Analysis of implementation of Biodiversity Assessment and Management by ASI Certified Entities

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Summary

The ASI has developed a Performance Standard (currently version 2) which defines environmental, social and governance principles and criteria.

With the draft revisions for Version 3 of the ASI Performance Standard now available for public consultation, ASI is doing an assessment of the implementation of several of the ASI Performance Standard Criteria (2017) to feed into the Standards Revision process.

As part of this assessment, ASI commissioned a desktop review of audit reports (conducted between 2018 and 2021) to assess the consistency of implementation of the criterion of principle 8 (Biodiversity) across its certified Entities.

The review and resulting report have been framed around a number of specific objectives. These are:

**Objective 1:** To provide ASI with an overview of the level of conformance against the biodiversity criterion of the biodiversity aspects ASI performance standard.

**Objective 2:** To assess the Entity’s ability to define an appropriate area of influence as part of its biodiversity risk assessment process.

**Objective 3:** To assess the design and implementation of the Biodiversity Action Plan (BAP), the use of the mitigation hierarchy as part of BAP design and the level of stakeholder consultation in the process. Lastly this objective will examine the reporting of biodiversity outcomes that is mandated as part of the performance standard.

**Objective 4:** Where possible, examine the rehabilitation activities to determine if best available rehabilitation techniques are being employed and if stakeholders are being engaged in rehabilitation design and implementation.

The review used the audit reports supplied by ASI as its primary source of information. This was supported by biodiversity related information provided by the Entities through their websites and public sustainability and other reports.

The Performance Standard audit reports, combined with company websites and sustainability reports provide a reasonable, but by no means complete, picture of the consistency of implementation of the ASI Performance Standard Criteria 8.1, 8.2 and 8.5. The information assessed indicates that ASI Entities are implementing the key elements required by the biodiversity criteria. That is, they are assessing the biodiversity risk and materiality of their impacts and then developing Biodiversity Action Plans to mitigate those impacts. It also appears that Entities and their auditors have a sound understanding of the concept of ‘area of influence’ and use it actively in the risk assessment process.

A set of recommendation have been provided to ASI because of this review. These are:

**Recommendation 1:** Require the auditors to provide full and complete details on the outcomes of the Entity’s biodiversity risk assessment results as part of the performance standard audit report to ASI.

**Recommendation 2:** Consider implementing a process whereby Entities that have been shown to have no material impact on biodiversity as part of criterion 8.1 are given an exemption for the other criterion in principle 8 of the Performance Standard.

**Recommendation 3:** Require auditors to provide full and complete details on biodiversity target setting and the use of the mitigation hierarchy as part of the performance standard audit report to ASI.

**Recommendation 4:** The ASI should develop and provide a clear and unambiguous definition of the term biodiversity outcome to improve clarity on what constitutes conformance with criterion 8.2c.
Introduction

The Aluminium Stewardship Initiative (ASI) brings together the various elements of the Aluminium supply chain to build and generate consensus on the contribution of aluminium to a sustainable society. The ASI’s Objectives are to:

- To define globally applicable standards for sustainability performance and material chain-of-custody for the aluminium value chain
- To promote measurable and continual improvements in the key environmental, social and governance impacts of aluminium production, use and recycling
- To develop a credible assurance and certification system that both mitigates the risks of non-conformity with ASI standards and minimises barriers to broad scale implementation
- To become and remain a globally valued organisation advancing programs for sustainability in the aluminium value chain, which is financially self-sustaining and inclusive of stakeholder interests.

The ASI has developed a Performance Standard (currently version 2) which defines environmental, social and governance principles and criteria. ASI Members are required to plan for and implement the standard to address sustainability issues in the aluminium value chain.

Principle 8 of the performance standard states that:

“The Entity shall manage its biodiversity impacts in accordance with the mitigation hierarchy to protect ecosystems, habitats and species.”

The principle addresses specific topics such as biodiversity assessment, biodiversity management, alien species, “No Go” and rehabilitation.

With the draft revisions for Version 3 of the ASI Performance Standard now available for public consultation, ASI is doing an assessment of the implementation of several of the ASI Performance Standard Criteria (2017) to feed into the Standards Revision process.

As part of this assessment, ASI commissioned a desktop review of audit reports (conducted between 2018 and 2021) to assess the consistency of implementation of the criterion of Principle 8 (Biodiversity) across its certified Entities.

Specifically, The ASI Secretariat is seeking to evaluate the consistency of the implementation of the ASI Performance Standard Criteria 8.1, 8.2 and 8.5 across applicable ASI Certified Entities. Then where possible analyse, by location and supply chain activity, the quality of the implementation of these criteria.

The information and data generated by the review will be used by the performance standards review committee to assess the performance outcomes of the current version of the standard.

Review Objectives

The review and resulting report have been framed around a number of specific objectives. These are:

Objective 1: To provide ASI with an overview of the level of conformance against the biodiversity criterion of the biodiversity aspects ASI performance standard. Specifically, the review focused on criterion:

- 8.1 Biodiversity Assessment
- 8.2 (a, b,& c) Biodiversity Management
- 8.5 (a & b) Mine rehabilitation
Note that criterion 8.3, Alien Species and 8.4, Commitments to “No Go” have not been assessed in this review.

**Objective 2:** To assess the Entity’s ability to define an appropriate area of influence as part of its biodiversity risk assessment process.

**Objective 3:** To assess the design and implementation of the Biodiversity Action Plan (BAP), the use of the mitigation hierarchy as part of BAP design and the level of stakeholder consultation in the process. Lastly this objective will examine the reporting of biodiversity outcomes that is mandated as part of the Performance Standard.

**Objective 4:** Where possible, examine the rehabilitation activities to determine if best available rehabilitation techniques are being employed and if stakeholders are being engaged in rehabilitation design and implementation.

The review used the audit reports supplied by ASI as its primary source of information. This was supported by biodiversity related information provided by the Entities through their websites and public sustainability and other reports.

The review and resulting report is not intended to be a specific review of an Entities’ performance in managing biodiversity issues. The report therefore does not use Entity names or details in the discussions. Some direct non attributed quotes from the auditor’s findings and / or observation of website and report text have been used to provide examples of specific points of discussion.
Objective 1: Overview of Performance

A total of 74 individual Entities have been audited against principle 8 and the biodiversity criterion. However, it should be noted that the number of sites and geographic scope of the audit varies considerably from Entity to Entity. Collectively, the 74 Entities covered a total of 204 individual activities and / or sites in different locations.

The regional distribution of implementing Entities is heavily biased to Europe with 42 Entities located in the region. China then constitutes the second highest density with 17 ASI Entities implementing the ASI standard. The percentage breakdown of Entities by region can be seen in Figure 1.

Aluminium supply chain ‘actors’ with activities in Africa and South and Southeast Asia are noticeably absent from the current ASI portfolio of Entities.

An assessment of the Entities’ supply chain activities shows a dominance of upstream supply chain activities (Table 1) with 71% of Entities undertaking smelting, casthouse, semi-fabrication and material conversion activities. Only seven Entities are engaged in bauxite mining activities. In the context of the biodiversity criteria, this distribution (which reflects the broader sectoral distribution of fewer, larger facilities the further upstream they are operating) is significant given the generally static<sup>1</sup> footprint of downstream activities and the propensity for them to be in areas designated for industrial activity that often have minimal or even no biodiversity value.

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<sup>1</sup> It should be noted that while the footprint of upstream activities is static compared to the footprint of bauxite mining activities, they are often very large if you factor in the biodiversity impact footprint associated with the creation of dams for electricity generation.
Analysis of implementation of Biodiversity Assessment and management from ASI Certified Entities

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Table 1 Breakdown of ASI Entities by supply chain activity

Only one major non-conformance has been recorded through the assurance process for the Criteria reviewed. This occurred at an Entity that carries out Aluminium Remelting/Refining and Casthouse activities (see discussion below). A total of 22 minor non-conformances were recorded through the assurance process. A detailed breakdown of the distribution of the minor non-conformances against each criterion is provided below. Note that an Entity may have a non-conformance against multiple supply chain activities.

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<td>Other</td>
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Table 2 Distribution of minor non-conformance ratings by supply chain activity.

The high number of minor non-conformances, associated with Aluminium Remelting/Refining and Casthouses is likely associated with the pairing of these two activities in the same location and higher representation of these activities in the ASI portfolio of Entities.

**Conformance Against individual Criteria 8.1, 8.2 a, b & c.**

**Criterion 8.1**

This Criterion requires Entities to assess the risk and materiality of their activities impacts on biodiversity. The audit findings show an almost universal conformance against this Criterion with 73 of the 74 applicable Entities scoring a conformance rating.

This Criterion did however record the biodiversity criteria’s only Major Non-Conformance with one site not being able to conduct its biodiversity risk assessment due to COVID–19 restrictions.

“A biodiversity assessment has been ordered, but due to current COVID-19 pandemic, the assessment has not been conducted”.

Each audit report makes specific reference to risk assessments being carried out by the Entities but provides little information on the results of those assessments. Some indication of the materiality of
biodiversity risk across the Entities can be drawn from the audit ratings given as part of criterion 8.2a with many Entities rated as ‘not applicable’ because the risk assessment indicated that they do not have a material/significant impact on biodiversity.

**Criterion 8.2a**

This Criterion requires the Entity to design and implement Biodiversity Action Plans (BAP) to address material impacts on biodiversity identified through the risk assessment process carried out to meet compliance with Criterion 8.1.

When Entities with ‘non applicable’ ratings are removed from the analysis, the compliance against this Criterion was very high with 41 out of the 74 Entities obtaining a conformance rating. The percentage breakdown of each conformance rating is provided in Figure 2. A total of 7 out of the 74 Entities assessed received a minor non-conformance score. Two primary reasons were documented for the minor non-conformance rating. These were:

- 1. that the BAP had not been started or completed following the risk assessment process or,
- 2. in the case of two related Entities, objectives for biodiversity management had not been set.

“The Entity has carried out a Biodiversity study that identifies the risks and establishes an action plan. However, a minor non-conformance was raised since the Entity has not defined the objectives of achievement of the action plans set out in the biodiversity study”.

It is possible that one Entity may have been incorrectly assessed with a minor non-conformance rating. The auditor findings contained in the audit report stated that they did not have a BAP in place however, they then state that the Entity did not have a material impact on biodiversity.

A total of 26 Entities were scored as not applicable for this criterion. In each case the justification for a ‘not applicable’ rating was based upon the biodiversity risk assessment result that the Entity did not have a material/significant impact on biodiversity within its area of influence.

![Figure 2: The percentage breakdown of audit results for criterion 8.2a of the ASI performance standard, for Biodiversity management.](image)

**Criterion 8.2b**

This Criterion sets out specific requirements for the Biodiversity Action Plan (BAP) to be consultative and designed in accordance with the mitigation hierarchy.

As with Criterion 8.2a Entities achieved a high level of conformance against Criterion 8.2b with 44 Entities achieving a conformance rating and four with a minor non-conformance rating. The percentage breakdown of each score is provided in Figure 3. A lack of consultation with stakeholders
(internal and external) during the BAPs development was the primary reason noted for the minor non-conformance of two of the four Entities that received this rating for this Criterion.

“The proposed Biodiversity Action Plan is designed in accordance with the Biodiversity Mitigation Hierarchy. As this plan has been issued very recently, the consultative Process with Stakeholders in the development, implementation and review of the plan is still due”. A total of 26 Entities were rated as ‘not applicable’ for this criterion.

 Criterion 8.2c

Criterion 8.2c requires Entities to share biodiversity outcomes with their stakeholders including the public and to periodically update outcomes when required. This criterion produced the highest level of minor non-conformance with 11 Entities being determined by the auditors as have not meet these requirements.

Failure to share biodiversity outcomes with stakeholders and or to publicly report biodiversity outcomes was the principal reason behind the minor non-conformance ratings for this criterion. Comments such as the one below was common in the auditor’s reports.

“The Entity carries out extensive work on biodiversity, however a minor non-compliance was found as the Entity did not disclose the biodiversity results with stakeholders or made them publicly available”.

Figure 3: The percentage breakdown of audit results for criterion 8.2b of the ASI performance standard, Biodiversity Action Planning.
The percentage breakdown of each score is provided in Figure 4.

A total of 21 Entities were rated not applicable for Criterion 8.2c, a total of five fewer than 8.2a and 8.2b. In each of these cases the auditors assessed the Entity as in conformance because they had engaged in the public reporting of biodiversity issues even though their risk assessments determined that biodiversity was not a material/significant risk for the Entity.

"According to the biodiversity assessment, the Entity has no risk of impact to the biodiversity and so no action plan is required and so no publishing is required”.

In these instances, a ‘not applicable’ score is considered as more appropriate and potentially meaningful as it would highlight the fact that biodiversity management is not a significant issue for many of the operational activities within the aluminium supply chain.

**Criterion 8.5a & 8.5b**

The final two criteria assessed as part of this review covered the biodiversity related aspects of mine site rehabilitation. These criteria only apply to Entities engaged in bauxite mining with 8.5a requiring Entities to use best available rehabilitation techniques developed through a participatory process with key stakeholders. Criterion 8.5b requires Entities to maintain adequate financial provisions to meet their rehabilitation and mine closure requirements. Only seven of the 74 Entities implementing the biodiversity aspects of the ASI Performance Standard undertake bauxite mining activities. All seven Entities received conformance ratings against both Criterion 8.5a and 8.5b. Details of the rehabilitation criterion will be discussed further in objective 4 of this report.

**Objective 2: Defining Area of Influence**

The concept of ‘area of influence’ is an important factor in the ASI Performance Standard and has specific relevance to the Water Stewardship (7.1), Biodiversity (8.1) and Cultural and Sacred Heritage (9.5) elements of the Standard. Area of influence is therefore discussed in detail in the Performance Standard Guidance document. An assessment of audit reports and public sustainability reports indicates that the concept of area of influence seems to be well understood by both Entities and auditors and is being applied in an effective way as part of on-site biodiversity management.

Of the 74 Entities assessed as part of this review, area of influence was specifically mentioned in 42 audit findings. Comments such as those below were common in the audit findings for criterion 8.1.

“Sites have been assessed, including the related hydroelectricity production Facilities (reservoirs, centrals, dams, power lines, communication lines, etc.) and the corresponding
watersheds that cover by far the major part of the Entity's Area of Influence in the province...”.

“The site completed a geographical mapping of their operations and area of influence and concluded that it is not in a Natura 2000, ZICO (Zone d'importance pour la conservation des oiseaux) bird-protection zone, nor a ZNIEFF (Zone naturelle d'interet ecologique faunistique et floristique) flora and fauna protection zone. However, the site still included river and forest areas and possible corridors of biodiversity in its biodiversity mapping”.

“The area of influence included in the assessments varies with each facility but takes into account, dependent on relevance, factors such as proximity to sensitive environments, and impacts from associated facilities, as appropriate”.

“This biodiversity analysis considers the Area of Influence and its boundaries, including company facilities, associated facilities and cumulative impacts”.

**Objective 3: BAP’s, Mitigation Hierarchy and Biodiversity Outcomes**

Examination of the audit reports and available public reports provided strong evidence that Entities are developing Biodiversity Action Plans that meet the compliance requirements for criterion 8.2a. The development of plans was evidenced in the audit findings and is specifically referenced in numerous company sustainability reports. Below is an example of one of the more detailed discussions on Biodiversity Action Planning from a company sustainability report.

“We have developed and implemented biodiversity action plans at the following locations”.

At each of these sites, the biodiversity action plan:

- Identifies the biodiversity within the area of direct management control or significant influence, including the presence of listed threatened species and communities, in context with surrounding land;
- Assesses potential impacts, both positive and negative;
- Develops a range of strategies aimed at minimizing or mitigating biodiversity impacts;
- Informs our employees and communities in which we operate about the importance of biodiversity protection, and encourages their participation in biodiversity initiatives; and
- Sets and reports performance against site-specific targets.

There does however seem to be some variation amongst the auditors on what constitutes a Biodiversity Action Plan and therefore conformance against this Criterion. In one example, an Entity was deemed to be in minor non-conformance even when the auditor recognised that specific biodiversity projects had not been consolidated in a broader system or plan.

“Several biodiversity projects were implemented but not within implemented Management systems”.

Single activity Entities and those further downstream in the supply chain typically included biodiversity objectives in their broader land management and other environmental management systems.

**Mitigation Hierarchy**

Reference to the use of the mitigation hierarchy as part of the biodiversity action planning process was common in the audit reports as well as several company sustainability reports. Given that there is no requirement to report of the design and implementation of the hierarchy very little specific
information on its application at an activity level is available. When it is discussed, it is generally at a higher level such as the example given below.

_Biodiversity action plan has the mitigation hierarchy. Three out of eight actions followed mitigation action of avoiding the impact while rest five actions followed the hierarchy to reduce the impact._

This review has only identified a few examples where an Entity has detailed specific actions and or outcomes how the elements of the mitigation hierarchy are being implemented.

_The action plan is consultative, designed in accordance with the Mitigation Hierarchy, and local experts were consulted. The mitigation hierarchy to avoid, minimise, rehabilitate, or offset impacts is described in figure 1 and section 4.2._

_The Entity’s action plan applies the mitigation hierarchy in decision-making to minimize its impacts, prioritizing the adoption of measures to avoid impacts from the beginning, such as a careful location, spatial or temporal, of the element or disturbance._

It should however be stressed that communication of this aspect of Criterion 8.2b is not required as part of the standards implementation.

In assessing compliance against Criterion 8.2b, the auditors also must assess how Entities have engaged with external stakeholders in the development of their BAP and/or land management plans.

**Biodiversity Targets and Outcomes**

The aim of this aspect of the review is to determine if Entities are fully complying with clause 8.2c of the ASI Performance Standard. Specifically, this requires Entities to communicate achieved biodiversity outcomes with stakeholders and make these outcomes publicly available with periodic updates. The ASI Performance Standard Guidance document does not provide a great deal of clarification on what is required to meet compliance against this Criterion.

It was extremely difficult, based on the information available in the review, to assess the requirement to set time bound targets as part of an Entities BAP development. When these were discussed, it was at a high level with no specific targets documented.

_“BAPs address material impacts, have time-bound targets, and are monitored for effectiveness”._

As stated previously in this report, a failure to disclose biodiversity outcomes was the principal reason behind the minor non-conformances given for criterion 8.2c. In one specific case the auditors suggested that the Entity needs to be more specific in the setting of targets as part of its biodiversity management.

_“The audit raised an improvement suggestion for the Entity to be more concrete on setting targets regarding the smelters contribution to improved biodiversity”._

The ASI Performance Standard Guidance document states that regular reporting on outcomes from biodiversity action plans can be shared through annual reporting and the company website.

A review of company websites and or sustainability reports (available via the internet) was undertaken to determine if Entities were publishing their biodiversity outcomes in those reports. This indicated that communication of biodiversity outcomes (in the form of metrics) through these mechanisms is limited. It is interesting to note that most discussions on biodiversity outcomes presented on company websites or in sustainability reports takes the form of a narrative with very little quantitative supporting data.
“The Entity has implemented biodiversity management plans to ensure minimum requirements on biodiversity management are met. This supports prevention and continual improvement at our operations, ensuring on-site and surrounding areas are safely and effectively managed. All three Mining operations have biodiversity management plans in place”.

The exception to these types of narratives being where Entities have reported rehabilitation targets and results as part of their biodiversity management activities (see discussion below).

This was also the case with the audits where some auditors have taken the view that communication of the achievement of biodiversity management processes (e.g. risk assessment development of a Biodiversity Action Plan etc.) constitutes the communication of biodiversity outcomes. The wording provided below provides examples of process reporting.

“The Entity has developed and implemented biodiversity action plans that:

- Identify the biodiversity values of the land, including the presence of threatened species and communities, in context with surrounding land;
- Pinpoint potential impacts, both positive and negative;
- Develop a range of strategies aimed at minimizing or mitigating biodiversity impacts;
- Inform our employees and communities where we operate about the importance of biodiversity protection;
- Encourage their participation in biodiversity initiatives; and,
- Sets and reports performance against site-specific targets”.

The audit reports and publicly available information through websites and sustainability reports indicates that communication of biodiversity outcomes is inconsistent at best. The review was unable to provide a definitive assessment as access to numerous documents identified as part of the audits, are not publicly available as they are either no longer available via the internet or only provided to local stakeholders.

Objective 4: Rehabilitation Criterion

Objective 4 of the assessment aims to provide an overview of the planning and implementation of rehabilitation activities at Entities with Bauxite mining operations. A total of seven Entities have been assessed against Criteria 8.5a and 8.5b of the ASI Performance Standard. All seven Entities achieved conformance ratings for both rehabilitation criterion.

It was clear from reading the audit reports and the companies’ public sustainability reports that rehabilitation is a headline issue for these Entities. In many instances rehabilitation is discussed at length, in detail, and in addition to discussions around biodiversity management.
The Entities have established and communicated clear quantitative targets for rehabilitation and use a number of different metrics to assess rehabilitation programs and progress (see example statement below), including:

- Total area rehabilitated per year
- The ratio of disturbed land to rehabilitated land

“The rehabilitation target in our mining areas provides a driver for rehabilitation. It is a rolling target, aiming for a 1:1 rehabilitation of mined areas available for rehabilitation over two hydrological seasons after release. This definition takes into account the nature of the mining and rehabilitation cycles, and the time lag necessary to ensure quality rehabilitation to restore biodiversity. It also takes into account that land periodically needs to be set aside for temporary infrastructure, e.g. roads, in order to safely operate the mine.”

The final aspect of this objective was to assess if the Entity’s rehabilitation plan aligns and supports the Entity’s Biodiversity Action Plan. The audit reports and company websites and sustainability reports all indicate that rehabilitation is aligned with biodiversity action planning. In many cases rehabilitation targets and performance are possibly the only biodiversity outcome that is quantitatively reported by ASI Entities.
Conclusion & Recommendations

The Performance Standard audit reports, combined with company websites and sustainability reports provide a reasonable, but by no means complete, picture of the consistency of implementation of the ASI Performance Standard Criterions 8.1, 8.2 and 8.5. The information assessed indicates that ASI Entities are implementing the key elements required by the biodiversity criteria. That is, they are assessing the biodiversity risk and materiality of their impacts and then developing Biodiversity Action Plans to mitigate those impacts. It also appears that Entities and their auditors have a sound understanding of the concept of ‘area of influence’ and use it actively in the risk assessment process.

A key requirement of Criterion 8.1 is to assess the risk and materiality of an Entity’s impact on biodiversity. Whilst it is not mandatory to report the results of this assessment in a public forum, it seems appropriate from an ASI assurance standpoint for the audit report to detail the results of the Entity’s risk assessment. A review of the audit findings for Criterion 8.1 found that documentation of an Entity’s biodiversity assessment result was not universal. While it is possible to determine which Entities have low or no material impact on biodiversity, it was not possible to determine the detail and level of materiality of those Entities that were assessed as having an impact on biodiversity.

**Recommendation 1:** Require auditors to provide full and complete details on the outcomes of the Entity’s biodiversity risk assessment results as part of the Performance Standard audit report to ASI.

It is also clear that biodiversity risk assessment undertaken by Entities has not identified biodiversity as a material issue for many Entities with downstream activities. The ASI should look at the value of lessening the focus on these Entities so that a greater focus can be applied to those Entities that do have material risks and impacts on biodiversity.

**Recommendation 2:** Consider implementing a process whereby Entities that have been shown to have no material impact on biodiversity as part of Criterion 8.1 be given an exemption for the other criteria in Principle 8 of the Performance Standard.

While the information available in the audit summaries and public reports and websites provided a high-level understanding of the Standards implementation, it is not able to resolve how well elements such as biodiversity target setting, and the use of the mitigation hierarchy are being used by the Entities. ASI should determine if there is a need for auditors to provide more detail in their reports on elements such as target setting and the use of the mitigation hierarchy. This will enable ASI to gain a clearer understanding as to how these elements are being used by Entities to manage biodiversity risks and impact in a way that is consistent with principle 8 of the Performance Standard.

**Recommendation 3:** Require auditors to provide full and complete details on biodiversity target setting and the use of the mitigation hierarchy as part of the performance standard audit report to ASI.

The review found that the communication of biodiversity outcomes through public websites and reports is limited. In addition, there appears to be a level of confusion at both the Entity and auditor level on what constitutes a biodiversity outcome. The ASI should consider clarifying its definition of biodiversity outcome. Specifically, it should consider there if is a need to differentiate between a process outcome and a performance outcome and what the preferred outcome is when working to achieve compliance with Criterion 8.2c.

**Recommendation 4:** The ASI should develop and provide a clear and unambiguous definition of the term biodiversity outcome to improve clarity on what constitutes conformance with criterion 8.2c.