRM's risk-based RSL for leather

Management system and documentation for incoming materials, including evidence of RSL compliance

Evidence of process and procedures to prevent the formation of CrVI

CrVI testing is carried out according to ISO standards

Reporting on and corrective procedure for all specified testing

Energy Consumption

This section assesses the energy usage per unit produced, including operations that have been subcontracted out. The scoring rewards usage of renewable energy generated on-site.

Overview

Critical, scored section

Includes energy consumption of ALL aspects of site operation and some off-site operations, for example effluent treatment at Central Effluent Treatment Plants (CETP)

Proportion of energy from on-site renewable sources

Differentiation is required of renewable energy sources, between GHG releasing sources and non-GHG releasing sources.

Water Usage

This section assesses the freshwater usage, per unit produced.
The scoring rewards the use of water that is recycled.

Overview

Critical, scored section

Water usage includes contribution from sub-contractors

Source/s of incoming water for example, municipal, river, well, bore holes, reservoir, factoring in recycled water

Measurement of ALL incoming water, including recycled sources

Evidence of data recording and management procedures for all water use
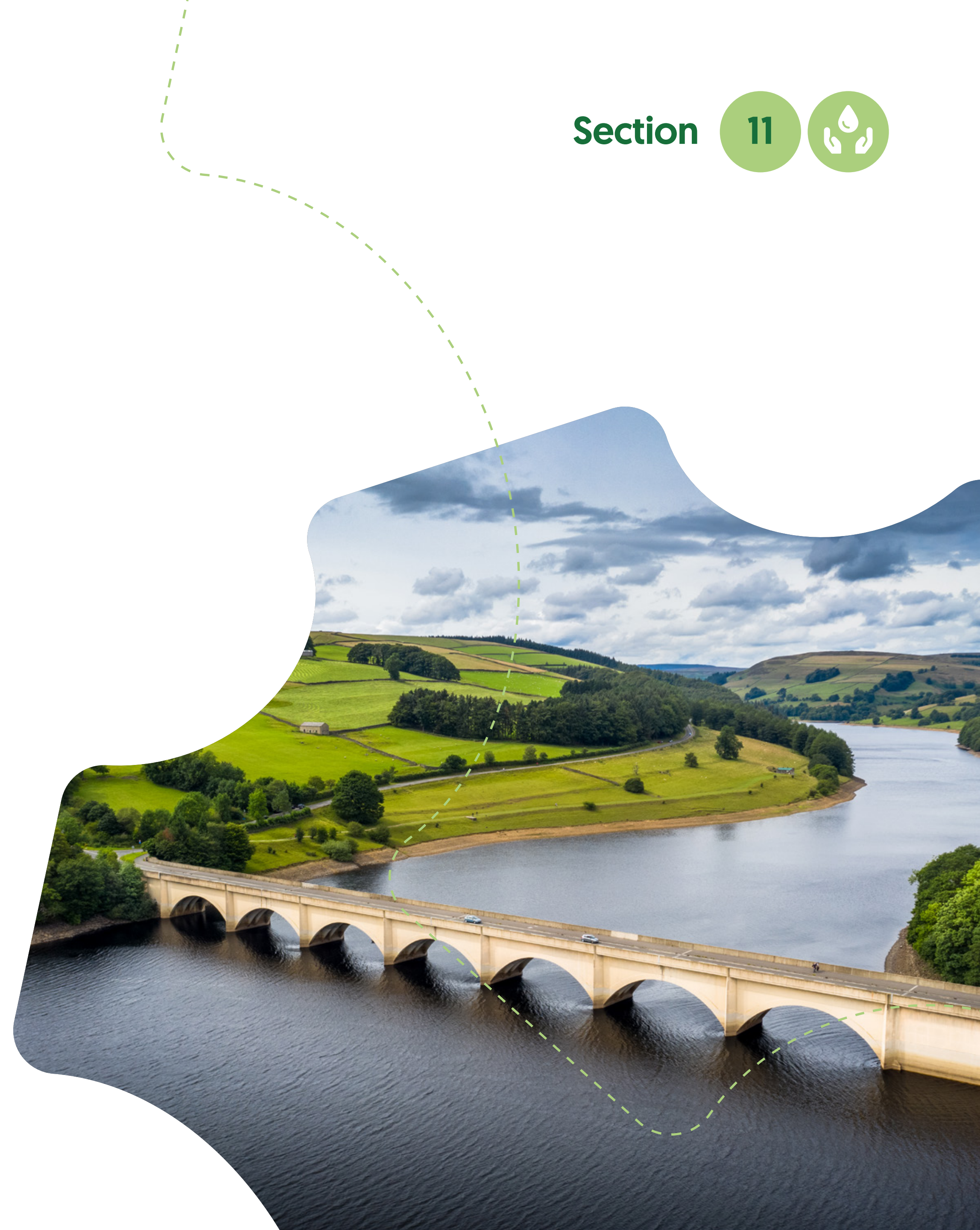
Air & Noise Emissions

This section assesses the management of a facility's air and noise emissions to the environment and requires inventories, management and monitoring.

Overview

Critical, scored section

Evidence of an air emissions inventory

Sources, types and quantification of air emissions

Demonstrate monitoring and control of emissions

Maintenance procedure for emission control devices

Reporting against emission threshold requirements

Measurement and control of exterior sound levels

Waste Management

This section assesses a facility's management and control of the wastes generated by the site and requires inventories, categorization of wastes and appropriate storage and disposal.

Overview

Critical, scored section

Waste management procedure, that complies with all local laws

Maintain a register of all waste storage and disposal arrangements, including both hazardous and non-hazardous waste

Demonstrate safe and legal storage of all waste where applicable

Recognises sound waste management through recycling and recovering methods

Verifying legal disposal of solid waste

Effluent Treatment

This section assesses a facility's management of their liquid wastes, either at their own site or at a third-party provider. It requires legal discharge of the wastewater and rewards with higher scores those that achieve target levels of water quality using a range of appropriate technologies.

Overview

Critical, scored section

Measurement of outgoing water

Method of waste-water systems and treatment

External operating permits, (for example Central Effluent Treatment Plant, CETP)

Confirmation of compliance to permitted limits of waste-water discharge

Monitoring and evaluation of the waste- water discharge quality through analysis from an approved third-party laboratory

Health, Safety & Emergency Preparedness

This section assesses the facility's ability to manage a range of emergency and health and safety risks. This includes systems, processes and responsibilities.

Overview

Critical, scored section

Confirmation of health and safety, emergency planning and response procedures and responsibilities

Employee induction and training including emergency response training and drills

Written procedures addressing environmental, chemical, health and safety related emergencies including review and updating

Documentation and confirmation of qualified chemical hazard risk assessment

Correct PPE available, with proof of continuous review and use

Correct incident response equipment available and confirmation of regular testing and review

Conduct annual assessment for worker VOC exposure

Assess risk of exposure to H2S in all appropriate areas with all risk management requirements applied

Evidence of sufficient drum guarding in all areas

Chemical Management

The purpose of this section is to assess awareness, understanding and management of chemicals used within the leather manufacturing process. It makes references to Manufacturing Restricted Substances List (MRSL). An MRSL is a list of chemical substances that are banned from intentional use in facilities processing textile materials, leather, rubber, foam, adhesives and trim parts in textiles, apparel, and footwear.

Overview

Critical, scored section

Documentation and communication of chemical management policies and procedures including purchase of process chemicals

Inventory of all chemicals used and stored within the facility

Check for MRSL compliance of chemicals used (through third party platforms such as ZDHC)

Evidence of MRSL compliance of upstream supply chain

Warehousing, storage systems and usage management

Minimum recognised MRSL is the ZDHC MRSL

Employee training in chemical safe handling

Operations Management

This section assesses the facility's ability to control its manufacturing processes, reviewing best practices, measuring equipment use and calibrations, etc.

Overview

Critical, scored section

Housekeeping procedures, internal and external

Traffic management including internal access routes

Clearly designated operational areas

Processes of beamhouse, tanning and finishing

Complaints register and process

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