

Statement of the Pew Charitable Trusts on ISA Financial Models
ISA Council Session 25 February 2019

Madam President, I will limit my remarks to questions of financial models most pertinent to the objective of the Pew Seabed Mining Project: to support the development of an environmentally precautionary ISA Mining Code.

In light of that objective, we support the proposal that a set percentage of an exploitation contractor's annual revenues be set aside to offset ecological losses and to assure an adequate environmental liability fund. To echo the comments of the representative from Tonga, we would hope that the percentage set aside for environmental protections could be greater than one percent, but we recognize the challenge in setting an appropriate level. We are not sure of the rationale behind the proposal to cap those environmental set-aside funds at \$500 million, and would prefer that the percent-per-year levy run through the life of the contract.

We are also prompted to ask two questions. First, what funds, if any, will be available to offset ecological losses or liabilities in the first few years of a contract, that is, during the period that precedes full-throttle exploitation? We suggest that a separate fund be established to compensate for environmental damages that may occur **before** the flow of the revenue stream.

We are also a bit nervous that the proposed one percent set-aside appears to be designed to both offset ecological losses and to contribute to something broadly described as a Sustainability Fund. It is too early to complain too much about imprecision, but it does strike us that the suggested one percent environmental set-aside may represent a kind of general allocation that will go to the environment, or ecosystems, or sustainability, or bad accidents in the riser system or.. or... It would appear that we are not sure, and the word "we" certainly applies to Pew. We look ahead to working with the Authority to fill in details.

Thank you, Madam President.